

# Quarterly Report

## September 30, 2015

### (Unaudited)



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

AM2 Plus by PACRA

# **PAKISTAN PENSION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; Chief Financial Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
<b>Transfer Agent</b>	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	Asset Manager AM2 + Management quality rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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, 2015.

## **Economy and Money Market Overview**

Benefits of more than 50 percent drop year on year in crude oil prices are visible in the macroeconomic score card positively nudging the Balance of Payment, Foreign Exchange Reserves, Inflation, Interest rates and the Fiscal deficit. A net benefit of more than USD 1 billion is visible in the trade account during first two months of fiscal year which has offset the otherwise slower exports. In the same period, Balance of Payment Account also remained stable where a near USD 394 million Current Account deficit has been largely offset by Financial and Capital Account Inflows. During the same period last year, the country had a negative balance of payment of near USD 729 million mainly derived from a current account deficit of about USD 1,456 million. With controlled current account deficit, the support of IMF tranche, CSF flows and multilateral flows, reserves remained firm near USD 18.5 billion (Sep-18) mark giving resilience to PKR which underwent relatively lesser depreciation in the fragile environment prevailing in the emerging markets. Although, the local fuel prices were cushioned by increase in taxes, yet the drop in crude oil along with other commodity prices, kept the inflation contribution from food and other sectors at lower levels. During the first quarter, headline inflation average remained near 1.6% which along with strong external account position, created comfortable space for another 50 basis point cut in policy rate in September monetary policy. M2 growth remained mildly negative on FY15 to date basis (18-Sep) which reflects the seasonal adjustment where NDA continually supported by a net govt. borrowing of about PKR 255 billion with a muted contribution from NFA in absence of any major net inflows. Money markets remained cautiously optimistic about further cut in discount rate and its sustainability. Yield Curve has thus recently witnessed a slight increase in slope with longer dated bonds remaining relatively less responsive to the change in policy rate. Increasingly the markets continue to remain cautious primarily due to low quality of market liquidity which has been reliant on OMO injections and the expected uptick in inflation as 2nd half FY16 inflation is expected to remain near 6% largely due to low base effect.

## **Equities Market Review**

The bourse underperformed during the quarter with KSE 100 Index & KMI 30 Index closing about 6.1% & 5.56% lower respectively at the end of first quarter. The quarter began with the overall positive momentum carried forward through FY-15 on the back of positive macroeconomic direction and stable valuations at KSE. However after crossing 36,000 in early August, the index could not sustain the momentum initially due to political noise while later after showing some recovery, the negative spell that started in global emerging market struck harder at the local bourse. Despite a growing stable macro environment and another 50 basis points cut in policy rate, concerns of foreign selling coupled with speculation and fears of a fall out of wider scope investigations into corruption cases from politicians to defaulted stock market brokers stalled the buying activity from investors. During the quarter, the participation at KSE remained commensurate KSE100 Index direction as the volumes that averaged above 400 million till early August, dropped to below 250 million shares during remaining quarter which fell further to 183 million in September, worst month during the quarter in which KSE 100 index shed more than 7%. Foreign investors withdrew more than USD 105 million during the quarter, about USD 82 million were withdrawn in the first two months while September remained relatively calm mainly due to lack of liquidity and a bigger correction at the local bourse. Oil & Gas, Banks and Telecom with high concentration of foreign investors remained among the key laggards.

## **Fund Performance**

### **Equity Fund**

The Equity sub-fund generated a negative return of 4.69% while the KSE-100 decreased by 6.14% during the period under review. The sub-fund increased its overall equity exposure from 90.1% at the beginning of the year to 95.1% at the end of September 2015. Sector-wise, the sub-fund decreased exposure towards Oil & Gas Exploration, Cement, Paper & Board and Fertilizer sectors.

The Net Assets of the Fund as at September 30, 2015 stood at Rs. 393.37 million as compared to Rs. 394.81 million as at June 30, 2015 registering a decrease of 0.25%.

The Net Asset Value (NAV) per unit as at September 30, 2015 was Rs. 358.29 as compared to opening NAV of Rs. 375.91 per unit as at June 30, 2015 registering a decrease of Rs. 17.62 per unit.

### **Debt Fund**

The debt sub-fund generated an annualized return of 9.80% during the period under review. The fund's exposure towards TFCs and PIBs marginally decreased to 0.7% and 64.3%. The Fund also increased its exposure towards T-Bills from 30.2% to 31.8% during the period under review.

The Net Assets of the Fund as at September 30, 2015 stood at Rs. 372.74 million as compared to Rs. 339.03 million as at June 30, 2015 registering an increase of 9.94%.

## REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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The Net Asset Value (NAV) per unit as at September 30, 2015 was Rs. 210.22 as compared to opening NAV of Rs. 205.15 per unit as at June 30, 2015 registering an increase of Rs. 5.07 per unit.

### **Money Market Fund**

The money market sub-fund generated a return of 5.02% for the quarter. The fund increased its exposure in T-bills from around 98.8% to 99.5% while cash exposure decreased to 0.4% at quarter end.

The Net Assets of the Fund as at September 30, 2015 stood at Rs.145.69 million as compared to Rs. 139.07 million as at June 30, 2015 registering an increase of 4.76%.

The Net Asset Value (NAV) per unit as at September 30, 2015 was Rs. 195.46 as compared to opening NAV of Rs. 193.02 per unit as at June 30, 2015 registering a decrease of Rs. 2.44 per unit.

### **Future Outlook**

Oil prices have improved the economic scorecard significantly particularly the external account and inflation while providing an opportunity to address the chronic energy issues along with fiscal management. Most of the indicators have improved passively however critical indicators which still lack significant improvement include Credit off take and Capital Expenditure along with FDI. Despite conducive macro environment, growth is yet to pick up and we hope the China Pakistan Corridor provides the required growth impetus for investment to pick up. Government still remains significantly dependent on domestic borrowing to fund fiscal deficit and still progress has remained slow on key reforms including energy, privatization and revenue generation. Security situation has also improved which however remains a long and continuing challenge with potential risks to infrastructure plans going forward.

