

**Half Year Report**  
**December 31, 2016**  
**(Unaudited)**



**Funds Under Management**  
**of**  
**MCB-Arif Habib Savings and Investments Limited**  
Rated: AM2++ by PACRA

# **PAKISTAN PENSION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Mohammad 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 Ahmed	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 &amp; Company Secretary</b>	Mr. Abdul Basit	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	Habib Metropolitan Bank Limited United Bank Limited Habib Bank Limited Askari Bank Limited JS Bank Limited Allied Bank Limited Zarai Taraqati Bank Limited	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	AM2++ Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund** accounts review for half year ended December 31, 2016.

## ECONOMY AND MONEY MARKET OVERVIEW

Weakness in external account raised concerns in otherwise progressive improvement in headline economic indicators continuing for the last 2 years. Weak trade balance, primarily due to subdued trend in exports and higher imports along with weak contribution from services and remittances kept the pressure on overall Current Account balance which widened 92% in 1H FY17 to USD 3.6 billion. It is pertinent to note that partial increase in imports is triggered by machinery imports which have increased by 8.3% along with increase in oil import bill which is expected to widen further given recent arrangements from OPEC to support Int'l Crude Oil prices. The cushion to Balance of Payments was bolstered by financial account of USD 3.7 bn where major respite came from the net borrowing of USD 740 million along with the inflow materialized in FDI on completion of acquisition of stake in Engro Foods by Freisland Campina. Overall balance of the Balance of Payments stood at USD 225 mn compared to USD 1.5 bn during same period of last year.

Foreign exchange reserves stood at USD 23.2 bn (06<sup>th</sup> Jan 2017). It is pertinent to note that SBP reserves explain most of the volatility in For-ex reserves where government borrowing and retirement of loans has net negative balance in 1H FY17 while closing approx USD 1bn lower from peak seen in Oct 16.

Undergoing appreciation of about 0.4% in 1H FY17, PKR continues to remain resilient against USD which also raises concerns given the relative weakness in other developing economies and also reflected from REER as measured by SBP reaching to a high of 126 depicting significant overvaluation.

Fiscal deficit increased to 1.3 % (1 QFY17) of GDP as against 1.1% in SPLY due to sharp decline in non-tax revenue. On provisional basis, tax authority has managed to collect PKR 1,460 billion during 1H FY17, recording a shortfall of PKR ~127 billion from the desired target. With annual tax collection target of PKR 3.6 trillion; demanding a growth rate of 17% YoY, and higher development spending, fiscal deficit is likely to exceed 4.5% against budgetary target of 3.8%. Focus of government on development spending is however positive for the overall long term direction and thus slippage on this front is not a major concern.

LSM grew by 3.24% YoY in 5MFY17. The growth is driven through consumer, electrical, automobiles and cement manufacturing.

Inflation continued its upward trajectory with first half averaging 3.88% compared to 2.08% for 1H FY16. The withering of low base effect along with inherent increases in food and housing pricing triggered inflationary pressures. The government kept on absorbing the incremental petrol prices which kept the inflation subdued.

M2 growth posted year to date growth of 5.45% by the end of the year. The deposits grew seasonally by PKR 420 bn in a week supported by year end efforts of banks to expand balance sheet size. Thereafter, the M2 growth has normalized to 3.68%. Moreover, the abnormal accumulation in currency in circulation (CIC) last year triggered after imposition of withholding tax on cash withdrawals has normalized though CIC to M2 ratio is still high at 26% against previous average of 22%. The Net Domestic Assets increased by PKR 518 bn supported by net government sector borrowings of PKR 390 bn.

## EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX) continued its positive momentum of 1QFY17 by posting another 16.64% return in 2QFY16 to conclude the period 26.53% higher (47,807 points). In calendar year 2016, the local bourse remained the best performing market in the region and stood 5th in global ranking with a USD based return of 45%. This was despite an aggressive selling from the foreign investors, who remained net sellers of USD 298mn in 1H FY16, compared to USD 240 mn in the corresponding period last year. This heavy selling was absorbed mostly by Mutual Funds and NBFCs with net buying of USD 307mn and USD 102mn, respectively.

Auto Parts Manufacturers and Auto Assemblers remained the best performing sectors during 1H FY17 with returns of 83% and 77%, respectively. Among the mainstream sectors, Banks outperformed the rest with a 33% return during the period under review, mainly on account of improving advances, rising deposits and bottomed out interest rate outlook. Cements also posted a 30% return during the period under review as strong demand coupled with healthy margins kept the investors' interest alive in the sector. Improving crude oil prices also made a mark on the E&Ps, which posted a healthy 27% return during 1H FY17. Fertilizers on the other hand, underperformed the index by posting a modest 2% return, as rising inventories coupled with discounts on urea prices took their toll on the sector.

We expect the positive momentum to continue going ahead as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.99x, still trading at a 10.5% discount to the MSCI EM, reflecting further room for re-rating from here.

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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## FUND PERFORMANCE

### *Debt Fund*

The debt sub-fund generated an annualized return of 3.33% during the period under review. The fund's exposure towards T-Bills decreased from 18.1% to 2.9% and PIBs decreased from 75.5% to 71.5% at period end.

The Net Assets of the Fund as at December 31, 2016 stood at Rs. 447.69 million as compared to Rs. 421.01 million as at June 30, 2016 registering an increase of 6.34%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 223.97 as compared to opening NAV of Rs. 220.27 per unit as at June 30, 2015 registering an increase of Rs. 3.7 per unit.

### *Money Market Fund*

The money market sub-fund generated a return of 3.97% during the period. The fund's exposure in T-bills increased to 25.3% from 11.9% while exposure in PIBs was 0% at period end.

The Net Assets of the Fund as at December 31, 2016 stood at Rs. 165.42 million as compared to Rs. 157.13 million as at June 30, 2016 registering an increase of 5.28%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 205.57 as compared to opening NAV of Rs. 201.54 per unit as at June 30, 2016 registering an increase of Rs. 4.03 per unit.

### *Equity Fund*

The Equity sub-fund generated a return of 34.57% while the KSE-100 increased by 26.53% during the period under review, registering an outperformance of 8.04%. The sub-fund increased its overall equity exposure from 97.7% to 98.7%. Sector-wise, the sub-fund increased its exposure in Oil and Gas Exploration sector whilst reduced its exposure towards Commercial Banks, Fertilizers and Cement.

The Net Assets of the Fund as at December 31, 2016 stood at Rs. 739.81 million as compared to Rs. 528.87 million as at June 30, 2016 registering an increase of 39.89%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 560.36 as compared to opening NAV of Rs. 416.40 per unit as at June 30, 2016 registering an increase of Rs. 143.96 per unit.

## FUTURE OUTLOOK

The reversal in crude oil prices is expected to wither of the fiscal space previously available amid growing import bill. The recent decision by government to revise up petroleum prices in its latest fortnightly decision points towards constricting fiscal liberty.

The recently announced textile package is expected to provide support to the export sector. However, the overvalued currency as depicted from REER still remains a blockade for export competitiveness of the country however the same may remain deferred till the government continues to fund the gap through borrowing.

The inflationary pressures are also expected to succumb to expected increments in petroleum prices along with its trickle down impact on food inflation. We expect inflation for the year to average ~4.3%. It is pertinent to note inflation for next half of the year is expected to average around 4.8% with inflation for closing months of the year to exceed 5%.

While, we expect interest rates to remain stable in the short term given the stable inflationary trends, exchange rate overvaluation along with weak external account suggest a close review of emerging trends with potential for inflection on either side though biased in favor of monetary tightening.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth with above \$50 billion program expected to spur activity in the construction and power space which would have its trickle down affects. However, the current account is expected to worsen with import bill increasing in the short term along with the Foreign Direct Investment inflows. Profit repatriation in the long term would also be a concern for the balance of payments position.



## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

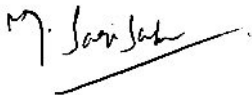
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Pakistan being in an economic expansionary cycle amid better positioning due to lower/stable interest rate environment along with growth trigger in the form China Pakistan Economic Corridor would fare better compared to other Emerging Market economies. The program is expected to favour the construction and allied industrial sectors. Banking sector is also expected to be beneficiary of strong advances growth in a stable interest rate environment. The MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President and redemption pressures on emerging market funds would keep the short term market performance in check. But we reiterate our positive stance on the market.

### 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.

For and on behalf of the Board,



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
February 2, 2017

## عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان پینشن فنڈ کے 31 دسمبر 2016ء کو ختم ہونے والی پہلی ششماہی کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار زر کا مجموعی جائزہ

خارجی اکاؤنٹ میں کمزوری نے اہم ترین معاشی علامات میں گزشتہ 2 برسوں سے جاری ترقیاتی بہتری میں خدشات پیدا کیے۔ کمزور تجارتی توازن کے باعث، جس کی بنیادی وجوہات برآمدات کا پست رجحان اور پہلے سے زیادہ درآمدات، بشمول سروسز اور ترسیلات زر کی کمزور کارکردگی ہیں، مجموعی کرنٹ اکاؤنٹ بیلنس پر دباؤ رہا جو 2017ء کی پہلی ششماہی میں 92% بڑھ کر 3.6 بلین ڈالر ہو گیا۔ یاد رہے کہ درآمدات میں جزوی اضافے کی محرک مشینری کی درآمدات ہیں جن میں 8.3% اضافہ ہوا، بشمول تیل کی درآمدات میں اضافے کے، جس میں OPEC کے خام تیل کی بین الاقوامی قیمتوں میں معاونت کے حالیہ اقدامات کے پیش نظر مزید اضافہ متوقع ہے۔ ادائیگیوں کے توازن کے تحفظ کی 3.7 بلین ڈالر کے مالیاتی اکاؤنٹ سے حوصلہ افزائی ہوئی، اور اس ضمن میں اہم ترین پیش رفت 740 ملین ڈالر کے قرض، بشمول اینگرو فوڈز میں Freisland Campina کی حصص داری کی تکمیل پر FDI (غیر ملکی براہ راست سرمایہ کاری) میں اضافے سے ہوئی۔ ادائیگیوں کے توازن کا مجموعی بیلنس 225 ملین ڈالر تھا، جبکہ گزشتہ سال کی اسی مدت کے دوران 1.5 بلین ڈالر تھا۔

زیر مبادلہ کے ذخائر 23.2 بلین ڈالر تھے (06 جنوری 2017ء)۔ یاد رہے کہ فوریکس ذخائر میں اتار چڑھاؤ کا سبب SBP (اسٹیٹ بینک آف پاکستان) کے ذخائر ہیں، جہاں 2017ء کی پہلی ششماہی میں حکومت کے قرضوں کے حصول اور قرضوں کی ریٹائرمنٹ کا منفی بیلنس ہے جبکہ اکتوبر 2016ء میں بلند ترین سطح سے تقریباً 1 بلین ڈالر کم پر کلوزنگ ہوئی۔ پاکستانی روپیہ 2017ء کی پہلی ششماہی میں تقریباً 0.4% ترقی کر کے امریکی ڈالر کے مقابلے میں لچکدار رہا، اور اس سے بھی دیگر ترقی پذیر معیشتوں میں کمزوری کو مد نظر رکھتے ہوئے خدشات پیدا ہوئے جن کا اظہار SBP کے پیمائش کردہ REER سے ہوا، جو 126 کی بلند سطح پر پہنچا جس سے خطیر اضافے کی عکاسی ہوتی ہے۔

