

**Phir Aglee Rut Kee Fikar Karo**

# PAKISTAN PENSION FUND

**MCB-Arif Habib Savings and Investments Limited**

Rated: 'AM2++' by PACRA

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## **Vision**

To become synonymous with Savings.

## **Mission**

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

## **Core Values**

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

## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi	
<b>Company Secretary</b>	Mr. Abdul Basit	
<b>Trustee</b>	Central Despository Company of Pakistan Limited CDC House, 99-B Block 'B' S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Askari 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 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	AM2 ++ Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

Dear Investor,

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

## ECONOMY AND MONEY MARKET OVERVIEW

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut lead by weaker global demand, increase inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill. However, exports kept on falling amid stiff competition and weak demand outlook.

Inflation during the outgoing year continued to remain benign triggered by subdued oil prices and higher base effect of last year. Inflation averaged around 2.85% for the year whereas, average for first half of the year remained close to 2%. Despite the withering of the low base effect from 3QFY16, inflationary pressures remained well anchored supported by dip in oil prices in 3QFY16 and government's decision to defer the increase in prices of petroleum products along with recovery in crude.

Exports continued to remain problematic for balance of payments position over the year decreasing by ~9% relative to last year. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity versus competitors continued to cause worries for the current account position. Adding to trade deficit imports reduced only by about 3.5% as benefit of lower oil prices was offset by higher import of machinery for power while significantly lower cotton production also had to be filled in with imports. Remittances though remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Balance of Payment position however closed on in net surplus of USE 1.05 billion through external borrowings and disbursements from multilateral agencies.

The industrial growth picked up during the year with Large Scale Manufacturing index posting an increase of 3.26% YoY (July-May 2016). The noteworthy contribution came from autos, cement, power and consumer segment.

On the fiscal front, the government managed to contain the fiscal deficit at 4.3% of GDP in the FY16 against 5.3% in FY15. The Government is targeting FY17 deficit of 3.8% of GDP.

The monetary policy committee decreased the policy rate by a cumulative 75 bps during the fiscal year. Status quo was kept after reducing 50 bps in September for 6 months. Despite, the monetary policy board maintaining a cautious view relative to remittances, reversal in oil prices, non-oil imports and foreign market considerations, the monetary policy board decided to reduce policy rate by 25 bps in May.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 23 billion along with strict vigilance of SBP kept the rupee relatively stable during the year.

M2 growth gained traction with FY16 growth of 13.67%. Net Domestic Assets, supported by increase net non-government borrowing of PKR 267 billion, increased by PKR 253 billion.

State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuk (near Rs. 200 Billion) and liquidity pressure after maturity of PIBs worth ~PKR 1.4 trillion.

## EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index gained 9.8% during FY16, witnessing its weakest performance during last seven years. While the macro environment in general improved significantly, the same wasn't evident in the equity returns as rout in commodities and exodus of foreign investors from local equity market kept the benchmark under pressure. Foreigners selling remained unabated, dumping USD 281 million worth of equities during the year. The selling during the period was primarily absorbed by NBFCs with net buying of USD 187.8 million, while individuals bought USD 127.7 million of equities.

## REPORT OF THE DIRECTOR OF FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

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Cement sector led the sector charts, posting a gain of 29.0% during the year, as robust cement dispatches along with the potential growth from CPEC lead activities kept investor interests alive in the sector. Power sector rallied by 19.8% during the period, after 75 bps of cut in discount rate brought the yield plays into limelight. Similarly, pharmaceutical sector gained traction, returning an astounding 43.0% during the period as Drug Regulatory Authority ("DRAP") approved the pricing policy for pharmaceutical companies. On the flip side, the index heavyweight Oil & Gas Exploration sector underperformed the benchmark, losing 5.4% during the year. The sector performance followed the trend in crude oil prices (Arab Light) after it declined by 22.0%, as fears of oversupply resurfaced after the sanctions on Iran were lifted. Commercial Banks also remain laggards, returning a mere 2.5% after the central bank reduced the discount rate by 75 bps during the year. Similarly, fertilizer sector also returned only 2.8%, after concerns on the pricing power of the fertilizer sector emerged as international urea prices went below the local prices for the first time.

Pakistan's reclassification to the Emerging Market index was the headline news during the year, as expectations of upgrade were finally met. Going forward, we believe the market has a strong potential of re-rating owing to expected inflows from Emerging Market Funds. It is expected that net inflow of USD 300-400 million would flow, following Pakistan's reclassification. Thus, we recommend investors to focus on long term value and potential offered by the bourse to build positions in equity funds.

### FUND PERFORMANCE

#### *Debt Fund*

The debt sub-fund generated an annualized return of 7.35% during the period under review. The fund's exposure towards T-Bills decreased from 30.2% to 18.1% whereas exposure towards PIBs increased from 64.5% to 75.5% in order to keep funds' position well aligned towards any further monetary easing.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 421.01 million as compared to Rs. 339.03 million as at June 30, 2015 registering an increase of 23.92%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 220.27 as compared to opening NAV of Rs. 205.15 per unit as at June 30, 2015 registering an increase of Rs. 15.12 per unit.

#### *Money Market Fund*

The money market sub-fund generated a return of 4.4% during the period. The fund's exposure in T-bills decreased to 11.19% from 98.8% while exposure in cash increased to 3.2% from 1.1% during the period.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 157.13 million as compared to Rs. 139.07 million as at June 30, 2015 registering an increase of 13%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 201.54 as compared to opening NAV of Rs. 193.02 per unit as at June 30, 2015 registering an increase of Rs. 8.52 per unit.

#### *Equity Fund*

The Equity sub-fund generated a return of 10.77% while the KSE-100 posted a return of 9.84% during the period under review. The sub-fund increased its overall equity exposure from 90.1% to 92.9%.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 528.87 million as compared to Rs. 394.81 million as at June 30, 2015 registering an increase of 34%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 416.4 as compared to opening NAV of Rs. 375.91 per unit as at June 30, 2015 registering an increase of Rs. 40.49 per unit.

## REPORT OF THE DIRECTOR OF FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

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### FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with refineries having ample stock piles of petroleum products, increase in rig counts along with recovery in oil prices, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market along with global uncertainty after Britain exited European Union. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 5% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the first half to remain well anchored around 4% thus framework remains favorable for a stable monetary policy environment with room for easing subject to stability on external front.

Fiscal deficit is expected to remain controlled and progressive upward economic growth targets appear achievable with enough room for the government to bring required structural changes in the economy. The incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year. Risks to external account remain high as the major support in balance of payment account is through flows that are uncertain and self fulfilling as they are also contingent upon favorable external account environment.

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

### External Auditors

The fund's external auditors, Ernst & Young Ford Rhodes Sidat Hyder, have retired after the conclusion of audit for current year. Due to completion of maximum time allowed under offering document of the fund, they are not eligible for reappointment. The audit committee of the Board has recommended appointment of Deloitte Yousuf Adil, Chartered Accountants, as auditors of the fund for the year ending June 30, 2017.

### ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



**Muhammad Saqib Saleem**

Chief Executive Officer

August 05, 2016



# ڈائریکٹر رپورٹ

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی چکر اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر ابھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر اور اسٹیل کے شعبے متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنے رہیں گے۔ تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر انٹریسٹ کی شرح میں استحکام اور ایڈوانسز میں اضافے کے سبب منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی نظریں ہیں۔ ابھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے KSE-100 انڈیکس میں تیزی آسکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین اور اس میں اضافے کی راہ ہموار ہوگی۔

## خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ ینگ فورڈ رھوڈز سدا ت حیدر موجودہ سال کے آڈٹ کے اختتام کے بعد ریٹائر ہو گئے ہیں۔ چونکہ فنڈ کے آفرنگ دستاویز میں جس زیادہ سے زیادہ مدت کی اجازت دی گئی ہے وہ مکمل ہو چکی ہے، اس لئے ان کی دوبارہ تقرری نہیں کی جاسکتی۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2017ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

## اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے Trustees کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹر،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

05 اگست 2016



# ڈائریکٹر رپورٹ

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 416.4 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 375.91 روپے تھی، یعنی 40.49 روپے فی یونٹ اضافہ ہوا۔

## مستقبل کی صورتحال

موجودہ عالمی معاشی ماحول کو دیکھتے ہوئے مقامی معاشی صورتحال متوقع طور پر مستحکم رہے گی۔ تیل کی قیمتیں آئل ریفائنریز میں پٹرول کی مصنوعات کے خاطر خواہ اسٹاک، rig کی تعداد میں اضافے اور تیل کی قیمتوں کی وصولی کی وجہ سے متوقع طور پر قابل رسائی رہیں گی، اور اس وجہ سے بھی کہ اس بات کی توقع بہت کم ہے کہ بڑے آئل پروڈیوسرز رسد کو کم کرنے کے مقصد سے کوئی معاہدہ کریں گے۔ چین میں مندی سے کمزور عالمی صورتحال کی عکاسی ہوتی ہے، اور بینک آف جاپان اور یورپین سینٹرل بینک کا انٹریسٹ کی منفی شرحیں اختیار کرنا بھی اشیاء کی مارکیٹ کے لئے ایک تشویش ناک امر ہے، اور اس کے ساتھ ساتھ برطانیہ کے یورپی یونین کو خیر باد کہہ دینے کے بعد عالمی سطح پر غیر یقینی صورتحال۔ عالمی سطح پر اشیاء کی کمزور صورتحال کے باعث درآمداتی بل کمزور رہے گا لیکن اس کے نتیجے میں برآمدات کی وصولی بھی تاخیر کا شکار ہو سکتی ہے۔

سال مذکورہ کا اوسط کنزیومر پرائس انڈیکس متوقع طور پر 5% سے کم رہے گا۔ جبکہ تیل قیمتوں اور زرمبادلہ کی شرح میں استحکام کی بدولت افراط زر پہلی ششماہی میں تقریباً 4% کی سطح پر قابو میں رہے گی، چنانچہ ایک مستحکم مانیٹری پالیسی کے ماحول کے لئے فریم ورک موافق ہے اور اس میں کسی عنصر کو بیرونی جہت میں مستحکم کرنے کی گنجائش موجود ہے۔

مالیاتی خسارہ متوقع طور پر قابو میں رہے گا اور ترقی کے مثبت اہداف قابل حصول نظر آ رہے ہیں، اور حکومت کے پاس معیشت میں ساخت سے متعلق مطلوبہ تبدیلیاں لانے کی گنجائش موجود ہے۔ علاوہ ازیں، بجلی کے شعبے کے لئے حکومت کے ناگزیر متحرک منصوبے درآمداتی بل پر بوجھ ڈالیں گے اور بجلی کی مشینری کی بڑے پیمانے پر درآمد سے کرنٹ اکاؤنٹ قابو میں رہے گا۔

پاکستانی روپیہ متوقع طور پر مزید لچک کا مظاہرہ کرے گا کیونکہ اسے اگلے سال بھر پور غیر ملکی آمدات کی پشت پناہی حاصل ہوگی۔ ایکسٹرنل اکاؤنٹ کے خطرات بدستور بلند ہیں کیونکہ ادائیگیوں کے توازن کے اکاؤنٹ میں بڑی مدد آمدات سے ہوتی ہے، جو غیر یقینی اور ناگزیر ہیں، جس کی ایک وجہ یہ بھی ہے کہ وہ بیرونی اکاؤنٹ کے موافق ماحول پر منحصر ہیں۔

## فنڈ کی کارکردگی

### فنڈ Debt

زیر جائزہ مدت کے دوران debt sub-fund نے سال بھر میں 7.35% منافع کمایا۔ T-Bills میں فنڈ کی شمولیت 30.2% سے کم ہو کر 18.1% ہو گئی جبکہ PIBs میں شمولیت 64.5% سے بڑھ کر 75.5% ہو گئی تاکہ مزید کسی مالیاتی تسہیل کے ساتھ فنڈ کی صورتحال کو اچھی طرح ہم آہنگ رکھا جاسکے۔

30 جون 2016ء کو فنڈ کے net اثاثے 421.01 ملین روپے تھے جبکہ 30 جون 2015ء کو 339.03 ملین روپے تھے، یعنی 23.92% اضافہ ہوا۔

