

Quarterly Report

September 30, 2014
(Unaudited)



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

PAKISTAN PENSION FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha	Chairman
	Mr. Nasim Beg	Executive Vice Chairman
	Mr. Yasir Qadri	Chief Executive Officer
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
	Mr. Yasir Qadri	Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Habib Metropolitan Bank Limited MCB Bank Limited	
Auditors	Ernts & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM 2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Pension Fund's accounts review for the first quarter ended September 30th 2014.

ECONOMY AND MONEY MARKET OVERVIEW

Delay in implementation of fiscal reforms and phasing out of subsidies on tariffs, in the presence of lower commodity prices, helped contain inflation, with CPI averaging at 7.52% during 1QFY15. If oil prices, which eased down to a five-year low in October, stays at the current level, inflation is likely to remain on the lower side during FY15.

Surge in imports, mainly petroleum products, along with a slowdown in exports, widened the country's current account deficit to \$1.37 billion during 2MFY15, significantly higher than the deficit of around \$0.58 billion incurred during the same period last fiscal year. Poor law and order situation and energy crisis are the major culprits behind negative growth in exports. At the same time, financial account registered a surplus of \$0.45 billion as compared to a surplus of \$0.19 billion recorded during the corresponding period last year. Improvement in financial account is mainly due to sell-off of financial assets abroad.

The recent political disruption has stalled progress on the completion of economic and fiscal targets set by International Monetary Fund. This along with wide current account deficit and absence of foreign inflows contributed to a drop in foreign reserves to \$13.21 billion as on 26-Sep-14, after touching a high of \$14.6 billion in July. Therefore, the local currency fell by more than 3.2 percent against dollar during 1QFY15.

Although, the government is optimistic on the economic front on the back of tepid inflationary pressures, contained government borrowings and improved debt profile, fragile political situation in the country has been forcing the policy makers to err on the side of caution to arrest decline in foreign reserves. This is evident from the recent monetary policy announcement in which policy makers kept the discount rate unchanged at around 10 percent.

On the heels of structural reforms, the country's performance on the fiscal side improved in FY14 as the country recorded a fiscal deficit of 5.5 percent lower than the year's target of 6.3 percent and the previous year's level of 8.8 percent (included one-off adjustment for circular debt). The major improvement in fiscal account came on the account of abnormal increase in Non-Tax revenue and restrained development expenditures.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. M2 has contracted by 1.52 percent in the 1QFY15 (till 26th Sep) as opposed to the contraction of 0.65 percent during the same period last year. While Borrowing from SBP increased marginally by Rs19 billion as compared to net increase in borrowing of around Rs 444.7 billion during the same period last year. PIB rates inched up, as the government looks to move its borrowing from central bank to commercial banks, causing the yield curve to rise sharply upwards from 2 years. Moreover, unprecedented participation was seen with major concentration in a 2-year instrument. The rates are on slightly longer end, albeit higher have shown a rising trend despite controlled inflation because of unprecedented supply.

EQUITIES MARKET OVERVIEW

Local stock market remained volatile in the wake of growing apprehension on the political front during the first quarter of the current fiscal year. The index posted a return of 2.2 percent and 4.1 percent during July and September, respectively, but on account of poor performance in August the benchmark index recorded a total gain of 0.25 percent during the 1QFY15, with KSE-100 index closing at 29,726.39 at the end of the quarter.

Demonstrations and sit-ins across the country took its toll on the stock market's performance during August, but the gradual drop in political temperature in September helped in restoring confidence over the continuity of the current democratic system. Local investors' interest remained subdued. This can be gauged from the fact that the average turnover stood at 131 million shares during 1QFY15 as opposed to the average turnover of 236 million shares during 2HFY14. Although local investors took a cautious stance and

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

preferred to remain on the sideline, foreign investors remained upbeat on the market and remained net buyer with a cumulative net inflow of US\$ 165.77 million during the period under review.

Auto sector and small capital stocks stayed in the limelight, while performance of Oil and Gas, Cement, and Banks remained unimpressive.