مالیاتی خسارہ (مالی سال 2017ء کی پہلی سہ ماہی میں) غیر ٹیکس آمدنی میں تیزی سے کمی کے باعث GDP (مجموعی غیر ملکی پیداوار) کے 1.3% تک بڑھ گیا، بالمقابل SPLY میں 1.1% کے ٹیکس اتھارٹی 2017ء کی پہلی ششماہی کے دوران عارضی بنیادوں پر 1,460 بلین روپے جمع کر سکی، جو مطلوبہ ہدف سے 127 بلین روپے کم ہے۔ 3.6 ٹریلین روپے سالانہ ٹیکس کے ہدف کے پیش نظر، جو YoY 17% کی ترقیاتی شرح اور ترقیاتی کاموں میں زیادہ خرچ کرنے کا تقاضہ کرتا ہے، مالیاتی خسارے میں بجٹ کے 3.8% کے ہدف کے مقابلے میں 4.5% اضافہ متوقع ہے۔ تاہم ترقیاتی کاموں پر خرچ کرنے پر حکومتی توجہ مجموعی طور پر طویل المیعاد سمت میں مثبت ہے، چنانچہ اس گوشے میں انحطاط بڑا مسئلہ نہیں ہے۔

LSM 5MFY17 میں YoY 3.24% ترقی ہوئی جس کے اسباب کنزیومر، الیکٹریکل، آٹوموبائلز اور سیمنٹ مینوفیکچرنگ ہیں۔

افراط زر میں بدستور اضافہ ہوتا رہا؛ پہلی ششماہی میں افراط زر کا اوسط 33.8% تھا جبکہ 2016ء کی پہلی ششماہی میں 2.08% تھا۔ پہلے سے پست base effect میں بتدریج کمی اور اشیائے خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی نفسہ اضافے افراط زر کے دباؤ کے محرک بنے۔ حکومت پٹرول کی بڑھتی ہوئی قیمتوں کا اثر جذب کرتی رہی جس کے باعث افراط زر کی سطح پست رہی۔ M2 ترقی میں سال کے اختتام تک 5.45% year to date ترقی ہوئی۔ اختتام سال پر بینکوں کی بیلنس شیٹ کا حجم وسیع کرنے کی کوششوں کی مدد سے ڈپازٹس میں ایک ہفتے میں 420 بلین روپے موسمی ترقی ہوئی۔ اس کے بعد M2 ترقی 3.68% کی عمومی سطح تک پہنچ گئی۔ علاوہ ازیں، گزشتہ سال نقد رقم نکالنے پر وہ ہولڈنگ ٹیکس عائد کرنے کی وجہ سے زیر گردش روپے (CIC) میں جو غیر معمولی انبار لگ گیا تھا وہ عمومی سطح پر آ گیا ہے، اگرچہ CIC کا M2 سے تناسب اب 2.6% ہے جو گزشتہ اوسط 2.2% سے زیادہ ہے۔ حکومتی سیکٹر کی 390 بلین



روپے قرضوں کی net حصول کی مدد سے net مقامی اثاثہ جات میں 518 ملین روپے اضافہ ہوا۔

### ایکویٹیز مارکیٹ کا مجموعی جائزہ

پاکستان اسٹاک ایکسچینج (PSX) نے مالی سال 2016ء کی پہلی سہ ماہی کی مثبت رفتار جاری رکھتے ہوئے مالی سال 2016ء کی دوسری سہ ماہی میں ایک اور 16.64% منافع کمایا اور مدت کی تکمیل 26.53% زیادہ (47,807 پوائنٹس) پر کی۔ امریکی ڈالر پر مبنی 45% منافع کے ساتھ مقامی اسٹاک مارکیٹ کیلنڈر سال 2016ء میں خطے میں بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بنی رہی اور عالمی درجہ بندی میں پانچویں نمبر پر تھی۔ یہ کامیابی غیر ملکی سرمایہ کاروں کی طرف سے جارحانہ فروخت کے باوجود تھی، جو 2016ء کی پہلی ششماہی میں 298 ملین ڈالر کے net فروخت کاربنے رہے، بالمقابل گزشتہ سال کی پہلی ششماہی میں 240 ملین ڈالر کے۔ اس بھاری فروخت کے اثر کا بڑا حصہ میوچل فنڈز اور NBFCs نے جذب کیا، بالترتیب 307 ملین ڈالر اور 102 ملین ڈالر کی net خریداری کے ساتھ۔

گاڑیوں کے پُر زہ جات کے تیار کنندگان اور گاڑیوں کے اسمبلرز 2017ء کی پہلی ششماہی کے دوران بہترین کارکردگی کا مظاہرہ کرنے والے شعبے بنے رہے، بالترتیب 83% اور 77% منافع کے ساتھ۔ بڑے شعبوں میں سے بینکوں نے زیر جائزہ مدت کے دوران 33% منافع کم کر سب سے عمدہ کارکردگی کا مظاہرہ کیا، جس کی بنیادی وجوہات ایڈوانسز میں بہتری، بڑھتے ہوئے ڈپازٹس اور انٹریسٹ پست ترین شرحیں ہیں۔ سینٹ کے شعبے نے بھی زیر جائزہ مدت کے دوران 30% منافع کمایا کیونکہ بھرپور مانگ اور اس کے ساتھ چھتند margins نے اس شعبے میں سرمایہ کاروں کی دلچسپی برقرار رکھی۔ خام تیل کی قیمتوں میں بہتری سے بھی E&Ps پر مثبت اثرات مرتب ہوئے جس نے 2017ء کے پہلی ششماہی کے دوران چھتند 27% منافع کمایا۔ دوسری جانب کھاد کے شعبے نے صرف 2% منافع کم کر انڈیکس سے کم کارکردگی کا مظاہرہ کیا، جس کی وجوہات انویسٹریز میں اضافہ اور اس کے ساتھ یورپ کی قیمتوں پر ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔

ہم اُمید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں بھی فکسڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے ایکویٹی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.99x کے فارورڈ ٹمپل پر، اور ابھی تک MSCI EM کے 10.5% ڈسکاؤنٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں ری-ریٹنگ کی مزید گنجائش ہے۔

### فنڈ کی کارکردگی

#### Debt فنڈ

زیر جائزہ مدت کے دوران debt سب-فنڈ کا ایک سال پر محیط منافع 3.33% تھا۔ اختتام مدت پر سب-فنڈ کی ٹی-بلز میں شمولیت 18.1% سے کم ہو کر 2.9% ہو گئی اور PIBs میں شمولیت 75.5% سے کم ہو کر 71.5% ہو گئی۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 447.69 ملین روپے تھی، جو 30 جون 2016ء پر 421.01 ملین روپے مالیت کے مقابلے میں 6.34% زیادہ ہے۔ 31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 223.91 روپے تھی، جو 30 جون 2016ء پر 220.27 روپے فی یونٹ قدر کے مقابلے میں 3.7 روپے فی یونٹ زیادہ ہے۔

#### Money مارکیٹ فنڈ

دوران مدت Money مارکیٹ سب-فنڈ کا منافع 3.97% تھا۔ اختتام مدت پر سب-فنڈ کی ٹی-بلز میں شمولیت 11.9% سے بڑھ ہو کر 25.3% ہو گئی اور PIBs میں شمولیت 0% تھی۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 165.42 ملین روپے تھی، جو 30 جون 2016ء پر 157.13 ملین روپے مالیت کے مقابلے میں 5.28% زیادہ ہے۔  
31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 205.57 روپے تھی، جو 30 جون 2016ء پر 201.54 روپے فی یونٹ قدر کے مقابلے میں 4.03 روپے فی یونٹ زیادہ ہے۔

## ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی سب-فنڈ کا منافع 34.57% تھا جبکہ KSE-100 میں زیر جائزہ مدت کے دوران 26.53% اضافہ ہوا، چنانچہ فنڈ کی کارکردگی 8.04% بہتر تھی۔ سب-فنڈ نے ایکویٹی میں اپنی مجموعی شمولیت کو 97.7% سے بڑھا کر 98.7% کر دیا۔ شعبہ جاتی اعتبار سے سب-فنڈ نے آئل اینڈ گیس ایکسپلوریشن میں اپنی شمولیت میں اضافہ کیا جبکہ کمرشل بینکوں، کھاد اور سینٹ میں اپنی شمولیت کو کم کیا۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 739.81 ملین روپے تھی، جو 30 جون 2016ء پر 528.87 ملین روپے مالیت کے مقابلے میں 39.89% زیادہ ہے۔  
31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 560.36 روپے تھی، جو 30 جون 2016ء پر 416.40 روپے فی یونٹ قدر کے مقابلے میں 143.96 روپے فی یونٹ زیادہ ہے۔

## مستقبل کا منظر

خام تیل کی قیمتوں کی واپسی سے بڑھتے ہوئے درآمداتی بل کے ماحول میں دستیاب مالیاتی خلاء کے بتدریج ختم ہوجانے کا امکان ہے۔ حکومت کے تازہ ترین پندرہ روزہ فیصلہ جاتی نکات میں پٹرول کی قیمتوں پر نظر ثانی کا حالیہ فیصلہ مالیاتی آزادی پر قدغن کی طرف اشارہ کر رہا ہے۔ حالیہ اعلان کردہ ٹیکسٹائل ٹیکج سے برآمدات کے شعبے کو معاونت فراہم ہونے کی توقع ہے۔ تاہم مطلوبہ سے زیادہ قدر کا حامل روپیہ، جیسا کہ REER سے ظاہر ہوتا ہے، ابھی تک ملک کی برآمداتی مسابقت کی صلاحیت کے لئے ایک رکاوٹ ہے۔ تاہم ممکن ہے کہ یہ نوبت تب تک نہ آئے جب تک حکومت قرض کی حصول کے ذریعے اس خلیج کو پُر کرنا جاری رکھے گی۔

پٹرول کی قیمتوں میں اضافوں اور اشیائے خورد و نوش کے افراط زر پر ان کے اثر سے متوقع طور پر افراط زر کے دباؤ کا بھی زور ٹوٹ جائے گا۔ ہماری توقع ہے کہ اس سال کے افراط زر کا اوسط 4.3% ہوگا۔ یہاں یہ بات قابل ذکر ہے کہ دوسری ششماہی میں افراط زر کا اوسط تقریباً 4.8% متوقع ہے، اور سال کے اختتامی مہینوں میں افراط زر 5% سے زیادہ ہوگا۔