With stable macro environment and pace expected to pick up on the infrastructure projects, we expect the environment to remain conducive for capital markets. We expect the full year inflation to remain below 4.5% as remainder year inflation is expected to gradually pick up and thus provides a stable interest rate outlook. Budgeted target for economic growth appear achievable while fiscal deficit may marginally exceed due to challenges in revenue collection despite significant reduction in subsidies.

With Policy Rate at 6% and SBP committed to contain the money market volatility and liquidity through continuous OMO support, we expect stable environment for short term papers and medium term bonds while longer dated bonds would respond to further confirmations on external account including trade account and exchange rate which in turn would remain dependent on commodity prices and multilateral flows.

Volatility in global markets particularly emerging equity markets and commodities may affect the short term returns however direct affect remains muted for Pakistan. Global slowdown poses a challenge for exports particularly textiles while significantly lower oil prices can affect the worker remittances from Middle East in particular. Given the steep drop in crude oil prices, the risks remain manageable however sustained degradation shall be a bigger challenge. A disconnect in current improvement in macro economic variables and KSE performance offers an opportunity for investors to add equities which offer higher return potential on risk adjusted basis for long term investors. Improved outlook on GDP growth, Current Account and controlled fiscal balance in a low inflationary environment supports the case for equities where a PE of 9x prospective earnings along with a dividend yield of 6% with a regional valuation discount in excess of 32% affirms case for higher return potential. We expect infrastructure linked sectors including Cements, Steel, Power and Consumption driven sectors to drive returns while Oil & Gas and Banking Sectors remain attractive on long term valuations.

### **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 16, 2015

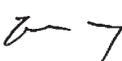
**CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2015**

Note	------(Un-Audited)-----				(Audited)	
	September 30, 2015				June 30, 2015	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund	Total		
-----Rupees-----						
<b>ASSETS</b>						
Balances with banks	6	13,164,931	7,041,988	632,776	20,839,694	44,824,742
Investments (as per condensed interim statement of investments by category)		380,260,801	364,269,106	146,487,857	891,017,764	843,404,078
Receivable against sale of Investments		-	-	-	-	-
Dividend receivable		3,533,439	-	-	3,533,439	499,201
Interest receivable		53,093	4,883,463	7,748	4,944,304	10,584,241
Deposits and other receivables	7	2,777,283	210,000	110,000	3,097,283	3,093,613
<b>TOTAL ASSETS</b>		399,789,546	376,404,556	147,238,381	923,432,484	902,405,875
<b>LIABILITIES</b>						
Payable to Pension Fund Manager		565,697	516,679	204,642	1,287,018	1,316,015
Payable to the Trustee		56,570	51,667	20,464	128,701	105,735
Payable to Auditors		44,997	38,583	15,489	99,069	262,500
Annual fee payable to the Securities and Exchange Commission of Pakistan		34,796	29,833	11,976	76,604	235,239
Accrued and other liabilities	8	5,715,781	3,027,380	1,296,806	10,039,968	27,584,124
<b>TOTAL LIABILITIES</b>		6,417,840	3,664,142	1,549,377	11,631,360	29,503,613
<b>NET ASSETS</b>		393,371,706	372,740,415	145,689,003	911,801,124	872,902,262
Participants Sub-Funds (as per condensed interim statement of movement in participants' sub-funds)		<u>393,371,706</u>	<u>372,740,415</u>	<u>145,689,003</u>		
----- Number of units -----						
Number of units in issue		<u>1,097,921</u>	<u>1,773,078</u>	<u>745,358</u>		
----- Rupees -----						
Net assets value per unit		<u>358.29</u>	<u>210.22</u>	<u>195.46</u>		

The annexed notes form an integral part of this condensed interim financial information

  
Chief Executive Officer

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

  
Director

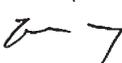
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

Note	Quarter ended September 30, 2015				Quarter ended September 30, 2014	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total		
----- Rupees -----						
<b>INCOME</b>						
Capital (loss) / (loss) on sale of investments - net	(274,573)	3,801,358	1,231	3,528,016	580,583	
Dividend income	3,905,036	-	-	3,905,036	2,962,033	
Income from investment in government securities	-	7,844,343	2,459,822	10,304,164	10,494,301	
Income from Term Finance Certificates - Sukuk	-	98,572	-	98,572	127,682	
Profit on bank deposits	195,938	119,784	85,037	400,759	271,524	
Reversal of Provision Debt Security	-	267,857	-	267,857	-	
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	3,954,898	384,586	67,976	4,407,460	4,350,523	
Element of income and capital gains included in prices of units issued less those in units redeemed	1,191,079	768,305	81,918	2,041,302	489,984	
<b>Total Income</b>	<b>8,972,379</b>	<b>13,284,805</b>	<b>2,695,983</b>	<b>24,953,167</b>	<b>19,819,678</b>	
<b>EXPENSES</b>						
Remuneration to Pension Fund Manager	2,068,710	1,773,718	711,974	4,554,403	3,094,963	
Remuneration to the Trustee	178,339	152,909	61,379	392,627	238,422	
Annual fee - Securities and Exchange Commission of Pakistan	34,796	29,833	11,975	76,604	51,557	
Auditors' Remuneration	57,856	51,382	21,477	130,715	98,301	
Custody and settlement charges	248,894	74,745	-	323,639	399,283	
Legal and professional charges	-	-	-	-	-	
Provision against debt securities	-	-	-	-	19,313	
Bank charges	1,166	12,743	4,804	18,713	3,867	
Provision WWF	-	-	-	-	307,418	
<b>Total Expenses</b>	<b>2,589,761</b>	<b>2,095,330</b>	<b>811,609</b>	<b>5,496,700</b>	<b>4,213,124</b>	
<b>Net (loss) / income before taxation</b>	<b>6,382,618</b>	<b>11,189,475</b>	<b>1,884,374</b>	<b>19,456,467</b>	<b>15,606,554</b>	
Provision for taxation - current	10	-	-	-	-	
<b>Net (loss) / income after taxation</b>	<b>6,382,618</b>	<b>11,189,475</b>	<b>1,884,374</b>	<b>19,456,467</b>	<b>15,606,554</b>	
<b>Other comprehensive (loss) / income for the period</b>						
Unrealised (loss)/ gain on re-valuation of investments classified as 'available for sale' - net	9	(24,899,463)	(1,730,090)	-	(26,629,553)	1,633,189
<b>Total comprehensive (loss) / income for the period</b>	<b>(18,516,845)</b>	<b>9,459,385</b>	<b>1,884,374</b>	<b>(7,173,086)</b>	<b>17,239,743</b>	
<b>Earnings per unit</b>	11	<b>5.93</b>	<b>6.54</b>	<b>2.56</b>		