FUND PERFORMANCE

Equity Fund

The Equity sub-fund generated a return of 2.83% while the KSE-100 increased by 0.25% during the period under review. The sub-fund increased its overall equity exposure from 95.8% at the beginning of the year to 96.2% at the end of September 2014. Sector-wise, the sub-fund increased exposure in Electricity sector, while reducing exposure towards Commercial Banks and Construction & Materials sectors.

The Net Asset of the Fund as at September 30, 2014 stood at Rs. 222.14 million as compared to Rs. 211.96 million as at June 30 2014 registering an increase of 4.80%.

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs. 280.19 as compared to opening NAV of Rs. 272.49 unit as at June 30, 2014 registering an increase of Rs. 7.7 per unit.

Debt Fund

The debt sub-fund generated an annualized return of 11.91% during the period under review. The fund's exposure towards TFCs broadly remained unchanged at 1%. Exposure towards PIBs increased from 86.2% to 88.3%. The Fund also increased its exposure towards T-Bills from 0% to 7.9% during the period under review.

The Net Asset of the Fund as at September 30, 2014 stood at Rs. 263.12 million as compared to Rs. 244.17 million as at June 30, 2014 registering an increase of 7.76%.

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs. 180.83 as compared to opening NAV of Rs. 175.56 per unit as at June 30, 2014 registering an increase of Rs. 5.27 per unit.

Money Market Fund

The money market sub-fund generated a return of 7.47% for the quarter. The fund increased its exposure in T-bills from around 94.2% to 98.9% while cash exposure decreased to 1% at quarter end.

The Net Asset of the Fund as at September 30, 2014 stood at Rs. 143.12 million as compared to Rs. 138.59 million as at June 30, 2014 registering an increase of 3.27%.

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs. 183.49 as compared to opening NAV of Rs. 180.10 per unit as at June 30, 2014 registering an increase of Rs. 3.39 per unit.

FUTURE OUTLOOK

The country's import bill is likely to ease off after a lag of few months on the account of lower oil prices. Conversely, weak cotton prices might annul the benefit arising from lower oil prices on the country's trade balance. Although the government is eyeing increase in foreign inflows through pledges made by multilateral agencies, approved project financing and divestment of strategic assets, improvement in reserve position largely hinges on the country's political condition.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

In the near-term, realization of expected inflows-through divestment of shares of OGDCL and HBL and issuance of dollar-denominated Sukuks would be crucial.

We believe that the sustainability of external account, in the presence of subdued inflationary pressures, would be a key factor in shaping up interest rate direction. Lower commodity price, in the presences of stable local currency and higher base effect, is likely to keep inflationary pressure on the lower side during the year.

With the market expecting interest rates to remain stable and oil prices lower, profitability of power intensive companies such as: Textile and Cement are expected to improve. On the contrary, lower oil prices bode ill for Exploration and Production and Oil Marketing Companies. In the face of stable fundamentals and better expectation of financial results of manufacturing companies, we expect the bourse to remain range bound in short term amid lack of clarity on the future of the current government.

Above all, the equity market will continue to attract foreign investors owing to divestment of the government's holding in the listed companies and increase in the country's weight in MSCI FM Index.