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 220.27 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 205.15 روپے تھی، یعنی 15.12 روپے فی یونٹ اضافہ ہوا۔

### مارکیٹ فنڈ Money

زیر جائزہ مدت کے دوران money market sub-fund نے 4.4% منافع کمایا۔ دوران مدت فنڈ کی T-Bills میں شمولیت 98.8% سے کم ہو کر 11.19% ہو گئی جبکہ نقد میں شمولیت 1.1% سے بڑھ کر 3.2% ہو گئی۔

30 جون 2016ء کو فنڈ کے net اثاثے 157.13 ملین روپے تھے جبکہ 30 جون 2015ء کو 139.07 ملین روپے تھے، یعنی 13% اضافہ ہوا۔

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 201.54 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 193.02 روپے تھی، یعنی 8.52 روپے فی یونٹ اضافہ ہوا۔

### ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی sub-fund نے 10.77% منافع کمایا جبکہ KMI-100 نے 9.84% منافع کمایا۔ دوران مدت sub-fund نے ایکویٹیز میں اپنی مجموعی شمولیت کو 90.1% سے بڑھا کر 92.9% کر لیا۔

30 جون 2016ء کو فنڈ کے net اثاثے 528.87 ملین روپے تھے جبکہ 30 جون 2015ء کو 394.81 ملین روپے تھے، یعنی 34% اضافہ ہوا۔

## ایکویٹیز مارکیٹ کا مجموعی جائزہ

PSX-100 انڈیکس کے ذریعے پیمائش کردہ مقامی ایکویٹی مارکیٹ نے مالی سال 2016ء کے دوران 9.8% ترقی کی، جو گزشتہ سات برسوں میں اس کی کمزور ترین کارکردگی ہے۔ اگرچہ مجموعی صورتحال میں قابل ذکر بہتری آئی، لیکن ایکویٹی کے منافع میں اس کی عکاسی نہیں ہوئی کیونکہ اشیاء میں کمی اور مقامی مارکیٹ سے غیر ملکی سرمایہ کاروں کے بڑے پیمانے پر خروج نے معیار کو دباؤ میں رکھا۔ غیر ملکیوں کی فروخت میں کوئی کمی نہیں ہوئی جس سے دوران سال 281 ملین ڈالر مالیت کی ایکویٹیز ضائع ہوئیں۔ مذکورہ مدت میں ہونے والی فروخت کا اثر بنیادی طور پر NBFCs نے قبول کیا اور 187.8 ملین ڈالر کی net خریداری ہوئی جبکہ انفرادی طور پر 127.7 ملین ڈالر کی ایکویٹیز خریدی گئیں۔

سیمنٹ کا شعبہ مذکورہ مدت میں 29.0% ترقی کے ساتھ سب سے آگے رہا۔ بڑے پیمانے پر سیمنٹ کی فروخت اور اس کے ساتھ ساتھ CPEC کے زیر اہتمام سرگرمیوں سے ہونے والی متوقع ترقی نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو قائم رکھا۔ بجلی کے شعبے نے 19.8% ترقی کی جب ڈسکاؤنٹ کی شرح میں 75 bps کمی سے پیداواری قوتیں منظر عام پر آئیں۔ اسی طرح، ادویات کے شعبے میں بھی تیزی آئی اور مذکورہ مدت میں 43.0% کی شاندار ترقی ہوئی جب ڈرگ ریگولیٹری اتھارٹی پاکستان ("DRAP") نے ادویات کے اداروں کے لئے قیمتوں کے تعین کی پالیسی کی منظوری دے دی۔ دوسری جانب بھاری انڈیکس کا حامل آئل اینڈ گیس ایکسپلوریشن کا شعبہ معیار کے مطابق کام نہیں کر سکا اور اسے دوران سال 5.4% خسارہ ہوا۔ یہی رجحان خام تیل کی قیمتوں (Arab Light) میں بھی رہا اور اس میں 22.0% کا خسارہ ہوا کیونکہ ایران پر عائد پابندیاں اٹھائے جانے کے بعد ضرورت سے زیادہ رسد کا خوف دوبارہ پیدا ہو گیا۔ کمرشل بینک بھی سست روی کا شکار رہے اور صرف 2.5% منافع دیا جبکہ سینٹرل بینک نے دوران سال ڈسکاؤنٹ کی شرح کو 75 bps کم کر دیا تھا۔ اسی طرح کھاد کے شعبے نے بھی صرف 2.8% منافع دیا جب کھاد کے شعبے کی قیمتوں کے تعین کی طاقت پر سوال اٹھے کیونکہ یوریا کی بین الاقوامی قیمتیں پہلی مرتبہ مقامی قیمتوں سے بھی کم ہو گئیں۔

اُبھرتی ہوئی مارکیٹس کے انڈیکس میں پاکستان کی دوبارہ درجہ بندی اس سال کی شہ سُرخ تھی، کیونکہ اس پیش رفت کی توقعات بالآخر پوری ہوئیں۔ آگے بڑھتے ہوئے، ہمیں اعتماد ہے کہ مارکیٹ میں شرحیں دوبارہ طے کرنے کی بھرپور استعداد موجود ہے کیونکہ اُبھرتی ہوئی مارکیٹ کے فنڈز سے آمدات متوقع ہیں۔ اُمید کی جارہی ہے کہ پاکستان کی دوبارہ درجہ بندی کے بعد 300-400 ملین ڈالر کی آمد ہوگی۔ چنانچہ سرمایہ کاروں کو ہمارا مشورہ ہے کہ اسٹاک مارکیٹ کی فراہم کردہ طویل المیعاد قدر اور استعداد پر توجہ مرکوز کریں تاکہ ایکویٹی فنڈز میں جگہ بنائی جاسکے۔

# ڈائریکٹر رپورٹ

صنعتی ترقی میں اس سال تیزی آئی جیسا کہ بڑے پیمانے پر مینوفیکچرنگ کے انڈیکس میں 3.26% YoY (جولائی - مئی 2016ء) اضافے سے ظاہر ہے۔ گاڑیوں، سیمنٹ، بجلی اور صارفین کے شعبوں نے قابل ذکر کردار ادا کیا۔

مالیاتی میدان میں حکومت نے مالی سال 2016ء میں مالیاتی خسارے کو مجموعی ملکی پیداوار (GDP) کے 4.3% (بالمقابل 5.3% برائے مالی سال 2015ء) سے آگے بڑھنے نہیں دیا۔ حکومت کا ہدف ہے کہ مالی سال 2017ء میں یہ خسارہ GDP کے 3.8% تک کم کیا جائے۔

مانیٹری پالیسی کمیٹی نے اس سال پالیسی کی شرح کو مجموعی طور پر 75 bps کم کیا۔ ستمبر میں 6 ماہ کے لئے 50 bps کم کرنے کے بعد موجودہ صورتحال برقرار رکھی گئی۔ اس کے باوجود مانیٹری پالیسی بورڈ نے ترسیل زر، تیل کی قیمتوں میں دوبارہ کمی، تیل کے علاوہ دیگر اشیاء کی درآمدات اور غیر ملکی مارکیٹ کے معاملات سے متعلق محتاط رویہ اختیار کرتے ہوئے مئی میں پالیسی کی شرح کو 25 bps کم کرنے کا فیصلہ کیا۔

غیر ملکی آمدورفت کے مثبت توازن، ایکسٹرنل اکاؤنٹ کی بہتر صورتحال اور تقریباً 23 بلین ڈالر کے زیر مبادلہ کے مضبوط ذخائر، اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی کڑی نگرانی نے دوران سال روپے کو مستحکم رکھا۔

مالی سال 2016ء کی 13.67% ترقی کے ساتھ M2 ترقی نے زور پکڑا۔ Net غیر حکومتی قرض کے حصول میں 267 بلین روپے اضافے کی مدد سے Net مقامی اثاثہ جات میں 253 بلین روپے اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان نے طے شدہ کرائے کے طریقے پر مبنی اجارہ سسٹم نیلامی منعقد کی، اور اس کے بعد ہونے والی نیلامیوں میں 6.10% اور 5.5.9% آمدنی ہوئی جس سے اسلامی مالیاتی صنعت کے لئے نسبتاً منافع بخش راہ ہموار ہوئی۔

نہم پیداوار مزید جھک گیا جس پر بنیادی اثر مالیاتی خسارے کی بہتر صورتحال، بہتر غیر ملکی آمدات، اجارہ سسٹم کے اجراء (تقریباً 200 بلین روپے) اور 1.4 ٹریلین روپے مالیت کی PIBs کی maturity کے بعد liquidity کے دباؤ کا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے ’پاکستان پنشن فنڈ‘ کے 30 جون 2016ء کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار زر کا مجموعی جائزہ

اس سال ہر گزرتے مہینے کے ساتھ معاشی صورتحال بہتر ہوتی گئی۔ اس پر مزید خوش آئند بات یہ ہوئی کہ تیل کی گرتی ہوئی عالمی مانگ، ایران میں پابندیاں ختم ہونے کے بعد وہاں سے رسد میں اضافے اور shale بنانے والوں کی لچک کے باعث رسد میں غیر ضروری اضافہ ہو گیا اور تیل کی قیمتیں گر گئیں، جس کے سبب افراط زر کے دباؤ اور درآمداتی بل میں بھی کمی ہوئی۔ تاہم کڑی مسابقت اور کمزور مانگ کی وجہ سے برآمدات مسلسل کم ہوتی چلی گئیں۔

تیل کی گری ہوئی قیمتوں اور گزشتہ سال کے بڑھے ہوئے base effect کی وجہ سے افراط زر اس سال بھی موافق رہی۔ افراط زر کا سال بھر کا اوسط تقریباً 2.85% ہے، جبکہ پہلی ششماہی میں تقریباً 2% تھا۔ مالی سال 2016ء کی تیسری سہ ماہی سے پست base effect کے موہوم ہو جانے کے باوجود افراط زر کے دباؤ قابو میں رہے جس میں تیل کی قیمتوں میں کمی اور پٹرولیم مصنوعات کی قیمتوں میں اضافے کو ملتی کرنے کے حکومتی فیصلے اور اس کے ساتھ ساتھ خام تیل کی وصولی کی معاونت شامل تھی۔

دوران سال برآمدات میں گزشتہ سال کے مقابلے میں 9% کمی ہوئی اور ادائیگیوں کے توازن کی صورتحال بدستور مشکلات کا شکار رہی۔ عالمی سطح پر اشیاء کی کمزور مانگ، مطلوبہ مارکیٹس میں سُست روی اور حریفوں کے مقابلے میں روپے اور ڈالر کے نسبتاً غیر موافق توازن کے باعث اشیاء کی پست قیمتوں سے کرنٹ اکاؤنٹ کی صورتحال بدستور تشویش ناک رہی۔ درآمدات میں صرف تقریباً 3.5% کمی نے تجارتی خسارے میں اضافہ کیا کیونکہ تیل کی کم قیمتوں کا مثبت اثر بجلی کے لئے مشینری کی درآمد میں اضافے سے زائل ہو گیا جبکہ کپاس کی بہت کم پیداوار کی وجہ سے پیدا ہونے والے خلاء کو بھی درآمدات سے پُر کرنا پڑا۔ تراسیل زر خلیجی معیشتوں کی کمزور معاشی صورتحال کے مطابق لچکدار رہیں اور ان میں 6% کا اضافہ ہوا۔ تاہم ادائیگیوں کے توازن کی حتمی صورتحال بیرونی قرضوں کے حصول اور کثیرالجہتی ایجنسیوں سے فراہمیوں کے ذریعے 1.05 بلین USD فاضل پر تھی۔

# REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

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## Fund Type and Category

Pakistan Pension Fund (PPF) is an open-end Voluntary Pension Scheme

## Investment Strategy

PPF is a flexible savings cum investment plan under the voluntary pension system which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, and allows special tax rebate on the contributions under this system. The investors have a choice between the various allocation schemes that PPF offers, each of which is invested in different Proportions in the three sub-Funds: Equity, Debt and Money Market. Equity Sub-Fund invests up to 96% of its assets in equity securities. Sector/stock selection is done on the basis of fundamental outlook and DCF valuation. Debt sub-fund Invests in Govt. Bonds of duration of less than 5 years. Money Market sub- Fund invests in short dated money market instruments including treasury bills.