The annexed notes form an integral part of this condensed interim financial information

  
Chief Executive Officer

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

  
Director

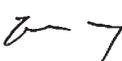
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended September 30, 2015				Quarter ended September 30, 2014
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market sub Fund	Total	
	----- Rupees -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income before taxation	6,382,618	11,189,475	1,884,374	19,456,467	15,063,506
<b>Adjustments for non cash items:</b>					
Capital (loss) / gain on sale of investments - net	274,573	(3,801,358)	(1,231)	(3,528,016)	(580,583)
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	-
Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	(3,954,898)	(384,586)	(67,976)	(4,407,460)	(4,350,523)
Elements of loss / (income) and capital losses/ (gains) in prices of units issued less those in units redeemed - net	(1,191,079)	(768,305)	(81,918)	(2,041,302)	(489,984)
	(4,871,404)	(4,954,249)	(151,125)	(9,976,778)	(5,421,090)
<b>(Increase) / decrease in assets</b>					
Investments - net	(23,941,427)	(34,925,659)	(7,440,848)	(66,307,934)	(53,853,333)
Dividend receivable	(3,034,238)	-	-	(3,034,238)	(2,310,956)
Interest receivable	10,717	5,624,273	4,947	5,639,937	5,412,194
Deposits and other receivables	(3,670)	-	-	(3,670)	(200,000)
	(26,968,617)	(29,301,385)	(7,435,901)	(63,705,904)	(50,952,095)
<b>(Decrease) / increase in liabilities</b>					
Payable against redemption of units	-	-	-	-	-
Remuneration payable to Pension Fund Manager	(18,598)	2,025	(12,425)	(28,998)	121,608
Payable to Trustee	9,670	10,313	2,984	22,966	3,384
Payable to Auditors	(58,837)	(68,230)	(36,364)	(163,431)	98,301
Annual fee payable to the Securities and Exchange Commission of Pakistan	(58,232)	(65,898)	(34,505)	(158,635)	(106,791)
Other liabilities	(17,892,749)	250,520	98,073	(17,544,156)	(6,021,614)
	(18,018,746)	128,729	17,763	(17,872,255)	(5,905,112)
Taxation paid	-	-	-	-	-
<b>Cash (used in)/generated from operating activities</b>	(43,476,151)	(22,937,431)	(5,684,889)	(72,098,470)	(47,214,791)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	48,486,057	43,015,317	11,986,057	103,487,431	34,084,156
Payment against withdrawal	(30,215,675)	(17,993,604)	(7,164,730)	(55,374,009)	(17,235,048)
<b>Cash generated / (used in) from financing activities</b>	18,270,382	25,021,713	4,821,328	48,113,423	16,849,108
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(25,205,768)	2,084,282	(863,561)	(23,985,047)	(30,365,683)
Cash and cash equivalents at beginning of the period	38,370,699	4,957,706	1,496,337	44,824,742	34,637,488
<b>Cash and cash equivalents at end of the period</b>	13,164,931	7,041,988	632,776	20,839,694	4,271,805

The annexed notes form an integral part of this condensed interim financial information

  
\_\_\_\_\_  
Chief Executive Officer

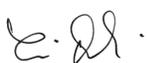
MCB-Arif Habib Savings and Investments Limited  
(Management Company)

  
\_\_\_\_\_  
Director

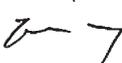
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended September 30, 2015				Quarter ended September 30, 2014
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	394,809,421	339,027,622	139,065,219	872,902,262	595,325,674
Amount received on issue of units	48,486,057	43,015,317	11,986,056	103,487,430	34,084,156
Amount paid on redemption of units	(30,215,675)	(17,993,604)	(7,164,730)	(55,374,009)	(17,235,048)
	18,270,382	25,021,713	4,821,326	48,113,421	16,849,108
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	(1,191,079)	(768,305)	(81,917)	(2,041,301)	(489,984)
- amount representing unrealised diminution / (appreciation) in fair value of investments	(12,314,395)	(12,205,689)	(2,251,723)	(26,771,807)	(7,737,882)
	(13,505,475)	(12,973,993)	(2,333,640)	(28,813,108)	(8,227,867)
Net unrealized (loss) during the period in the market value of investments classified as available-for-sale	(24,899,635)	(1,730,090)	-	(26,629,725)	1,633,189
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	12,314,395	12,205,689	2,251,723	26,771,807	7,737,882
Net income after taxation for the period	6,382,618	11,189,475	1,884,374	19,456,467	15,063,506
Net assets at the end of the period	<u>393,371,706</u>	<u>372,740,415</u>	<u>145,689,003</u>	<u>911,801,124</u>	<u>628,381,493</u>

The annexed notes 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, 2015**

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

	------(Un-Audited)-----			(Audited)	
	September 30, 2015				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2015
	----- Rupees -----				
Listed equity securities	81,840,978	-	-	81,840,978	79,262,747
Pakistan Investment Bonds	-	15,735,025	-	15,735,025	15,772,331
Term Finance Certificate	-	-	-	-	-
Treasury Bills	-	119,775,956	146,487,857	266,263,813	242,380,319
	<u>81,840,978</u>	<u>135,510,981</u>	<u>146,487,857</u>	<u>363,839,816</u>	<u>337,415,397</u>

