



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT | 2017

Pakistan Pension Fund

Managed by

MCB-Arif Habib Savings and Investments Limited



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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian 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 Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer & Company Secretary	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	Habib Metropolitan Bank Limited Askari Bank Limited Allied Bank Limited Bank Al Falah Limited JS Bank Limited Zarai Traqiati Bank Limited MCB Bank Limited Habib Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund** accounts review for the year ended June 30, 2017.

ECONOMY AND MONEY MARKET OVERVIEW

Pakistan's economy achieved its decade high growth of 5.28% in FY17 which though missed the target of 5.7% but still reflects progressive movement from stabilization phase to growth trajectory. Agriculture sector remained the main stay, posting a growth of 3.50% compared to a modest of 0.26% a year back. This was well supported by Services with 6% YoY growth. On the industrial front, large scale manufacturing sector recorded growth of 5.7% for 11MFY17 with major contribution coming from consumer, construction and power segment. Auto sector recorded double digits growth as demand continued to grow and new models were introduced by local OEMs. CPEC related and other infrastructure investment continued to provide boom to construction related industries including steel and cement.

On the external front, a 17.7% rise in imports and 1.4% drop in exports widened the trade deficit to USD 26.9 billion in FY17 compared to USD 19.3 billion a year back. Major contribution in imports came from Petroleum products, which posted an increase of 21% to USD 10.6 billion, followed by Food (15% YoY rise) and Machinery (10% YoY rise). Increase in oil prices, LNG imports to fill the natural gas deficit, fast growing demand of consumer products and capital goods import for various projects guided the import bill to USD 48.5 billion in FY17.

Remittance marginally declined during FY17 to USD 19.30 billion, ~3.08% lower than last year, where major reasons can be attributed to employment situation in Middle East and slower than expected global recovery.

The above two factors (declining remittance and rising CA deficit) have started to put pressure on FX reserves, wiping out ~USD 1.72 billion since July 1, 2016 to end the year at USD 21.368 billion.

Despite a 19% YoY increase in average Arab Light prices, CPI remained subdued, posting a 4.15% YoY rise in FY17. This was mainly on account of benign growth in Food, transportation and house rent.

The government managed to contain the fiscal deficit at 4.2%, moderately higher than the set target of 3.8%. Total expenditure and total revenue both advanced by 12%YoY while fiscal balance hiked by 11%YoY. The government has set a fiscal deficit target of 4.1% in FY18.

Along with CA deficit, another point of concern is rising fiscal deficit and public and private debt to finance these increasing gaps. Pakistan's total debt stood at ~PKR 23.95 trillion (till March, 2017) reflecting an increase of ~PKR 2.33 trillion over a year.

State Bank of Pakistan in its latest monetary policy review for next two months maintained the policy rate at 5.75% for the seventh consecutive time. The policy committee remains positive based on future expected inflows due to CPEC and other projects which have kept the rupee relatively stable during the year. Ongoing political uncertainty also temporarily reflected in currency markets where on a single day, a temporary relaxation from SBP turned into a sharp depreciation of near 4% which however recovered in the following days as Finance Minister clarified and expressed the firm resolve to fight any speculative movement.

BOP deficits have caused Net Foreign Asset of the banking system to shrink from PKR 1.0 trillion at the end of FY16 to PKR 601 billion only at the end of FY17. M2 growth remains elevated (+13.7% Y/Y) owing to the government running large budget deficits, which has also led to Net Domestic Asset of the banking system to grow by 18.3% YoY. The government relied on SBP for funding with borrowings of PKR 908 billion leaving local banks with substantial liquidity. In second half of FY17, Yield Curve has remained flat; whereas liquidity was adequately managed by SBP.

Shariah Instruments market remained thinly supplied as State Bank of Pakistan conducted a sole Ijara Sukuk auction in FY17 based on fixed rate rental arrangement offering yields of 5.24% and borrowing PKR 71 billion against the maturing Ijara Sukuk of PKR 50 billion evidencing a scarcity of avenues for Islamic investments.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

EQUITIES MARKET OVERVIEW

Despite taking significant battering in the last one and a half month of FY17, index managed to post a gain of 23.24%. The index declined by 11.94% from its high of 52,876 points witnessed in May, 2017 by end of June, 2017. Increased concerns regarding JIT proceedings and disappointing net foreign flows post MSCI up gradation led to negative returns. Foreigners remained net sellers, liquidating a massive USD 652 million worth of equities with majority of the selling absorbed by mutual funds (USD 575 million). Average volumes increased by ~64% to 340 million shares and value traded increased by ~58 % to PKR 15 billion.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive ~198% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of imposition of regulatory and anti-dumping duties on various steel products provided strong investor's interest in the sector. Furthermore, the share prices started incorporating capacity enhancement projects. Phenomenal return of ~98% made the Auto Sector, second best performer in the market. The outperformance came in due to stream of new model launches, impressive sales volumes and announcement of taxi scheme in the budget. Oil and Gas sector witnessed an astounding growth driven by two factors; one of which is a volumetric growth of ~10% in OMCs while the second is announcement of capital projects worth PKR 110 billion by SNGP which are to be completed by 2018.

On the flip side, Fertilizers remained among the weak performers by losing ~11% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, depressing international fertilizer prices abraded the pricing power of local manufacturers and dampened the potential export margins. Similarly, underperformance of cement sector by ~7% against the benchmark was also witnessed during the period under review, as international coal prices surged by ~30% YoY reaching a peak of \$100 in November, 2016. Furthermore, Cherat Cement's expansion in the North region challenged the dynamics of pricing arrangement, as a result of which cement prices were reduced by 4-5% in the region keeping the stock prices under pressure.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 4.31% during the period under review. The fund's exposure towards T-Bills increased from 18.1% to 34.5% and PIBs decreased from 75.5% to 11.20% at period end.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 512.78 million as compared to Rs. 421.01 million as at June 30, 2016 registering an increase of 21.79%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 229.77 as compared to opening NAV of Rs. 220.27 per unit as at June 30, 2016 registering an increase of Rs. 9.5 per unit.

Money Market Fund

The money market sub-fund generated a return of 4.30% during the period. The fund's exposure in T-bills increased to 45.2% from 11.9% while exposure in PIBs was reduced to 0% from 80.7%.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 170.05 million as compared to Rs. 157.13 million as at June 30, 2016 registering an increase of 8.22%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 210.20 as compared to opening NAV of Rs. 201.54 per unit as at June 30, 2016 registering an increase of Rs. 8.66 per unit.

Equity Fund

The Equity sub-fund generated a return of 35.72% against the KSE-100 return of 23.24% registering an outperformance of 12.48%.

The sub-fund increased its overall equity exposure from 92.9% to 96.3%. Sector-wise, the sub-fund increased its exposure in Oil and Gas Exploration sector and Cement whilst reduced its exposure towards Commercial Banks.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 768.48 million as compared to Rs. 528.87 million as at June 30, 2016 registering an increase of 45.31%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 565.12 as compared to opening NAV of Rs. 416.40 per unit as at June 30, 2016 registering an increase of Rs. 148.72 per unit.

FUTURE OUTLOOK

The windfall gains that emerged in past couple of years had been a byproduct of subdued oil prices, which painted a rosy picture on external account, CPI, discount rate and even fiscal account in terms of less burden in terms of subsidies. Though international commodity outlook still appear bearish but rising current account deficit is posing a challenging scenario going ahead.

The trade imbalance of USD 27 billion in FY17 could deteriorate further with machinery imports under CPEC and several local capital projects are expected to lead the import bill. Exports on the other hand, are expected to remain under pressure given muted response of government towards the rebates under the textile package and government's resilience to support Pakistani rupee through foreign exchange reserves. With widening trade deficit and little help from remittances, we expect next year current account deficit to reach near USD 15 billion (~4% of GDP) still far from what we have seen in our last balance of payment crisis, which dragged CAD to ~USD 14 billion (8% of GDP) back in 2008. However widening CAD coupled with interest repayment may create a financing need of USD 18-19bn in FY18, which points towards strong possibility of PKR depreciation.

The Consumer Price Index (CPI) is expected to remain well anchored in FY18. We expect inflation to average around 4.5% in FY18. Currency devaluation and commodity prices though pose risk to estimates, low CPI reading next year is expected to prevent need for near term significant monetary tightening.

Low interest rate environment coupled with support from CPEC related projects, government's GDP target of 6% does not look too lofty, if external account shock and political destabilization does not derail the growth.

The equity market is set to take its cue from the outcome of Panama issue. With almost 13% fall from its peak, the market appears to have incorporated the risk of change in the PM house, however disintegration of PML(N) in aftermath of court judgment and disqualification of Finance Minister could further dent the short term market sentiments, as it would hint a hung parliament in the next election.

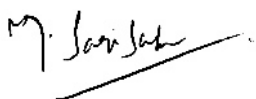
Themes of currency depreciation, interest rate rise and economic growth are expected to set the investment tone in the coming fiscal year. Sectors positively linked with currency weakness are expected to garner lime light namely, Commercial Banks, Exploration & Production and Power sector. Select growth plays in Power, Steel, Construction and Consumer space are also expected to add positive contributions to market performance.

We expect fundamentals to reign in over the political noise in the coming months given our market is trading at PER of 9x (a ~30% discount to the Emerging Markets), creating room for re-rating. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. The KSE-100 Index currently trades at an equity risk premium of ~3% and provides a dividend yield of ~5.5%.