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,



Yasir Qadri

Chief Executive Officer

Dated : October 20, 2014

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2014

Note	(Un-Audited)				(Audited)	
	September 30, 2014				June 30, 2014	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund	Total		
Rupees						
ASSETS						
Balances with banks	4	1,155,076	1,679,899	1,436,831	4,271,805	34,637,488
Investments (as per condensed interim statement of investments by category)		216,649,238	257,402,364	142,659,872	616,711,474	558,451,235
Receivable against sale of Investments		2,157,389	-	-	2,157,389	-
Dividend receivable		2,493,365	-	-	2,493,365	182,409
Interest receivable		45,331	5,629,800	5,793	5,680,924	11,093,118
Deposits and other receivables	5	2,804,950	300,000	100,000	3,204,950	3,004,950
TOTAL ASSETS		225,305,349	265,012,063	144,202,496	634,519,907	607,369,200
LIABILITIES						
Payable to Pension Fund Manager		329,973	393,002	214,944	937,919	816,310
Payable to the Trustee		27,548	32,821	17,940	78,309	74,925
Payable to Auditors		122,347	146,712	89,242	358,301	260,000
Annual fee payable to the Securities and Exchange Commission of Pakistan		18,145	21,528	11,883	51,556	158,347
Accrued and other liabilities	6	2,671,894	1,295,674	744,761	4,712,329	10,733,944
TOTAL LIABILITIES		3,169,908	1,889,736	1,078,770	6,138,414	12,043,526
NET ASSETS		222,135,441	263,122,327	143,123,725	628,381,493	595,325,674
Participants Sub-Funds (as per condensed interim statement of movement in participants' sub-funds)		222,135,441	263,122,327	143,123,725		
Number of units						
Number of units in issue		792,802	1,455,049	780,019		
Rupees						
Net assets value per unit		280.19	180.83	183.49		

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


Chief Executive Officer

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

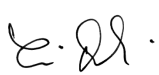

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Note	Quarter ended September 30, 2014				Quarter ended September 30, 2013	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total		
----- Rupees -----						
INCOME						
Capital gain / (loss) on sale of investments - net	581,590	(489)	(518)	580,583	8,077,142	
Dividend income	2,962,033	-	-	2,962,033	2,307,555	
Income from investment in government securities	-	7,005,230	3,489,071	10,494,301	6,287,234	
Income from Term Finance Certificates - Sukuk	-	127,682	-	127,682	414,034	
Profit on bank deposits	141,621	84,194	45,708	271,524	198,600	
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	3,429,126	955,983	(34,586)	4,350,523	(836,418)	
Element of income and capital gains included in prices of units issued less those in units redeemed	385,263	90,753	13,968	489,984	801,858	
Total Income	7,499,634	8,263,353	3,513,643	19,276,630	17,250,005	
EXPENSES						
Remuneration to Pension Fund Manager	1,089,258	1,292,307	713,397	3,094,963	2,204,117	
Remuneration to the Trustee	83,907	99,554	54,960	238,422	190,269	
Annual fee - Securities and Exchange Commission of Pakistan	18,145	21,528	11,884	51,557	36,400	
Auditors' Remuneration	34,593	41,047	22,662	98,301	94,521	
Custody and settlement charges	319,808	79,476	-	399,283	388,628	
Legal and professional charges	-	-	-	-	17,767	
Provision against debt securities	-	19,313	-	19,313	-	
Bank charges	321	1,614	1,932	3,867	3,824	
Provision WWF	119,072	134,170	54,176	307,418	285,903	
Total Expenses	1,665,104	1,689,009	859,012	4,213,124	3,221,429	
	5,834,530	6,574,345	2,654,631	15,063,506	14,028,575	
Net (loss) /income before taxation						
8	-	-	-	-	-	
Provision for taxation - current						
	5,834,530	6,574,345	2,654,631	15,063,506	14,028,575	
Net (loss) / income after taxation						
Other comprehensive (loss) / income for the period						
Unrealised (loss)/ gain on re-valuation of investments classified as 'available for sale' - net	7	499,120	1,134,069	-	1,633,189	(4,103,880)
Total comprehensive (loss) / income for the period		6,333,650	7,708,414	2,654,631	16,696,695	9,924,695
Earnings per unit	9	7.45	4.57	3.41		