## Manager's Review

### Equity Sub-Fund

The Equity sub-fund generated a return of 10.77% while the KSE-100 posted a return of 9.84% during the period under review. The sub-fund increased its overall equity exposure from 90.1% to 92.9%.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 528.87 million as compared to Rs. 394.81 million as at June 30, 2015 registering an increase of 34%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 416.4 as compared to opening NAV of Rs. 375.91 per unit as at June 30, 2015 registering an increase of Rs. 40.49 per unit.

### Money Market Sub- Fund

The money market sub-fund generated a return of 4.4% during the period. The fund's exposure in T-bills decreased to 11.19% from 98.8% while exposure in cash increased to 3.2% from 1.1% during the period.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 157.13 million as compared to Rs. 139.07 million as at June 30, 2015 registering an increase of 13%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 201.54 as compared to opening NAV of Rs. 193.02 per unit as at June 30, 2015 registering an increase of Rs. 8.52 per unit.

### Debt Sub-Fund

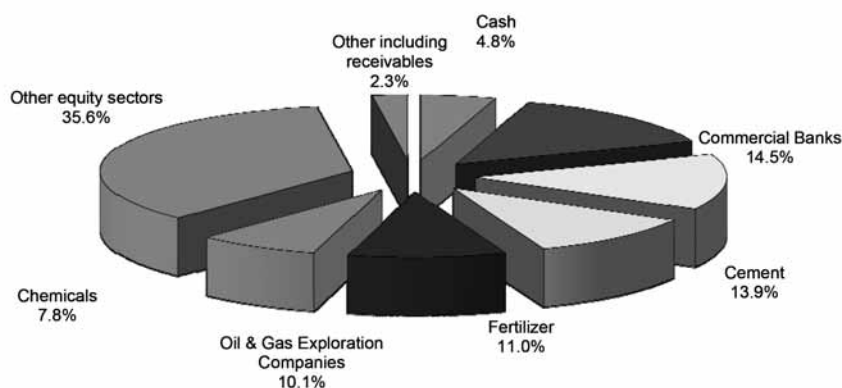
The debt sub-fund generated an annualized return of 7.35% during the period under review. The fund's exposure towards T-Bills decreased from 30.2% to 18.1% whereas exposure towards PIBs increased from 64.5% to 75.5% in order to keep funds' position well aligned towards any further monetary easing.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 421.01 million as compared to Rs. 339.03 million as at June 30, 2015 registering an increase of 23.92%.

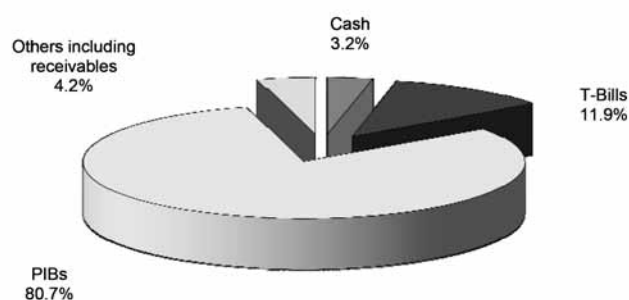
The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 220.27 as compared to opening NAV of Rs. 205.15 per unit as at June 30, 2015 registering an increase of Rs. 15.12 per unit.

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

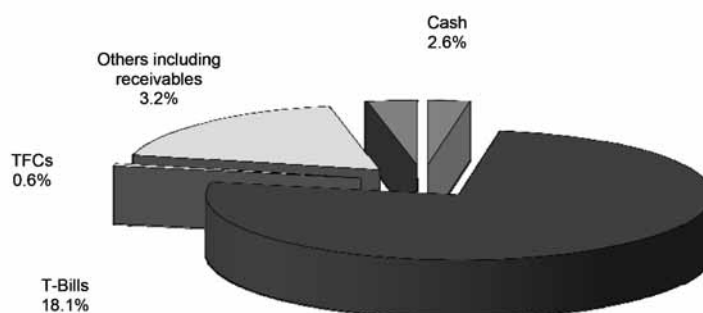
Asset Allocation (Equity Sub-fund) as of June 30, 2016 (% of Total Assets)



Asset Allocation (MM Sub-fund) as of June 30, 2016 (% of Total Assets)



Asset Allocation (Debt Sub-fund) as of June 30, 2016 (% of Total Assets)



Muhammad Asim, CFA  
Fund Manager

Karachi: August 05, 2016



**REPORT OF THE TRUSTEE TO THE PARTICIPANTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE PARTICIPANTS**

**PAKISTAN PENSION FUND**

**Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005**

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 21, 2016



# AUDITORS' REPORT TO THE PARTICIPANTS FOR THE YEAR ENDED JUNE 30, 2016



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

Tel: +9221 3565 0007-11  
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## AUDITORS' REPORT TO THE PARTICIPANTS OF PAKISTAN PENSION FUND

We have audited the annexed financial statements comprising:

- i) statement of assets and liabilities;
- ii) income statement;
- iii) statement of comprehensive income;
- iv) statement of cash flows;
- v) statement of movement in participants' sub-funds;
- vi) statement of investment by category;
- vii) statement of investment portfolio;
- viii) statement of other investments;
- ix) contribution table;
- x) number of units in issue; and
- xi) financial performance table.

of Pakistan Pension Fund (the Fund) as at 30 June 2016 and for the year ended 30 June 2016 together with the notes forming part thereof for the year then ended.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal control and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified under sub-section (3) of section 234 of the Companies Ordinance, 1984, and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pension System Rules, 2005 and the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements prepared for the year have been properly drawn up in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;

*EY*

A member firm of Ernst & Young Global Limited

**AUDITORS' REPORT TO THE PARTICIPANTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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- b) a true and fair view is given of the financial position and disposition of the Fund as at 30 June 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- f) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

**Emphasis of matter**

We draw attention to note 10.1 to the accompanying financial statements which explains the matter with respect to the contribution for Workers' Welfare Fund amounting to Rs.2.561 million for which no provision has been made in the financial statements.

Our opinion is not qualified in respect of the above matter.

*Eyford Rhodes*

**Chartered Accountants**

**Audit Engagement Partner: Shabbir Yunus**

**Date: 05 August 2016**

**Karachi**

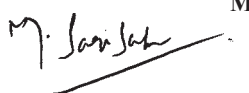
# STATEMENT OF ASSETS AND LIABILITIES

## AS AT JUNE 30, 2016

2016

2010						
		PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	2015
Note		(Rupees)				
<b>Assets</b>						
Balances with banks	4	25,541,811	11,260,150	5,150,703	41,952,664	44,824,742
Investments (as per Statement of investments by category)		499,325,575	400,974,221	147,287,735	1,047,587,531	843,404,078
Dividend receivable		1,420,781	-	-	1,420,781	499,201
Interest receivable		75,053	13,339,176	6,534,205	19,948,434	10,584,241
Receivable against sale of investments		7,743,776	-	-	7,743,776	-
Advances, deposits and other receivables	5	2,952,797	218,924	117,655	3,289,376	3,093,613
<b>Total assets</b>		<b>537,059,793</b>	<b>425,792,471</b>	<b>159,090,298</b>	<b>1,121,942,562</b>	<b>902,405,875</b>
<b>Liabilities</b>						
Payable to the Pension Fund Manager	6	714,491	580,482	218,554	1,513,527	1,316,015
Payable to the Trustee	7	69,685	56,633	21,320	147,638	105,735
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	8	145,168	127,986	49,804	322,958	235,239
Payable against purchase of equity securities		-	-	-	-	18,129,700
Accrued and other liabilities	9	7,256,216	4,019,198	1,668,112	12,943,526	9,716,924
<b>Total liabilities</b>		<b>8,185,560</b>	<b>4,784,299</b>	<b>1,957,790</b>	<b>14,927,649</b>	<b>29,503,613</b>
<b>Net assets</b>		<b>528,874,233</b>	<b>421,008,172</b>	<b>157,132,508</b>	<b>1,107,014,913</b>	<b>872,902,262</b>
<b>Contingencies and commitments</b>	10					
<b>Participants Sub-Funds</b> (as per Statement of Movement in Participants' Sub-Funds)						
		<b>528,874,233</b>	<b>421,008,172</b>	<b>157,132,508</b>		
<b>Number of units in issue</b> (as per statement attached)						
		<b>1,270,108</b>	<b>1,911,296</b>	<b>779,640</b>		
<b>Net assets value per unit (Rupees)</b>		<b>416.40</b>	<b>220.27</b>	<b>201.54</b>		

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

		2016				
		PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub-Fund	Total	2015
Note		(Rupees)				
<b>Income</b>						
Capital gain / (loss) on sale of investments classified as:						
	- 'available-for-sale'	2,338,161	4,855,306	(20,864)	7,172,603	19,054,508
	- 'at fair value through profit or loss - held-for-trading'	14,362,987	105,565	325	14,468,877	56,348,475
Dividend income on shares classified as:						
	- 'available-for-sale'	18,232,971	-	-	18,232,971	4,331,192
	- 'at fair value through profit or loss - held-for-trading'	3,815,710	-	-	3,815,710	7,553,591
Income from Government Securities classified as:						
	- 'available-for-sale'	-	22,907,010	3,030,392	25,937,402	19,092,616
	- 'at fair value through profit or loss - held-for-trading'	-	7,721,752	6,643,222	14,364,974	23,164,441
Income from Term Finance Certificates and sukuk bonds classified as:						
	- 'available-for-sale'	-	1,968,566	-	1,968,566	493,908
	- 'at fair value through profit or loss - held-for-trading'	-	-	-	-	-
Profit on bank deposits						
		1,002,750	370,222	206,080	1,579,052	1,095,333
Unrealised appreciation on revaluation of investments						
	- 'at fair value through profit or loss - held-for-trading' - net	6,372,275	295,163	1,555	6,668,993	21,309,650
Other income						
		-	-	-	-	-
<b>Total income</b>						
		46,124,854	38,223,584	9,860,710	94,209,148	152,443,714
Impairment against available-for-sale investment						
		(11,099,775)	-	-	(11,099,775)	(2,429,500)
<b>Expenses</b>						
Remuneration of Pension Fund Manager						
		6,531,557	5,758,660	2,240,967	14,531,184	10,586,499
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager						
11		2,105,775	1,856,591	722,488	4,684,854	3,535,892
Remuneration of the Trustee						
		650,507	573,690	223,271	1,447,468	855,028
Sales tax on trustee fee						
		91,075	80,320	31,259	202,654	209,571
Annual fee to SECP						
		145,168	127,986	49,803	322,957	235,239
Auditors' remuneration						
13		214,419	190,834	75,265	480,518	435,219
Custody and settlement charges						
		334,130	251,770	-	585,900	671,377
Securities transaction cost						
		773,066	65,146	779	838,991	1,454,106
Legal and professional charges						
		278,724	197,812	77,688	554,224	100,000
Bank charges						
		10,735	53,578	23,880	88,193	101,400
Provision for Workers' Welfare Fund						
9.1		-	-	-	-	3,139,313
Others						
		-	-	-	-	7,875
<b>Total expenses</b>						
		11,135,156	9,156,387	3,445,400	23,736,944	21,331,519
<b>Net income from operating activities</b>						
		23,889,923	29,067,197	6,415,310	59,372,429	128,682,695
Element of income and capital gains included in the prices of units sold less those in units redeemed - net						
	- from realised / unrealised capital gain	3,555,247	668,304	9,475	4,233,026	20,857,791
	- from other income	1,451,313	1,976,523	255,278	3,683,114	2,094,495
		5,006,560	2,644,827	264,753	7,916,140	22,952,286
<b>Net income for the year before taxation</b>						
		28,896,483	31,712,024	6,680,063	67,288,569	151,634,981
Taxation						
3.10		-	-	-	-	-
<b>Net income for the year after taxation</b>						
		28,896,483	31,712,024	6,680,063	67,288,569	151,634,981
<b>Earnings per unit</b>						
15		25.53	17.65	8.83		

The annexed notes 1 to 21 form an integral part of these financial statements.