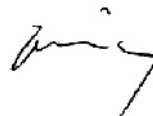
ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
Karachi
August 4, 2017



Nasim Beg
Director / Vice Chairman

ڈائریکٹر رپورٹ

ایکویٹی مارکیٹ پاناما مسئلے کے نتیجے کی بنیاد پر اپنا اگلا قدم طے کرنے کے لئے تیار ہے۔ مارکیٹ اپنے عروج سے تقریباً 13 فیصد زوال کے بعد بظاہر وزیر اعظم ہاؤس میں تبدیلی کے خطرے کے حوالے سے احتیاطی تدابیر اختیار کر چکی ہے، تاہم عدالتی فیصلے کے نتیجے میں پی ایم ایل (این) کا شیرازہ بکھرنے اور وزیر خزانہ کی نااہلیت سے مختصر المیاد مارکیٹ کے حالات مزید بگڑ سکتے ہیں کیونکہ یہ اگلے انتخابات میں معلق پارلیمنٹ کے امکانات کا اشارہ ہوگا۔

روپے کی قدر میں کمی، انٹریسٹ کی شرح میں اضافہ اور معاشی ترقی آئندہ مالی سال میں سرمایہ کاری کار حجان طے کرنے والے عوامل ہوں گے۔ روپے کے ضعف سے مثبت طور پر منسلک شعبے مثلاً کمرشل بینک، ایکسپلوریشن اینڈ پروڈکشن اور بجلی متوقع طور پر شہ سرخیوں میں آجائیں گے۔ علاوہ ازیں، بجلی، اسٹیل، تعمیرات اور صارفنی شعبوں میں ترقیاتی عمل متوقع طور پر مارکیٹ کی کارکردگی میں مثبت کردار ادا کرے گا۔

ہم اُمید کرتے ہیں کہ آنے والے مہینوں میں اصول سیاسی شور پر غالب ہوں گے، کیونکہ ہماری مارکیٹ 9x کے PER پر تجارت کر رہی ہے (جو ابھرتی ہوئی مارکیٹس کو 30 فیصد ڈسکاؤنٹ ہے) جس سے شرحوں کے دوبارہ تعین کے لئے حالات سازگار ہوں گے۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں مقررہ آمدنی کے منافعوں کو پست رکھے ہوئے ہیں، جس سے ایکویٹی مارکیٹ کی طرف مزید لیکویڈٹی مائل ہو رہی ہے۔ KSE-100 انڈیکس میں فی الوقت ایکویٹی کے خطرات کے 3 فیصد پر یکم پر تجارت ہو رہی ہے اور 5.5 فیصد ڈیویڈنڈ فراہم ہوتا ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
04 اگست 2017ء

ڈائریکٹر رپورٹ

Money مارکیٹ فنڈ

Money مارکیٹ سب- فنڈ کا دورانِ مدت منافع 4.30 فیصد تھا۔ فنڈ کی سرمایہ کاری ٹی بلز میں 11.9 فیصد سے بڑھ کر 45.2 فیصد ہو گئی جبکہ پاکستان انویسٹمنٹ بانڈز میں سرمایہ کاری 80.7 فیصد سے کم کر کے 0 فیصد کر دیا۔
30 جون 2017ء کو فنڈ کے net اثاثہ جات 170.05 ملین روپے تھے، جو 30 جون 2016ء کو 157.13 ملین روپے کے مقابلے میں 8.22 فیصد اضافہ ہے۔
30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 210.20 روپے تھی، جو آغا ز مدت یعنی 30 جون 2016ء کو 201.54 روپے فی یونٹ کے مقابلے میں 8.66 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی سب- فنڈ کا منافع 35.72 فیصد تھا جبکہ KSE-100 کا منافع 23.24 فیصد تھا، یعنی 12.48 فیصد بہتر کارکردگی۔ سب- فنڈ نے ایکویٹیز میں اپنی مجموعی سرمایہ کاری کو 92.9 فیصد سے بڑھا کر 96.3 فیصد کر دیا۔ سیکٹر کے اعتبار سے سب- فنڈ نے آئل اینڈ گیس ایکسپلوریشن سیکٹر اور سیمنٹ میں اپنی سرمایہ کاری میں اضافہ کیا جبکہ کمرشل بینکوں میں اپنی سرمایہ کاری میں کمی کر دی۔
30 جون 2017ء کو فنڈ کے net اثاثہ جات 768.48 ملین روپے تھے، جو 30 جون 2016ء کو 528.87 ملین روپے کے مقابلے میں 45.31 فیصد اضافہ ہے۔
30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 565.12 روپے تھی، جو آغا ز مدت یعنی 30 جون 2016ء کو 416.40 روپے فی یونٹ کے مقابلے میں 148.72 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

گزشتہ چند برسوں میں حاصل ہونے والے خطیر منافع جات تیل کی قیمتوں میں کمی کے اثرات ہیں جس کی بدولت خارجی اکاؤنٹ، CPI، ڈسکاؤنٹ کی شرح اور حتیٰ کہ مالیاتی اکاؤنٹ کی بھی صورتحال سبسڈیز کے بوجھ میں کمی کے اعتبار سے بہتر ہوئی۔ بین الاقوامی اشیاء کا مستقبل ابھی تک ناہموار نظر آتا ہے اور کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کے باعث مستقبل کی راہیں مشکلات سے پر نظر آرہی ہیں۔
مالی سال 2017ء میں 27 بلین ڈالر کا تجارتی خسارہ CPEC کے تحت مشینری کی درآمدات کے باعث مزید بڑھ سکتا ہے اور متعدد مقامی کمپنیاں منصوبے درآمدات کے بل پر غالب ہوں گے۔ دوسری جانب ٹیکسٹائل پیکج کے تحت ری بیٹس کے حوالے سے حکومت کی خاموشی اور زر مبادلہ کے ذخائر کے ذریعے پاکستانی روپے کی معاونت کرنے کے لئے حکومتی چلک کے باعث برآمدات متوقع طور پر دباؤ میں رہیں گی۔ بڑھتے ہوئے تجارتی خسارے اور ترسیلات زر کی کمزور صورتحال کی بنیاد پر ہم اگلے سال کرنٹ اکاؤنٹ کے خسارے کو 15 بلین ڈالر (مجموعی ملکی پیداوار کا 4 فیصد) تک پہنچتا دیکھ رہے ہیں، جو 2008ء میں ادائیگیوں کے توازن کے بحران میں پیدا ہونے والے حالات سے اب بھی بہت دور ہے، جب کرنٹ اکاؤنٹ کا خسارہ 14 بلین ڈالر (مجموعی ملکی پیداوار کا 8 فیصد) تک پہنچ گیا تھا۔ تاہم بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے کے ساتھ ساتھ انٹریٹ کی ادائیگی کے باعث مالی سال 2018ء میں 18-19 بلین ڈالر کی مالیت کی فراہمی کی ضرورت پیدا ہو سکتی ہے، جس کے باعث پاکستانی روپے کی قدر میں کمی کا واضح امکان ہے۔

کنزرویٹو پرائس انڈیکس (CPI) مالی سال 2018ء میں مناسب حد تک قابو میں رہے گا۔ ہمارے اندازے کے مطابق مالی سال 2018ء میں افراط زر کا اوسط 4.5 فیصد ہوگا۔ اگرچہ روپے کی قدر میں کمی اور اشیاء کی قیمتوں کے باعث تخمینوں کو خطرات لاحق ہیں، لیکن توقع ہے کہ اگلے سال CPI کی پست سطح کے سبب مدت قریب میں مالیاتی تنگی کی ضرورت نہیں پڑے گی۔

انٹریٹ کی پست شرح کے ماحول کے ساتھ ساتھ CPEC سے منسلک منصوبوں کی بنیاد پر حکومت کا مجموعی ملکی پیداوار کا 6 فیصد ہدف زیادہ بلند نہیں معلوم ہوتا، اگر خارجی اکاؤنٹ کا جھکا اور سیاسی عدم استحکام ترقی کی گاڑی کو پٹری سے اتار نہ دے۔

ڈائریکٹر رپورٹ

دوسری ششماہی میں پیداواری خم سیدھا رہا، جبکہ اسٹیٹ بینک آف پاکستان نے لکویڈٹی کا انتظام خاطر خواہ حد تک چلایا۔ مارکیٹ میں شریعہ انسٹرمنٹس کی رسد کمزور رہی کیونکہ اسٹیٹ بینک آف پاکستان نے مالی سال 2017ء میں مقررہ شرح پر رینٹل کی ترتیب پر مبنی صرف ایک اجارہ سلگ نیلامی کا انعقاد کیا جس نے 5.24 فیصد منافع جات پیش کیے اور میچور ہونے والے 50 بلین روپے کے اجارہ سلگ کے بالمقابل 71 بلین روپے قرض حاصل کیے۔ چنانچہ اسلامی سرمایہ کاری کے مواقع کی قلت کی نشاندہی ہوئی۔