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


 Chief Executive Officer

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


 Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30, 2014				Quarter ended September 30, 2013
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market sub Fund	Total	
	Rupees				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	5,834,530	6,574,345	2,654,631	15,063,506	14,009,262
Adjustments for non cash items:					
Capital gain / (loss) on sale of investments - net	(581,590)	489	518	(580,583)	(8,077,142)
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	-
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	(3,429,126)	(955,983)	34,586	(4,350,523)	836,418
Elements of loss / (income) and capital losses/ (gains) in prices of units issued less those in units redeemed - net	(385,263)	(90,753)	(13,968)	(489,984)	(801,858)
	(4,395,979)	(1,046,248)	21,136	(5,421,090)	(8,042,582)
(Increase) / decrease in assets					
Investments - net	(2,024,700)	(40,496,378)	(11,332,255)	(53,853,333)	(15,826,464)
Dividend receivable	(2,310,956)	-	-	(2,310,956)	(1,143,615)
Interest receivable	(7,784)	5,382,528	37,450	5,412,194	2,484,843
Deposits and other receivables	(100,000)	(100,000)	-	(200,000)	7,381,985
	(4,443,440)	(35,213,850)	(11,294,806)	(50,952,095)	(7,103,251)
(Decrease) / increase in liabilities					
Payable against redemption of units	-	-	-	-	-
Remuneration payable to Pension Fund Manager	26,117	69,635	25,856	121,608	(8,181)
Payable to Trustee	(342)	3,140	586	3,384	4,081
Payable to Auditors	34,593	41,047	22,661	98,301	94,520
Annual fee payable to the Securities and Exchange Commission of Pakistan	(34,595)	(43,044)	(29,152)	(106,791)	(73,072)
Other liabilities	(6,449,424)	288,053	139,757	(6,021,614)	(6,659,879)
	(6,423,650)	358,830	159,708	(5,905,112)	(6,642,531)
Taxation paid	-	-	-	-	-
Cash (used in)/generated from operating activities	(9,428,538)	(29,326,923)	(8,459,330)	(47,214,791)	(7,779,101)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	11,825,913	16,440,086	5,818,158	34,084,156	23,893,066
Payment against withdrawal	(7,599,736)	(5,707,658)	(3,927,654)	(17,235,048)	(13,553,144)
Cash (used in) /generated from financing activities	4,226,177	10,732,427	1,890,503	16,849,108	10,339,923
Net (decrease)/ increase in cash and cash equivalents	(5,202,361)	(18,594,495)	(6,568,826)	(30,365,683)	2,560,822
Cash and cash equivalents at beginning of the period	6,357,437	20,274,394	8,005,657	34,637,488	6,308,019
Cash and cash equivalents at end of the period	1,155,076	1,679,899	1,436,831	4,271,805	8,868,842

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

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


Chief Executive Officer


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014				Quarter ended September 30, 2013
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	Rupees				
Net assets at the beginning of the period	211,960,877	244,772,239	138,592,558	595,325,674	410,884,505
Amount received on issue of units	11,825,913	16,440,086	5,818,158	34,084,156	23,893,066
Amount paid on redemption of units	(7,599,736)	(5,707,658)	(3,927,654)	(17,235,048)	(13,553,144)
	4,226,177	10,732,427	1,890,503	16,849,108	10,339,923
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing loss / (income) and realised capital losses / (gains) - net	(385,263)	(90,753)	(13,968)	(489,984)	(801,858)
- amount representing unrealised diminution / (appreciation) in fair value of investments	(2,348,208)	(4,560,693)	(828,981)	(7,737,882)	8,903,414
	(2,733,471)	(4,651,446)	(842,949)	(8,227,867)	8,101,557
Net unrealized (loss) during the period in the market value of investments classified as available-for-sale	499,120	1,134,069	-	1,633,189	(4,103,880)
Element of (loss) / income and capital (losses)/gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	2,348,208	4,560,693	828,981	7,737,882	(8,903,414)
Net income after taxation for the period	5,834,530	6,574,345	2,654,631	15,063,506	14,009,262
Net assets at the end of the period	222,135,441	263,122,327	143,123,725	628,381,493	430,327,952

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


Chief Executive Officer

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


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT SEPTEMBER 30, 2014

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

(Un-Audited)				(Audited)
September 30, 2014				
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2014
----- Rupees -----				
204,454,378	-	-	204,454,378	200,576,352
-	113,332,169	-	113,332,169	92,734,009
-	-	-	-	-
-	20,873,025	142,659,872	163,532,897	131,362,721
204,454,378	134,205,194	142,659,872	481,319,444	424,673,082

(Un-Audited)				(Audited)
September 30, 2014				
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2014
----- Rupees -----				

Investments classified as 'Available-for-sale'