اگرچہ ہمیں اُمید ہے کہ افراط زر کے مستحکم رجحانات کے پیش نظر مختصر میعاد میں انٹریسٹ کی شرحیں مستحکم رہیں گی، لیکن زرمبادلہ کی شرح کی مطلوبہ سے زیادہ قدر، اور اس کے ساتھ کمزور خارجی اکاؤنٹ سے مستقبل میں اُبھرنے والے رجحانات کا باریک بین جائزے کا اندازہ ہوتا ہے، وہ رجحانات جو مالیاتی عناصر کو گس دینے کی حمایت کی طرف جھکے ہونے کے باوجود دونوں جانب مرض پھیلا سکتے ہیں۔

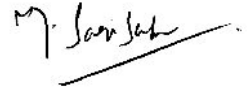
چین پاکستان معاشی راہداری سے ترقی کے لیے بے حد مطلوب قوت حاصل ہونے کا امکان ہے؛ 50 بلین ڈالر سے زائد کا یہ پروگرام متوقع طور پر تعمیرات اور توانائی کی خلاء میں سرگرمیاں پیدا کرنے کا محرک بنے گا اور اس کے اثرات دیگر شعبوں پر بھی مرتب ہوں گے۔ تاہم مختصر میعاد میں درآمداتی بل میں اضافے کے ساتھ غیر ملکی براہ راست سرمایہ کاریوں کی آمدات سے کرنٹ اکاؤنٹ میں مزید انحطاط متوقع ہے۔ طویل میعاد میں منافع کی وطن واپسی بھی ادائیگیوں کے توازن کی صورتحال کے لیے ایک خدشہ ہوگی۔

پاکستان انٹریسٹ کی پست / مستحکم شرح کے ماحول اور اس کے ساتھ چین پاکستان معاشی راہداری کی صورت میں ترقی کے محرک کے باعث بہتر مقام بنانے اور معاشی توسیعی چکر میں ہونے کی وجہ سے اُبھرتی ہوئی مارکیٹ کی دیگر معیشتوں کے مقابلے میں بہتر کارکردگی کا مظاہرہ کرے گا۔ اُمید کی جارہی ہے کہ اس پروگرام سے تعمیرات اور متعلقہ صنعتی شعبوں کو معاونت فراہم ہوگی۔ بینکاری کے شعبے کو بھی ایڈوانسز کی مضبوط ترقی اور انٹریسٹ کی مستحکم شرح کے ماحول سے متوقع طور پر فائدہ ہوگا۔ باقاعدہ شمولیت کے قریب آنے پر MSCI سے مخصوص کمپنیوں کا منظر عام پر آنا متوقع ہے۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں غیر یقینی حالات کے نتیجے میں عالمی مارکیٹس میں عدم استحکام اور اُبھرتی ہوئی مارکیٹ کے فنڈز پر redemption کے دباؤ سے مارکیٹ کی مختصر المیعا دکارکردگی متاثر ہوگی۔ لیکن ہم مارکیٹ کے بارے میں اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ڈسٹریبیوٹرز 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۔

برائے بورڈ اور بورڈ کی جانب سے



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

02 فروری 2017ء

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

# Deloitte.

**Deloitte Yousuf Adil**  
Chartered Accountants  
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## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PAKISTAN PENSION FUND** as at December 31, 2016, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of movement in participants' sub-funds, condensed interim statement of investments by category, condensed interim statement of investments portfolio, condensed interim statement of other investments, condensed interim contribution table and condensed interim statement of number of units in issue together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information') for the half year ended December 31, 2016. The Pension Fund Manager is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of movement in participants' sub-funds, condensed interim statement of investments by category, condensed interim statement of investments portfolio, condensed interim statement of other investments, condensed interim contribution table and condensed interim statement of number of units for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

### Scope of review

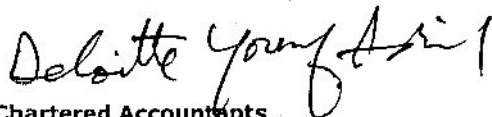
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited and reviewed by another firm of chartered accountants whose audit report, dated August 05, 2016, included an emphasis of matter paragraph regarding the uncertainty pertaining to the future outcome of the litigation pending in respect of contribution to Worker's Welfare Fund.



Chartered Accountants

Engagement Partner  
Mushtaq Ali Hiran

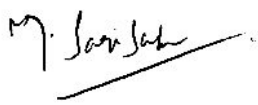
Dated: 02 FEB 2017  
Karachi

Member of  
Deloitte Touche Tohmatsu Limited

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2016

December 31, 2016 (Un-Audited)					June 30, 2016 (Audited)	
	Equity sub fund	Debt sub fund	Money market sub fund	Total		
Note	(Rupees)					
<b>Assets</b>						
Balances with banks	5	12,769,380	98,133,010	124,677,120	235,579,510	41,952,664
Investments (as per condensed interim statement of investments by category)		737,709,103	338,474,308	42,302,879	1,118,486,290	1,047,587,531
Dividend receivable		541,340	-	-	541,340	1,420,781
Profit receivable		88,503	15,808,948	311,652	16,209,103	19,948,434
Receivable against sale of investment		5,532,060	-	-	5,532,060	7,743,776
Deposits and other receivables	6	4,007,758	220,085	118,502	4,346,345	3,289,376
<b>Total assets</b>		760,648,144	452,636,351	167,410,153	1,380,694,648	1,121,942,562
<b>Liabilities</b>						
Payable to Pension Fund Manager	7	1,018,659	644,288	238,297	1,901,244	1,513,527
Payable to Central Depository Company of Pakistan Limited - Trustee		93,615	59,218	21,903	174,736	147,638
Annual fee payable to the Securities and Exchange Commission of Pakistan		102,730	73,531	27,248	203,509	322,958
Payable against purchase of equity securities		10,748,468	-	-	10,748,468	-
Payable against redemption of units		-	-	22,098	22,098	-
Accrued expenses and other liabilities	8	8,872,467	4,170,188	1,679,469	14,722,124	12,943,526
<b>Total liabilities</b>		20,835,939	4,947,225	1,989,015	27,772,179	14,927,649
<b>Net assets</b>		739,812,205	447,689,126	165,421,138	1,352,922,469	1,107,014,913
Participants' sub funds (as per condensed interim Statement of Movement in Participants' sub funds)						
		739,812,205	447,689,126	165,421,138		
----- Number of units -----						
<b>Number of units in issue</b>		1,320,256	1,998,869	804,700		
----- (Rupees) -----						
<b>Net assets value per unit</b>		560.36	223.97	205.57		
<b>Contingencies and commitments</b>						
	9					

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

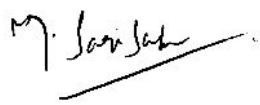
For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)

Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016			Half year ended December 31, 2015
		Equity sub fund	Debt sub fund	Money market sub fund (Rupees)	
				Total	
<b>Income</b>					
Net capital gain / (loss) on sale of investments					
'available-for-sale'		22,129,054	3,169,446	1,250,804	3,080,950
'at fair value through profit or loss - held-for-trading'		49,653,839	(6,035,867)	(1,446,964)	4,421,234
Dividend income on shares					
'available-for-sale'		14,414,874	-	-	6,721,248
'at fair value through profit or loss - held-for-trading'		722,478	-	-	2,252,589
Income from Government Securities					
'available-for-sale'		-	16,534,756	435,163	11,043,082
'at fair value through profit or loss - held-for-trading'		-	2,296,498	4,179,598	8,964,669
Income from Term Finance Certificates and Sukuk Bonds					
'classified as 'available-for-sale'		-	102,657	-	189,934
'at fair value through profit or loss - held-for-trading'		-	-	-	-
Profit on bank and other deposits		572,208	549,800	442,425	702,789
Unrealised gain / (loss) on revaluation of investments -					
'at fair value through profit or loss - held-for-trading' - net		20,705,666	(43,684)	(5,399)	9,196,506
Reversal of provision against debt securities		-	-	-	535,714
<b>Total income</b>		<b>108,198,119</b>	<b>16,573,606</b>	<b>4,855,627</b>	<b>47,108,715</b>
<b>Expenses</b>					
Remuneration of Pension Fund Manager	11	4,639,435	3,329,161	1,233,333	7,028,206
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager		603,110	432,788	160,333	2,265,893
Remuneration of Central Depository Company Limited - Trustee		436,141	313,299	116,066	702,817
Sales tax on remuneration of trustee	12	56,694	40,726	15,091	98,401
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		102,755	73,556	27,273	156,260
Auditors' remuneration		113,179	81,818	30,239	257,310
Custody and settlement charges		168,495	114,225	-	279,670
Securities transaction cost		1,022,876	38,791	4,573	288,293
Legal and professional charges		56,667	-	-	37,939
Impairment loss on available-for-sale investment		-	-	-	10,252,750
Provision for Workers' Welfare Fund		1,506,641	81,694	41,038	-
Bank charges		4,382	48,672	25,942	35,144
<b>Total expenses</b>		<b>8,710,375</b>	<b>4,554,730</b>	<b>1,653,888</b>	<b>21,402,683</b>
<b>Net income from operating activities</b>		<b>99,487,744</b>	<b>12,018,876</b>	<b>3,201,739</b>	<b>25,706,032</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those redeemed:					
- from realized/unrealized capital gain		911,259	(442,921)	9,013	1,620,476
- from other income		5,592	756,011	7,669	897,077
<b>Net income for the period before taxation</b>		<b>100,404,595</b>	<b>12,331,966</b>	<b>3,218,421</b>	<b>28,223,585</b>
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<b>100,404,595</b>	<b>12,331,966</b>	<b>3,218,421</b>	<b>28,223,585</b>
<b>Earnings per unit</b>	14				