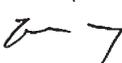
**Investments classified as 'Available-for-sale'**

	------(Un-Audited)-----			(Audited)	
	September 30, 2015				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2015
	----- Rupees -----				
Listed equity securities	298,419,823	-	-	298,419,823	298,275,936
Pakistan Investment Bonds	-	226,205,251	-	226,205,251	205,130,937
Treasury Bills	-	-	-	-	-
Ijara Sukuk	-	-	-	-	-
Term Finance Certificates and Sukuk bonds	-	2,552,874	-	2,552,874	2,581,808
	<u>298,419,823</u>	<u>228,758,125</u>	<u>-</u>	<u>527,177,948</u>	<u>505,988,681</u>
<b>Investments at market value</b>	<b><u>380,260,801</u></b>	<b><u>364,269,106</u></b>	<b><u>146,487,857</u></b>	<b><u>891,017,764</u></b>	<b><u>843,404,078</u></b>

The annexed notes 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 PORTFOLIO AS AT SEPTEMBER 30, 2015

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

Name of the Investee Company	Number of shares					As at September 30, 2015			Market value as a % of net assets of the sub-fund	% of paid up capital of the investee company
	As at July 01, 2015	Purchases during the period	Bonus/ Right Issue during the period	Sales during the period	As at September 30, 2015	Cost	Market value	Appreciation/ (Diminution)		
							Rupees		%	%
<b>REFINERY</b>										
National Refinery	28,100	-	-	28,100	-	-	-	-	0.00	0.00
									<u>0.00</u>	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
** Thal Limited	-	35,000	-	-	35,000	11,211,095	8,855,000	(2,356,095)	2.25	0.11
						<u>11,211,095</u>	<u>8,855,000</u>	<u>(2,356,095)</u>	<u>2.25</u>	
<b>CABLE &amp; ELECTRICAL GOODS</b>										
Pak Elektron	114,000	45,000	-	-	159,000	9,658,709	11,462,310	1,803,601	2.91	0.11
						<u>9,658,709</u>	<u>11,462,310</u>	<u>1,803,601</u>	<u>2.91</u>	
<b>Construction and Material</b>										
Cherat Cement	-	95,000	-	-	95,000	8,423,004	8,190,900	(232,104)	2.08	0.05
Fauji Cement Company Limited	300,000	-	-	171,000	129,000	4,444,489	4,318,920	(125,569)	1.10	0.05
Maple Leaf Cement Factory Limited	60,000	-	-	50,000	10,000	520,949	685,400	164,451	0.17	0.05
Pioneer Cement Limited	216,000	-	-	50,000	166,000	14,292,816	14,398,840	106,024	3.66	0.03
						<u>27,681,258</u>	<u>27,594,060</u>	<u>(87,198)</u>	<u>7.01</u>	
<b>Automobile and Assembler</b>										
Indus Motors Company Limited	9,000	-	-	-	9,000	9,453,533	9,012,600	(440,933)	2.29	0.03
Pak Suzuki Motor Company Limited	2,000	-	-	-	2,000	722,646	829,140	106,494	0.21	0.03
						<u>10,176,179</u>	<u>9,841,740</u>	<u>(334,439)</u>	<u>2.50</u>	
<b>ENGINEERING</b>										
Mughal Iron & Steel	135,000	-	-	-	135,000	7,304,891	8,770,950	1,466,059	2.23	0.00
						<u>7,304,891</u>	<u>8,770,950</u>	<u>1,466,059</u>	<u>2.23</u>	
<b>FERTILIZER</b>										
Engro Fertilizers Limited	-	40,000	-	-	40,000	3,796,860	3,592,000	(204,860)	0.91	0.00
Engro Corporation Limited	5,000	-	-	-	5,000	1,200,012	1,491,900	291,888	0.38	0.00
Fauji Fertilizer Bin Qasim Limited	-	120,000	-	-	120,000	7,270,296	7,218,000	(52,296)	1.83	0.00
Fauji Fertilizer Company Limited	55,000	22,000	-	-	77,000	11,194,814	9,505,650	(1,689,164)	2.42	0.00
						<u>23,461,982</u>	<u>21,807,550</u>	<u>(1,654,432)</u>	<u>5.54</u>	
<b>CHEMICALS</b>										
Biafo Industries	-	16,100	-	-	16,100	3,224,410	4,427,339	1,202,929	1.13	0.00
ICI Pakistan	30,000	-	-	-	30,000	11,993,823	14,438,700	2,444,877	3.67	0.00
Linde Pakistan	38,000	-	-	-	38,000	7,745,700	4,081,580	(3,664,120)	1.04	0.00
						<u>22,963,933</u>	<u>22,947,619</u>	<u>(16,314)</u>	<u>5.83</u>	
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>										
Engro Foods Limited	-	63,000	-	-	63,000	10,283,641	9,283,680	(999,961)	2.36	0.03
Shezan International	2,500	-	-	-	2,500	3,163,085	1,900,000	(1,263,085)	0.48	0.03
						<u>13,446,726</u>	<u>11,183,680</u>	<u>(2,263,046)</u>	<u>2.84</u>	
<b>GLASS &amp; CERAMICS</b>										
Tariq Glass Industries	167,500	-	-	-	167,500	9,554,100	12,135,375	2,581,275	3.08	0.03
						<u>9,554,100</u>	<u>12,135,375</u>	<u>2,581,275</u>	<u>3.08</u>	
<b>MISCELLANEOUS</b>										
Shifa International Hospitals	-	49,000	-	-	49,000	12,331,874	12,990,880	659,006	3.30	0.03
						<u>12,331,874</u>	<u>12,990,880</u>	<u>659,006</u>	<u>3.30</u>	
<b>INSURANCE</b>										
Century Insurance	208,500	77,000	-	-	285,500	7,799,917	6,295,275	(1,504,642)	1.60	0.03
						<u>7,799,917</u>	<u>6,295,275</u>	<u>(1,504,642)</u>	<u>1.60</u>	

**CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO  
AS AT SEPTEMBER 30, 2015**

Name of the Investee Company	Number of shares				As at September 30, 2015			Market value as a % of net assets of the sub-fund	% of paid up capital of the investee company	
	As at July 01, 2015	Purchases during the period	Bonus/ Right Issue during the period	Sales during the period	As at September 30, 2015	Cost	Market value			Appreciation/ (Diminution)
----- Rupees -----										
<b>Oil and Gas Producers</b>										
Oil and Gas Development Company Limited	150,000	29,000	-	25,000	154,000	27,658,400	19,199,180	(8,459,220)	4.88	0.03
Pakistan Oil Fields Limited	42,000	-	-	6,600	35,400	12,163,744	10,405,122	(1,758,622)	2.65	0.03
Pakistan Petroleum Limited	130,000	-	-	75,000	55,000	9,476,676	6,552,700	(2,923,976)	1.67	0.03
Pakistan State Oil Company Limited	56,000	-	-	-	56,000	22,547,392	16,149,840	(6,397,552)	4.11	0.03
Shell Pakistan	41,000	-	-	-	41,000	9,112,775	8,029,850	(1,082,925)	2.04	0.03
						<b>80,958,987</b>	<b>60,336,692</b>	<b>(20,622,295)</b>	<b>15.34</b>	
<b>PAPER AND BOARD</b>										
Century Paper & Board Mills	118,000	100,000	-	218,000	-	-	-	-	0.00	0.03
Cherat Packaging Packages Limited	49,500	-	-	-	49,500	8,500,001	10,642,500	2,142,499	2.71	0.03
Security Papers Limited	31,000	-	-	-	31,000	17,370,649	16,538,500	(832,149)	4.20	0.03
	10,433	-	-	-	10,433	275,624	793,430	517,806	0.20	0.03
						<b>26,146,274</b>	<b>27,974,430</b>	<b>1,828,156</b>	<b>7.11</b>	
<b>Electricity</b>										
Hub Power Company Limited	32,000	-	-	-	32,000	2,809,501	3,143,680	334,179	0.80	0.03
Kot Addu Power Company Limited	-	109,000	-	-	109,000	10,373,748	10,327,750	(45,998)	2.63	0.03
						<b>13,183,249</b>	<b>13,471,430</b>	<b>288,181</b>	<b>3.42</b>	
<b>SUGAR &amp; ALLIED INDUSTRIES</b>										
** Habib Sugar	290,000	-	-	290,000	-	-	-	-	0.00	0.03
Mirpurkhas Sugar	4,500	-	-	-	4,500	318,596	382,500	63,904	0.10	0.03
						<b>318,596</b>	<b>382,500</b>	<b>63,904</b>	<b>0.10</b>	
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>										
*** Hum Network Systems Limited	500,000	112,000	-	-	612,000	10,426,399	9,987,840	(438,559)	2.54	0.03
	261,955	-	-	-	261,955	10,076,780	17,307,367	7,230,587	4.40	0.03
						<b>20,503,179</b>	<b>27,295,207</b>	<b>6,792,028</b>	<b>6.94</b>	
<b>COMMERCIAL BANKS</b>										
Bank Al Habib Limited	1,000	-	-	-	1,000	45,583	41,600	(3,983)	0.01	0.00
Habib Metropolitan Bank	154,500	-	-	-	154,500	5,417,311	4,469,685	(947,626)	1.14	0.00
United Bank Limited	68,000	50,000	-	46,000	72,000	12,109,457	10,563,840	(1,545,617)	2.69	0.00
						<b>17,572,351</b>	<b>15,075,125</b>	<b>(2,497,226)</b>	<b>3.83</b>	
<b>Total</b>	<b>3,310,488</b>	<b>962,100</b>	<b>-</b>	<b>959,700</b>	<b>3,312,888</b>	<b>314,273,300</b>	<b>298,419,823</b>	<b>(15,853,477)</b>	<b>75.86</b>	

----- Total -----  
Un audited      Audited  
September 30,      June 30,  
2015                      2015  
----- Rupees -----  
**298,419,823      298,275,936**

Market Value

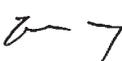
\*\* These have a face value of Rs.5 per share

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

The annexed notes 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 INVESTMENT PORTFOLIO (UN-AUDITED) AS AT SEPTEMBER 30, 2015