Listed equity securities	12,194,860	-	-	12,194,860	11,695,739
Pakistan Investment Bonds	-	120,569,111	-	120,569,111	119,508,782
Treasury Bills	-	-	-	-	-
Ijara Sukuk	-	-	-	-	-
Term Finance Certificates and Sukuk bonds	-	2,628,059	-	2,628,059	2,573,632
	<u>12,194,860</u>	<u>123,197,170</u>	<u>-</u>	<u>135,392,030</u>	<u>133,778,153</u>

Investments at market value

<u>216,649,238</u>	<u>257,402,364</u>	<u>142,659,872</u>	<u>616,711,474</u>	<u>558,451,235</u>
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The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


Chief Executive Officer

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


Director

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

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


Director

----- Total -----	
Un audited	Audited
September 30, 2014	June 30, 2014
----- Rupees -----	
204,454,378	200,576,352

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


Chief Executive Officer

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Pakistan Pension Fund

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED)

AS AT SEPTEMBER 30, 2014

PPF DEBT SUB-FUND
AVAILABLE-FOR-SALE INVESTMENTS

Name of Investment	Face value				As at September 30, 2014			Market value as a % of net asset of the sub - fund
	As at July 1, 2014	Purchases during the period	Sales/ maturities during the period	As at September 30, 2014	Cost	Market value	Appreciation/ (Diminution)	
Rupees								
Pakistan investment bonds	121,000,000	-	-	121,000,000	119,166,809	120,569,111	1,402,302	45.82
Treasury bills	-	-	-	-	-	-	-	0.00
Government Ijarah Sukuk (3 years)	-	-	-	-	-	-	-	0.00
	121,000,000	-	-	121,000,000	119,166,809	120,569,111	1,402,302	45.82

Name of Investment	Issue Date	Number of Certificates				As at September 30, 2014			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 1, 2014	Purchases during the period	Sales/ matured during the period	As at September 30, 2014	Cost	Market value	Appreciation / (Diminution)			
		(-----Number of Certificates-----)				(-----Rupees-----)			(-----%-----)		
Term Finance Certificates (TFCs)											
Bank Alfalah TFC-IV (Floating)	2-Dec-09	500	-	-	500	2,496,748	2,628,059	131,311	1.00	1.02	0.05
Engro Fertilizer Limited- TFC PRP-1	18-Mar-08	-	-	-	-	-	-	-	0.00	-	0.00
Askari Commercial Bank Limited TFC	4-Feb-05	-	-	-	-	-	-	-	0.00	-	0.00
		500	-	-	500	2,496,748	2,628,059	131,311	1.00	1.02	0.05
Sukuk Bonds											
Pak Electron Limited	28-Sep-07	750	-	-	750	1,378,937	-	(1,378,937)	0.00	-	0.13
		750	-	-	750	1,378,937	-	(1,378,937)	0.00	-	0.13
Total		1,250	-	-	1,250	3,875,685	2,628,059	(1,247,626)	1.00	1.02	

INVESTMENTS AT 'FAIR VALUE THROUGH PROFIT OR LOSS'

Name of Investment	Face value				As at September 30, 2014			Market value as a % of net asset of the sub - fund
	As at July 1, 2014	Purchases during the period	Sales/ maturities during the period	As at September 30, 2014	Carrying Value	Market value	Appreciation/ (Diminution)	
-----Rupees-----								
Pakistan investment bonds	94,000,000	20,000,000	-	114,000,000	112,374,276	113,332,169	957,893	43.07
Treasury bills	-	28,000,000	7,000,000	21,000,000	20,874,935	20,873,025	(1,910)	7.93
	94,000,000	48,000,000	7,000,000	135,000,000	133,249,211	134,205,194	955,983	51.00

Name of Investment	Issue Date	Number of Certificates				As at September 30, 2014			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 1, 2014	Purchases during the period	Sales/ matured during the period	As at September 30, 2014	Carrying Value	Market value	Appreciation / (Diminution)			
		(-----Number of Certificates-----)				(-----Rupees-----)			(-----%-----)		
Term Finance Certificates (TFCs)											
Standard Chartered Bank (Pakistan) Limited - TFC	29-Jun-12	1,400	-	1,400	-	-	-	-	0.00	0.00	0.00
		1,400	-	1,400	-	-	-	-	0.00	0.00	0.00