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director



# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

	Quarter ended December 31, 2016				Quarter ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
Note	(Rupees)				
<b>Income</b>					
Net capital (loss)/ gain on sale of investments					
'available-for-sale'	(404,386)	3,701,226	2,687,084	5,983,924	3,843,392
'at fair value through profit or loss - held-for-trading'	40,978,294	(6,026,186)	(1,438,935)	33,513,173	130,776
Dividend income on shares classified as					
'available-for-sale'	9,114,977	-	-	9,114,977	3,722,108
'at fair value through profit or loss - held-for-trading'	-	-	-	-	1,346,693
Income from Government Securities					
'available-for-sale'	-	8,332,765	-	8,332,765	5,415,159
'at fair value through profit or loss - held-for-trading'	-	1,063,050	2,116,681	3,179,731	4,288,430
Income from Term Finance Certificates and Sukuk Bonds					
'classified as 'available-for-sale'	-	48,503	-	48,503	91,362
'at fair value through profit or loss - held-for-trading'	-	-	-	-	-
Profit on bank and other deposits	273,203	429,726	353,816	1,056,745	302,030
Unrealised gain / (loss) on revaluation of investments					
'at fair value through profit or loss - held-for-trading' - net	20,489,544	29,081	28,895	20,547,520	4,789,046
Reversal of provision against debt securities	-	-	-	-	267,857
<b>Total income</b>	<b>70,451,632</b>	<b>7,578,165</b>	<b>3,747,541</b>	<b>81,777,338</b>	<b>24,196,853</b>
<b>Expenses</b>					
11 Remuneration of Pension Fund Manager	2,481,206	1,693,649	629,556	4,804,411	3,584,163
Sindh sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	322,540	220,172	81,842	624,554	1,155,534
Remuneration of Central Depository Company Limited - Trustee	230,423	157,382	58,505	446,310	358,407
12 Sales tax on remuneration of trustee	29,951	20,456	7,608	58,015	50,184
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	55,298	37,608	13,986	106,892	79,656
Auditors' remuneration	57,668	39,734	14,705	112,107	126,595
Custody and settlement charges	794,703	38,605	2,932	836,240	218,714
Securities transaction cost	-	38,791	-	38,791	-
Legal and professional charges	56,667	-	-	56,667	37,939
Impairment loss on available-for-sale investment	-	-	-	-	10,252,750
Provision for Workers' Welfare Fund	1,342,125	39,106	32,995	1,414,226	-
Bank charges	3,031	26,981	12,702	42,714	16,432
<b>Total expenses</b>	<b>5,373,612</b>	<b>2,312,484</b>	<b>854,831</b>	<b>8,540,927</b>	<b>15,880,374</b>
<b>Net income from operating activities</b>	<b>65,078,020</b>	<b>5,265,681</b>	<b>2,892,710</b>	<b>73,236,411</b>	<b>8,316,479</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those redeemed:					
- arising from capital gain and unrealised gain	1,048,769	(222,872)	7,472	833,369	(19,364,161)
- arising from other income	80,070	172,687	(32,584)	220,173	19,840,412
<b>Net income for the period before taxation</b>	<b>66,206,859</b>	<b>5,215,496</b>	<b>2,867,598</b>	<b>74,289,953</b>	<b>8,792,730</b>
13 Taxation	-	-	-	-	-
<b>Net income for the period after taxation</b>	<b>66,206,859</b>	<b>5,215,496</b>	<b>2,867,598</b>	<b>74,289,953</b>	<b>8,792,730</b>
<b>Earnings per unit</b>					

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

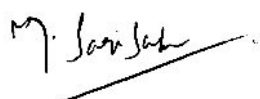


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

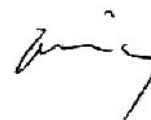
		Half year ended December 31, 2016				Half year ended December 31, 2015
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	Note	(Rupees)				
Net income for the period		100,404,595	12,331,966	3,218,421	115,954,982	28,223,585
<b>Other comprehensive income</b>						
Items to be reclassified to profit or loss in subsequent period						
Net unrealised gain on revaluation of available-for-sale investments	10	87,966,271	(4,414,793)	(37,116)	83,514,362	(5,932,139)
<b>Total comprehensive income for the period</b>		<b>188,370,866</b>	<b>7,917,173</b>	<b>3,181,305</b>	<b>199,469,344</b>	<b>22,291,446</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

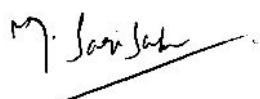


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2016**

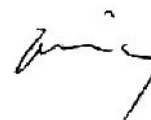
	Quarter ended December 31, 2016				Quarter ended December 31, 2015
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees)				
Net income for the period	66,206,859	5,215,496	2,867,598	74,289,953	8,792,730
<b>Other comprehensive income</b>					
Items to be reclassified to profit or loss in subsequent periods					
Net unrealized gain on revaluation of available-for-sale investments	60,041,929	(1,759,651)	(1,250,804)	57,031,474	20,671,874
<b>Total comprehensive income for the period</b>	<b>126,248,788</b>	<b>3,455,845</b>	<b>1,616,794</b>	<b>131,321,427</b>	<b>29,464,604</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

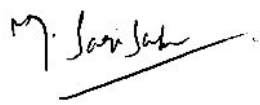


Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016				Half year ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income before taxation	100,404,595	12,331,966	3,218,421	115,954,982	28,223,585
<b>Adjustments for non cash charges and other items:</b>					
Capital (gain) / loss on sale of investments	(71,782,893)	2,866,421	196,160	(68,720,312)	(7,502,184)
Unrealised (gain) / loss on revaluation of investments - 'at fair value through profit or loss - held-for-trading' - net	(20,705,666)	43,684.00	5,399.00	(20,656,583)	(9,196,506)
Impairment loss on investments classified as available-for-sale	-	-	-	-	10,252,750
Reversal of provision against debt securities	-	-	-	-	(535,714)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those redeemed:					
- from realized/unrealized capital gain	(911,259)	442,921	(9,013)	(477,351)	(1,620,476)
- from other income	(5,592)	(756,011)	(7,669)	(769,272)	(897,077)
	(93,405,410)	2,597,015	184,877	(90,623,518)	(9,499,207)
<b>(Increase) / decrease in assets</b>					
Investments	(57,928,807)	55,175,014	104,746,181	101,992,388	(81,002,511)
Dividend receivable	879,441	-	-	879,441	(112,799)
Profit receivable	(13,450)	(2,469,772)	6,222,553	3,739,331	(3,220,593)
Receivable against sale of investment	2,211,716	-	-	2,211,716	(1,860,000)
Deposits and other receivables	(1,054,961)	(1,161)	(847)	(1,056,969)	(39,295)
	(55,906,061)	52,704,081	110,967,887	107,765,907	(86,235,198)
<b>(Decrease) / increase in liabilities</b>					
Payable to Pension Fund Manager	304,168	63,806	19,743	387,717	70,971
Payable to the Trustee	23,930	2,584	582	27,096	32,958
Annual fee - Securities and Exchange Commission of Pakistan	(42,438)	(54,455)	(22,556)	(119,449)	(78,979)
Payable against purchase of equity securities	10,748,468	-	-	10,748,468	(17,311,675)
Payable against redemption of units	-	-	22,098	22,098	10,022,098
Accrued and other liabilities	1,616,360	150,992	11,358	1,778,710	1,357,325
	12,650,488	162,927	31,225	12,844,640	(5,907,302)
<b>Cash (used in) / generated from operating activities</b>	(36,256,388)	67,795,989	114,402,410	145,942,011	(73,418,122)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	85,889,102	72,942,138	21,530,561	180,361,801	146,445,779
Payment against withdrawal	(62,405,145)	(53,865,267)	(16,406,554)	(132,676,966)	(81,794,412)
<b>Net cash generated from financing activities</b>	23,483,957	19,076,871	5,124,007	47,684,835	64,651,367
<b>Net (decrease) / increase in cash and cash equivalent during the period</b>	(12,772,431)	86,872,860	119,526,417	193,626,846	(8,766,755)
Cash and cash equivalents at beginning of the period	25,541,811	11,260,150	5,150,703	41,952,664	44,824,742
<b>Cash and cash equivalents at end of the period</b>	12,769,380	98,133,010	124,677,120	235,579,510	36,057,987

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

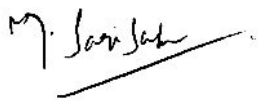


Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

	Quarter ended December 31, 2016				Quarter ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income before taxation	66,206,859	5,215,496	2,867,598	74,289,953	8,792,730
<b>Adjustments for non cash charges and other items:</b>					
Capital (gain) / loss on sale of investments	(40,573,908)	2,324,960	(1,248,149)	(39,497,097)	(3,974,168)
Unrealised (gain) / loss on revaluation of investments - 'at fair value through profit or loss - held-for-trading' - net	(20,489,544)	(29,081)	(28,895)	(20,547,520)	(4,789,046)
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	10,252,750
Reversal of provision against debt securities	-	-	-	-	(267,857)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those redeemed:					
- from realized/unrealized capital gain	(1,048,769)	222,872	(7,472)	(833,369)	19,364,161
- from other income	(80,070)	(172,687)	32,584	(220,173)	(19,840,412)
	(62,192,291)	2,346,064	(1,251,932)	(61,098,159)	745,428
<b>(Increase) / decrease in assets</b>					
Investments - net	(31,887,509)	88,408,592	118,117,807	174,638,890	(14,988,047)
Dividend receivable	4,673,220	-	-	4,673,220	2,921,439
Profit receivable	(12,027)	(9,048,813)	(297,084)	(9,357,924)	(8,860,530)
Receivable against sale of units	14,515,202	-	-	14,515,202	(1,860,000)
Deposits and other receivables	(1,040,805)	-	-	(1,040,805)	(35,625)
	(13,751,919)	79,359,779	117,820,723	183,428,583	(22,822,763)
<b>Increase / (decrease) in liabilities</b>					
Payable to Pension Fund Manager	192,674	33,304	14,481	240,459	99,969
Payable to the Trustee	15,449	1,390	723	17,562	9,991
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	55,298	37,608	13,986	106,892	79,656
Payable against redemption of units	-	-	22,098	22,098	10,022,098
Payable against purchase of investments	10,748,468	-	-	10,748,468	
Accrued and other liabilities	(8,146,177)	74,795	(5,954)	(8,077,336)	1,753,237
	2,865,712	147,097	45,334	3,058,143	11,964,951
<b>Cash (used in) / generated from operating activities</b>	(6,871,639)	87,068,436	119,481,723	199,678,520	(1,319,654)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	49,545,730	34,223,034	11,748,843	95,517,607	42,958,349
Payment against withdrawal	(34,205,099)	(35,947,162)	(12,678,981)	(82,831,242)	(26,420,403)
<b>Net cash generated from financing activities</b>	15,340,631	(1,724,128)	(930,138)	12,686,365	16,537,946
<b>Net increase in cash and cash equivalents during the period</b>	8,468,992	85,344,308	118,551,585	212,364,885	15,218,292
Cash and cash equivalents at beginning of the period	4,300,388	12,788,702	6,125,535	23,214,625	20,839,695
<b>Cash and cash equivalents at end of the period</b>	12,769,380	98,133,010	124,677,120	235,579,510	36,057,987