ایکویٹیز مارکیٹ کا جائزہ

مالی سال 2017ء کے آخری ڈیڑھ ماہ میں قابل ذکر کمی کے باوجود انڈیکس 23.24 فیصد ترقی کرنے میں کامیاب ہوا۔ انڈیکس مئی 2017ء میں اپنے عروج کی سطح 52,876 پوائنٹس سے جون 2017ء کے اختتام پر 11.94 فیصد کم ہو گیا۔ جے آئی ٹی کے معاملات کے حوالے سے بڑھتی ہوئی تشویش اور MSCI اپ گریڈیشن کے بعد net غیر ملکی آمدات کی مایوس کن صورتحال کے نتیجے میں منافع کی سطح گر گئی۔ Net فروخت کار بدستور غیر ملکی افراد رہے جنہوں نے 652 ملین ڈالر کی خطیر مالیت کی ایکویٹیز کو نقد میں تبدیل کیا اور فروخت کا اکثر حصہ میوچل فنڈز نے جذب کیا (575 ملین ڈالر)۔ اوسط حجم 64 فیصد زیادہ ہو کر 340 ملین حصص ہو گئے اور تجارت کردہ قدر 58 فیصد بڑھ کر 15 بلین روپے ہو گئی۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل کا شعبہ مقررہ معیار سے 198 فیصد زیادہ ترقی کر کے سب سے آگے رہا کیونکہ CPEC پروگرام کے تحت انفراسٹرکچر کے ضمن میں متحرک سرگرمیوں اور اسٹیل کی متعدد مصنوعات پر ریگولیٹری اور فضلات کے انتظام کی محصولات عائد کرنے کے حوالے سے حکومت کی موافق پالیسیوں کی بدولت اس شعبے میں سرمایہ کاروں کی بھرپور دلچسپی پیدا ہوئی۔ علاوہ ازیں، حصص کی قیمتوں میں استعداد میں اضافے کے منصوبوں کی عکاسی ہونے لگی۔ آٹو سیکٹر 98 فیصد ترقی کر کے مارکیٹ میں دوسرے نمبر پر بہترین کارکردگی کا حامل شعبہ رہا۔ اس شاندار کامیابی کے اسباب نئے ماڈل، فروخت کے بڑے حجم اور بجٹ میں ٹیکسی اسکیم کا اعلان ہیں۔ تیل اور گیس کے شعبے میں دو عوامل کیے باعث زبردست ترقی ہوئی: OMCs کے حجم میں 10 فیصد اضافہ اور SNGP کی جانب سے 110 بلین روپے مالیت کے کیپٹل منصوبوں کا اعلان، جو 2018ء میں مکمل ہوں گے۔

اس کے برعکس کھاد کے شعبے نے 11 فیصد کم ترقی کر کے کمزور کارکردگی کا مظاہرہ کیا کیونکہ انویسٹریز میں اضافے اور یورپی کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے پر منفی اثرات مرتب کئے۔ علاوہ ازیں، کھاد کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی مینوفیکچررز کی قیمت متعین کرنے کی طاقت اور متوقع برآمداتی آمدنی متاثر ہوئی۔ سیمنٹ کے شعبے نے بھی زیر جائزہ مدت کے دوران مقررہ معیار سے 7 فیصد کم ترقی کی کیونکہ کونسل کی بین الاقوامی قیمتیں 30 فیصد YoY اضافے کا شکار ہو کر نومبر 2016ء میں 100 ڈالر کی بلند ترین سطح تک پہنچ گئیں۔ علاوہ ازیں، چراٹ سیمنٹ کی شمالی خطے میں توسیع کے باعث قیمتوں کے تعین کے نظام کے لئے مشکلات پیدا ہوئیں جس کے نتیجے میں خطے میں سیمنٹ کی قیمتیں 4 سے 5 فیصد کم ہو گئیں اور اسٹاک کی قیمتیں دباؤ میں آ گئیں۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سب-فنڈ کا ایک سال پر محیط منافع 4.31 فیصد تھا۔ اختتام مدت پر فنڈ کی ٹی بلز میں سرمایہ کاری 18.1 فیصد سے بڑھ کر 34.5 فیصد ہو گئی، اور پاکستان انویسٹمنٹ بانڈز میں سرمایہ کاری 75.5 فیصد سے کم ہو کر 11.2 فیصد ہو گئی۔ 30 جون 2017ء کو فنڈ کے net اثاثہ جات 512.78 ملین روپے تھے، جو 30 جون 2016ء کو 421.01 ملین روپے کے مقابلے میں 21.79 فیصد اضافہ ہے۔ 30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 229.77 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 220.27 روپے فی یونٹ کے مقابلے میں 9.5 روپے فی یونٹ اضافہ ہے۔

ڈائریکٹر ز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان پینشن فنڈ کے 30 جون 2017ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

مالی سال 2017ء میں پاکستان کی معیشت نے 5.28 فیصد ترقی کی جو گزشتہ دس سالوں میں سب سے زیادہ ترقی ہے۔ اگرچہ 5.7 فیصد کا ہدف حاصل نہ ہو سکا لیکن اس کے باوجود استحکام کے مرحلے سے ترقی کی بلند شرح کی طرف سفر خوش آئند ہے۔ زرعی شعبہ سب سے آگے رہا جس نے ایک سال قبل 0.26 فیصد ترقی کی تھی جبکہ اس سال 3.5 فیصد ترقی کی۔ اس کی معاونت سرسبز نے 6 فیصد YoY ترقی کے ساتھ کی۔ صنعتی رُخ پر بڑے پیمانے کے مینوفیکچرنگ شعبے نے 11MFY17 میں 5.7 فیصد ترقی کی، اور اس میں اہم ترین کردار صارفی، تعمیراتی اور توانائی کے شعبوں نے ادا کیا۔ گاڑیوں کے شعبے نے دو عدد پر مشتمل ترقی کی؛ اس شعبے میں مانگ بڑھتی رہی اور مقامی OEMs نے نئے ماڈل متعارف کرائے۔ CPEC سے منسلک اور دیگر انفراسٹرکچر کی سرمایہ کاری کی بدولت تعمیرات سے منسلک صنعتوں مثلاً اسٹیل اور سیمنٹ کو قوت فراہم ہونے کا عمل جاری رہا۔

خارجی رُخ پر درآمدات میں 17.7 فیصد اضافے اور برآمدات میں 1.4 فیصد کمی کے باعث تجارتی خسارہ وسیع ہو کر مالی سال 2017ء میں 26.9 بلین ڈالر ہو گیا جبکہ ایک سال قبل 19.3 بلین ڈالر تھا۔ درآمدات میں اہم ترین کردار پٹرولیم مصنوعات نے 10.6 بلین ڈالر یعنی 21 فیصد زیادہ ترقی کی صورت میں ادا کیا۔ دوسرے نمبر پر خوراک (15 فیصد YoY اضافہ) اور مشینری (10 فیصد YoY اضافہ) کے شعبے رہے۔ تیل کی قیمتوں میں اضافے، گیس کی کمی کو پورا کرنے کے لئے ایل این جی کی درآمدات، صارفی مصنوعات کی مانگ میں تیزی سے بڑھتے ہوئے اضافے، اور مختلف منصوبوں کے لئے کیمپل اشیاء کی درآمد کے باعث مالی سال 2017ء میں درآمدات کا بل 48.5 بلین ڈالر تک پہنچ گیا۔

مالی سال 2017ء میں ترسیل زر گزشتہ سال کے مقابلے میں 3.08 فیصد کمی کا شکار ہو کر 19.3 بلین ڈالر ہو گئیں، اور اس کے اہم ترین اسباب مشرق وسطیٰ میں روزگار کی صورتحال اور عالمی سطح پر متوقع سے کم حصولیات ہیں۔

مندرجہ بالا دو اسباب (ترسیل زر میں کمی اور CA خسارے میں اضافے) کے نتیجے میں غیر زر مبادلہ کے ذخائر پر دباؤ بڑھ رہا ہے، جو زیر جائزہ سال کے اختتام پر 21.368 بلین ڈالر تھے، اور یہ یکم جولائی 2016ء سے تاحال 1.72 بلین ڈالر کمی ہے۔

عرب لائٹ کی اوسط قیمتوں میں 19 فیصد YoY اضافے کے باوجود CPI کی سطح پست رہی اور اس میں مالی سال 2017ء کے دوران 4.15 فیصد اضافہ ہوا، جس کی سب سے بڑی وجہ خوراک، نقل و حمل اور رہائشی کرائے کے شعبوں میں قابل ذکر ترقی ہے۔

حکومت مالیاتی خسارے کو 4.2 فیصد پر برقرار رکھ سکی جو متعین شدہ ہدف 3.8 فیصد سے تھوڑا زیادہ ہے۔ مجموعی اخراجات اور مجموعی آمدنی، دونوں میں 12 فیصد YoY اضافہ ہوا جبکہ مالیاتی توازن میں 11 فیصد YoY اضافہ ہوا۔ حکومت نے مالی سال 2018ء کے لئے مالیاتی خسارے کا ہدف 4.1 فیصد متعین کیا ہے۔ CA خسارے کے علاوہ ایک اور تشویشناک امر تجارتی خسارے میں اضافہ، اور اس بڑھتے ہوئے فرق کو پر کرنے کے لئے مالیات فراہم کرنے کے لئے پبلک اور پرائیویٹ قرضہ جات میں اضافہ ہے۔ مارچ 2017ء تک پاکستان مجموعی طور پر 23.95 ٹریلین روپے کا قرض دار تھا، جو ایک سال کے دوران 2.33 ٹریلین روپے کا اضافہ ہے۔

اسٹیٹ بینک آف پاکستان نے اپنے تازہ ترین مالیاتی پالیسی کے جائزے برائے اگلے دو ماہ میں پالیسی کی شرح کو متواتر ساتویں مرتبہ 5.75 فیصد برقرار رکھا ہے۔ پالیسی کمیٹی کی بدستور مثبت خیالی کی بنیاد CPEC اور دیگر منصوبے ہیں جن کی بدولت دوران سال روپیہ نسبتاً مستحکم رہا اور ان کے ذریعے مستقبل میں آمدات متوقع ہیں۔ بازار زر میں موجودہ غیر یقینی سیاسی صورتحال کی بھی عکاسی ہوئی، جہاں اسٹیٹ بینک آف پاکستان کی فراہم کردہ ایک عارضی چھوٹ کے نتیجے میں ایک دن میں تقریباً 4 فیصد کمی ہوئی۔ تاہم بعد ازاں وزیر خزانہ کی پیش کردہ صفائی اور قیاسی کارروائیوں سے جنگ کے بھرپور عزم کے اظہار کے نتیجے میں صورتحال بحال ہو گئی۔