  
Chief Executive Officer

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

  
Director



# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

2016

		PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub-Fund	Total	2015
	Note	(Rupees)				
Net income for the year after taxation		28,896,483	31,712,024	6,680,063	67,288,570	151,634,981
<b>Other comprehensive income</b>						
<b>To be reclassified to profit or loss account in subsequent periods</b>						
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	14	33,817,209	(2,015,122)	37,116	31,839,203	16,952,145
Reclassification adjustment for gain included in the income statement		(9,634,367)	-	-	(9,634,367)	(2,678,694)
		24,182,842	(2,015,122)	37,116	22,204,836	14,273,451
<b>Total comprehensive income for the year</b>		<b>53,079,325</b>	<b>29,696,902</b>	<b>6,717,179</b>	<b>89,493,406</b>	<b>165,908,432</b>

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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

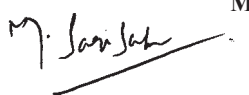


Director

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	2016				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	2015
	(Rupees)				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income before taxation	28,896,483	31,712,024	6,680,063	67,288,570	151,634,981
<b>Adjustments for:</b>					
Capital (gain) / loss on sale of investments classified as:					
- 'available-for-sale'	(2,338,161)	(4,855,306)	20,864	(7,172,603)	(19,073,552)
- 'at fair value through profit or loss - held-for-trading'	(14,362,987)	(105,565)	(325)	(14,468,877)	(56,329,431)
Unrealised appreciation on revaluation of investments					
- 'at fair value through profit or loss - held-for-trading'	(6,372,275)	(295,163)	(1,555)	(6,668,993)	(21,309,650)
Impairment loss on listed equity securities classified as 'available-for-sale'	11,099,775	-	-	11,099,775	2,429,500
Element of income and capital gains included in the prices units sold less those in units redeemed - net					
- from realised / unrealised capital gain	(3,555,247)	(668,304)	(9,475)	(4,233,026)	(20,857,791)
- from other income	(1,451,313)	(1,976,523)	(255,278)	(3,683,114)	(2,094,495)
	(16,980,208)	(7,900,861)	(245,769)	(25,126,838)	(117,235,419)
<b>Increase in assets</b>					
Investments	(85,630,401)	(70,845,716)	(8,291,801)	(164,767,918)	(176,396,259)
Dividend receivable	(921,580)	-	-	(921,580)	(316,792)
Profit receivable	(11,243)	(2,831,440)	(6,521,510)	(9,364,193)	508,877
Receivable against sale of Investments	(7,743,776)	-	-	(7,743,776)	-
Advances, deposits and other receivables	(179,184)	(8,924)	(7,655)	(195,763)	(88,663)
	(94,486,184)	(73,686,080)	(14,820,966)	(182,993,230)	(176,292,837)
<b>(Decrease) / increase in liabilities</b>					
Payable to Pension Fund Manager	130,197	65,828	1,487	197,512	499,705
Payable to the Trustee	22,785	15,278	3,840	41,903	30,810
Annual fee payable to SECP	52,141	32,255	3,323	87,719	76,892
Payable against purchase of equity securities	(18,129,700)	-	-	(18,129,700)	11,373,700
Accrued and other liabilities	1,673,551	1,135,525	417,525	3,226,601	5,478,980
	(16,251,026)	1,248,886	426,175	(14,575,965)	17,460,087
<b>Net cash used in operating activities</b>	(98,820,935)	(48,626,031)	(7,960,497)	(155,407,463)	(124,433,188)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	151,586,268	123,899,851	37,890,399	313,376,518	327,887,720
Payment against withdrawal	(65,594,221)	(68,971,376)	(26,275,536)	(160,841,133)	(193,267,278)
<b>Net cash generated from financing activities</b>	85,992,047	54,928,475	11,614,863	152,535,385	134,620,442
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	(12,828,888)	6,302,444	3,654,366	(2,872,078)	10,187,254
Cash and cash equivalents at beginning of the year	38,370,699	4,957,706	1,496,337	44,824,742	34,637,488
<b>Cash and cash equivalents at end of the year</b>	25,541,811	11,260,150	5,150,703	41,952,664	44,824,742

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director



# STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS FOR THE YEAR ENDED JUNE 30, 2016

2016

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	2015
	----- (Rupees) -----				
Net assets at beginning of the year	394,809,421	339,027,622	139,065,219	872,902,262	595,325,674
Amount received on issue of units	151,586,268	123,899,851	37,890,399	313,376,518	327,887,720
Amount paid on redemption of units	(65,594,221)	(68,971,376)	(26,275,536)	(160,841,133)	(193,267,278)
	85,992,047	54,928,475	11,614,863	152,535,385	134,620,442
Element of income and capital gains included in prices of units issued less those in units redeemed - net					
- Amount representing accrued income and realised capital gains	(5,006,560)	(2,644,827)	(264,753)	(7,916,140)	(22,952,286)
- Amount representing unrealised appreciation in fair value of investments	(59,001,886)	(26,414,145)	(5,434,178)	(90,850,209)	(63,457,039)
	(64,008,446)	(29,058,972)	(5,698,931)	(98,766,349)	(86,409,325)
Unrealised appreciation / (diminution) on revaluation of investment classified as 'available-for-sale'	24,182,842	(2,015,122)	37,116	22,204,836	14,273,451
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation	59,001,886	26,414,145	5,434,178	90,850,209	63,457,039
Net income for the year after taxation	28,896,483	31,712,024	6,680,063	67,288,570	151,634,981
<b>Net Assets at end of the year</b>	<b>528,874,233</b>	<b>421,008,172</b>	<b>157,132,508</b>	<b>1,107,014,913</b>	<b>872,902,262</b>

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



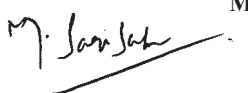
Director

# STATEMENT OF INVESTMENTS BY CATEGORY AS AT JUNE 30, 2016

2016

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	2015
	----- (Rupees) -----				
<b>Investments 'at fair value through profit or loss' - held-for-trading</b>					
Listed equity securities	30,200,326	-	-	30,200,326	79,262,747
Pakistan Investment Bonds	-	99,854,353	-	99,854,353	15,772,331
Market Treasury Bills	-	77,197,041	18,963,639	96,160,680	242,380,319
	30,200,326	177,051,394	18,963,639	226,215,359	337,415,397
<b>'Available-for-sale' investments</b>					
Listed equity securities	469,125,249	-	-	469,125,249	298,275,936
Pakistan Investment Bonds	-	221,386,836	128,324,096	349,710,932	205,130,937
Term Finance Certificates and Sukuk Bonds	-	2,535,991	-	2,535,991	2,581,808
	469,125,249	223,922,827	128,324,096	821,372,172	505,988,681
<b>Investments at market value</b>	<b>499,325,575</b>	<b>400,974,221</b>	<b>147,287,735</b>	<b>1,047,587,531</b>	<b>843,404,078</b>

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

## STATEMENT OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2016

**PPF EQUITY SUB-FUND**

**LISTED EQUITY SECURITIES**

Name of the Investee Company	Number of shares					Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2015	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2016	Cost	Market value	Appreciation / (Diminution)		
							(Rupees)		%	%

**Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise**

### Oil and gas exploration companies

Pakistan Oilfields Limited	194	-	-	-	194	78,341	67,411	(10,930)	1.27%	0.01%
Pakistan Petroleum Limited	223	-	-	-	223	36,630	34,576	(2,054)	0.65%	0.00%
					417	114,971	101,987	(12,984)	1.93%	0.01%

## Chemicals

I.C.I Pakistan Limited	-	2,000	-	2,000	-	-	-	-	-	-
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### Fertilizer

Engro Corporation Limited	40,000	-	-	35,000	5,000	1,484,000	1,664,850	180,850	31.48%	0.10%
Engro Fertilizers Limited	-	150,000	-	150,000	-	-	-	-	-	-
Dynea Pakistan Limited	7,000	-	-	-	7,000	343,000	318,500	(24,500)	6.02%	3.71%
					12,000	1,827,000	1,983,350	156,350	38.50%	4.80%

### Construction and materials (cement)

Maple Leaf Cement Factory Limited	224,000	-	-	224,000	-	-	-	-	-	-
Pioneer Cement Limited	3,000	-	-	-	3,000	255,870	322,200	66,330	6.09%	0.13%
					<u>3,000</u>	<u>255,870</u>	<u>322,200</u>	<u>66,330</u>	<u>6.09%</u>	<u>0.13%</u>

## Engineering

Crescent Steel & Allied Products Limited	123,500	8,500	-	115,500	<u>16,500</u>	<u>892,689</u>	<u>1,891,065</u>	<u>998,376</u>	<u>35.76%</u>	<u>2.13%</u>
					16,500	892,689	1,891,065	998,376	35.76%	2.13%

### Automobile and parts

Pak Suzuki Motor Company Limited	9,000	-	-	9,000	-	-	-	-	-	-
					-	-	-	-	-	-

### Food and personal care products

Shezhan International Limited	3,700	-	-	-	3,700	3,379,950	1,670,550	(1,709,400)	31.59%	0.82%
					3,700	3,379,950	1,670,550	(1,709,400)	31.59%	0.82%

### Leather and tanneries

Bata Pakistan Limited	2,100	-	-	760	1,340	5,002,678	5,463,622	460,944	103.31%	1.77%
					1,340	5,002,678	5,463,622	460,944	103.31%	1.77%

## Pharmaceuticals

IBL Healthcare Limited	46,000	14,720	-	-	60,720	5,244,000	9,643,550	4,399,550	182.34%	14.20%
					60,720	5,244,000	9,643,550	4,399,550	182.34%	14.20%

### Power generation and distribution

* Hub Power Company Limited	118,995	-	-	43,000	<u>75,995</u>	<u>7,110,852</u>	<u>9,123,960</u>	<u>2,013,108</u>	<u>172.52%</u>	<u>0.66%</u>
					75,995	7,110,852	9,123,960	2,013,108	172.52%	0.66%

### Cable and electrical goods

Pak Elektron Limited	14,499	-	-	14,499	-	-	-	-	-	-
					-	-	-	-	-	-

## Glass and ceramics

Ghani Glass Limited	114,500	-	70,350	184,850	-	-	-	-	-	-
					-	-	-	-	-	-

**Total**

173,672	23,828,010	30,200,284	6,372,274
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\* The above portfolio includes shares with an aggregating market value of Rs.0.12 million (2015: Rs.9.36) 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.

	Total	
	2016	2015
	----- (Rupees) -----	-----
Market value	30,200,284	79,262,747

The annexed notes 1 to 21 form an integral part of these financial statements.