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

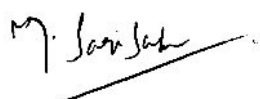


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANT'S SUB-FUND (UN-AUDITED)  
FOR THE HALF YEAR DECEMBER 31, 2016**

	Half year ended December 31, 2016				Half year ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
Net assets at the beginning of the period	528,874,233	421,008,172	157,132,508	1,107,014,913	872,902,262
Amount received on issuance of units	85,889,102	72,942,138	21,530,561	180,361,801	146,445,779
Amount paid on redemption of units	(62,405,145)	(53,865,267)	(16,406,554)	(132,676,966)	(81,794,412)
	23,483,957	19,076,871	5,124,007	47,684,835	64,651,367
<b>Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net</b>					
Amount representing (income) / loss and realised capital (gains) / losses - net					
- arising from capital gain and unrealised gain	(911,259)	442,921	(9,013)	(477,351)	(1,620,476)
- arising from other income	(5,592)	(756,011)	(7,669)	(769,272)	(897,077)
Amount representing unrealised (appreciation)/ diminution in fair value of investment	(17,525,975)	(10,139,494)	(16,682)	(27,682,151)	(6,930,298)
	(18,442,826)	(10,452,584)	(33,364)	(28,928,774)	(9,447,851)
Net unrealised (loss) / gain during the period in the market value of investments classified as available-for-sale	87,966,271	(4,414,793)	(37,116)	83,514,362	(5,932,139)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net	17,525,975	10,139,494	16,682	27,682,151	6,930,298
Net income after taxation for the period	100,404,595	12,331,966	3,218,421	115,954,982	28,223,585
<b>Net assets at the end of the period</b>	<b>739,812,205</b>	<b>447,689,126</b>	<b>165,421,138</b>	<b>1,352,922,469</b>	<b>957,327,522</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



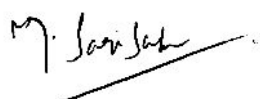
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANT'S SUB-FUND (UN-AUDITED)  
FOR THE QUARTER DECEMBER 31, 2016**

	Quarter ended December 31, 2016				Quarter ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
Net assets at the beginning of the period	599,351,621	445,907,225	164,709,375	1,209,968,221	911,801,124
Amount received on issuance of units	49,545,729	34,223,035	11,748,844	95,517,608	42,958,349
Amount paid on redemption of units	(34,205,099)	(35,947,163)	(12,678,981)	(82,831,243)	(26,420,403)
	15,340,630	(1,724,128)	(930,137)	12,686,365	16,537,946
<b>Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net</b>					
Amount representing (income) / loss and realised capital (gains) / losses - net				-	-
- arising from capital gain and unrealised gain	(1,123,247)	806,196	32,781	(284,270)	19,364,161
- arising from other income	(5,587)	(756,012)	(7,675)	(769,274)	(19,840,313)
Amount representing unrealised (appreciation) / diminution in fair value of investments	(23,932,702)	(904,853)	(3,041,432)	(27,878,987)	(5,257,065)
	(25,061,536)	(854,669)	(3,016,326)	(28,932,531)	(5,733,217)
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	60,041,929	(1,759,651)	(1,250,804)	57,031,474	20,671,874
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - amount representing unrealised diminution / (appreciation) - net	23,932,702	904,853	3,041,432	27,878,987	5,257,065
Net income after taxation for the period	66,206,859	5,215,496	2,867,598	74,289,953	8,792,730
<b>Net assets at the end of period</b>	<b>739,812,205</b>	<b>447,689,126</b>	<b>165,421,138</b>	<b>1,352,922,469</b>	<b>957,327,522</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

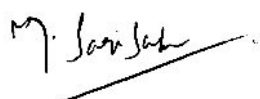


Director

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY (UN-AUDITED)  
AS AT DECEMBER 31, 2016**

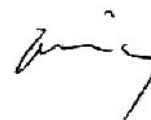
	December 31, 2016 (Un-Audited)			
	Equity sub fund	Debt sub fund	Money market sub fund	June 30, 2016 (Audited)
	----- (Rupees) -----			
Investments 'at fair value through profit or loss - held-for-trading'				
Listed equity securities	289,234,362	-	-	30,200,326
Pakistan Investment Bonds	-	-	-	99,854,353
Market Treasury Bills	-	12,979,831	42,302,879	96,160,680
	289,234,362	12,979,831	42,302,879	226,215,359
'Available-for-sale' investments				
Listed equity securities	448,474,741	-	-	469,125,249
Pakistan Investment Bonds	-	323,814,687	-	349,710,932
Term Finance Certificates and Sukuk bonds	-	1,679,790	-	2,535,991
	448,474,741	325,494,477	-	821,372,172
	737,709,103	338,474,308	42,302,879	1,047,587,531

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

# CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2016

## INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS' - HELD-FOR-TRADING PPF EQUITY SUB FUND LISTED EQUITY SECURITIES

Name of the Investee Company	Number of shares					As at December 31, 2016			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company
	As at July 01, 2016	Purchases during the period	Bonus / Right issue (R) during the period	Sales during the period	As at December 31, 2016	Cost	Market value	Appreciation / (diminution)		
----- (Rupees) ----- % -----										
SHARES OF LISTED COMPANIES - fully paid ordinary shares of Rs.10 each unless stated otherwise										
<b>Oil and gas exploration</b>										
Pakistan Oilfields Limited	194	-	-	-	194	67,411	103,716	36,305	0.01	0.00
Pakistan Petroleum Limited	223	125,000	-	-	125,223	20,909,574	23,564,464	2,654,890	3.19	0.01
Oil and Gas Development Company Limited	-	45,000	-	-	45,000	6,412,500	7,440,750	1,028,250	1.01	0.00
					<b>170,417</b>	<b>27,389,485</b>	<b>31,108,930</b>	<b>3,719,445</b>	<b>4.21</b>	
<b>Oil and gas marketing</b>										
Hascol Petroleum Limited	-	21,000	-	-	21,000	7,140,000	7,087,920	(52,080)	0.96	0.02
<b>Chemicals</b>										
Ghani Gases Limited	-	345,000	-	345,000	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	-	145,500	-	145,500	-	-	-	-	-	-
Dyneen Pakistan Limited *	7000	-	-	-	7,000	318,500	373,800	55,300	0.05	0.07
					<b>7,000</b>	<b>318,500</b>	<b>373,800</b>	<b>55,300</b>	<b>0.05</b>	
<b>Fertilizer</b>										
Engro Corporation Limited	5,000	-	-	5,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	100,000	-	100,000	-	-	-	-	-	-
Engro Fertilizers Limited	-	300,000	-	-	300,000	20,360,610	20,394,000	33,390	2.76	0.02
					<b>300,000</b>	<b>20,360,610</b>	<b>20,394,000</b>	<b>33,390</b>	<b>2.76</b>	
<b>Cement</b>										
Pioneer Cement Limited	3,000	-	-	3000	-	-	-	-	-	-
Lucky Cement Limited	-	44,000	-	-	44,000	33,386,593	38,115,440	4,728,847	5.15	0.01
Kohat Cement Limited	-	61,500	-	-	61,500	17,220,000	17,935,860	715,860	2.42	0.04
					<b>105,500</b>	<b>50,606,593</b>	<b>56,051,300</b>	<b>5,444,707</b>	<b>7.57</b>	
<b>Engineering</b>										
Crescent Steel and Allied Products Limited	16,500	-	-	16,500	-	-	-	-	-	-
International Industries Limited	-	30,000	-	-	30,000	5,695,191	6,111,900	416,709	0.83	0.03
					<b>30,000</b>	<b>5,695,191</b>	<b>6,111,900</b>	<b>416,709</b>	<b>0.83</b>	
<b>Paper and Board</b>										
Century Paper and Board Mills Limited	-	115,000	-	62,500	52,500	2,995,477	3,257,625	262,148	0.44	0.04
<b>Leather &amp; tanneries</b>										
Bata Pakistan Limited	1,340	-	-	-	1,340	5,463,622	5,775,400	311,778	0.78	0.02
Service Industries Limited	-	4,500	-	2,200	2,300	3,013,000	3,443,353	430,353	0.47	0.02
					<b>3,640</b>	<b>8,476,622</b>	<b>9,218,753</b>	<b>742,131</b>	<b>0.78</b>	
<b>Food and Personal Care Products</b>										
Shezan International Limited	3,700	12,700	-	-	16,400	7,538,804	8,230,668	691,864	1.11	0.21
<b>Cable and electrical goods</b>										
Pak Elektron Limited	-	180,000	-	-	180,000	12,936,078	12,830,400	(105,678)	1.73	0.04
<b>Commercial Banks</b>										
United Bank Limited	-	75,000	-	-	75,000	16,627,500	17,917,500	1,290,000	2.42	0.01
Faysal Bank Limited	-	144,500	-	-	144,500	2,484,981	3,147,210	662,229	0.43	0.01
Habib Bank Limited	-	7,000	-	-	7,000	1,652,070	1,912,750	260,680	0.26	0.00
					<b>226,500</b>	<b>20,764,551</b>	<b>22,977,460</b>	<b>2,212,909</b>	<b>3.11</b>	
<b>Refinery</b>										
Attock Refinery Limited	-	93,000	-	-	93,000	35,491,358	39,552,900	4,061,542	5.35	0.11
<b>Pharmaceuticals</b>										
IBL Health Care Limited	60,720	-	858	55,000	6,578	908,450	1,119,312	210,862	0.15	0.01
GlaxoSmithKline (Pakistan) Limited	-	80,000	-	-	80,000	18,218,760	18,664,000	445,240	2.52	0.03
The Searle Company Limited	-	11,500	-	-	11,500	6,888,480	7,518,585	630,105	1.02	0.01
					<b>98,078</b>	<b>26,015,690</b>	<b>27,301,897</b>	<b>1,286,207</b>	<b>3.69</b>	
<b>Automobile assembler</b>										
Pak Suzuki Motor Company Limited	-	25,000	-	-	25,000	13,862,680	15,320,500	1,457,820	2.07	0.03
Atlas Honda Limited	-	11,500	-	-	11,500	6,612,500	6,717,380	104,880	0.91	0.01
Indus Motors Company Limited	-	5,000	-	-	5,000	8,050,000	8,072,650	22,650	1.09	0.01
					<b>41,500</b>	<b>28,525,180</b>	<b>30,110,530</b>	<b>1,585,350</b>	<b>4.07</b>	
<b>Power generation and distribution</b>										
Hub Power Company Limited **	75,995	-	-	-	75,995	9,123,960	9,383,863	259,903	1.27	0.01
Kot Addu Power Company Limited	-	31,500	-	-	31,500	2,452,130	2,482,200	30,070	0.34	0.00
					<b>107,495</b>	<b>11,576,090</b>	<b>11,866,063</b>	<b>289,973</b>	<b>1.61</b>	
<b>Miscellaneous</b>										
Tri-Pak Films	-	9,400	-	-	9,400	2,698,467	2,760,216	61,749	0.37	0.02
<b>At December 31, 2016 (Un-audited)</b>						<b>1,462,430</b>	<b>268,528,696</b>	<b>289,234,362</b>	<b>20,705,666</b>	
<b>At June 30, 2016 (Audited)</b>						173,672	23,828,010	30,200,284	6,372,274	

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

\*\* These includes shares with an aggregating market value of Rs.9.8 million (June 30, 2016: Rs.9.11 million) which have been pledged with the National Clearing Company of Pakistan Limited as security against settlement of the Fund's trading in accordance with the terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