----- Total -----	
Un audited September 30, 2014	Audited June 30, 2014
----- Rupees -----	
Market Value of government securities	254,774,305
Market Value of TFCs and Sukuk bonds	212,242,791
	2,628,059
	2,573,632
	257,402,364
	214,816,423

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

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


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED)

AS AT SEPTEMBER 30, 2014

PPF MONEY MARKET SUB-FUND
INVESTMENTS CLASSIFIED AS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

Name of Investment	Face value				As at September 30, 2014			Market value as a % of net asset of the sub-fund
	As at July 1, 2014	Purchases during the period	Sales/ maturities during the period	As at September 30, 2014	Book value	Market value	Appreciation/ (Diminution)	

----- Rupees ----- %

Treasury bills	134,000,000	98,000,000	88,000,000	144,000,000	142,694,448	142,659,872	(34,586)	99.68
	134,000,000	98,000,000	88,000,000	144,000,000	142,694,448	142,659,872	(34,586)	99.68

-----Total-----

Un audited
September 30,
2014

Audited
June 30, 2014

----- Rupees -----

Market value	142,659,872	131,362,721
--------------	-------------	-------------

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Contributions net of front end fee	Quarter ended September 30, 2014							Quarter ended September 30, 2013
	PPF Equity Sub-fund		PPF Debt Sub-fund		PPF Money Market Sub-Fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	777,875	89,205,416	1,394,240	191,546,632	769,542	100,627,751	381,379,799	281,267,845
Individuals - issue of units	43,517	11,825,913	92,882	16,440,084	32,098	5,818,158	34,084,154	23,893,065
- redemption of units	(28,589)	(7,599,736)	(32,072)	(5,707,658)	(21,620)	(3,927,654)	(17,235,048)	(13,553,145)
	14,927	4,226,177	60,809	10,732,425	10,477	1,890,503	16,849,106	10,339,921
Closing balance	792,802	93,431,593	1,455,049	202,279,057	780,019	102,518,254	398,228,905	291,607,766

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


 Chief Executive Officer

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


 Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

Quarter ended September 30, 2014		
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund

----- No of units -----

Total units outstanding at the beginning of the period	777,875	1,394,240	769,542
Add: Units issued during the period	43,517	92,882	32,098
Less: Units redeemed during the period	(28,589)	(32,072)	(21,620)
Total units in issue at the end of the period	<u>792,802</u>	<u>1,455,049</u>	<u>780,019</u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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 4, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 7, 2011. PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

1.2 Based on shareholders' resolutions of MCB-AMC and AHIL the two companies have merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHIL being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. Subsequent to the completion of merger on June 27, 2011 the SECP extended the effective date of merger to July 30, 2011 through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHIL/348/2011 dated June 27, 2011 under section 484(2) of the Companies Ordinance 1984. However, recently on request of Management Company the SECP reviewed its aforementioned order and through a letter no. SCD/AMCW/Mis/540/2013 dated May 17, 2013 issued revised order under section 484(2) of the Companies Ordinance 1984 to affirm the effective date of merger of MCB-AMC with AHIL as June 27, 2011. The latest order also endorsed the steps/actions taken by Management Company from June 27, 2011 to date.

Pursuant of approval of Merger the name of the company has been changed from Airf Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited

1.3 MCB-Arif Habib Saving and Investments Limited has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension fund Manager is situated at Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

1.4 Title to the assets of the Fund is held in the name Central Despository Company of Pakistan Limited as Trustee of the Fund.

2 STATEMENT OF COMPLIANCE

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

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

2.2 This condensed interim financial information comprise of the condensed interim balance sheet as at September 30, 2014 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim statement of number of units in issue and notes thereto for quarter ended September 30, 2014.