**MCB-Arif Habib Savings and Investments Limited**

**(Pension Fund Manager)**

*M. Saeed*  
Chief Executive Officer

  
Director

# STATEMENT OF INVESTMENT PORTFOLIO

## AS AT JUNE 30, 2016

### 'AVAILABLE-FOR-SALE' INVESTMENTS

### PPF EQUITY SUB-FUND

### LISTED EQUITY SECURITIES

Name of the Investee Company	----- (Number of shares) -----					Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	Market value as a % of the paid-up capital of the investee company
	As at July 01, 2015	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2016	Cost	Market value	Appreciation/ (Diminution)		
						----- (Rupees) -----			%	%
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Oil and gas exploration companies										
Pakistan Oilfields Limited	42,000	61,700	-	34,694	69,006	23,612,114	23,978,205	366,091	4.53	0.03
Pakistan Petroleum Limited	130,000	-	-	130,000	-	-	-	-	-	-
* Oil & Gas Development Company Limited	150,000	139,000	-	69,000	220,000	27,650,150	30,375,400	2,725,250	5.74	0.01
					289,006	51,262,264	54,353,605	3,091,341	10.28	0.03
Oil and gas marketing companies										
Pakistan State Oil Company Limited	56,000	16,000	-	13,000	59,000	23,266,367	22,152,140	(1,114,227)	4.19	0.02
Shell Pakistan Limited	41,000	-	-	30,000	11,000	2,444,891	3,192,310	747,419	0.60	0.01
Attock Petroleum Limited	-	15,000	-	15,000	-	-	-	-	-	-
					70,000	25,711,258	25,344,450	366,808	4.79	0.03
Refinery										
National Refinery Limited	28,100	-	-	28,100	-	-	-	-	-	-
					-	-	-	-	-	-
Automobile assembler										
Indus Motor Company Limited	9,000	-	-	9,000	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	2,000	-	-	2,000	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	21,000	-	21,000	-	-	-	-	-	-
Hinopak Motors Limited	-	8,000	-	8,000	-	-	-	-	-	-
Agriaautos Industries Limited	-	51,000	-	-	51,000	10,152,549	9,957,750	(194,799)	1.88	0.35
					51,000	10,152,549	9,957,750	194,799	1.88	0.35
Cable and electrical goods										
Pak Elektron Limited	114,000	246,000	21,250	219,000	162,250	10,077,101	10,489,463	412,362	1.98	0.03
					162,250	10,077,101	10,489,463	412,362	1.98	0.03
Chemicals										
I.C.I Pakistan Limited	30,000	15,100	-	-	45,100	19,435,071	20,070,402	635,331	3.79	0.05
* Linde Pakistan Limited	38,000	-	-	-	38,000	3,971,000	3,971,000	-	0.75	0.15
Biafo Industries Limited	-	16,100	-	-	16,100	3,224,410	4,186,000	961,590	0.79	0.08
Archroma Pakistan Limited	-	27,700	-	-	27,700	12,609,255	13,499,595	890,340	2.55	0.08
					126,900	39,239,736	41,726,997	2,487,261	7.89	0.36

# STATEMENT OF INVESTMENT PORTFOLIO

## AS AT JUNE 30, 2016

Name of the Investee Company	----- (Number of shares) -----					Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	Market value as a % of the paid-up capital of the investee company
	As at July 01, 2015	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2016	Cost	Market value	Appreciation/ (Diminution)		
						----- (Rupees) -----			%	%
Engineering										
Mughal Iron & Steel Industries Limited	135,000	-	20,250	155,250	-	-	-	-	-	-
Crescent Steel & Allied Products Limited	-	13,500	-	4,800	8,700	1,002,311	997,107	(5,204)	0.19	0.01
Amreli Steel Limited	-	2,345	-	2,345	-	-	-	-	-	-
					8,700	1,002,311	997,107	(5,204)	0.19	0.01
Power generation and distribution										
Altern Energy Limited	-	10,500	-	-	10,500	404,977	384,825	(20,152)	0.07	0.00
Kot Addu Power Company Limited	-	199,000	-	-	199,000	18,105,211	17,760,750	(344,461)	3.36	0.02
					209,500	18,510,188	18,145,575	(364,613)	3.43	0.03
Fertilizer										
*** Engro Corporation Limited	5,000	143,900	-	10,000	138,900	43,842,563	46,249,533	2,406,970	8.74	0.03
Fauji Fertilizer Company Limited	55,000	22,000	-	77,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	120,000	-	120,000	-	-	-	-	-	-
Engro Fertilizers Limited	-	210,000	-	210,000	-	-	-	-	-	-
Dawood Hercules Corporation Limited	-	75,000	-	-	75,000	9,016,290	11,165,250	2,148,960	2.11	0.02
					213,900	52,858,853	57,414,783	4,555,930	10.86	0.04
Food and personal care products										
**** Shezan International Limited	2,500	-	-	-	2,500	1,128,750	1,128,750	-	0.21	0.03
Engro Foods Limited	-	113,000	-	113,000	-	-	-	-	-	-
Al Shaheer Corporation Limited	-	51,000	-	51,000	-	-	-	-	-	-
Murree Brewery Company Limited	-	13,000	-	-	13,000	8,129,518	8,034,130	(95,388)	1.52	0.06
					15,500	9,258,268	9,162,880	(95,388)	1.73	0.09
General industries										
Thal Industries Corporation Limited	-	35,000	-	35,000	-	-	-	-	-	-
					-	-	-	-	-	-
Glass and ceramics										
Tariq Glass Industries Limited	167,500	-	-	-	167,500	9,554,100	12,386,625	2,832,525	2.34	0.23
					167,500	9,554,100	12,386,625	2,832,525	2.34	0.23
Insurance										
Century Insurance Company Limited	208,500	77,000	-	285,500	-	-	-	-	-	-
IGI Insurance Limited	-	20,000	-	20,000	-	-	-	-	-	-
					-	-	-	-	-	-
Sugar and allied industries										
* Habib Sugar Mills Limited	290,000	-	-	290,000	-	-	-	-	-	-
Mirpurkhas Sugar Mills Limited	4,500	-	-	4,500	-	-	-	-	-	-

# STATEMENT OF INVESTMENT PORTFOLIO

## AS AT JUNE 30, 2016

Name of the Investee Company	----- (Number of shares) -----					Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	Market value as a % of the paid-up capital of the investee company
	As at July 01, 2015	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2016	Cost	Market value	Appreciation/ (Diminution)		
----- (Rupees) ----- % %										
Paper and board										
Century Paper And Board Mills Limited	118,000	335,500	-	453,500	-	-	-	-	-	-
Cherat Packaging Limited	49,500	-	3,713	53,213	-	-	-	-	-	-
Packages Limited	31,000	8,000	-	18,500	20,500	11,903,063	13,042,510	1,139,447	2.47	0.02
Security Papers Limited	10,433	-	-	10,400	33	872	3,484	2,612	0.00	0.00
					20,533	11,903,935	13,045,994	1,142,059	2.47	0.02
Cement										
Fauji Cement Company Limited	300,000	315,000	-	615,000	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	60,000	125,000	-	85,000	100,000	9,814,152	10,551,000	736,848	1.99	0.02
Pioneer Cement Limited	216,000	51,000	-	168,000	99,000	9,025,743	10,632,600	1,606,857	2.01	0.04
Cherat Cement Company Limited	-	135,000	-	-	135,000	13,151,947	16,141,950	2,990,003	3.05	0.08
Lucky Cement Limited	-	48,800	-	-	48,800	29,065,712	31,647,288	2,581,576	5.98	0.02
Kohat Cement Limited	-	35,000	-	15,000	20,000	4,986,198	5,238,400	252,202	0.99	0.01
					402,800	66,043,752	74,211,238	8,167,486	14.03	0.17
Power generation and distribution										
*** Hub Power Company Limited	32,000	283,000	-	280,000	35,000	3,550,878	4,202,100	651,222	0.79	0.00
					35,000	3,550,878	4,202,100	651,222	0.79	0.00
Pharmaceuticals										
IBL HealthCare Limited	-	4,600	460	-	5,060	587,564	803,629	216,065	0.15	0.01
GlaxoSmithKline (Pakistan) Limited	-	40,000	-	40,000	-	-	-	-	-	-
The Searle Company Limited	-	15,950	-	14,500	1,450	576,450	777,418	200,968	0.15	0.00
Abbot Laboratories (Pakistan) Limited	-	27,700	-	-	27,700	18,299,724	20,885,800	2,586,077	3.95	0.03
					34,210	19,463,737	22,466,847	3,003,110	4.25	0.04
Health care equipment										
Shifa International Hospitals Limited	-	49,000	3,903	-	52,903	13,346,778	15,871,046	2,524,268	0.15	0.10
					52,903	13,346,778	15,871,046	2,524,268	0.15	0.10
Technology and communications										
** Hum Network Limited	500,000	112,000	-	612,000	-	-	-	-	-	-
NETSOL	-	125,000	-	-	125,000	8,566,347	6,262,500	(2,303,847)	1.18	0.14
Systems Limited	261,955	-	-	-	261,955	10,076,784	15,099,086	5,022,302	2.85	0.24
					386,955	18,643,131	21,361,586	2,718,455	4.04	0.38

\_\_\_\_\_

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

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

\*\*\* The above portfolio includes shares with an aggregating market value of Rs.13,319 million (2015: Rs.Nil) 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 carrying amounts of Linde Pakistan Limited, Oil & Gas Development Company Limited and Shezan International Limited have been adjusted with the impairment amounting to Rs.1.345 million, Rs.7.720 million, Rs.2.034 million respectively.

### Market value

The annexed notes 1 to 21 form an integral part of these financial statements.

  
\_\_\_\_\_  
Director



# STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

## PPF DEBT SUB-FUND


'AT FAIR VALUE THROUGH PROFIT OR LOSS'- HELD-FOR-TRADING

Name of investment	Face value				Balance as at June 30, 2016			Market value as % of net assets of sub-funds
	As at July 01, 2015	Purchases during the year	Sales / matured during the year	As at June 30, 2016	Cost	Market value	Appreciation	
	----- (Rupees) -----							%
<b>Government securities</b>								
Pakistan Investment Bonds	14,855,000	80,000,000	-	94,855,000	99,599,007	99,854,386	255,379	23.72
Market Treasury Bills	106,800,000	204,295,000	232,930,000	78,165,000	77,157,119	77,196,904	39,785	18.34
	121,655,000	284,295,000	232,930,000	173,020,000	176,756,126	177,051,290	295,164	

Market value of government securities

Total	
2016	2015
----- (Rupees) -----	
177,051,290	119,174,848
177,051,290	119,174,848

The annexed notes 1 to 21 form an integral part of these financial statements.

  
**MCB-Arif Habib Savings and Investments Limited**  
**(Pension Fund Manager)**  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

# STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

PPF DEBT SUB-FUND  
'AVAILABLE-FOR-SALE'

Name of the investee company	Number of certificates				Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	Market value as a % of total investments	Percentage in relation to the total size of the issue
	As at July 01, 2015	Purchases during the year	Sales / matured during the year	As at June 30, 2016	Cost	Market value	Appreciation			

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

%

%

%

## Term finance certificates

Bank Alfalah Limited

TFC - IV (Floating)

(December 09, 2009)

500

-

-

500

2,494,748

2,535,989

41,241

0.60%

0.63%

0.05

## Sukuk bonds

Pak Elektron Limited

(September 28, 2007)

750

-

-

750

1,378,937

-

-

-

-

-

Less: Provision for impairment

-

-

-

-

(1,378,937)

-

-

-

-

-

1,250

-

-

1,250

2,494,748

2,535,989

41,241

0.60%

0.63%

## Government securities

Pakistan Investment Bonds

191,850,000

870,800,000

858,500,000

204,150,000

217,966,752

221,387,045

3,420,293

53%

NA

NA

191,850,000

870,800,000

858,500,000

204,150,000

217,966,752

221,387,045

3,420,293

53%

Total

2016

2015

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

Market value of government securities

221,387,045

205,130,937

Market value of TFC and Sukuk bonds

2,535,989

2,581,808

223,923,034

207,712,745

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

# STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

## PPF DEBT SUB-FUND

### 'AT FAIR VALUE THROUGH PROFIT OR LOSS'- HELD-FOR-TRADING

Face value				As at June 30, 2016			Market value as a % of net assets of the sub-fund	
As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation / (Diminution)		
(Rupees)								
Pakistan investment bonds (10 years)	130,000	-	-	130,000	143,332	162,563	19,231	0.04%
Pakistan investment bonds (5 years)	360,000	80,000,000	-	80,360,000	84,537,193	84,884,195	347,002	20.16%
Pakistan investment bonds (3 years)	14,365,000	-	-	14,365,000	14,918,482	14,807,628	(110,854)	3.52%
<b>Total</b>	14,855,000	80,000,000	-	94,855,000	99,599,007	99,854,386	255,379	

## AVAILABLE-FOR-SALE'

AVAILABLE FOR SALE

	Face value				As at June 30, 2016			Market value as a % of net assets of the sub-fund
	As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation	
	----- (Rupees) -----							
Pakistan investment bonds (15 years)	3,500,000.00	-	-	3,500,000	3,578,154	4,015,204	437,050	0.95%
Pakistan investment bonds (10 years)	49,800,000	102,000,000	148,000,000	3,800,000	4,130,461	4,292,475	162,014	1.02%
Pakistan investment bonds (7 years)	5,000,000	-	5,000,000	-	-	-	-	-
Pakistan investment bonds (5 years)	30,000,000	397,100,000	320,500,000	106,600,000	117,406,985	119,369,118	1,962,133	28.35%
Pakistan investment bonds (3 years)	103,550,000	371,700,000	385,000,000	90,250,000	92,851,152	93,710,248	859,096	22.26%
<b>Total</b>	<b>191,850,000</b>	<b>870,800,000</b>	<b>858,500,000</b>	<b>204,150,000</b>	<b>217,966,752</b>	<b>221,387,045</b>	<b>3,420,293</b>	

The annexed notes 1 to 21 form an integral part of these financial statements.