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

Page 3 of 3

Name of the Investee Company	Number of shares					As at September 30, 2015			Market value as a % of net assets of the sub-fund	% of paid up capital of the investee company
	As at July 01, 2015	Purchases during the period	Bonus/ Right Issue during the period	Sales during the period	As at September 30, 2015	Carrying Value	Market value	Appreciation/ (Diminution)		
<b>ENGINEERING</b>										
Crescent Steel & Allied Product	123,500	8,500	-	8,500	123,500	6,680,671	10,252,970	3,572,299	2.61	0.00
Crescent Steel & Allied Product ( R )	-	-	30,875	-	30,875	-	954,346	954,346	0.24	0.03
						<b>6,680,671</b>	<b>11,207,316</b>	<b>4,526,645</b>	<b>2.85</b>	
<b>FERTILIZER</b>										
Engro Fertilizers Limited	-	150,000	-	-	150,000	14,568,240	13,470,000	(1,098,240)	3.42	0.01
Engro Corporation Limited	40,000	-	-	6,000	34,000	10,091,200	10,144,920	53,720	2.58	0.00
						<b>24,659,440</b>	<b>23,614,920</b>	<b>(1,044,520)</b>	<b>6.00</b>	
<b>Electricity</b>										
* Hub Power Company Limited	118,995	-	-	43,000	75,995	7,110,852	7,465,749	354,897	1.90	0.00
						<b>7,110,852</b>	<b>7,465,749</b>	<b>354,897</b>	<b>1.90</b>	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Pakistan Oil Fields Limited	194	-	-	-	194	78,341	57,022	(21,319)	0.01	0.01
Pakistan Petroleum Limited	223	-	-	-	223	36,630	26,568	(10,062)	0.01	0.00
						<b>114,971</b>	<b>83,590</b>	<b>(31,381)</b>	<b>0.02</b>	
<b>Construction and Material</b>										
Maple Leaf Cement Factory Limited	224,000	-	-	128,000	96,000	7,541,760	6,579,840	(961,920)	1.67	0.05
Pioneer Cement Limited	3,000	-	-	-	3,000	255,870	260,220	4,350	0.07	0.03
						<b>7,797,630</b>	<b>6,840,060</b>	<b>(957,570)</b>	<b>1.74</b>	
<b>CABLE &amp; ELECTRICAL GOODS</b>										
Pak Elektron	14,499	-	-	-	14,499	1,199,647	1,045,233	(154,414)	0.27	0.05
						<b>1,199,647</b>	<b>1,045,233</b>	<b>(154,414)</b>	<b>0.27</b>	
<b>Automobile and Parts</b>										
Pak Suzuki Motor Company Limited	9,000	-	-	-	9,000	3,923,190	3,731,130	(192,060)	0.95	0.01
						<b>3,923,190</b>	<b>3,731,130</b>	<b>(192,060)</b>	<b>0.95</b>	
<b>CHEMICALS</b>										
Dyneca Pakistan	7,000	-	-	-	7,000	343,000	311,430	(31,570)	0.08	0.00
						<b>343,000</b>	<b>311,430</b>	<b>(31,570)</b>	<b>0.08</b>	
<b>LEATHER &amp; TANNERIES</b>										
Bata Pakistan	2,100	-	-	-	2,100	7,840,224	6,237,210	(1,603,014)	1.59	0.03
						<b>7,840,224</b>	<b>6,237,210</b>	<b>(1,603,014)</b>	<b>1.59</b>	
<b>GLASS &amp; CERAMICS</b>										
Ghani Glass Limited	114,500	-	-	4,000	110,500	9,592,505	11,050,000	1,457,495	2.81	0.00
						<b>9,592,505</b>	<b>11,050,000</b>	<b>1,457,495</b>	<b>2.81</b>	
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>										
Shezan International	3,700	-	-	-	3,700	3,379,950	2,812,000	(567,950)	0.71	0.00
						<b>3,379,950</b>	<b>2,812,000</b>	<b>(567,950)</b>	<b>0.71</b>	
<b>PHARMACEUTICALS</b>										
IBL HealthCare Limited	46,000	-	-	-	46,000	5,244,000	7,442,340	2,198,340	1.89	0.00
						<b>5,244,000</b>	<b>7,442,340</b>	<b>2,198,340</b>	<b>1.89</b>	
<b>Total</b>	<b>706,711</b>	<b>158,500</b>	<b>30,875</b>	<b>189,500</b>	<b>706,586</b>	<b>77,886,080</b>	<b>81,840,978</b>	<b>3,954,898</b>	<b>20.80</b>	

----- Total -----  
Un audited                      Audited  
September 30, 2015          June 30, 2015  
----- Rupees -----

Total Market Value

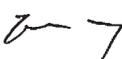
**81,840,978                      79,262,747**

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

The annexed notes 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, 2015

### PPF DEBT SUB-FUND AVAILABLE-FOR-SALE INVESTMENTS

Name of Investment	Face value			As at September 30, 2015			Market value as a % of net asset of the sub - fund	
	As at July 1, 2015	Purchases during the period	Sales/ maturities during the period	As at September 30, 2015	Cost	Market value		Appreciation/ (Diminution)
Rupees								
Pakistan investment bonds	191,850,000	189,300,000	172,500,000	208,650,000	222,515,999	226,205,251	3,689,252	60.69
Treasury bills	-	-	-	-	-	-	-	0.00
Government Ijarah Sukuk (3 years)	-	-	-	-	-	-	-	0.00
	<u>191,850,000</u>	<u>189,300,000</u>	<u>172,500,000</u>	<u>208,650,000</u>	<u>222,515,999</u>	<u>226,205,251</u>	<u>3,689,252</u>	<u>60.69</u>

Name of Investment	Issue Date	Number of Certificates			As at September 30, 2015			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue	
		As at July 1, 2015	Purchases during the period	Sales/ matured during the period	As at September 30, 2015	Cost	Market value				Appreciation / (Diminution)
		(-----Number of Certificates-----)			(-----Rupees-----)			(-----%-----)			
<b>Term Finance Certificates (TFCs)</b>											
Bank Alfalah TFC-IV (Floating)	2-Dec-09	500	-	-	500	2,495,747	2,552,874	57,127	0.68	0.70	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	2,495,747	2,552,874	57,127	0.68	0.70	0.05
<b>Sukuk Bonds</b>											
Pak Electron Limited	28-Sep-07	750	-	-	750	1,339,281	-	-	0.00	-	0.13
		750	-	-	750	1,339,281	-	-	0.00	-	0.13
<b>Total</b>		<u>1,250</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>3,835,028</u>	<u>2,552,874</u>	<u>57,127</u>	<u>0.68</u>	<u>0.70</u>	

### INVESTMENTS AT 'FAIR VALUE THROUGH PROFIT OR LOSS'

Name of Investment	Face value			As at September 30, 2015			Market value as a % of net asset of the sub - fund	
	As at July 1, 2015	Purchases during the period	Sales/ maturities during the period	As at September 30, 2015	Carrying Value	Market value		Appreciation/ (Diminution)
Rupees								
Pakistan investment bonds	14,855,000	-	-	14,855,000	15,772,339	15,735,025	(37,314)	4.22
Treasury bills	106,800,000	49,000,000	31,700,000	124,100,000	119,353,982	119,775,956	421,974	32.13
	<u>121,655,000</u>	<u>49,000,000</u>	<u>31,700,000</u>	<u>138,955,000</u>	<u>135,126,321</u>	<u>135,510,981</u>	<u>384,660</u>	<u>36.36</u>