2.3 This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended September 30, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2014, except for the change in methodology as stated below:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

------(Un-audited)-----				(Audited)
As at September 30, 2014				As at June 30, 2014
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

----- Rupees -----

4 BALANCES WITH BANKS

Current accounts	-	-	-	-	
Savings accounts	1,155,076	1,679,899	1,436,831	4,271,805	34,637,488
	1,155,076	1,679,899	1,436,831	4,271,805	34,637,488

5 DEPOSITS AND OTHER RECEIVABLES

Security deposit	2,800,000	300,000	100,000	3,200,000	3,000,000
Receivable against issuance of units	-	-	-	-	-
Others	4,950	-	-	4,950	4,950
	2,804,950	300,000	100,000	3,204,950	3,004,950

6 ACCRUED AND OTHER LIABILITIES

Provision for federal excise duty on remuneration of Pension Fund Manager (note 6.1)	589,222	716,841	443,203	1,749,266	1,378,056
Workers Welfare Fund (note 6.2)	1,885,324	562,885	279,120	2,727,329	2,419,911
Professional charges	-	-	-	-	-
Payable against redemption of units	-	-	22,098	22,098	22,098
Others	197,348	15,948	341	213,637	6,913,879
	2,671,894	1,295,674	744,761	4,712,329	10,733,944

6.1 The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 whereby Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by asset management companies. In this regard, a Constitutional Petition has been filed by certain collective investment schemes (CISs) and Pension Funds through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in these financial statements aggregating to Rs.1.378 million as at June 30, 2014. In case the suit is decided against the Fund, the same would be paid to the Pension Fund Manager, who will be responsible for submitting it to the authorities. Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the Net Asset Value (NAV) per unit of the Fund would have been higher by Re.0.74 in respect of equity sub fund, Re.0.49 in respect of debt sub fund and Re.0.57 in respect of money market sub fund as at September 30, 2014.

6.2 Provision For Workers Welfare Fund

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

On July 15, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

are not liable to contribute to WWF on the basis of nature of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court

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

However, as per the legal counsel the stay granted to Collective Investment Schemes (CIS) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by SHC judgment

The Pension Fund Manager as a matter of abundant caution has started making provision effective from May 10, 2013 in view of the afore mentioned developments and uncertainties created by the recent decision of the Honorable Sindh High Court. The unrecognised liability for the period from July 01, 2008 to May 09, 2013 amounts to Rs.1.168 million, Rs.0.801 million and Rs.0.592 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (aggregating to Rs.2.561 million) respectively. Had the provision been made, the net asset value per unit of the fund as at September 30, 2014 would have been lower by Rs.2.38 (June 30, 2014: Rs.1.50), Re.0.39 (June 30, 2014: Re.0.57) and Re.0.36 (June 30, 2014: Re.0.77) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Moreover, provision against WWF as at September 30, 2014 amounts to Rs.1.885 million, Rs.0.563 million, Rs.0.279 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

6.3 There were no commitments outstanding as at September 30, 2014 (2013: Nil).

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

	------(Un-audited)-----				Audited
	As at September 30, 2014				As at June 30, 2014
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Market value	12,194,860	123,197,170	-	135,392,030	133,778,153
Average cost	(9,654,955)	(123,042,494)	-	(132,697,449)	(132,697,448)
Net surplus/(deficit)	2,539,905	154,676	-	2,694,581	1,080,705
Impairment loss					
Opening	-	-	-	-	-
Charged during the period	-	-	-	-	-
Derecognized on sale of investment	-	-	-	-	-
	2,539,905	154,676	-	2,694,581	1,080,705
Provision against non performing debt securities					
Opening	-	1,510,607	-	1,510,607	1,510,607
Charged during the period	-	19,313	-	19,313	-
	-	1,529,920	-	1,529,920	1,510,607
Net unrealised (appreciation) /diminution in fair value of investments at the beginning of the year	(2,040,785)	(550,527)	-	(2,591,312)	(8,504,466)
Current period (diminution) / appreciation	499,120	1,134,069	-	1,633,189	(5,913,154)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

8 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above accordingly no provision for taxation has been made in these financial statements.