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

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

  
 \_\_\_\_\_  
 Director

# STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

## PPF DEBT SUB-FUND

'AT FAIR VALUE THROUGH PROFIT OR LOSS' - HELD-FOR-TRADING

Months	Face value				As at June 30, 2016			Market value as a % of net asset of the sub-fund
	As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation	
----- (Rupees) -----								
Treasury Bills (12 months)	76,800,000	139,895,000	199,300,000	17,395,000	16,608,532	16,641,872	33,340	3.95%
Treasury Bills (6 months)	30,000,000	64,400,000	33,630,000	60,770,000	60,548,587	60,555,032	6,445	14.38%
Total	106,800,000	204,295,000	232,930,000	78,165,000	77,157,119	77,196,904	39,785	

The annexed notes 1 to 21 form an integral part of these financial statements.

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

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

  
\_\_\_\_\_  
Director

# STATEMENT OF OTHER INVESTMENTS

## AS AT JUNE 30, 2016


### PPF MONEY MARKET SUB-FUND

'AT FAIR VALUE THROUGH PROFIT OR LOSS' - HELD-FOR-TRADING

Name of investment	Face value				Balance as at June 30, 2016			Market value as % of net assets
	As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Cost	Market value	Appreciation	
	----- (Rupees) -----							%
Market Treasury Bills	140,400,000	368,500,000	489,900,000	19,000,000	18,962,138	18,963,602	1,464	12.07%
	140,400,000	368,500,000	489,900,000	19,000,000	18,962,138	8,963,602	1,464	12.07%

	Total	
	2016	2015
	----- (Rupees) -----	
Market value	18,963,602	138,977,802

The annexed notes 1 to 21 form an integral part of these financial statements.

  
**MCB-Arif Habib Savings and Investments Limited**  
**(Pension Fund Manager)**  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

**STATEMENT OF OTHER INVESTMENTS  
AS AT JUNE 30, 2016**

**PPF MONEY MARKET SUB-FUND  
AVAILABLE-FOR-SALE'**

Face value				As at June 30, 2016			Market value as a % of net assets of the sub-fund
As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation	
----- (Rupees) -----							
-	130,000,000	2,000,000	128,000,000	128,286,980	128,324,096	37,116	30%
-	130,000,000	2,000,000	128,000,000	128,286,980	128,324,096	37,116	

The annexed notes 1 to 21 form an integral part of these financial statements.

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

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

  
\_\_\_\_\_  
Director

# STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

## PPF MONEY MARKET SUB-FUND

'AT FAIR VALUE THROUGH PROFIT OR LOSS' - HELD-FOR-TRADING

	Face value				As at June 30, 2016			Market value as a % of net assets of the sub-fund
	As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation	
	----- (Rupees) -----							%
Treasury Bills (6 months)	84,400,000	144,500,000	213,900,000	15,000,000	14,984,967	14,985,390	423	9.54%
Treasury Bills (3 months)	56,000,000	224,000,000	276,000,000	4,000,000	3,977,171	3,978,212	1,041	2.53%
<b>Total</b>	<b>140,400,000</b>	<b>368,500,000</b>	<b>489,900,000</b>	<b>19,000,000</b>	<b>18,962,138</b>	<b>18,963,602</b>	<b>1,464</b>	

The annexed notes 1 to 21 form an integral part of these financial statements.

  
 Chief Executive Officer

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

  
 Director



# CONTRIBUTION TABLE FOR THE YEAR ENDED JUNE 30, 2016

Contributions net of front end fee	June 30, 2016						Total (Rupees)	Total June 30, 2015 (Rupees)
	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	396,082	151,586,268	604,775	123,899,851	201,104	37,890,399	313,376,518	327,887,720
- redemption of units	(176,246)	(65,594,221)	(346,079)	(68,971,376)	(141,945)	(26,275,536)	(160,841,133)	(193,267,278)
	219,836	85,992,047	258,696	54,928,475	59,159	11,614,863	152,535,385	134,620,442
Closing balance	1,270,108	268,464,568	1,911,296	297,023,452	779,640	103,047,606	668,535,626	516,000,241

The annexed notes 1 to 21 form an integral part of these financial statements.

  
Chief Executive Officer


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

  
Director

**STATEMENT OF NUMBER OF UNITS IN ISSUE  
FOR THE YEAR ENDED JUNE 30, 2016**

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
	-----	(Number of units)	-----
Total units outstanding at beginning of the year	1,050,272	1,652,600	720,481
Add: Units issued during the year	396,082	604,775	201,104
Less: Units redeemed during the year	(176,246)	(346,079)	(141,945)
<b>Total units in issue at the end of the year</b>	<b><u>1,270,108</u></b>	<b><u>1,911,296</u></b>	<b><u>779,640</u></b>

The annexed notes 1 to 21 form an integral part of these financial statements.

  
**MCB-Arif Habib Savings and Investments Limited**  
**(Pension Fund Manager)**  
**Chief Executive Officer**

  
**Director**

# FINANCIAL PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2016

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	June 30, 2016 ----- (Rupees) -----	June 30, 2015	% Change	June 30, 2016 ----- (Rupees) -----	June 30, 2015	% Change	June 30, 2016 ----- (Rupees) -----	June 30, 2015	% Change
Net income after taxation	28,896,483	99,286,027	(70.90)	31,712,024	43,031,905	(26.31)	6,680,063	9,317,049	(28.30)
Realised capital gains / (losses)	16,701,148	60,575,998	(72.43)	4,960,871	14,807,941	(66.50)	(20,539)	19,044	(207.85)
Unrealised gains / (losses)	30,555,117	29,071,197	5.10	(1,719,959)	6,419,950	(126.79)	38,671	91,954	(57.95)
Impairment loss on available-for-sale' investment	(11,099,775)	(2,429,500)	356.87	-	-	-	-	-	-
Dividend income / interest income	23,051,431	12,503,987	84.35	32,967,550	30,285,985	8.85	6,849,302	12,941,109	(47.07)
Net assets value per unit	416.40	375.91	10.77	220.27	205.15	7.37	201.54	193.02	4.42
Earnings per unit	25.53	115.32	(77.86)	17.65	28.77	(38.67)	8.83	12.48	(29.24)
Transactions in securities									
- Purchases	572,998,004	591,106,994	(3.06)	1,228,310,927	1,403,582,825	(12.49)	496,253,602	494,851,052	0.28
- Sales	489,682,359	549,899,221	(10.95)	1,480,050,148	1,527,286,852	(3.09)	482,242,988	494,851,052	(2.55)
Total contribution received	151,586,268	140,889,698	7.59	123,899,851	144,073,040	(14.00)	37,890,399	42,924,982	(11.73)

## Lowest and highest issue price of units during the year

PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund	
Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
----- (Rupees) -----					
354.86	421.63	205.15	220.16	193.02	201.51

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014. PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.2** MCB-Arif Habib Saving and Investments Limited has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 (the VPS Rules) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the VPS Rules, or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules, or the requirements of the said directives prevail.

### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of the VPS Rules and International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

### 2.3 New Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

## 2.5 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in note 3.1.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 2.3.

### 3.1 Financial assets

#### 3.1.1 Classification

The Fund classifies its financial assets in the following categories: 'investment at fair value through profit or loss' - held-for-trading, 'loans and receivables' and 'available-for-sale investment'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

#### a) Investments at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables comprise of balances with banks, deposits and other receivables and dividend and profit receivable.

#### c) Available-for-sale

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

#### 3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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### 3.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets designated at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

### 3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' are valued as follows:

#### a) Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan, except for Government of Pakistan Ijarah Sukuks, which are valued on the basis of broker average rates obtained from Mutual Funds Association of Pakistan (MUFAP).

#### b) Equity securities

The investment of the Equity Sub-Fund in equity securities is categorised 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and is valued on the basis of quoted market prices available at the stock exchange.

#### c) Debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are recognised as unrealised gain or loss in the income statement.

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available-for-sale financial assets are recognised in other comprehensive income until the available-for-sale financial assets are derecognised. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified from other comprehensive income to income statement as a reclassification adjustment.

**Loans and receivables are carried at amortised cost.**

### 3.1.5 Impairment

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified from other comprehensive income and recognised in the income statement. Impairment losses recognised on equity financial assets recognised in the income statement are not reversed through the income statement.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 1 dated January 06, 2009 as amended by Circular No. 33 dated October 24, 2012 and Circular No. 13 dated May 04, 2009 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Pension Fund Manager.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2016

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For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

### 3.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

### 3.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### 3.1.8 Reclassification

The Fund may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held-for-trading' category to the 'available-for-sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

## 3.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to the Pension Fund Manager, payable to the Trustee and other liabilities.

## 3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

## 3.4 Formation cost

Formation cost represents expenditure incurred prior to the commencement of operations of the Fund. It is being amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund.

## 3.5 Issue, allocation, reallocation and redemption of units

Contribution received from a participant is allocated to the sub-funds on the basis of the allocation scheme selected by the Participant out of the allocation schemes offered by the Pension Fund Manager. Units issued in respect of a sub-fund are recorded at the offer price of that sub-fund, determined by the Pension Fund Manager for the applications received by the distributors during business hours on that day. The offer price represents the Net Asset Value per unit of the sub-funds as of the close of the business day plus the allowable sales load and provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants.

## 3.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2016

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during an accounting period which pertains to unrealized gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the Income Statement.

### 3.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.8 Net asset value per unit

The Net Asset Value per unit as disclosed on the balance sheet is calculated by dividing the net assets of a sub-fund by the number of units of the sub-funds in circulation at the year end.

### 3.9 Earnings per unit

Earning Per Unit (EPU) for the year ended June 30, 2016 in respect of each sub-fund, has been calculated by dividing the net income after taxation of a sub-fund by weighted average number of units of the sub-fund in circulation during the year.

### 3.10 Taxation

The income of Pakistan Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Despite the exemption available under the said clause, minimum tax at the rate of 1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2001. Through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

### 3.11 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gains / losses arising on marking to market of investments classified as 'Financial assets at fair value through profit or loss' - held-for-trading are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.
- Income from term finance certificates is recognised on time proportion basis.
- Income from government securities is accrued using the effective interest rate method.
- Profit on bank deposits is recognised on an accrual basis.

### 3.12 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

### 3.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statement within the fair value net gain or loss.

### 3.14 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

Note

(Rupees)

## 4. BALANCES WITH BANKS

Current account	-	-	-	-	10,031,783
Savings account	25,541,811	11,260,150	5,150,703	41,952,664	34,792,959
	25,541,811	11,260,150	5,150,703	41,952,664	44,824,742

- 4.1 These carry interest at 5.25% (2015: 6.00% to 7.25%) per annum and include balance of Rs.76.815 thousand (2015: Rs.10.032 million) with MCB Bank Limited (a related party).

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

(Rupees)

## 5. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit - Central Depository Company of Pakistan Limited	200,000	200,000	100,000	500,000	500,000
Security deposit - National Clearing Company of Pakistan Limited	2,500,000	-	-	2,500,000	2,500,000
Other receivables	138,833	18,924	17,655	175,412	52,950
Advance tax	113,964	-	-	113,964	40,663
	2,952,797	218,924	117,655	3,289,376	3,093,613

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

(Rupees)

## 6. PAYABLE TO THE PENSION FUND MANAGER

Remuneration payable	626,747	509,195	191,714	1,327,656	1,157,405
Sales tax on management fee on remuneration of Pension Fund Manager	87,744	71,287	26,840	185,871	158,610
	714,491	580,482	218,554	1,513,527	1,316,015

- 6.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5 percent (2015: 1.5 percent) of the average of the amount of net assets of each sub-fund computed each day for determining the prices of units of the sub-funds.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- (Rupees) -----				

**7. PAYABLE TO THE TRUSTEE**

Trustee fee	69,685	56,633	21,320	147,638	105,735
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**7.1** This represents remuneration of the Trustee based on the tariff as specified in the Trust Deed, calculated on the basis of the net asset value of each sub-fund computed each day for determining the prices of units of the sub-funds.