ادائیگیوں کے توازن کے خسارہ جات کے باعث بینکاری کے نظام کے Net غیر ملکی اثاثہ جات سکڑ گئے۔ مالی سال 2016ء کے اختتام پر 1.0 ٹریلین روپے تھے جبکہ مالی سال 2017ء کے اختتام پر صرف 601 بلین روپے رہ گئے۔ حکومت کے خطرہ بجٹ خساروں سے نمٹنے کے باعث M2 ترقی بلند سطح پر قائم رہی (13.7 + فیصد YoY) اور بینکاری کے نظام کے Net مقامی اثاثہ جات میں 18.3 فیصد YoY ترقی ہوئی۔ حکومت نے مالیات کے لئے اسٹیٹ بینک آف پاکستان پر انحصار کرتے ہوئے 908 بلین روپے قرض حاصل کیا جس کے نتیجے میں مقامی بینکیوں کو خاطر خواہ لکویڈٹی فراہم ہوئی۔ مالی سال 2017ء کی

REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

Fund Type and Category

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

Investment Strategy

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

Manager's Review

Equity Sub-Fund

The Equity sub-fund generated a return of 35.72% against the KSE-100 return of 23.24% registering an outperformance of 12.48%. The sub-fund increased its overall equity exposure from 92.9% to 96.3%. Sector-wise, the sub-fund increased its exposure in Oil and Gas Exploration sector and Cement whilst reduced its exposure towards Commercial Banks.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 768.48 million as compared to Rs. 528.87 million as at June 30, 2016 registering an increase of 45.31%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 565.12 as compared to opening NAV of Rs. 416.40 per unit as at June 30, 2016 registering an increase of Rs. 148.72 per unit.

Money Market Sub- Fund

The money market sub-fund generated a return of 4.30% during the period. The fund's exposure in T-bills increased to 45.2% from 11.9% while exposure in PIBs was reduced to 0% from 80.7%.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 170.05 million as compared to Rs. 157.13 million as at June 30, 2016 registering an increase of 8.22%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 210.20 as compared to opening NAV of Rs. 201.54 per unit as at June 30, 2016 registering an increase of Rs. 8.66 per unit.

Debt Sub-Fund

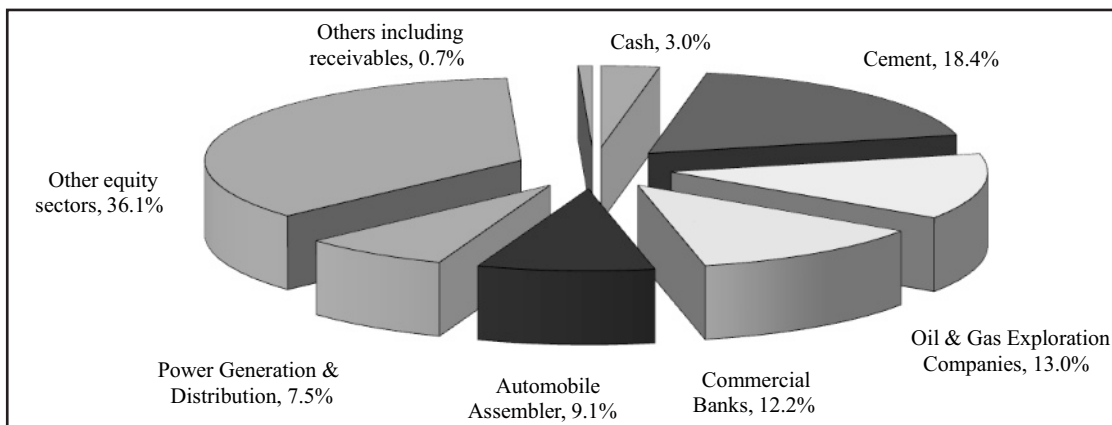
The debt sub-fund generated an annualized return of 4.31% during the period under review. The fund's exposure towards T-Bills increased from 18.1% to 34.5% and PIBs decreased from 75.5% to 11.20% at period end.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 512.78 million as compared to Rs. 421.01 million as at June 30, 2016 registering an increase of 21.79%.

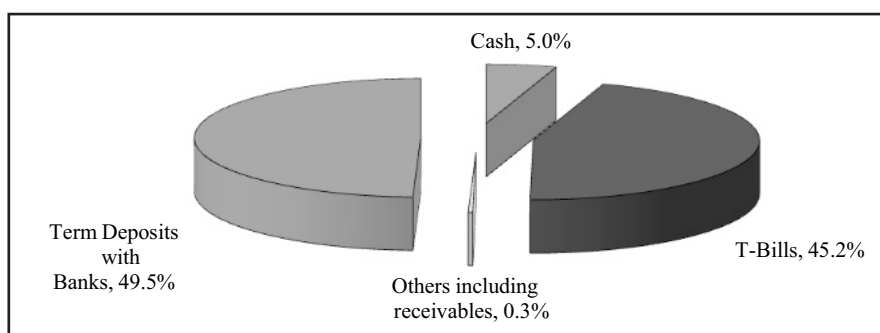
The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 229.77 as compared to opening NAV of Rs. 220.27 per unit as at June 30, 2016 registering an increase of Rs. 9.5 per unit.

REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

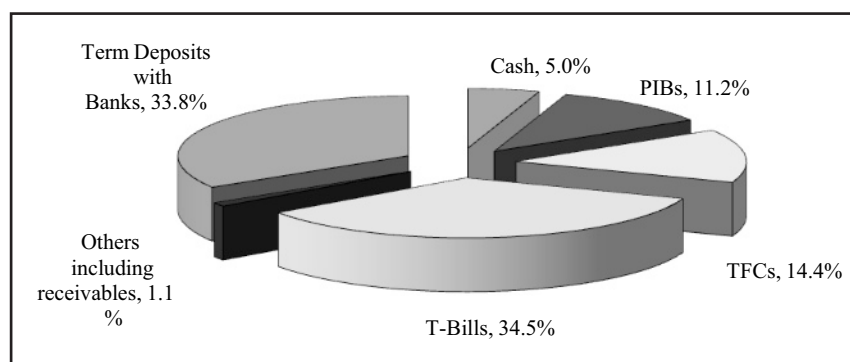
Asset Allocation (Equity Sub-fund) as of June 30, 2017 (% of Total Assets)



Asset Allocation (MM Sub-fund) as of June 30, 2017 (% of Total Assets)



Asset Allocation (Debt Sub-fund) as of June 30, 2017 (% of Total Assets)



Syed Abid Ali
Pension Fund Manager
Karachi: August 04, 2017

REPORT OF THE TRUSTEE TO THE PARTICIPANTS FOR THE YEAR ENDED JUNE 30, 2017

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.

Tel: (92-21) 111-111-500

Fax: (92-21) 34326020 - 23

URL: www.cdcPakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN PENSION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2017



AUDITOR'S REPORT TO THE PARTICIPANTS FOR THE YEAR ENDED JUNE 30, 2017

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

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AUDITORS REPORT TO THE PARTICIPANTS OF THE PAKISTAN PENSION FUND

We have audited the annexed financial statements comprising:-

- i) Statement of Assets and Liabilities;
- ii) Income Statement;
- iii) Statement of Comprehensive Income;
- iv) Statement of Cash flows;
- v) Statement of movement in participants sub-fund;
- vi) Contribution table;
- vii) Statement of number of units in issue; and
- viii) Financial performance table

of **Pakistan Pension Fund** (the Fund) as at June 30, 2017 and for the year ended June 30 2017 together with the notes forming part thereof for the year then ended.

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

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

In our opinion: -

- (a) the financial statements prepared for the period have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- (b) a true and fair view is given of the financial position of the pension fund at the end of the period and of the transactions of the pension fund of the period then ended in accordance with the approved accounting standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- (e) proper books and records have been kept by the fund and the financial statements prepared are in agreement with the fund's books and records;

Member of
Deloitte Touche Tohmatsu Limited


**AUDITOR'S REPORT TO THE PARTICIPANTS
FOR THE YEAR ENDED JUNE 30, 2017**

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

- (f) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) no zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

The financial statements of the Company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who vide their report dated August 5, 2016 issued an unqualified opinion thereon.