**Chief Executive Officer**

**Director**

# CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2016

**INVESTMENTS "AVAILABLE-FOR-SALE"  
PPF EQUITY SUB-FUND  
LISTED EQUITY SECURITIES**

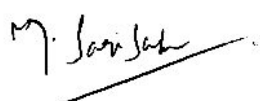
Name of the Investee Company	Number of shares -----					As at December 31, 2016			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company
	As at July 01, 2016	Purchases during the period	Bonus / Right issue(R) during the period	Sales during the period	As at December 31, 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										
Oil and Gas Development Company Limited *	220,000	39,000	-	40,000	219,000	34,582,378	36,211,650	1,629,272	4.89	0.01
Pakistan Oilfields Limited	69,006	15,000	-	22,500	61,506	21,547,403	32,882,338	11,334,935	4.44	0.03
Mari Petroleum Company Limited	-	22,000	-	-	22,000	21,826,235	30,248,020	8,421,785	4.09	0.02
					302,506	77,956,016	99,342,008	21,385,992	13.42	
Oil and gas marketing										
Pakistan State Oil Company Limited	59,000	2,000	-	61,000	-	-	-	-	-	-
Shell Pakistan Limited	11,000	-	-	11,000	-	-	-	-	-	-
Hascol Petroleum Limited	-	15,000	-	15,000	-	-	-	-	-	-
					-	-	-	-	-	
Power generation and distribution										
Altern Energy Limited	10,500	-	-	-	10,500	404,977	433,125	28,148	0.06	0.00
Kot Addu Power Company Limited	199,000	-	-	100,000	99,000	9,007,109	7,801,200	(1,205,909)	1.05	0.01
Hub Power Company Limited	35,000	104,400	-	90,000	49,400	5,935,968	6,099,912	163,944	0.82	0.00
					158,900	15,348,054	14,334,237	(1,013,817)	1.93	
Fertilizer										
Engro Corporation Limited	138,900	7,000	-	145,900	-	-	-	-	-	-
Dawood Hercules Corporation Limited	75,000	-	-	28,800	46,200	5,554,035	6,668,046	1,114,011	0.90	0.01
Engro Fertilizers Limited	-	479,000	-	60,000	419,000	28,844,714	28,483,620	(361,094)	3.85	0.03
					465,200	34,398,749	35,151,666	752,917	4.75	
Paper and board										
Packages Limited	20,500	8,500	-	21,000	8,000	5,602,818	6,800,400	1,197,582	0.92	0.01
Security Papers Limited	33	-	-	-	33	872	3,255	2,383	0.00	0.00
					8,033	5,603,690	6,803,655	1,199,965	0.92	
Chemicals										
Sitara Chemical Industries Limited	-	12,700	-	12,700	-	-	-	-	-	-
ICI Pakistan Limited	45,100	-	-	38,100	7,000	3,016,530	6,956,110	3,939,580	0.94	0.01
Linde Pakistan Limited	38,000	-	-	38,000	-	-	-	-	0.00	-
Biafo Industries Limited	16,100	-	1,610	5,000	12,710	2,314,074	4,041,653	1,727,579	0.55	0.06
Archroma Pakistan Limited.	27,700	-	-	11,200	16,500	7,510,927	13,225,245	5,714,318	1.79	0.05
					36,210	12,841,531	24,223,008	11,381,477	3.28	
Leather & tanneries										
Service Industries Limited	-	7,000	-	500	6,500	7,877,427	9,731,215	1,853,788	1.32	0.05
Automobile assembler										
Agriautos Industries Limited	51,000	-	-	51,000	-	-	-	-	-	-
Ghandara Nissan Limited	-	100	-	100	-	-	-	-	-	-
Indus Motor Company Limited	-	13,000	-	9,000	4,000	5,533,305	6,458,120	924,815	0.87	0.01
Sazgar Engineering Works Limited	-	130,000	-	130,000	-	-	-	-	-	-
HinoPak Motors Limited	-	7,060	-	-	7,060	6,978,338	12,800,698	5,822,360	1.73	0.06
					11,060	12,511,643	19,258,818	6,747,175	2.60	
Automobile parts & accessories										
Atlas Battery Limited	-	12,700	-	-	12,700	7,827,570	10,604,373	2,776,803	1.43	0.07
Cement										
Cherat Cement Company Limited	135,000	50,000	-	135,000	50,000	6,332,320	8,702,000	2,369,680	1.18	0.03
Lucky Cement Limited	48,800	-	-	25,500	23,300	13,877,685	20,183,858	6,306,173	2.73	0.01
Maple Leaf Cement Factory Limited	100,000	195,000	-	295,000	-	-	-	-	-	-
Pioneer Cement Limited	99,000	59,800	-	158,800	-	-	-	-	-	-
Kohat Cement Limited	20,000	-	-	20,000	-	-	-	-	-	-
					73,300	20,210,005	28,885,858	8,675,853	3.91	
Commercial banks										
Bank Al Habib Limited	151,000	385,000	-	135,000	401,000	17,532,041	23,654,990	6,122,949	3.20	0.04
United Bank Limited	202,000	70,000	-	191,300	80,700	13,847,313	19,279,230	5,431,917	2.61	0.01
Habib Metropolitan Bank Limited	250,000	190,000	-	250,000	190,000	5,613,778	7,030,000	1,416,222	0.95	0.02
Habib Bank Limited	145,000	-	-	42,000	103,000	18,736,380	28,144,750	9,408,370	3.80	0.01
Meezan Bank Limited	-	92,000	-	-	92,000	4,750,475	6,266,120	1,515,645	0.85	0.01
Askari Bank Limited	-	200,000	-	200,000	-	-	-	-	-	-
					866,700	60,479,987	84,375,090	23,895,103	11.41	

# CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2016

Name of the Investee Company	Number of shares					As at December 31, 2016			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company
	As at July 01, 2016	Purchases during the period	Bonus / Right issue(R) during the period	Sales during the period	As at December 31, 2016	Cost	Market value	Appreciation / (diminution)		
----- (Rupees) ----- % -----										
<b>Engineering</b>										
Crescent Steel and Allied Products Limited	8,700	91,000	-	99,700	-	-	-	-	-	-
Amreli Steels Limited	-	230,000	-	230,000	-	-	-	-	-	-
International Industries Limited	-	55,000	-	-	55,000	5,657,410	11,205,150	5,547,740	1.51	0.05
K.S.B. Pumps Co. Limited	-	3,800	-	700	3,100	816,255	1,265,575	449,320	0.17	0.02
					<b>58,100</b>	<b>6,473,665</b>	<b>12,470,725</b>	<b>5,997,060</b>	<b>1.68</b>	
<b>Food and Personal Care Products</b>										
Shezan International Limited	2,500	-	-	2,500	-	-	-	-	-	-
Murree Brewery Company Limited	13,000	-	-	13,000	-	-	-	-	-	-
					-	-	-	-	-	
<b>Textile spinning</b>										
Gadoon Textile Mills Limited	-	102,200	-	40,400	61,800	8,936,299	16,744,092	7,807,793	2.26	0.22
<b>Textile composite</b>										
Kohinoor Textile Mills Limited	-	140,000	-	-	140,000	11,588,948	16,268,000	4,679,052	2.20	0.05
<b>Miscellaneous</b>										
Shifa International Hospitals Limited	52,903	-	-	26,800	26,103	6,585,403	8,024,323	1,438,920	1.08	0.05
<b>Glass and ceramics</b>										
Tariq Glass Industries Limited	167,500	-	-	167,500	-	-	-	-	-	
<b>Pharmaceuticals</b>										
IBL HealthCare Limited	5,060	-	108	4,340	828	83,606	140,892	57,286	0.02	0.00
The Searle Company Limited	1,450	-	203	-	1,653	576,450	1,080,715	504,265	0.15	0.00
Abbot Laboratories (Pakistan) Limited	27,700	-	-	12,000	15,700	10,372,045	15,026,313	4,654,268	2.03	0.02
					<b>18,181</b>	<b>11,032,101</b>	<b>16,247,920</b>	<b>5,215,819</b>	<b>2.20</b>	
<b>Technology and communications</b>										
NetSol Technologies Limited	125,000	100,000	-	-	225,000	14,176,103	12,213,000	(1,963,103)	1.65	0.25
Systems Limited	261,955	-	-	81,000	180,955	6,960,905	15,308,793	8,347,888	2.07	0.16
Avanceon Limited	-	350,000	-	-	350,000	11,373,320	12,197,500	824,180	1.65	0.33
Pakistan Telecommunication Company Limited	-	100,000	-	100,000	-	-	-	-	-	-
					<b>755,955</b>	<b>32,510,328</b>	<b>39,719,293</b>	<b>7,208,965</b>	<b>5.37</b>	
<b>Cable and electrical goods</b>										
Pak Elektron Limited	162,250	215,000	-	289,000	<b>88,250</b>	<b>6,198,000</b>	<b>6,290,460</b>	<b>92,460</b>	<b>0.85</b>	<b>0.02</b>
<b>At December 31, 2016 (Un-audited)</b>					<b>3,089,498</b>	<b>338,379,416</b>	<b>448,474,741</b>	<b>110,095,325</b>		
At June 30, 2016 (Audited)					2,994,657	433,467,121	469,125,560	35,658,439		

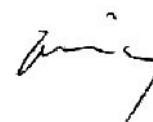
\* These includes shares with an aggregating market value of Rs.16.53 million (June 30, 2016: Rs.12 million) which have been pledged with the National Clearing Company of Pakistan Limited as security against settlement of the Fund's trading in accordance with the terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

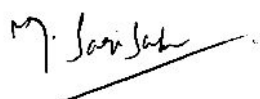
# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2016

## DEBT SUB-FUND

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

Name of Investment	Face value				As at December 31, 2016			Market
	As at July 01, 2016	Purchases during the period	Sales / maturities during the period	As at December 31, 2016	Carrying value	Market value	Appreciation /(diminution)	value as a % of net asset of the sub fund
(Rupees)								%
Treasury Bills (12 Months)	17,395,000	168,900,000	173,000,000	13,295,000	12,983,729	12,979,831	(3,898)	3
Treasury Bills (6 Months)	60,770,000	8,000,000	68,770,000	-	-	-	-	-
Treasury Bills (3 Months)	-	156,000,000	156,000,000	-	-	-	-	-
<b>As at December 31, 2016</b>	<b>78,165,000</b>	<b>332,900,000</b>	<b>397,770,000</b>	<b>13,295,000</b>	<b>12,983,729</b>	<b>12,979,831</b>	<b>(3,898)</b>	
As at June 30, 2016					77,157,119	77,196,904	39,785	

Name of Investment	Face value				As at December 31, 2016			Market
	As at July 01, 2016	Purchases during the period	Sales / maturities during the period	As at December 31, 2016	Carrying value	Market value	Appreciation /(diminution)	value as a % of net asset of the sub fund
(Rupees)								%
Pakistan Investment Bonds (10 Years)	130,000	-	130,000	-	-	-	-	-
Pakistan Investment Bonds (5 Years)	80,360,000	-	80,360,000	-	-	-	-	-
Pakistan Investment Bonds (3 Years)	14,365,000	-	14,365,000	-	-	-	-	-
<b>As at December 31, 2016</b>	<b>94,855,000</b>	<b>-</b>	<b>94,855,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
As at June 30, 2016					99,599,007	99,854,386	255,379	