9 EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended September 30, 2014 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

	Quarter ended September 30, 2014		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
Weighted average number of units	783,286	1,439,686	778,243
Net income after taxation (Rupees)	5,834,530	6,574,345	2,654,631
Earnings per unit	7.45	4.57	3.41

	Quarter ended September 30, 2013		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
Weighted average number of units	694,473	1,088,546	682,631
Net income after taxation (Rupees)	11,145,209	903,942	1,960,112
Earnings per unit	16.05	0.83	2.87

10 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 AHIL. Central Depository Company of Pakistan 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 an agreed terms.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

10.1 Transactions during the period

-----Un Audited-----				Quarter ended September 30, 2013
Quarter ended September 30, 2014				
PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	

----- Rupees -----

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

Remuneration	1,089,258	1,292,307	713,397	3,094,963	2,204,117
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Habib Metropolitan Bank Limited

Profit on bank deposits	141,621	84,194	45,708	271,524	171,335
Bank Charges	321	1,614	1,932	3,867	3,824

-----Un Audited-----				Quarter ended September 30, 2013
Quarter ended September 30, 2014				
PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	

----- Rupees -----

Central Depository Company of Pakistan Limited - Trustee

Trustee fee	83,907	99,554	54,960	238,422	190,269
Arif Habib Limited Brokerage	-	-	-	-	2,751
Next Capital Brokerage	-	-	-	-	8,362

Directors and officers

Issue of 17,816 units of PPF Equity sub - fund (2013: 1,947 units)	4,673,235	-	-	4,673,235	388,329
Issue of 19,313 units of PPF Debt sub - fund (2013: 8,515 units)	-	3,437,869	-	3,437,869	1,395,113
Issue of 3,772 units of PPF Money Market sub - fund (2013: 11,366 units)	-	-	685,414	685,414	1,938,075
Redemption of 16,884 units of PPF Equity sub - fund (2013: 12,174 units)	4,430,188	-	-	4,430,188	2,434,698
Redemption of 26,061 units of PPF Debt sub - fund (2013: 4,412 units)	-	4,641,969	-	4,641,969	723,044
Redemption of 13,952 units of PPF Money Market sub - fund (2013: 578 units)	-	-	2,534,168	2,534,168	97,317

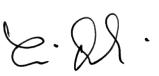
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

10.2 Amounts outstanding as at period end

	-----Un Audited-----				(Audited)
	As at September 30, 2014				June 30, 2014
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----					
MCB - Arif Habib Savings and Investments Limited					
Pension Fund Manager					
Remuneration payable	269,893	321,525	175,747	767,165	703,716
Sindh sales tax payable	60,080	71,477	39,197	170,754	112,594
Investment of 252,196 units as seed capital in each sub-fund (June 2014: 252,196)	70,662,795	-	-	70,662,795	68,720,185
Investment of 300,000 units as seed capital in each sub-fund (June 2014: 300,000)	-	54,249,000	55,047,000	109,296,000	106,697,146
Habib Metropolitan Bank Limited					
Bank Balances	1,145,076	1,669,899	1,426,831	4,241,805	34,637,488
Mark-up receivable	45,331	7,754	5,793	58,878	111,474
MCB Bank Limited					
Bank Balances	10,000	10,000	10,000	30,000	-
Central Depository Company of Pakistan Limited - Trustee					
Trustee fee payable	27,548	32,821	17,940	78,309	74,925
Arif Habib Limited Brokerage - Payable	-	-	-	-	-
Next Capital Brokerage - Payable	-	-	-	-	-
Directors and Officers					
Investment In PPF Equity Sub - Fund 26,561 units (June 2014: 31,574 units)	9,107,836	-	-	9,107,836	8,603,511
Investment In PPF Debt Sub - Fund 25,281 units (June 2014: 32,029 units)	-	4,571,539	-	4,571,539	5,622,999
Investment In PPF Money Market Sub - Fund 12,451 units (June, 2014: 22,631 units)	-	-	2,284,718	2,284,718	4,075,787

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 20, 2014 by the Board of Directors of the Pension Fund Manager.



Chief Executive Officer

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



Director

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by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited

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