Chartered Accountants
Date: 04 AUG 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS & LIABILITIES AS AT JUNE 30, 2017

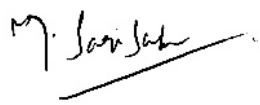
June 30, 2017

		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	June 30, 2016
	Note	----- (Rupees) -----				
Assets						
Balances with banks	5	23,089,045	26,025,593	8,627,167	57,741,805	41,952,664
Investments	6	747,828,387	485,963,565	162,694,003	1,396,485,955	1,047,587,531
Dividend receivable		2,928,529	-	-	2,928,529	1,420,781
Interest receivable		139,624	4,669,444	424,904	5,233,972	19,948,434
Receivable against sale of investments		-	-	-	-	7,743,776
Deposits and other receivables	7	2,967,755	847,947	118,543	3,934,245	3,289,376
Total assets		776,953,340	517,506,549	171,864,617	1,466,324,506	1,121,942,562
Liabilities						
Payable to the Pension Fund Manager	8	1,082,635	700,656	231,990	2,015,281	1,513,527
Payable to Central Depository Company of Pakistan Limited - Trustee	9	97,190	62,910	20,813	180,913	147,638
Annual fee payable to Securities and Exchange Commission of Pakistan	10	234,433	151,285	54,210	439,928	322,958
Accrued expenses and other liabilities	11	7,057,592	3,810,915	1,512,573	12,381,080	12,943,526
Total liabilities		8,471,850	4,725,766	1,819,586	15,017,202	14,927,649
Net assets		768,481,490	512,780,783	170,045,031	1,451,307,304	1,107,014,913
Participants Sub-Funds (as per Statement of Movement in Participants' Sub-Funds)						
		768,481,490	512,780,783	170,045,031		
----- Number of units -----						
		1,359,847	2,231,698	808,983		
----- (Rupees) -----						
Net assets value per unit		565.12	229.77	210.20		
Contingencies and commitments						

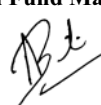
12

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

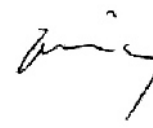
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



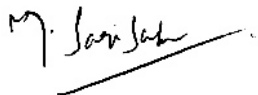
Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

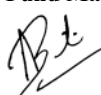
June 30, 2017					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	June 30, 2016
Note	----- (Rupees) -----				
Income					
Capital gain / (loss) on sale of investments classified as:					
- available-for-sale	111,292,535	-	(1,436,221)	109,856,314	7,172,603
- at fair value through profit or loss - held-for-trading	16,505,738	215,169	37,116	16,758,023	14,468,877
Dividend income on shares classified as:					
- available-for-sale	21,748,723	-	-	21,748,723	18,232,971
- at fair value through profit or loss - held-for-trading	9,105,220	-	-	9,105,220	3,815,710
Income from Government Securities classified as:					
- available-for-sale	-	12,646,786	435,164	13,081,950	25,937,402
- at fair value through profit or loss - held-for-trading	-	5,437,212	6,274,822	11,712,034	14,364,974
Income from Term Finance Certificates					
- available-for-sale	-	-	-	-	1,968,566
- at fair value through profit or loss - held-for-trading	-	1,810,941	-	1,810,941	
Profit on bank deposits	1,295,755	7,366,625	3,388,675	12,051,055	1,579,052
Unrealised (dimunation) / appreciation on revaluation of investments					
- at fair value through profit or loss - held-for-trading - net	(11,477,760)	160,286	(4,050)	(11,321,524)	6,668,993
Other income	-	3,371	-	3,371	-
Total income	148,470,211	27,640,390	8,695,506	184,806,107	94,209,148
Impairment against available-for-sale investment	-	-	-	-	(11,099,775)
Expenses					
Remuneration of Pension Fund Manager	10,571,771	6,831,603	2,448,237	19,851,611	14,531,184
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	1,374,313	888,105	318,270	2,580,688	4,684,854
Remuneration of the Trustee	969,848	628,765	225,366	1,823,979	1,447,468
Sales tax on trustee fee	126,076	81,255	29,284	236,615	202,654
Annual fee to Securities and Exchange Commission of Pakistan	234,458	151,311	54,235	440,004	322,957
Auditors' remuneration	237,452	154,624	55,645	447,721	480,519
Custody and settlement charges	423,012	230,142	-	653,154	585,900
Securities transaction cost	2,637,490	130,284	5,453	2,773,227	838,991
Legal and professional charges	56,667	-	-	56,667	554,224
Bank charges	23,431	119,363	48,765	191,559	88,193
Provision for Workers' Welfare Fund	(75,455)	(131,123)	(142,236)	(348,814)	-
Others	-	9,434	-	9,434	-
Total expenses	16,579,063	9,093,763	3,043,019	28,715,845	23,736,944
Net income from operating activities	131,891,148	18,546,627	5,652,487	156,090,262	59,372,429
Element of income and capital gains included in the prices of units sold less those in units redeemed - net					
- from realised / unrealised capital gain	6,532,683	(1,043,660)	(24,344)	5,464,679	4,233,026
- from income other than realised / unrealised capital gain	(452,203)	2,966,298	152,622	2,666,717	3,683,114
	6,080,480	1,922,638	128,278	8,131,396	7,916,140
Net income for the year before taxation	137,971,628	20,469,265	5,780,765	164,221,658	67,288,570
Taxation	-	-	-	-	-
Net income for the year after taxation	137,971,628	20,469,265	5,780,765	164,221,658	67,288,570
Earnings per unit	-	-	-		

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

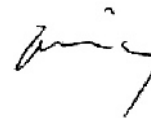
**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Chief Financial Officer



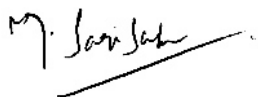
Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017				
	EquitySub-Fund	DebtSub-Fund	Money MarketSub-Fund	Total	2016
			(Rupees)		
Net income for the year after taxation	137,971,628	20,469,265	5,780,765	164,221,658	67,288,570
<i>Other comprehensive income for the year</i>					
<i>Items that may be reclassified to profit and loss account</i>					
Unrealised appreciation in value of investments classified as available for sale-net	60,768,069	724,257	1,213,688	62,706,014	22,204,836
Total comprehensive income for the year	198,739,697	21,193,522	6,994,453	226,927,672	89,493,406

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

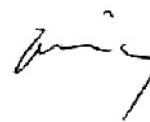
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



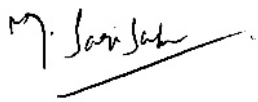
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

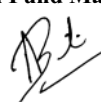
		2017				
		EquitySub-Fund	DebtSub-Fund	Money MarketSub- Fund	Total	2016
	Note	----- (Rupees) -----				
CASH FLOW FROM OPERATING ACTIVITIES						
Net income before taxation		137,971,628	20,469,265	5,780,765	164,221,658	67,288,570
Adjustments for:						
Capital gain on sale of investments classified as:						
- available-for-sale		(111,292,535)	-	1,436,221	(109,856,314)	(7,172,603)
- at fair value through profit or loss - held-for-trading		(16,505,738)	(215,169)	(37,116)	(16,758,023)	(14,468,877)
Unrealised diminution / (appreciation) on revaluation of investments classified at fair value through profit or loss - held-for-trading - net		11,477,760	(160,286)	4,050	11,321,524	(6,668,993)
Impairment loss on available-for-sale investment		-	-	-	-	11,099,775
Element of income and capital gains included in prices of units sold less those redeemed - net						
- from realised / unrealised capital (gain) / loss		(6,532,683)	1,043,660	24,344	(5,464,679)	(4,233,026)
- from income other than realised / unrealised capital gain / (loss)		452,203	(2,966,298)	(152,622)	(2,666,717)	(3,683,114)
		(122,400,993)	(2,298,093)	1,274,877	(123,424,209)	(25,126,838)
(Increase) / decrease in assets						
Investments		(71,414,230)	6,110,368	44,404,265	(20,899,597)	(164,767,918)
Dividend receivable		(1,507,748)	-	-	(1,507,748)	(921,580)
Interest receivable		(64,571)	8,669,732	6,109,301	14,714,462	(9,364,193)
Receivable against sale of investments		7,743,776	-	-	7,743,776	(7,743,776)
Deposits and other receivables		(14,958)	(629,023)	(888)	(644,869)	(195,763)
		(65,257,731)	14,151,077	50,512,678	(593,976)	(182,993,230)
Increase / (decrease) in liabilities						
Payable to Pension Fund Manager		368,144	120,174	13,436	501,754	197,512
Payable to Trustee		27,505	6,277	(507)	33,275	41,903
Annual fee payable to Securities and Exchange Commission of Pakistan		89,265	23,299	4,406	116,970	87,719
Payable against purchase of equity securities		-	-	-	-	(18,129,700)
Accrued and other liabilities		(198,624)	(208,283)	(155,539)	(562,446)	3,226,601
		286,290	(58,533)	(138,204)	89,553	(14,575,965)
Net cash (used in) / generated from operating activities						
		(49,400,806)	32,263,716	57,430,116	40,293,026	(155,407,463)
CASH FLOW FROM FINANCING ACTIVITIES						
Receipt of contribution		261,066,450	214,693,795	55,515,204	531,275,449	313,376,518
Payment against redemption of units		(214,118,410)	(142,192,068)	(49,468,856)	(405,779,334)	(160,841,133)
Net cash generated from financing activities		46,948,040	72,501,727	6,046,348	125,496,115	152,535,385
Net (decrease) / increase in cash and cash equivalent during the year		(2,452,766)	104,765,443	63,476,464	165,789,141	(2,872,078)
Cash and cash equivalents at the beginning of the year						
		25,541,811	11,260,150	5,150,703	41,952,664	44,824,742
Cash and cash equivalents at end of the year	15	23,089,045	116,025,593	68,627,167	207,741,805	41,952,664

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

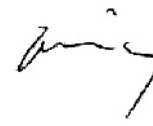
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



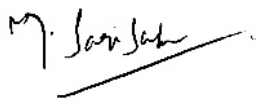
Director

STATEMENT OF MOVEMENT IN PARTICIPANT'S SUB-FUNDS FOR THE YEAR ENDED JUNE 30, 2017

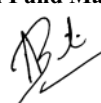
	2017				
	EquitySub-Fund	DebtSub-Fund	Money MarketSub-Fund	Total	2016
	(Rupees)				
Net assets at beginning of the year	528,874,233	421,008,172	157,132,508	1,107,014,913	872,902,262
Amount received on issue of units	261,066,450	214,693,795	55,515,204	531,275,449	313,376,518
Amount paid on redemption of units	(214,118,410)	(142,192,068)	(49,468,856)	(405,779,334)	(160,841,133)
	46,948,040	72,501,727	6,046,348	125,496,115	152,535,385
Element of income and capital gains included in prices of units sold less those in units redeemed					
Amount representing income / (loss) and realised capital gains / losses	(6,080,480)	(1,922,638)	(128,278)	(8,131,396)	(7,916,140)
- Amount representing unrealised appreciation / (diminution) in fair value of investments	(37,212,689)	(34,937,041)	(2,947,960)	(75,097,690)	(90,850,209)
	(43,293,169)	(36,859,679)	(3,076,238)	(83,229,086)	(98,766,349)
Net unrealised appreciation during the year in the market value of investments classified as 'available-for-sale'	60,768,069	724,257	1,213,688	62,706,014	22,204,836
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised appreciation	37,212,689	34,937,041	2,947,960	75,097,690	90,850,209
Net income for the year after taxation	137,971,628	20,469,265	5,780,765	164,221,658	67,288,570
Net assets at end of the year	768,481,490	512,780,783	170,045,031	1,451,307,304	1,107,014,913