Chief Executive Officer

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



Director

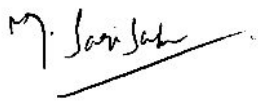


# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2016

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

Name of Investment	Face value				As at December 31, 2016			Market value as a % of net asset of the sub fund
	As at July 01, 2016	Purchases during the period	Sales / maturities during the period	As at December 31, 2016	Carrying value	Market value	Appreciation /(Diminution)	
	(Rupees)							%
Pakistan Investment Bonds (20 Years)	-	1,900,000	-	1,900,000	2,011,866	2,098,383	86,517	0.47
Pakistan Investment Bonds (15 Years)	3,500,000	-	-	3,500,000	3,592,321	3,865,390	273,069	0.86
Pakistan Investment Bonds (10 Years)	3,800,000	50,430,000	50,300,000	3,930,000	4,453,309	4,327,037	(126,272)	0.97
Pakistan Investment Bonds (5 Years)	106,600,000	777,360,000	593,700,000	290,260,000	313,731,685	312,545,392	(1,186,293)	69.81
Pakistan Investment Bonds (3 Years)	90,250,000	206,950,000	296,250,000	950,000	986,387	978,485	(7,902)	0.22
<b>As at December 31, 2016</b>	<b>204,150,000</b>	<b>1,036,640,000</b>	<b>940,250,000</b>	<b>300,540,000</b>	<b>324,775,568</b>	<b>323,814,687</b>	<b>(960,881)</b>	
As at June 30, 2016					217,966,752	221,387,045	3,420,293	

Name of Investment	Issue Date	Number of Certificates				As at December 31, 2016			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016	Cost	Market value	Appreciation /(diminution)			
----- Number of Certificates ----- (Rupees) ----- % -----											
Term Finance Certificates (TFCs)											
Bank Alfalah TFCs-IV (Floating)	2-Dec-09	500	-	-	500	1,663,166	1,679,790	16,624	0.38	0.37	0.05
Sukuk bonds											
Pak Elektron Limited	28-Sep-07	750	-	(750)	-	-	-	-	-	-	-
As at December 31, 2016		1,250	-	(750)	500	1,663,166	1,679,790	16,624	-	-	
As at June 30, 2016						2,494,748	2,535,989	41,241			



Chief Executive Officer

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



Director

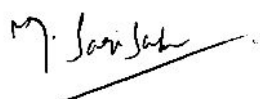
# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2016

## MONEY MARKET SUB-FUND INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS' - 'HELD-FOR-TRADING'

Name of Investment	Face value				As at December 31, 2016			Market
	As at July 01, 2016	Purchases during the period	Sales / maturities during the period	As at December 31, 2016	Carrying value	Market value	Appreciation/ (Diminution)	value as a % of net asset of the sub fund
(Rupees)								
Treasury Bills (12 Months)	-	11,215,000	10,000,000.00	1,215,000	1,208,844	1,208,725	(119)	0.27
Treasury Bills (6 Months)	15,000,000	252,010,000	227,010,000	40,000,000	39,801,670	39,797,923	(3,747)	8.89
Treasury Bills (3 Months)	4,000,000	450,300,000	453,000,000	1,300,000	1,296,199	1,296,231	32	0.29
<b>As at December 31, 2016</b>	<b>19,000,000</b>	<b>713,525,000</b>	<b>690,010,000</b>	<b>42,515,000</b>	<b>42,306,713</b>	<b>42,302,879</b>	<b>(3,834)</b>	
As at June 30, 2016					18,962,138	18,963,602	1,464	

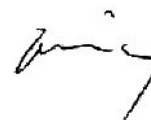
## 'AVAILABLE-FOR-SALE' INVESTMENTS

Name of Investment	Face value				As at December 31, 2016			Market
	As at July 01, 2016	Purchases during the period	Sales / maturities during the period	As at December 31, 2016	Carrying value	Market value	Appreciation/ (Diminution)	value as a % of net asset of the sub fund
(Rupees)								
Pakistan Investment Bonds (3 Years)	128,000,000	-	128,000,000	-	-	-	-	-
<b>As at December 31, 2016</b>	<b>128,000,000</b>	<b>-</b>	<b>128,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
As at June 30, 2016					128,286,980	128,324,096	37,116	



Chief Executive Officer

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

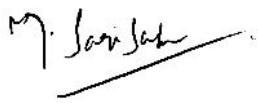


Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

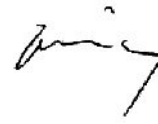
Contributions net of front end fee	Half year ended December 31, 2016							Half year ended December 31, 2015
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- (Rupees) -----							
Opening balance	1,270,108	528,874,233	1,911,296	421,008,172	779,640	157,132,508	1,107,014,913	516,000,241
Individuals -								
- issuance/conversion in/reallocation of units	183,587	85,889,102	342,162	72,942,138	106,865	21,530,561	180,361,801	146,445,779
- redemption/conversion out/reallocation of units	(133,439)	(62,405,145)	(254,589)	(53,865,267)	(81,805)	(16,406,554)	(132,676,966)	(81,794,412)
	50,148	23,483,957	87,573	19,076,871	25,060	5,124,007	47,684,835	64,651,367
Closing balance	1,320,256	552,358,190	1,998,869	440,085,043	804,700	162,256,515	1,154,699,748	580,651,608

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

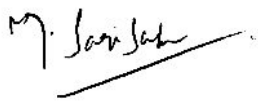


Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2016**

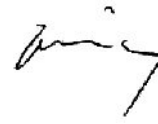
Contributions net of front end fee	Quarter ended December 31, 2016							Quarter ended December 31, 2015
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- (Rupees) -----							
Opening balance	1,289,593	276,607,895	2,005,229	317,824,451	809,487	109,101,750	703,534,096	564,113,662
Individuals -								
- issuance/conversion in/reallocation of units	99,587	49,545,729	157,895	34,223,034	57,882	11,748,844	95,517,607	42,958,349
- redemption/conversion out/reallocation of units	(68,924)	(34,205,099)	(164,255)	(35,947,162)	(62,669)	(12,678,981)	(82,831,242)	(26,420,403)
	30,663	15,340,630	(6,360)	(1,724,128)	(4,787)	(930,137)	12,686,365	16,537,946
Closing balance	1,320,256	291,948,525	1,998,869	316,100,323	804,700	108,171,613	716,220,461	580,651,608

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

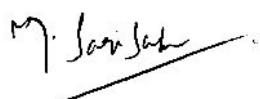


Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

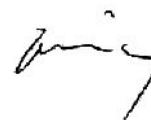
	Half year ended December 31, 2016			
	Equity sub fund	Debt sub fund	Money market sub fund	Half year ended December 31, 2015
	-----	No. of units	-----	
Total units outstanding at the beginning of the period	1,270,108	1,911,296	779,640	3,423,353
Add: Units issued during the period	183,587	342,162	106,865	562,239
Less: Units redeemed during the period	(133,439)	(254,589)	(81,805)	(320,417)
<b>Total units in issue at the end of the period</b>	<b>1,320,256</b>	<b>1,998,869</b>	<b>804,700</b>	3,665,175

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

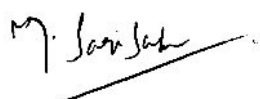


Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2016**

	Quarter ended December 31, 2016			
	Equity sub fund	Debt sub fund	Money market sub fund	Quarter ended December 31, 2015
	-----	No. of units	-----	
Total units outstanding at the beginning of the period	1,289,593	2,005,229	809,487	3,616,356
Add: Units issued during the period	99,587	157,895	57,882	166,877
Less: Units redeemed during the period	(68,924)	(164,255)	(62,669)	(118,058)
<b>Total units in issue at the end of the period</b>	<b>1,320,256</b>	<b>1,998,869</b>	<b>804,700</b>	3,665,175

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014. Effective date from 30 September 2014, CDC has been appointed as the trustee of the fund.
- 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.
- 1.3** PPF is an open-ended 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.
- 1.4** The registered office of Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.5** Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated June 08, 2016 to the Management Company.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

- 2.1.1** These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the VPS Rules and the directives issued by SECP. Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence.
- 2.1.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.
- 2.1.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2016 and December 31, 2015 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.1.4** These condensed interim financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest rupee.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2016.
- 3.2** The element of income arising on issuance and redemption of units is bifurcated into portion attributable to capital gain / losses (realised and unrealised) and other income appearing in book of accounts of the Fund.

**4. FINANCIAL RISK MANAGEMENT**

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016.

		<b>As at December 31, 2016 (Un-audited)</b>				<b>As at June 30, 2016 (Audited)</b>
		<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>	<b>Total</b>	
<b>5. BALANCES WITH BANKS</b>	<b>Note</b>	<b>----- (Rupees) -----</b>				
Savings Accounts	5.1	12,769,380	13,133,010	94,677,120	120,579,510	41,952,664
Term Deposit Receipt	5.2	-	85,000,000	30,000,000	115,000,000	-
		<b>12,769,380</b>	<b>98,133,010</b>	<b>124,677,120</b>	<b>235,579,510</b>	<b>41,952,664</b>

**5.1** Saving accounts with banks carry interest at the rate ranging from 3.75% to 6.35% per annum (June 30, 2016: 5.25% per annum).