Name of Investment	Issue Date	Number of Certificates			As at September 30, 2015			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue	
		As at July 1, 2015	Purchases during the period	Sales/ matured during the period	As at September 30, 2015	Carrying Value	Market value				Appreciation / (Diminution)
		(-----Number of Certificates-----)			(-----Rupees-----)			(-----%-----)			
<b>Term Finance Certificates (TFCs)</b>											
Standard Chartered Bank (Pakistan) Limited - TFC	29-Jun-12	1,400	-	1,400	-	-	-	-	0.00	0.00	0.00
		<u>1,400</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

----- Total -----  
Un audited      Audited  
September 30,      June 30, 2015  
2015  
----- Rupees -----

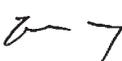
Market Value of government securities  
Market Value of TFCs and Sukuk bonds

361,716,232      324,305,785  
2,552,874      2,581,808  
364,269,106      326,887,593

The annexed notes 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, 2015**

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

Name of Investment	Face value				As at September 30, 2015			Market value as a % of net asset of the sub-fund
	As at July 1, 2015	Purchases during the period	Sales/ maturities during the period	As at September 30, 2015	Book value	Market value	Appreciation/ (Diminution)	
	----- Rupees -----							%
Treasury bills	140,400,000	113,000,000	105,200,000	148,200,000	146,419,894	146,487,857	67,953	100.55
	<b>140,400,000</b>	<b>113,000,000</b>	<b>105,200,000</b>	<b>148,200,000</b>	<b>146,419,894</b>	<b>146,487,857</b>	<b>67,953</b>	<b>100.55</b>

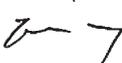
----- Total -----	
Un audited September 30, 2015	Audited June 30, 2015
----- Rupees -----	
146,487,857	138,977,802

Market value

The annexed notes 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 CONTRIBUTION TABLE (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

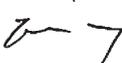
Contributions net of front end fee	Quarter ended September 30, 2015						Total	Quarter ended September 30, 2014
	PPF Equity Sub-fund		PPF Debt Sub-fund		PPF Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	1,050,272	182,472,521	1,652,600	242,094,977	720,481	91,432,743	516,000,241	381,379,799
Individuals - issue of units	126,913	48,486,057	206,774	43,015,317	61,675	11,986,056	103,487,430	34,084,154
- redemption of units	(79,264)	(30,215,675)	(86,296)	(17,993,604)	(36,799)	(7,164,730)	(55,374,009)	(17,235,048)
	47,649	18,270,382	120,478	25,021,713	24,877	4,821,326	48,113,421	16,849,106
Closing balance	1,097,921	200,742,903	1,773,078	267,116,690	745,358	96,254,069	564,113,662	398,228,905

----- Rupees -----

The annexed notes form an integral part of this condensed interim financial information

  
\_\_\_\_\_  
Chief Executive Officer

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

  
\_\_\_\_\_  
Director

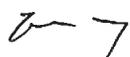
**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended September 30, 2015		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund
	----- No of units -----		
Total units outstanding at the beginning of the period	1,050,272	1,652,600	720,481
Add: Units issued during the period	126,913	206,774	61,675
Less: Units redeemed during the period	(79,264)	(86,296)	(36,799)
Total units in issue at the end of the period	<u>1,097,921</u>	<u>1,773,078</u>	<u>745,358</u>

The annexed notes 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, 2015**

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**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. 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. Effective date from 30 September 2014, CDC has been appointed as the trustee of the fund.
- 1.2** MCB-Arif Habib Savings 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 Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.3** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2+ dated April 07, 2015 to the Management Company
- 1.4** Title to the assets of the Fund is held in the name of Central Depository Company Limited as Trustee of the Fund.

**2 STATEMENT OF COMPLIANCE**

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

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

- 2.2** This condensed interim financial information comprise of the condensed interim balance sheet as at September 30, 2015 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investment by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the quarter ended September 30, 2015.
- 2.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2015 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2015, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2014.
- 2.4** This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended September 30, 2015.

**3 SIGNIFICANT ACCOUNTING POLICIES**

- 3.1** The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2015.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not result in change to the Fund's operation or a change in accounting policies of the Fund.

**4 ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2015.

**5 FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2015.

------(Un-audited)-----				(Audited)
As at September 30, 2015				As at June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

**6 BALANCES WITH BANKS**

----- Rupees -----

Current accounts	-	-	-	-	-
Savings accounts	13,164,931	7,041,988	632,776	20,839,694	44,824,742
	<u>13,164,931</u>	<u>7,041,988</u>	<u>632,776</u>	<u>20,839,694</u>	<u>44,824,742</u>

**7 DEPOSITS AND OTHER RECEIVABLES**

Security deposit - Central Depository	200,000	200,000	100,000	500,000	500,000
Security deposit - National Clearing	2,500,000	-	-	2,500,000	2,500,000
Receivable against issuance of units	-	-	-	-	-
Advance Tax	67,283	-	-	67,283	40,663
Others	10,000	10,000	10,000	30,000	52,950
	<u>2,777,283</u>	<u>210,000</u>	<u>110,000</u>	<u>3,097,283</u>	<u>3,093,613</u>

**8 ACCRUED AND OTHER LIABILITIES**

Provision for federal excise duty on remuneration of Pension Fund Manager (note 8.1)	1,514,217	1,599,205	840,743	3,954,166	3,325,974
Workers Welfare Fund (note 8.2)	3,842,079	1,302,056	415,088	5,559,223	5,559,223
Professional charges	-	-	-	-	-
Payable against redemption of units	-	-	22,098	22,098	-
Others	359,484	126,118	18,877	504,480	18,698,927
	<u>5,715,781</u>	<u>3,027,380</u>	<u>1,296,806</u>	<u>10,039,967</u>	<u>27,584,124</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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**8.1** 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 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. 3.954 million as at September 30, 2015 (2015: Rs. 3.326 million). 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 Rs.1.38 per unit (2015: Rs.1.17 per unit) in respect of equity sub fund, Re.0.90 per unit (2015: Re.0.82 per unit) in respect of debt sub fund and Rs.1.13 per unit (2015: Rs.1.03 per unit) in respect of money market sub fund as at September 30, 2015.