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

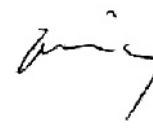
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



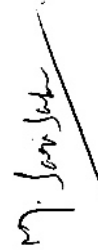
Director

CONTRIBUTION TABLE FOR THE YEAR ENDED JUNE 30, 2017

Contributions net of front end fee	June 30, 2017						Total	Total June 30, 2016
	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	1,270,108	268,464,568	1,911,296	297,023,452	779,640	103,047,606	668,535,626	516,000,241
Issue of units	502,147	261,066,450	1,030,849	214,693,795	275,829	55,515,204	531,275,449	313,376,518
Redemption of units	(412,408)	(214,118,410)	(710,447)	(142,192,068)	(246,486)	(49,468,856)	(405,779,334)	(160,841,133)
	89,739	46,948,040	320,402	72,501,727	29,343	6,046,348	125,496,115	152,535,385
Closing balance	1,359,847	315,412,608	2,231,698	369,525,179	808,983	109,093,954	794,031,741	668,535,626

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

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



Chief Executive Officer



Chief Financial Officer



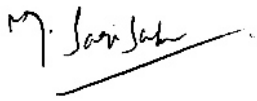
Director

**STATEMENT OF NUMBER OF UNITS IN ISSUE
FOR THE YEAR ENDED JUNE 30, 2017**

	EquitySub-Fund	DebtSub-Fund	Money MarketSub-Fund
	----- (Number of units) -----		
Total units outstanding at beginning of the year	1,270,108	1,911,296	779,640
Add: Units issued during the year	502,147	1,030,849	275,829
Less: Units redeemed during the year	(412,408)	(710,447)	(246,486)
Total units in issue at the end of the year	1,359,847	2,231,698	808,983

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

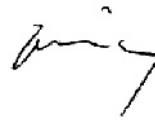
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



Director

FINANCIAL PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2017

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	June 30, 2017	June 30, 2016	% Change	June 30, 2017	June 30, 2016	% Change	June 30, 2017	June 30, 2016	% Change
	(Rupees)	(Rupees)		(Rupees)	(Rupees)		(Rupees)	(Rupees)	
Net income after taxation	137,971,628	28,896,483	377.47	20,469,265	31,712,024	(35.45)	5,780,765	6,680,063	(13.46)
Realised capital gains / (losses)	127,798,273	16,701,148	665.21	215,169	4,960,871	(95.66)	(1,399,105)	(20,539)	6,711.94
Unrealised gains / (losses)	49,290,309	30,555,117	61.32	1,093,702	(1,719,959)	(163.59)	1,209,638	38,671	3,028.02
Impairment loss on available-for-sale investment	-	(11,099,775)	(100.00)	-	-	-	-	-	-
Dividend income and profit income	32,149,698	23,051,431	39.47	27,261,564	32,967,550	(17.31)	10,098,661	6,849,302	47.44
Net assets value per unit	565.12	416.40	35.72	229.77	220.27	4.31	210.20	201.54	4.29
Transactions in securities									
- Purchases	1,230,526,140	572,998,004	114.75	2,974,096,430	1,228,310,927	142.13	1,158,342,959	496,253,602	133.42
- Sales	1,161,749,948	489,682,359	137.25	4,102,297,392	1,480,050,148	177.17	1,360,071,247	482,242,988	174.07
Total contribution received	261,066,450	151,586,268	72.22	214,693,795	123,899,851	73.28	55,515,204	37,890,399	46.52
Lowest and highest issue price of units during the year									

PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund		
Lowest Issue price	Highest Issue price		Lowest Issue price	Highest Issue price		Lowest Issue price	Highest Issue price	
419.65	624.90		220.38	229.77		201.61	210.20	

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-ArifHabib 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 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2** PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3** MCB-ArifHabib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the Securities and Exchange Commission of Pakistan. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated June 23, 2017.
- 1.5** Title to the assets of the fund is held in the name of Central Depository Company Limited as trustee of the fund.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 (the VPS Rules) and the directives issued by the Securities and Exchange Commission of Pakistan. Wherever the requirements of the Trust Deed, the VPS Rules, or the directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules, or the requirements of the said directives prevail.
- 2.2** During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Fund shall prepare the financial statements for periods closing after June 30, 2017 in accordance with the provisions of the new Companies Act. The Fund is currently in process of determining impact, if any, on future financial statements due to implementation of the Act.
- 2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017**

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Standards / amendments / interpretations

Effective date (accounting period beginning on or after)

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception

January 01, 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Standards / amendments / interpretations	Effective date (accounting period beginning on or after)
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

2.4 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Standards / amendments / interpretation	Effective date (accounting period beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier adoption is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 2.2.

4.1 Financial assets

4.1.1 Classification

The Fund classifies its financial assets in the following categories: 'investment at fair value through profit or loss' - held-for-trading, 'loans and receivables' and 'available-for-sale investment' in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'. The classification depends on the purpose for which the financial assets were acquired.

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets 'at fair value through profit or loss' - held-for-trading. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

4.1.2 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

a) Government Ijarah Sukuks

The investment of the Debt Sub-Fund and Money Market Sub-Fund in Government Ijarah Sukuks are categorized as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and are valued on the basis of broker average rates obtained from Mutual Funds Association of Pakistan (MUFAP).

b) Equity Securities

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

c) Debt Securities

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

d) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortized cost.

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

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

4.1.5 Impairment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.1.8 Reclassification

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

4.2 Financial liabilities

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

4.3 Issue, allocation, reallocation and redemption of units

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

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

4.4 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

4.5 Provisions

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

4.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the balance sheet, is calculated by dividing the net assets of the Fund by the number of units of the sub-fund in circulation at the year end.

4.7 Earnings per unit

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

4.8 Taxation

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

4.9 Revenue recognition

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

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

4.11 Foreign currency translation

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

4.12 Basis of allocation of expenses to each sub-fund

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

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

5. BALANCES WITH BANKS

5.1 Savings accounts carry a rate of return ranging from 3.75% to 6.35% (2016: 5.25%) per annum.

June 30, 2017				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total
Note	-----	-----	(Rupees) -----	

Available for sale

Loans and receivables

Term Deposit Receipts	6.7	-	175,000,000	85,000,000	260,000,000	-
		<u>747,828,387</u>	<u>485,963,565</u>	<u>162,694,003</u>	<u>1,396,485,955</u>	<u>1,047,587,531</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

6.1 Listed Equity Securities - HFT

Name of the Investee Company	Number of shares					Balance as at June 30, 2017			Market value as a % of the paid up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2017	Carrying Value	Market value	Appreciation / (Diminution)	
									(Rupees) %
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise									
Automobile Assembler									
Atlas Honda Limited	-	11,500	-	-	11,500	6,612,500	6,946,345	333,845	0.90
Ghandhara Industries Limited	-	13,000	-	-	13,000	10,757,224	8,451,430	(2,305,794)	1.10
Honda Atlas Cars (Pakistan) Limited	-	15,000	-	-	15,000	12,721,782	13,015,350	293,568	1.69
Indus Motors Company Limited	-	13,620	-	4,540	9,080	17,012,395	16,285,888	(726,507)	2.12
Pak Suzuki Motor Company Limited	-	36,000	-	15,000	21,000	12,399,780	16,387,560	3,987,780	2.13
						59,503,681	61,086,573	1,582,892	
Automobile Parts & Accessories									
General Tyre & Rubber Company Limited	17,000	5,400	-	-	22,400	7,008,801	6,798,400	(210,401)	0.88
Cable & Electrical Goods									
Pak Elektron Limited	-	270,000	-	131,000	139,000	11,414,861	15,334,480	3,919,619	2.00
Cement									
Cherat Cement Limited	-	178,500	-	65,000	113,500	22,230,053	20,291,530	(1,938,523)	2.64
Fauji Cement Company Limited	-	470,000	-	181,000	289,000	13,746,776	11,857,670	(1,889,106)	1.54
Kohat Cement Limited	-	61,500	-	-	61,500	17,220,000	14,099,490	(3,120,510)	1.83
Lucky Cement Limited	-	71,500	-	17,000	54,500	45,109,110	45,576,170	467,060	5.93
Maple Leaf Cement Factory Limited	-	413,000	-	271,000	142,000	16,674,137	15,813,120	(861,017)	2.06
Pioneer Cement Limited	3,000	117,000	-	3,000	117,000	16,359,338	15,210,000	(1,149,338)	1.98
						131,339,414	122,847,980	(8,491,434)	
Chemicals									
Dyneac Pakistan Limited	7,000	-	-	-	7,000	318,500	703,920	385,420	0.09
						318,500	703,920	385,420	
Commercial Banks									
Allied Bank Limited	-	140,000	-	135,600	4,400	510,400	394,328	(116,072)	0.05
Bank Al Falah Limited	-	623,000	-	243,000	380,000	15,347,212	15,276,000	(71,212)	1.99
Bank Al Habib Limited	-	150,000	-	-	150,000	8,400,000	8,512,500	112,500	1.11
Habib Bank Limited	-	115,800	-	80,000	35,800	9,821,698	9,635,212	(186,486)	1.25
United Bank Limited	-	121,000	-	33,000	88,000	20,329,725	20,725,760	396,035	2.70
						54,409,035	54,543,800	134,765	
Engineering									
International Industries Limited	-	30,000	-	-	30,000	5,695,191	11,057,100	5,361,909	1.44
International Steels Limited	-	255,500	-	203,000	52,500	8,121,440	6,714,225	(1,407,215)	0.87
Crescent Steel and Allied Products Limited	16,500	-	-	16,500	-	-	-	-	-
						13,816,631	17,771,325	3,954,694	
Fertilizer									
Engro Corporation Limited	5,000	131,600	-	16,000	120,600	43,740,728	39,304,746	(4,435,982)	5.11
Food & Personal Care Products									
Fauji Foods Limited	-	67,000	-	45,500	21,500	2,586,837	1,618,520	(968,317)	0.21
Shezan International Limited	3,700	13,100	-	-	16,800	7,708,704	7,980,000	271,296	1.04
						10,295,541	9,598,520	(697,021)	
Glass & Ceramics									
Shabbir Tiles & Ceramics Limited	-	592,000	-	-	592,000	7,660,894	11,348,640	3,687,746	1.48