**5.2** Term Deposit Receipt carry markup at the rate of 6.8% to 7% per annum (June 2016 : Nil).

		<b>As at December 31, 2016 (Un-audited)</b>				<b>As at June 30, 2016 (Audited)</b>
		<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>	<b>Total</b>	
<b>6. DEPOSITS AND OTHER RECEIVABLES</b>		<b>----- (Rupees) -----</b>				
Security deposit						
- National Clearing Company of Pakistan Limited		2,500,000	-	-	2,500,000	2,500,000
- Central Depository Company of Pakistan		200,000	200,000	100,000	500,000	500,000
Advance tax		1,291,258	3,778	2,041	1,297,077	113,964
Others		16,500	16,307	16,461	49,268	175,412
		<b>4,007,758</b>	<b>220,085</b>	<b>118,502</b>	<b>4,346,345</b>	<b>3,289,376</b>

		<b>As at December 31, 2016 (Un-audited)</b>				<b>As at June 30, 2016 (Audited)</b>
		<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>	<b>Total</b>	
<b>7. PAYABLE TO PENSION FUND MANAGER</b>		<b>----- (Rupees) -----</b>				
Remuneration payable to Pension Fund Manager		901,468	570,166	210,882	1,682,516	1,327,656
Sindh sales tax payable on remuneration of Pension Fund Manager		117,191	74,122	27,415	218,728	185,871
		<b>1,018,659</b>	<b>644,288</b>	<b>238,297</b>	<b>1,901,244</b>	<b>1,513,527</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	As at December 31, 2016 (Un-audited)				As at June 30, 2016
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>					
Provision for Workers' Welfare Fund (note 8.1)	5,348,720	1,383,751	456,127	7,188,598	5,559,013
Provision for Federal Excise Duty on remuneration of Pension Fund Manager (note 8.2)	2,420,238	2,404,933	1,151,294	5,976,465	5,976,465
Brokerage	629,028	63,893	3,250	696,171	663,897
Withholding tax	359,562	222,547	38,312	620,421	379,855
Auditors' remuneration	113,898	82,454	30,486	226,838	300,749
Payable against redemption of units	-	-	-	-	19,912
Others	1,021	12,610	-	13,631	43,635
	<b>8,872,467</b>	<b>4,170,188</b>	<b>1,679,469</b>	<b>14,722,124</b>	<b>12,943,526</b>

**8.1 Provision for Workers' Welfare Fund**

The Supreme Court passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs.5.92 million, 1.41 million and 0.46 million respectively for Equity, Debt and Money Market sub funds. This has resulted in an increase in NAV per unit of Rs. 4.39 per unit, Rs.0.71 per unit and Rs. 0.58 per unit respectively for Equity, Debt and Money Market sub fund on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 4.05 per unit, Rs.0.69 per unit and Rs. 0.56 per unit respectively for Equity, Debt and Money Market sub fund on that date.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 2.95 million, Rs.0.93 million and Rs.0.19 million for Equity, Debt and Money Market sub fund. This has resulted in a decrease in NAV per unit of Rs.2.19 per unit, Rs.0.47 per unit and Rs.0.24 per unit respectively for Equity, Debt and Money Market sub fund on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs.2.24 per unit, Rs.0.46 per unit and Rs.0.24 per unit respectively for Equity, Debt and Money Market sub fund on that date. The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

**8.2 Provision for Federal Excise Duty**

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

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

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment by the SHC.

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

In view of the abovementioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company of the Fund has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of accounts of the Fund which aggregated to Rs.5.97 million as at December 31, 2016. (June 30, 2016: Rs.5.97 million). Had this provision not been made, the NAV of the Fund would have been higher by Rs.1.82 per unit, Rs.1.2 per unit and Rs.1.42 per unit respectively for Equity, Debt and Money Market sub funds.

**9. CONTINGENCIES AND COMMITMENTS**

**9.1** There were no contingencies and commitments outstanding as at December 31, 2016 (June 30, 2016: Nil).

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

	<b>As at December 31, 2016 (Un-audited)</b>				<b>As at December 31, 2015 (Un-audited)</b>
	<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>	<b>Total</b>	
	<b>----- (Rupees) -----</b>				
Market value	<b>448,474,741</b>	<b>325,494,477</b>	-	<b>773,969,218</b>	609,094,167
Average cost	<b>338,379,416</b>	<b>326,438,734</b>	-	<b>664,818,150</b>	(610,756,536)
	<b>110,095,325</b>	<b>(944,257)</b>	-	<b>109,151,068</b>	(1,662,369)
Impairment loss charged during the period	-	-	-	-	10,252,750
Net unrealized (appreciation) / diminution in fair value of investments at the beginning of the period	<b>(22,129,054)</b>	<b>(3,470,536)</b>	<b>(37,116)</b>	<b>(25,636,706)</b>	(14,522,520)
Appreciation / (diminution) during the period	<b>87,966,271</b>	<b>(4,414,793)</b>	<b>(37,116)</b>	<b>83,514,362</b>	2,731,670

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

**11. REMUNERATION OF PENSION FUND MANAGER**

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

**12. SINDH SALES TAX ON REMUNERATION OF TRUSTEE**

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13th, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 13% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill, 2010 amended upto 2015.

**13. TAXATION**

The income of Pakistan Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

**14. EARNINGS PER UNIT**

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

**15. TRANSACTIONS WITH CONNECTED PERSONS**

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

**15.1 Transactions during the period**

	Half year ended December 31, 2016 (Un-audited)				Half year ended December 31, 2015 (Un-audited)
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>					
Remuneration including indirect taxes	5,242,545	3,761,949	1,393,666	<b>10,398,160</b>	9,294,099
Redemption of nil units of PPF Debt sub fund (2015: 46,891 units)	-	-	-	-	10,000,000
Legal & Professional expense					37,939
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Remuneration	492,835	354,025	131,157	<b>978,017</b>	801,218
<b>Group / Associated Companies</b>					
<b>MCB Bank Limited</b>					
Mark-up earned	5,572	9,532	6,752	<b>21,856</b>	21,276
Bank charges	558	1,073	1,001	<b>2,632</b>	3,173
<b>Arif Habib Limited *</b>					
Brokerage expense	105,500	-	-	<b>105,500</b>	2,479

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	<b>Half year ended December 31, 2016 (Un-audited)</b>				<b>Half year ended December 31, 2015 (Un-audited)</b>
	<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>		
	<b>Total</b>				
	<b>----- (Rupees) -----</b>				
<b>Next Capital Limited *</b>					
Brokerage expense	36,863	-	2,270	<b>39,133</b>	24,920
<b>Summit Capital(Pvt) Limited *</b>					
Brokerage expense	-	-	-	-	4,994
<b>Directors and officers</b>					
Issue of 1,336 units of PPF Equity sub fund (2015: 2,604 units)	631,036	-	-	<b>631,036</b>	982,592
Issue of 420 units of PPF Debt sub fund (2015: 3,577 units)	-	93,413	-	<b>93,413</b>	749,309
Issue of 60 units of PPF Money Market sub fund (2015: 117 units)	-	-	12,285	<b>12,285</b>	22,773
Redemption of 1,008 units of PPF Equity sub fund (2015: 3,131 units)	496,717	-	-	<b>496,717</b>	1,165,800
Redemption of 2,771 units of PPF Debt sub fund (2015: 7,933 units)	-	617,054	-	<b>617,054</b>	1,658,703
Redemption of Nil units of PPF Money Market sub fund (2015: 2,217 units)	-	-	-	-	414,409

	<b>Quarter ended December 31, 2016 (Un-audited)</b>				<b>Quarter ended December 31, 2015 (Un-audited)</b>
	<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>		
	<b>Total</b>				
	<b>----- (Rupees) -----</b>				

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

Remuneration including indirect taxes	2,803,746	1,913,821	711,398	<b>5,428,965</b>	4,739,697
Redemption of 46,891 units of PPF Debt sub fund (2015: 46,891 Units)	-	-	-	-	10,000,000
Legal & Professional					37,939

**Central Depository Company**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

**of Pakistan Limited - Trustee**

Remuneration	260,374	177,838	66,113	<b>504,325</b>	408,591
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**Group / Associated Companies**

**MCB Bank Limited**

Mark-up earned	5,456	1,051	6,732	<b>13,239</b>	3,775
Bank charges	558	73	500	<b>1,131</b>	2,445

	Half year ended December 31, 2016 (Un-audited)			Total	Half year ended December 31, 2015 (Un-audited)
	Equity sub fund	Debt sub fund	Money market sub fund		
	----- (Rupees) -----				
<b>Arif Habib Limited *</b>					
Brokerage expense	105,500	-	-	<b>105,500</b>	2,479
<b>Next Capital Limited *</b>					
Brokerage expense	16,680	-	2,270	<b>18,950</b>	7,070
<b>Directors and officers</b>					
Issue of 1,141 units of PPF Equity sub fund (2015: 1,257 units)	544,557	-	-	<b>544,557</b>	475,802
Issue of 204 units of PPF Debt sub fund (2015: 605 units)	-	45,677	-	<b>45,677</b>	128,475
Issue of 30 units of PPF Money Market sub fund (2015: 10 units)	-	-	6,154	<b>6,154</b>	1,866
Redemption of 1,008 units of PPF Equity sub fund (2015: Nil units)	496,717	-	-	<b>496,717</b>	-
Redemption of 2,771 units of PPF Debt sub fund (2015: Nil units)	-	617,054	-	<b>617,054</b>	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

**15.2 Amounts outstanding as at period / year end**

	As at December 31, 2016 (Un-audited)				Audited June 30, 2016 (Audited)
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	901,468	570,166	210,882	1,682,515	1,327,656
Sales tax on remuneration payable	117,191	74,122	27,415	218,728	185,871
Investment of 252,196 units as seed capital in each sub fund (June 2016: 252,196)	141,325,591	-	-	141,325,591	105,014,412
Investment of 253,109 units as seed capital in each sub fund (June 2016: 253,109)	-	56,681,203	-	56,681,203	55,752,293
Investment of 300,000 units as seed capital in each sub fund (June 2016: 300,000)	-	-	61,665,000	61,665,000	60,462,000
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable	82,845	52,406	19,383	154,633	129,506
Sales tax on remuneration payable	10,770	6,812	2,520	20,102	18,132
Security deposit	200,000	200,000	100,000	500,000	500,000
Group / Associated Companies					
MCB Bank Limited					
Bank balance	115,195	97,052	12,371	224,618	76,815
Arif Habib Limited *					
Brokerage payable	10,525	-	-	10,525	16,000
Next Capital Limited *					
Brokerage payable	6,500	-	2,270	8,770	55,854
Directors and Officers					
Investment In PPF Equity Sub Fund 20,527 units (June 2016: 20,199 units)	11,502,510	-	-	11,502,510	6,761,257
Investment In PPF Debt Sub Fund 13,497 units (June 2016: 15,848 units)	-	3,022,923	-	3,022,923	1,803,630
Investment In PPF Money Market Sub Fund 1,688 units (June 2016: 1,628 units)	-	-	347,002	347,002	46,273



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

## 16. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

### 16.1 Fair value hierarchy

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

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

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

**Level 3:** Inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

	December 31, 2016								
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Total</b>	(Rupees)								
<b>ASSETS</b>									
Investment in securities -									
'at fair value through									
profit or loss' - held-for-trading	344,517,072	289,234,362	-	-	-	12,979,831	-	-	42,302,879
'Available-for-sale'	773,969,218	448,474,741	-	-	-	325,494,477	-	-	-
	<b>1,118,486,290</b>	<b>737,709,103</b>	-	-	-	<b>338,474,308</b>	-	-	<b>42,302,879</b>

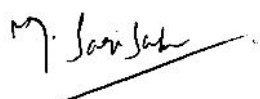
	June 30, 2016								
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Total</b>	(Rupees)								
<b>ASSETS</b>									
Investment in securities -									
'at fair value through									
profit or loss' - held-for-trading	226,215,359	30,200,326	-	-	-	177,051,394	-	-	18,963,639
'Available-for-sale'	821,372,172	469,125,249	-	-	-	223,922,827	-	-	128,324,096
	<b>1,047,587,531</b>	<b>499,325,575</b>	-	-	-	<b>400,974,221</b>	-	-	<b>147,287,735</b>

## 17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 02, 2017 by the Board of Directors of the Pension Fund Manager.

## 18. GENERAL

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



Chief Executive Officer

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



Director

Please find us on



by typing: **MCB Arif Habib Savings**

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