**8. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

This represents annual fee to the SECP at the rate of one thirtieth of one percent of the average annual net assets of each sub-fund.

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- (Rupees) -----				

**9. ACCRUED ND**

**OTHER LIABILITIES**

Provision for Workers' Welfare Fund	9.1	3,842,079	1,301,846	415,088	5,559,013	5,559,223
Federal Excise Duty payable on remuneration of Pension Fund Manager	11	2,420,238	2,404,933	1,151,294	5,976,465	3,325,974
Auditors' remuneration		132,195	120,122	48,432	300,749	262,500
Payable against redemption of units		-	-	19,912	19,912	19,912
Withholding tax payable		195,255	151,532	33,068	379,855	224,758
Brokerage payable		642,824	20,755	318	663,897	268,141
Others		23,625	20,010	-	43,635	56,416
		7,256,216	4,019,198	1,668,112	12,943,526	9,716,924

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 9.1 Provision for Workers' Welfare Fund

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

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

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

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

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

## 10. CONTINGENCIES AND COMMITMENTS

10.1 As disclosed in note 9.1, the Fund commenced making provision in respect of WWF with effect from May 10, 2013. The unrecognised liability for contribution to WWF 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.

10.2 There were no commitments outstanding as at June 30, 2016.

## 11. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Pension Fund Manager of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Pension Fund Manager is of the view that further levy of FED was not justified.

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non banking finance companies from charge of FED on their services.

In view of the pending decision and as a matter of abundant caution, the Pension Fund Manager of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.5.976 million as at June 30, 2016 (2015: Rs.3.326 million).

## 12. BASIS OF ALLOCATION OF EXPENSES TO EACH SUB-FUND

Remuneration to the Pension Fund Manager, Trustee and annual fee to the SECP is allocated to each sub-fund on the basis of the net assets of the sub-fund.

- Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription and bank charges are charged to that sub-fund.
- Auditors' remuneration and legal and professional charges are allocated on the basis of the net assets of each sub-fund.

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- (Rupees) -----				

## 13. AUDITORS' REMUNERATION

Audit fee	112,358	99,082	38,559	250,000	250,000
Half yearly review fee	56,179	49,541	19,280	125,000	125,000
	168,537	148,623	57,839	374,999	375,000
Sales tax on remuneration	10,450	9,215	3,586	23,251	18,751
Out-of-pocket expense:	35,432	32,996	13,840	82,268	41,468
	214,419	190,834	75,265	480,518	435,219

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

	June 30, 2016				June 30, 2015
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	(Rupees)				
Market value	469,125,395	223,923,036	128,324,096	821,372,527	505,988,681
Average cost	(446,996,341)	(220,461,500)	(128,286,980)	(795,744,821)	(493,064,025)
Impairment loss					
- Opening	2,429,500	-	-	2,429,500	1,378,937
- Charged during the year	11,099,775	-	-	11,099,775	2,429,500
	13,529,275	-	-	13,529,275	3,808,437
Surplus net of impairment loss	35,658,329	3,461,536	37,116	39,156,981	16,733,093
Reclassification adjustment for gain included in the income statement	9,634,367	-	-	9,634,367	2,678,694
Net unrealised appreciation in the fair value of investments at the beginning of the year	(11,475,487)	(5,476,658)	-	(16,952,145)	(2,459,642)
Appreciation / (diminution) during the year	33,817,209	(2,015,122)	37,116	31,839,203	16,952,145

## 15. EARNINGS PER UNIT

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

	For the year ended June 30, 2016		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
Weighted average number of units	1,131,782	1,797,008	756,490
Net income after taxation	28,896,483	31,712,024	6,680,063
Earnings per unit	25.53	17.65	8.83

## 16. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 16.1 Transactions during the year

June 30, 2016				June 30, 2015
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 including indirect taxes	8,637,332	7,615,251	2,963,455	19,216,038	14,122,391
Redemption of PPF Debt Sub-Fund 46,891 units (2015: Nil)	-	10,000,000	-	10,000,000	-
Legal and professional charges	-	-	-	-	100,000

June 30, 2016				June 30, 2015
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

(Rupees)

### Mughal Iron & Steel

Dividend income	67,500	-	-	67,500	-
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### MCB Bank Limited

Mark-up earned	94,218	10,843	2,158	107,219	8,335
Bank charges	4,606	1,135	33	5,774	6,560

### Central Depository Company of Pakistan Limited - Trustee

Remuneration including sales tax	741,582	654,010	254,530	1,650,122	855,028
Settlement charges	53,672	6,770	-	60,442	-

### Brokerage

Arif Habib Limited	34,197	-	-	34,197	137,291
Next Capital Limited	81,163	-	-	81,163	21,523
Summit Capital (Pvt.) Ltd.	4,994	-	-	4,994	15,920

### Key Management Personnel

Issue of 4,181 units of PPF Equity Sub-Fund (2015: 17,799 units)	1,595,577	-	-	1,595,577	4,962,265
Issue of 4,379 units of PPF Debt Sub-Fund (2015: 7,430 units)	-	923,317	-	923,317	1,364,825
Issue of 146 units of PPF Money Market Sub-Fund (2015: 638 units)	-	-	28,507	28,507	117,379
Redemption of 26,554 units of PPF Equity Sub-Fund (2015: 13,209 units)	10,059,530	-	-	10,059,530	3,501,206
Redemption of 18,696 units of PPF Debt Sub-Fund (2015: 25,548 units)	-	3,968,161	-	3,968,161	4,740,192
Redemption of 2,127 units of PPF Money Market Sub-Fund (2015: 23,231 units)	-	-	414,409	414,409	4,283,715

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 16.2 Amounts outstanding as at the year end

	As at June 30, 2016				As at June 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</b>					
<b>Pension Fund Manager</b>					
Remuneration payable	626,747	509,195	191,714	1,327,656	1,057,405
Sindh sales tax payable	87,744	71,287	26,840	185,871	158,610
Investment of 252,196 units as seed capital in each sub-fund (2015: 252,196)	105,014,412	-	-	105,014,412	94,802,996
Investment of 253,109 units as seed capital in each sub-fund (2015: 300,000)	-	55,752,293	-	55,752,293	61,545,000
Investment of 300,000 units as seed capital in each sub-fund (2015: 300,000)	-	-	60,462,000	60,462,000	57,906,000
Legal and professional charges	-	-	-	-	100,000
<b>MCB Bank Limited</b>					
Bank balance	42,079	28,116	6,620	76,815	10,031,783
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Remuneration payable	61,125	49,677	18,704	129,506	105,735
Sindh sales tax payable	8,560	6,956	2,616	18,132	-
Security deposit	200,000	200,000	100,000	500,000	500,000
<b>Brokerage payable</b>					
Arif Habib Limited	16,000	-	-	16,000	15,043
Next Capital Limited	55,854	-	-	55,854	5,732
<b>Key Management Personnel</b>					
Investment in PPF Equity sub-fund 16,237 units (2015: 36,277 units)	6,761,257	-	-	6,761,257	13,636,923
Investment in PPF Debt sub-fund 8,188 units (2015: 14,024 units)	-	1,803,630	-	1,803,630	2,877,023
Investment in PPF Money Market sub-fund 230 units (2015: 4 units)	-	-	46,273	46,273	836

## 17. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Risk of the Fund is being managed by Pension Fund Manager in accordance with the approved policies of the Investment Committee which provides guidelines for management of above mentioned risks.

The Fund's primary financial assets comprise of balances with banks, available-for-sale and designated at fair value through profit or loss investments, comprising of, equity securities of listed companies, Pakistan Investment Bonds, Treasury Bills, Government of Pakistan Ijarah Sukuks, Term Finance Certificates and Sukuk bonds. The Fund also has dividend receivable, interest receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and accrued and other liabilities.

### 17.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### 17.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

#### 17.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

### Sensitivity analysis for variable rate instruments

As at June 30, 2016:

- a) Debt Sub-Fund holds KIBOR based profit bearing TFCs and Sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2016 and net income for the year then ended would have been higher / lower by Rs.0.025 million (2015: Rs.0.026 million).
- b) Money Market Sub-Fund and Debt Sub-Fund holds Pakistan Investment Bonds which are classified as 'available-for-sale' and 'at fair value through profit or loss', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates announced by MUFAP (Mutual Funds Association of Pakistan) on June 30, 2016, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.4.06 million (2015: Rs.5.34 million).
- c) The Fund holds balances in deposit accounts with banks, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2016 and net income for the year then ended would have been higher / lower by Rs.0.419 million (2015: Rs.0.348 million).

The composition of the Fund's investment portfolio, KIBOR rates, rates announced by Reuters and rates announced by MUFAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

June 30, 2016												
	PPF Equity Sub-Fund					PPF Debt Sub-Fund					PPF Money Market Sub-Fund	
	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk	
	Upto three months	More than three months and up to one year	More than one year	More than one year	Not exposed to yield / interest rate risk	Upto three months	More than three months and up to one year	More than one year	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
<b>Total</b>												
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Balances with banks	41,952,664	25,541,811	-	-	-	11,260,150	-	-	5,150,703	-	-	-
Investments	1,047,587,531	-	-	-	499,325,575	-	79,733,032	321,241,189	18,963,639	-	128,324,096	-
Dividend receivable	1,420,781	-	-	-	1,420,781	-	-	-	-	-	-	-
Interest receivable	19,948,434	-	-	-	75,053	-	-	-	13,339,176	-	-	6,534,205
Receivable against sale of investments	7,743,776	-	-	-	7,743,776	-	-	-	-	-	-	-
Deposits and other receivables	3,175,412	-	-	-	2,838,833	-	-	-	218,924	-	-	117,655
	1,121,828,598	25,541,811	-	-	511,404,018	11,260,150	79,733,032	321,241,189	13,538,100	24,114,342	-	128,324,096
												6,651,860
<b>Financial liabilities</b>												
Payable to Pension Fund Manager	1,513,527	-	-	-	714,491	-	-	-	580,482	-	-	218,554
Payable to the trustee	147,638	-	-	-	69,685	-	-	-	56,633	-	-	21,320
Payable against purchase of equity securities	-	-	-	-	-	-	-	-	-	-	-	-
Accrued and other liabilities	1,028,193	-	-	-	798,644	-	-	-	160,887	-	-	68,662
	2,689,358	-	-	-	1,582,820	-	-	-	798,002	-	-	308,536
<b>On-balance sheet gap</b>	1,119,139,240	25,541,811	-	-	509,821,198	11,260,150	79,733,032	321,241,189	12,760,098	24,114,342	-	128,324,096
												6,343,324
<b>Total interest rate sensitivity gap</b>	1,119,139,240	25,541,811	-	-	509,821,198	11,260,150	79,733,032	321,241,189	12,760,098	24,114,342	-	128,324,096
												6,343,324
<b>Cumulative interest rate sensitivity gap</b>	25,541,811	25,541,811	25,541,811	535,363,009	11,260,150	90,993,182	412,234,371	424,994,469	24,114,342	152,438,438	158,781,762	

There is no off-balance sheet financial instrument that exists as at the year ended June 30, 2016.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

June 30, 2015												
	PPF Equity Sub-Fund					PPF Debt Sub-Fund					PPF Money Market Sub-Fund	
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk	
	Up to three months	More than three months and up to one year	More than one year	Up to three months	More than three months and up to one year	Up to three months	More than three months and up to one year	More than one year	Up to three months	More than three months and up to one year	Up to three months	More than one year
<b>Total</b>												
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Balances with banks	34,792,959	28,353,453	-	-	-	4,947,663	-	-	1,491,843	-	-	-
Investments	843,404,078	-	-	377,538,683	-	2,581,808	324,305,785	-	-	-	-	138,977,802
Dividend receivable	499,201	-	-	499,201	-	-	-	-	-	-	-	-
Interest receivable	10,584,241	-	-	63,810	-	-	-	-	10,507,736	-	-	12,695
Deposits and other receivables	3,052,950	-	-	2,732,950	-	-	-	-	210,000	-	-	110,000
	892,333,429	28,353,453	-	380,834,644	4,947,663	2,581,808	324,305,785	-	10,717,736	1,491,843	-	139,100,497
<b>Financial liabilities</b>												
Payable to Pension Fund Manager	1,316,015	-	-	584,294	-	-	-	-	514,654	-	-	217,067
Payable to the trustee	105,735	-	-	46,900	-	-	-	-	41,355	-	-	17,480
Payable against purchase of equity securities	18,129,700	-	-	18,129,700	-	-	-	-	-	-	-	-
Accrued and other liabilities	606,028	-	-	389,804	-	-	-	-	142,497	-	-	73,727
	20,157,478	-	-	19,150,698	-	-	-	-	698,506	-	-	308,274
<b>On-balance sheet gap</b>	872,175,951	28,353,453	-	361,683,946	4,947,663	2,581,808	324,305,785	-	10,019,230	1,491,843	-	138,792,223
<b>Total interest rate sensitivity gap</b>	872,175,951	28,353,453	-	361,683,946	4,947,663	2,581,808	324,305,785	-	10,019,230	1,491,843	-	138,792,223
<b>Cumulative interest rate sensitivity gap</b>	28,353,453	28,353,453	28,353,453	390,037,399	4,947,663	7,529,471	331,835,256	341,854,486	1,491,843	1,491,843	1,491,843	140,284,066

There is no off-balance sheet financial instrument that exists as at the year ended June 30, 2015.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 17.1.3 Other price risk

#### *Equity Sub-Fund*

Other price risk is a risk that the value of financial instruments may fluctuate as a result of changes in market price. The Equity Sub-Fund is exposed to equity price risk because of investments held by the Equity Sub-Fund and classified on the balance sheet as 'available-for-sale' and 'at fair value through profit or loss' - held-for-trading. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy limits investments in listed shares of one company to not more than 10% of its net assets. Moreover, the sector limits have been restricted to 35% of the net assets of the Sub-Fund.