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Name of the Investee Company	Number of shares				Balance as at June 30, 2017			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2017	Carrying Value	Appreciation / (Diminution)		

Insurance									
Pakistan Reinsurance Co. Limited	-	310,000	-	160,000	150,000	7,631,820	(310,320)	0.95	0.02
Leasing Companies									
Orix Leasing Pakistan Limited	-	165,500	-	3,500	162,000	7,535,252	(1,014,752)	0.85	0.04
Orix Leasing Pakistan Limited(R)	-	-	76,908	-	76,908	-	223,033	0.03	-
Leather & Tanneries									
Bata Pakistan Limited	1,340	-	-	-	1,340	5,463,622	(1,041,622)	0.58	0.07
Service Industries Limited	-	4,500	-	2,200	2,300	3,013,000	158,700	0.41	-
Miscellaneous									
Tri-Pak Films Limited	-	25,400	-	-	25,400	7,416,985	(1,727,385)	0.74	0.01
Oil & Gas Exploration Companies									
Oil & Gas Development Company Limited	-	47,500	-	-	47,500	6,764,451	(81,676)	0.87	-
Pakistan Oilfields Limited	194	15,500	-	-	15,694	8,209,233	(1,019,027)	0.94	-
Pakistan Petroleum Ltd	223	287,200	-	161,600	125,823	19,362,096	(722,677)	2.43	-
						34,335,780	(1,823,380)	4.24	-
Oil And Gas Marketing Companies									
Shell Pakistan Limited	-	13,000	-	-	13,000	8,112,242	(632,432)	0.97	-
Paper And Board									
Century Paper & Board Mills Limited	-	176,000	-	62,500	113,500	7,422,003	3,706,672	1.45	-
Cherat Packaging Limited	-	25,000	-	-	25,000	8,199,130	(2,254,630)	0.77	-
						15,621,133	1,452,042		
Pharmaceuticals									
Ibl Healthcare Limited	60,720	-	858	55,000	6,578	908,450	(105,934)	0.10	0.01
Power Generation & Distribution									
Hub Power Company Limited	75,995	312,000	-	-	387,995	48,644,640	(3,082,388)	5.93	-
Kot Addu Power Company Limited	-	31,500	-	-	31,500	2,452,130	(183,500)	0.30	-
						51,096,770	(3,265,888)		
Sugar & Allied Industries									
Faran Sugar Mills Limited	-	38,000	-	-	38,000	6,270,000	(3,220,120)	0.40	0.05
						6,270,000	(3,220,120)	0.40	
As at June 30, 2017									
	3,729,618	486,913,140				475,435,380	(11,477,760)		
As at June 30, 2016									
	173,672	23,828,010				30,200,284	6,372,274		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

6.2 Government Securities - HFT

Name of investment	Face value				Balance as at June 30, 2017			Market value as % of net assets of sub-funds
	As at July 01, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017	Carrying Value	Market value	Appreciation / (Diminution)	
Pakistan Investment Bonds								
PPF Debt Sub-Fund								
Pakistan investment bonds (3 years)	14,365,000	4,000,000	14,365,000	4,000,000	4,008,839	4,009,462	623	0.01
Pakistan investment bonds (5 years)	80,360,000	-	80,360,000	-	-	-	-	-
Pakistan investment bonds (10 years)	130,000	-	130,000	-	-	-	-	-
	94,855,000	4,000,000	94,855,000	4,000,000	4,008,839	4,009,462	623	
Treasury Bills								
PPF Debt Sub-Fund								
Treasury Bills (3 months)	-	606,000,000	471,000,000	135,000,000	134,640,902	134,638,050	(2,852)	0.26
Treasury Bills (6 months)	60,770,000	236,500,000	272,270,000	25,000,000	24,644,290	24,640,125	(4,165)	0.05
Treasury Bills (12 months)	17,395,000	345,400,000	343,395,000	19,400,000	19,145,152	19,141,667	(3,485)	0.04
	78,165,000	1,187,900,000	1,086,665,000	179,400,000	178,430,344	178,419,842	(10,502)	
PPF Money Market Sub-Fund								
Treasury Bills (3 months)	4,000,000	588,300,000	514,300,000	78,000,000	77,696,535	77,694,003	(2,532)	0.46
Treasury Bills (6 months)	15,000,000	547,010,000	562,010,000	-	-	-	-	-
	19,000,000	1,135,310,000	1,076,310,000	78,000,000	77,696,535	77,694,003	(2,532)	
As at June 30, 2017								
	192,020,000	2,327,210,000	2,257,830,000	261,400,000	260,135,718	260,123,307	(12,411)	
As at June 30, 2016								
	262,055,000	652,795,000	722,830,000	192,020,000	195,718,264	196,014,892	296,628	

6.3 Term Finance Certificate - HFT

Name of investment	Issue Date	Face value			Balance as at June 30, 2017			Market value as % of net assets of sub-funds
		As at July 01, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017	Carrying Value	Market value	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

6.4 Listed Equity Securities - AFS

Name of the Investee Company	(Number of shares)					Balance as at June 30, 2017			Market value as a % of net assets of the sub-fund	Market value as a % of the paid-up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2017	Cost	Market value	Appreciation/ (Diminution)		
----- (Rupees) -----										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile Assembler										
Hinopak Motors Limited	-	7,060	-	-	7,060	6,978,338	9,248,600	2,270,262	1.20	0.06
Automobile Parts & Accessories										
Atlas Battery Limited	-	12,700	-	-	12,700	7,827,570	11,430,000	3,602,430	1.49	0.07
Cable & Electrical Goods										
Pak Elektron Limited	162,250	215,000	-	289,000	88,250	6,198,000	9,735,740	3,537,740	1.27	0.02
Cement										
Cherat Cement Limited	135,000	50,000	-	135,000	50,000	6,332,320	8,939,000	2,606,680	1.16	-
Lucky Cement Limited	48,800	-	-	35,000	13,800	8,219,401	11,540,388	3,320,987	1.50	-
						14,551,721	20,479,388	5,927,667		
Chemicals										
Archroma Pakistan Limited	27,700	-	-	17,200	10,500	4,779,681	7,484,295	2,704,614	0.97	0.04
Biafo Industries Limited	16,100	-	1,610	17,629	81	14,747	20,274	5,527	0.00	-
ICI Pakistan Limited	45,100	-	-	38,100	7,000	3,016,530	7,661,850	4,645,320	1.00	-
						7,810,958	15,166,419	7,355,461		
Commercial Banks										
Habib Bank Limited	145,000	-	-	117,000	28,000	5,093,385	7,535,920	2,442,535	0.98	0.02
Habib Metropolitan Bank Limited	250,000	190,000	-	250,000	190,000	5,613,778	6,279,500	665,722	0.82	0.01
Meezan Bank Limited	-	92,000	-	-	92,000	4,750,475	7,268,000	2,517,525	0.95	-
United Bank Limited	202,000	70,000	-	191,300	80,700	13,847,313	19,006,464	5,159,151	2.47	-
						29,304,951	40,089,884	10,784,933		
Engineering										
International Industries Limited	-	55,000	-	-	55,000	5,657,410	20,271,350	14,613,940	2.64	0.02
K.S.B.Pumps Company Limited	-	3,800	-	700	3,100	816,255	976,500	160,245	0.13	-
Crescent Steel and Allied Products Limited	8,700	-	-	8,700	-	-	-	-	-	-
						6,473,665	21,247,850	14,774,185		
Fertilizer										
Dawood Hercules Corporation Limited	75,000	-	-	73,800	1,200	144,261	163,632	19,371	0.02	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Name of the Investee Company	(Number of shares)					Balance as at June 30, 2017			Market value as a % of net assets of the sub-fund	Market value as a % of the paid-up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2017	Cost	Market value	Appreciation/ (Diminution)		
(Rupees)										
Leather & Tanneries										
Service Industries Limited	-	7,000	-	1,300	5,700	6,907,897	7,860,300	952,403	1.02	0.02
Miscellaneous										
Shifa International Hospitals Limited	52,903	-	-	31,300	21,603	5,450,119	7,128,990	1,678,871	0.93	-
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	-	22,000	-	-	22,000	21,826,235	34,664,080	12,837,845	4.51	-
Oil & Gas Development Company Limited	220,000	39,000	-	148,000	111,000	17,528,054	15,616,590	(1,911,464)	2.03	-
Pakistan Oilfields Limited	69,006	15,000	-	44,100	39,906	13,980,273	18,282,731	4,302,458	2.38	-
						53,334,562	68,563,401	15,228,839		
Paper And Board										
Security Papers Limited	33	-	-	-	33	872	4,816	3,944	0.00	0.01
Pharmaceuticals										
Abbott Laboratories Pakistan Limited	27,700	-	-	18,800	8,900	5,879,694	8,317,940	2,438,246	1.08	-
Ibl Healthcare Limited	5,060	-	108	4,340	828	83,606	101,016	17,410	0.01	0.01
Searle Company Limited	1,450	-	218	1,500	168	53,356	86,013	32,657	0.01	-
						6,016,656	8,504,969	2,488,313		
Power Generation & Distribution										
Altern Energy Limited	10,500	-	-	-	10,500	404,977	522,270	117,293	0.07	0.15
Hub Power Company Limited	35,000	104,400	-	90,000	49,400	5,935,968	5,801,042	(134,926)	0.75	-
Kot Addu Power Co. Limited	199,000	-	-	140,000	59,000	5,367,873	4,249,180	(1,118,693)	0.55	0.28
						11,708,818	10,572,492	(1,136,326)		
Technology & Communications										
Avanceon Limited	-	350,000	73,625	55,500	368,125	9,569,761	16,679,744	7,109,983	2.17	-
Netsol Technologies Limited	125,000	100,000	-	220,500	4,500	283,522	260,235	(23,287)	0.03	-
Systems Limited	261,955	-	-	123,000	138,955	5,345,265	10,538,347	5,193,082	1.37	-
						15,198,548	27,478,326	12,279,778		
Textile Composite										
Kohinoor Textile Mills Limited	-	140,000	-	-	140,000	11,588,948	14,718,200	3,129,252	1.92	-
As at June 30, 2017										
						1,620,009	189,495,884	272,393,007	82,897,123	
As at June 30, 2016										
						2,994,657	433,467,121	469,125,560	35,658,439	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