**8.2 Provision For Workers Welfare Fund**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds 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 Collective Investment Schemes (CISs) through their trustees in the Honourable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

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

The Pension Fund Manager as a matter of abundant caution started making provision effective from May 10, 2013 in view of the afore mentioned developments and uncertainties created by the recent decision of the Honourable Sindh High Court. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs.3.50 per unit, Re.0.73 per unit and Re.0.56 per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

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.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts were declared as 'Ultra Vires'.

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

The Finance Act, 2015 has excluded mutual funds and Collective Investment Schemes (CISs) from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made from May 10, 2013 to June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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

	------(Un-audited)-----			Audited	
	As at September 30, 2015			As at June 30, 2015	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Market value	298,419,823	228,758,125	-	527,177,948	505,988,681
Average cost	(314,273,300)	(226,351,027)	-	(540,624,327)	(493,064,025)
Net surplus/(deficit)	(15,853,477)	2,407,099	-	(13,446,379)	12,924,656
Impairment loss					
Opening	-	-	-	-	1,378,937
Charged during the period	-	-	-	-	2,429,500
Derecognized on sale of investment	-	-	-	-	-
	-	-	-	-	3,808,437
	(15,853,477)	2,407,099	-	(13,446,379)	16,733,093
Provision against non performing debt securities					
Opening	-	1,607,138	-	1,607,138	-
Less: Reversal during the period	-	267,857	-	267,857	2,066,935
	-	1,339,281	-	1,874,995	2,066,935
Net unrealised (appreciation) /diminution in fair value of investments at the beginning of the year	(9,045,986)	5,476,469	-	(3,569,517)	(2,459,642)
Current period (diminution) / appreciation	(24,899,463)	(1,730,090)	-	(15,140,901)	16,340,386

**10 TAXATION**

The income of Pakistan Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. 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.

**11 EARNINGS PER UNIT**

Earnings per unit (EPU) for the quarter ended September 30, 2015 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:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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

**12 TRANSACTIONS WITH CONNECTED PERSONS**

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

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

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

**12.1 Transactions during the period**

	-----Un Audited-----				Quarter ended September 30, 2014
	Quarter ended September 30, 2015				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	-----Rupees-----				
<b>MCB - Arif Habib Savings and Investments Limited Pension Fund Manager</b>					
Remuneration (include indirect taxes)	2,068,710	1,773,718	711,974	4,554,403	3,094,963
<b>Habib Metropolitan Bank Limited - Trustee</b>					
Remuneration	-	-	-	-	238,422
Profit on bank deposits	-	-	-	-	271,524
Bank Charges	-	-	-	-	3,867
<b>MCB Bank Limited</b>					
Profit on bank deposits	15,054	2,396	51	17,501	-
Bank Charges	500	228	-	728	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

-----Un Audited-----				Quarter ended September 30, 2014
Quarter ended September 30, 2015				
PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	

-----Rupees-----

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

Remuneration	178,339	152,909	61,379	392,627	-
* Arif Habib Limited Brokerage	-	-	-	-	-
* Next Capital Brokerage	12,612	5,238	-	17,850	-

**Directors and officers**

Issue of 1,347 units of PPF Equity sub - fund (2014: 17,816 units)	506,790	-	-	506,790	4,673,235
Issue of 2,972 units of PPF Debt sub - fund (2014: 19,313 units)	-	620,834	-	620,834	3,437,869
Issue of 107 units of PPF Money Market sub - fund (2014: 3,772 units)	-	-	20,907	20,907	685,414
Redemption of 3,131 units of PPF Equity sub - fund (2014: 16,884 units)	1,165,800	-	-	1,165,800	4,430,188
Redemption of 7,933 units of PPF Debt sub - fund (2014: 26,061 units)	-	1,658,703	-	1,658,703	4,641,969
Redemption of 2,127 units of PPF Money Market sub - fund (2014: 13,952 units)	-	-	414,409	414,409	2,534,168

**12.2 Amounts outstanding as at period end**

-----Un Audited-----				(Audited)
As at September 30, 2015				
PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	June 30, 2015

-----Rupees-----

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

Remuneration payable	496,225	453,228	179,510	1,128,963	1,057,405
Sindh sales tax payable	69,472	63,451	25,132	158,055	158,610

Investment of 252,196 units as seed capital in each sub-fund (June 2015: 252,196)	90,359,303	-	-	90,359,303	94,802,996
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Investment of 300,000 units as seed capital in each sub-fund (June 2015: 300,000)	-	63,066,000	58,638,000	121,704,000	119,451,000
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Legal and professional charges	-	-	-	-	100,000
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**MCB Bank Limited**

Bank balance	31,801	320,577	4,545	356,923	10,031,783
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**Central Depository Company  
of Pakistan Limited - Trustee**

Remuneration payable	56,570	51,667	20,464	128,701	105,735
Security deposit	200,000	200,000	100,000	500,000	500,000

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

-----Un Audited-----				(Audited)
As at September 30, 2015				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

----- Rupees -----

* Arif Habib Limited Brokerage - Payable	-	-	-	-	15,043
* Next Capital Brokerage - Payable	12,612	-	-	12,612	5,732

**Directors and Officers**

Balance as at September 30, 2015

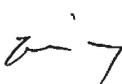
Investment In PPF Equity Sub - Fund 36,827 units (June 2015: 36,277 units)	13,194,901	-	-	13,194,901	13,636,923
Investment In PPF Debt Sub - Fund 17,545 units (June 2015: 14,024 units)	-	3,688,205	-	3,688,205	2,877,023
Investment In PPF Money Market Sub - Fund 191 units (June, 2015: 4 units)	-	-	37,395	37,395	836

**13 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on **October 16, 2015** 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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## **MCB-Arif Habib Savings and Investments Limited**

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