In case of 5% increase / decrease in KSE 100 index on June 30, 2016, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.24.97 million (2015: Rs.18.88 million) as a result of gains / losses on equity securities classified as available-for-sale and at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

#### *Debt Sub-Fund*

The Debt Sub-Fund is exposed to price risk because of Term Finance Certificates (TFCs) and Sukuk bonds held by the Debt Sub-Fund and classified on the balance sheet as 'available-for-sale' and 'at fair value through profit or loss' - held-for-trading.

In case of increase / decrease in price of TFCs and Sukuk bonds as a result of 5% increase / decrease in rates determined by MUFAP as on June 30, 2016, the net assets relating to the Debt Sub-Fund and total net assets of the Fund would increase / decrease by Rs.0.127 million (2015: Rs.0.129 million) as a result of gains / losses on TFCs and Sukuk bonds classified as 'available-for-sale' and 'at fair value through profit or loss' - held-for-trading.

The analysis is based on the assumption that the price had increased / decreased as a result of decrease / increase in effective yield by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the effective yield. The composition of the Sub-Fund's investment portfolio is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of effective yield.

### 17.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risks on balances with banks and interest receivable. The credit risk on these funds is limited because the counterparties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Board) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The Fund has adopted a policy of only dealing with creditworthy counterparties. This credit rating information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major investors. The Fund's exposure and the credit ratings of its counterparties are continuously monitored.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Credit risk from balances with banks and financial institutions is managed by finance department in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2016 and June 30, 2015 is the carrying amounts of following financial assets.

	As at June 30, 2016				As at June 30, 2015
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- (Rupees) -----				
Balances with banks	25,541,811	11,260,150	5,150,703	41,952,664	44,824,742
Investments	-	2,535,991	-	2,535,991	2,581,808
Dividend receivable	1,420,781	-	-	1,420,781	499,201
Interest receivable	75,053	28,633	6,731	110,417	100,489
Deposits and other receivables	138,833	18,924	17,655	175,412	52,950
	27,176,478	13,843,698	5,175,089	46,195,265	48,059,190

All deposits and receivables with National Clearing Company of Pakistan Limited and Central Depository Company of Pakistan Limited - CDC are highly rated and risk of default is considered minimal.

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2016 and June 30, 2015:

Bank balances by rating category	Rating Agency	Rating	2016	2015
		Long-term / Short-term	----- (Rupees) -----	
Habib Metropolitan Bank Limited	PACRA	AA+ / A1+	41,856,349	34,792,959
MCB Bank Limited	PACRA	AAA / A1+	76,815	10,031,783
Askari Bank Limited	PACRA	AA+ / A1+	19,500	-

### Term Finance Certificates by rating category

AA-	PACRA	-	-
AA+ / A1+	PACRA	99.82%	0.00%
AAA / A1+	PACRA	0.18%	0.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is the carrying amount of the financial assets.

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentrations of credit risk.

### 17.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analysing the maturities of financial assets and financial liabilities. Since the Participants invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2016						
	PPF Equity Sub-Fund		PPF Debt Sub-Fund			PPF Money Market Sub-Fund	
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	More than one month upto three months
Carrying value							More than three months and upto one year
<b>Liabilities</b>							
Payable to Pension Fund Manager	714,491	-	-	580,482	-	-	218,554
Payable to the trustee	69,685	-	-	56,633	-	-	21,320
Accrued and other liabilities	798,644	-	-	160,887	-	-	68,662
	1,582,820	-	-	798,002	-	-	308,536

	As at June 30, 2015						
	PPF Equity Sub-Fund		PPF Debt Sub-Fund			PPF Money Market Sub-Fund	
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	More than one month upto three months
Carrying value							More than three months and upto one year
<b>Liabilities</b>							
Payable to Pension Fund Manager	584,294	-	-	514,654	-	-	217,067
Payable to the trustee	46,900	-	-	41,355	-	-	17,480
Payable against purchase of equity securities	18,129,700	-	-	-	-	-	-
Accrued and other liabilities	389,804	-	-	142,497	-	-	73,727
	19,150,698	-	-	698,506	-	-	308,274

#### 17.4 Financial instruments by category

## Financial assets

## Financial liabilities

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## Financial instruments by category

	As at June 30, 2015									
	PPF Equity Sub-Fund					PPF Debt Sub-Fund				
	Loans and receivables	At fair value through profit and loss' - held-for-trading	Available-for-sale	Sub-total	Loans and receivables	At fair value through profit and loss' - held-for-trading	Available-for-sale	Sub-total	Loans and receivables	At fair value through profit and loss' - held-for-trading
<b>Total</b>										
Balances with banks	44,824,742	38,370,699	-	38,370,699	4,957,706	-	-	4,957,706	1,496,337	-
Investments	843,404,078	-	79,262,747	298,275,936	377,538,683	119,174,848	207,712,745	326,887,593	-	138,977,802
Dividend receivable	499,201	-	-	499,201	-	-	-	-	-	-
Interest receivable	10,584,241	63,810	-	63,810	10,507,736	-	-	10,507,736	-	-
Deposits and other receivables	3,052,950	2,732,950	-	2,732,950	210,000	-	-	210,000	110,000	-
	902,365,212	41,666,660	79,262,747	298,275,936	419,205,343	15,675,442	207,712,745	342,563,035	1,619,032	138,977,802

## Financial assets

Balances with banks	44,824,742	38,370,699	-	38,370,699	4,957,706	-	-	4,957,706	1,496,337	-	1,496,337
Investments	843,404,078	-	79,262,747	298,275,936	377,538,683	119,174,848	207,712,745	326,887,593	-	138,977,802	138,977,802
Dividend receivable	499,201	-	-	499,201	-	-	-	-	-	-	-
Interest receivable	10,584,241	63,810	-	63,810	10,507,736	-	-	10,507,736	-	-	12,695
Deposits and other receivables	3,052,950	2,732,950	-	2,732,950	210,000	-	-	210,000	110,000	-	110,000
	902,365,212	41,666,660	79,262,747	298,275,936	419,205,343	15,675,442	207,712,745	342,563,035	1,619,032	138,977,802	140,596,834

	As at June 30, 2015									
	PPF Equity Sub-Fund					PPF Debt Sub-Fund				
	At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub-total	At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub-total	At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub-total	At fair value through profit and loss' - held-for-trading
<b>Total</b>										
Payable to Pension Fund Manager	1,316,015	-	584,294	584,294	-	514,654	514,654	-	217,067	217,067
Payable to the trustee	105,735	-	46,900	46,900	-	41,355	41,355	-	17,480	17,480
Payable against purchase of equity securities	18,129,700	-	18,129,700	18,129,700	-	-	-	-	-	-
Accrued and other liabilities	606,969	-	390,745	390,745	-	142,497	142,497	-	73,727	73,727
	20,158,419	-	19,151,639	19,151,639	-	698,506	698,506	-	308,274	308,274

## Financial liabilities

Payable to Pension Fund Manager	1,316,015	-	584,294	584,294	-	514,654	514,654	-	217,067	217,067
Payable to the trustee	105,735	-	46,900	46,900	-	41,355	41,355	-	17,480	17,480
Payable against purchase of equity securities	18,129,700	-	18,129,700	18,129,700	-	-	-	-	-	-
Accrued and other liabilities	606,969	-	390,745	390,745	-	142,497	142,497	-	73,727	73,727
	20,158,419	-	19,151,639	19,151,639	-	698,506	698,506	-	308,274	308,274



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 17.5 Fair value of financial instruments

Fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

June 30, 2016										
Total	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund			
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 3
(Rupees)										
30,200,326	30,200,326	-	-	-	-	-	-	-	-	-
99,854,353	-	-	-	-	99,854,353	-	-	-	-	-
96,160,680	-	-	-	-	77,197,041	-	-	-	18,963,639	-
226,215,359	30,200,326	-	-	-	177,051,394	-	-	-	18,963,639	-
469,125,249	469,125,249	-	-	-	-	-	-	-	-	-
349,710,932	-	-	-	-	221,386,836	-	-	128,324,096	-	-
2,535,991	-	-	-	-	2,535,991	-	-	-	-	-
821,372,172	469,125,249	-	-	-	223,922,827	-	-	128,324,096	-	-
1,047,587,531	499,325,575	-	-	-	400,974,221	-	-	128,324,096	18,963,639	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

June 30, 2015

Total	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(Rupees)									
Financial assets 'at fair value through profit or loss' - held-for-trading									
Listed equity securities	79,262,747	-	-	-	-	-	-	-	-
Pakistan Investment Bonds	15,772,331	-	-	-	15,772,331	-	-	-	-
Market Treasury Bills	242,380,319	-	-	-	103,402,517	-	-	138,977,802	-
	337,415,397	79,262,747	-	-	119,174,848	-	-	138,977,802	-
Financial assets classified as 'available-for-sale'									
Listed equity securities	298,275,936	298,275,936	-	-	-	-	-	-	-
Pakistan Investment Bonds	205,130,937	-	-	-	205,130,937	-	-	-	-
Term Finance Certificates and Sukuk Bonds	2,581,808	-	-	-	2,581,808	-	-	-	-
	505,988,681	298,275,936	-	-	207,712,745	-	-	-	-
	843,404,078	377,538,683	-	-	326,887,593	-	-	138,977,802	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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### 18. CAPITAL RISK MANAGEMENT

The Fund's capital is represented by redeemable units of the sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participants' Sub-Funds. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the Participants invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited, such liquidity being augmented (by short-term borrowings or disposal of investments where necessary). During the year, no such borrowing was exercised.

All units, including the core units, and fractions thereof, represent an undivided share in the pertinent sub-funds of the Fund and rank pari passu as to their rights in the net assets and earnings of such sub-fund and shall not be tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

### 19. SEGMENT INFORMATION

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. Investment Committee has been identified as the chief decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and is responsible for the Fund's entire product and considers the business to have three operating segments i.e. PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. The Fund's asset allocation decisions are based on the allocation scheme selected by the participant out of the allocation schemes offered by the Pension Fund Manager. The Fund's performance is also evaluated on the sub-funds basis.

The internal reporting provided to the Board of Directors of the Pension Fund Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Fund is domiciled in Pakistan. All of the Fund's income is from investments in entities incorporated in Pakistan.

### 20. GENERAL

Figures have been rounded off to the nearest Rupees unless otherwise specified.

### 21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 05, 2016 by the Board of Directors of the Pension Fund Manager.



Chief Executive Officer

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










Director



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