6.5 Government Securities - AFS PPF Debt Sub-Fund

	Face value			As at June 30, 2017			Market value as a % of net assets of the sub-fund
	As at July 01, 2016	Purchases during the year	Sales / maturities during the year	As at June 30, 2017	Cost	Market value	
							(Rupees)
Pakistan investment bonds (3 years)	90,250,000	244,450,000	333,750,000	950,000	976,445	962,406	-
Pakistan investment bonds (5 years)	106,600,000	1,027,360,000	1,132,700,000	1,260,000	1,363,277	1,326,614	-
Pakistan investment bonds (10 years)	3,800,000	291,630,000	250,300,000	45,130,000	45,857,059	45,655,273	0.09
Pakistan investment bonds (15 years)	3,500,000	-	-	3,500,000	3,587,971	3,898,874	0.01
Pakistan investment bonds (20 years)	-	1,900,000	-	1,900,000	2,007,260	2,127,360	-
As at June 30, 2017	204,150,000	1,565,340,000	1,716,750,000	52,740,000	53,792,012	53,970,527	178,515
As at June 30, 2016	191,850,000	870,800,000	858,500,000	204,150,000	217,966,752	221,387,045	3,420,293

6.6 Term Finance Certificates - AFS PPF Debt Sub-Fund

Name of the investee company	Issue Date	Number of certificates			Balance as at June 30, 2017			Market value as a % of net assets of the sub-fund	Market value as a % of total investments	Percentage in relation to the total size of the issue
		As at July 01, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017	Cost	Market value			
								(Rupees)	%	%
Sukuk bonds										
Pak Elektron Limited	28-Sep-07	750	-	750	-	-	-	-	-	-
Term finance certificates										
Bank Alfalah Limited	9-Dec-09	500	-	-	500	831,586	835,065	3,479	-	-
TFC - IV (Floating)										
As at June 30, 2017		500	-	-	500	831,586	835,065	3,479	-	-
As at June 30, 2016		1,250	-	-	1,250	2,494,748	2,535,989	41,241	-	0.05

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

6.7 Term Deposit Receipts

Particulars	Profit / mark-up rates	Issue date	Maturity date	At June 30, 2017 ----- (Rupees) -----	Market value as a percentage of net assets %	Market value as a percentage of total investments %
Debt Sub Fund						
Zarai Tarakati Bank Limited	6.50%	31-May-17	13-Sep-17	85,000,000	0.17	0.07
JS Bank Limited	6.75%	30-Jun-17	28-Sep-17	90,000,000	0.18	0.07
				<u>175,000,000</u>		
Money market Sub Fund						
Zarai Tarakati Bank Limited	6.50%	31-May-17	13-Sep-17	25,000,000	0.15	0.02
JS Bank Limited	6.75%	30-Jun-17	28-Sep-17	30,000,000	0.18	0.02
Allied Bank Limited	6.18%	30-Jun-17	7-Jul-17	30,000,000	0.18	0.02
				<u>85,000,000</u>		
				<u>260,000,000</u>		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2017			Total	June 30, 2016
	PPF	PPF	PPF		
	Equity	Debt	Money		
	Sub-Fund	Sub-Fund	Market Sub-Fund		
	(Rupees)				
-Receivable against 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	251,258	3,778	2,041	257,077	113,964
Others	16,497	644,169	16,502	677,168	175,412
	2,967,755	847,947	118,543	3,934,245	3,289,376

8. PAYABLE TO PENSION FUND MANAGER

	Note	June 30, 2017			Total	June 30, 2016
		PPF	PPF	PPF		
		Equity	Debt	Money		
		Sub-Fund	Sub-Fund	Market Sub-Fund		
		(Rupees)				
Remuneration payable	8.1	958,084	620,049	205,302	1,783,435	1,327,656
Sales tax on Pension						
Fund Manager Fee		124,551	80,607	26,688	231,846	185,871
		1,082,635	700,656	231,990	2,015,281	1,513,527

8.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% (2016: 1.5%) of the average amount of net assets of each sub-fund calculated during the year for determining the prices of units of the sub-funds.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY 'OF PAKISTAN LIMITED - TRUSTEE

	June 30, 2017			Total	June 30, 2016
	PPF	PPF	PPF		
	Equity	Debt	Money		
	Sub-Fund	Sub-Fund	Market Sub-Fund		
	(Rupees)				
Trustee fee	97,190	62,910	20,813	180,913	147,637

9.1 This represents remuneration of the Trustee based on the tariff as specified in the Trust Deed, calculated on the basis of the net asset value of each sub-fund computed each day for determining the prices of units of the sub-funds.

Amount of funds under management (Average NAV)

Up to Rs. 1 billion

Rs. 1 billion to Rs. 5 billion

Tariff per annum

0.17% p.a. of Net Assets

Rs. 1.7 million plus 0.085% p.a. of Net Assets exceeding Rs. 1 billion

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Amount of funds under management (Average NAV)

Over Rs. 5 billion

Tariff per annum

Rs. 5.1 million plus 0.07% p.a. of Net Assets exceeding Rs. 5 billion

10. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee to the Securities and Exchange Commission of Pakistan at the rate of one thirtieth of one percent of average annual net assets of each sub-fund.

11. ACCRUED AND OTHER LIABILITIES

		June 30, 2017			Total	June 30, 2016
		PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund		
Note		(Rupees)				
Provision for Workers' Welfare Fund	11.1	3,766,624	1,170,933	272,852	5,210,409	5,559,013
Federal Excise Duty payable on remuneration of Pension Fund Manager	11.2	2,420,238	2,404,932	1,151,294	5,976,464	5,976,465
Brokerage		525,289	2,852	1,198	529,339	663,897
Withholding tax		187,927	125,096	27,274	340,297	379,855
Auditor's remuneration		157,514	106,452	37,857	301,823	300,749
Payable against redemption of units		-	-	22,098	22,098	19,912
Others		-	650	-	650	43,635
		7,057,592	3,810,915	1,512,573	12,381,080	12,943,526

11.1 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 June 30, 2017, the NAV per unit of the Fund would have been higher by Rs.2.77 per unit, Rs.0.52 per unit and Rs. 0.34 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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. The aggregated provision as at June 30, 2017 is Rs.3.76 million for Equity sub fund, Rs. 1.17 million for Debt sub fund and Rs. 0.27 million for Money Market sub fund. The impact on decrease on NAV per unit as at June 30, 2017 is Rs. 2.77 per unit for Equity sub fund, Rs. 0.52 per unit for Debt sub fund and Rs. 0.33 per unit for Money Market sub fund.

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

11.2 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.

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 pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2015. However the Management Company of the Fund has not made any further provision for FED after the year ended June 30, 2015. The aggregate balance of FED provision in the books of accounts for the Fund as on June 30, 2017 was Rs.5.97 million. (June 30, 2016: Rs.5.97 million). The impact of decrease in NAV per unit of the Fund is Rs.1.78 per unit, Rs.1.08 per unit and Rs. 1.42 per unit respectively for Equity, Debt and Money Market sub fund on that date.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2017 (June 30, 2016 : NIL) except as disclosed in note 11.1 and 11.2

13. AUDITORS' REMUNERATION

	June 30, 2017			Total	June 30, 2016
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund		
	(Rupees)				
Audit fee	132,377	88,331	29,292	250,000	250,000
Half yearly review fee	66,189	44,165	14,646	125,000	125,000
	198,566	132,496	43,939	375,000	375,000
Out of pocket expenses	38,886	22,128	11,706	72,721	105,519
	237,452	154,624	55,645	447,721	480,519

14. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

15. CASH AND CASH EQUIVALENTS

	June 30, 2017				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2016
	----- (Rupees) -----				
Savings accounts	23,089,045	26,025,593	8,627,167	57,741,805	41,952,664
Term Deposit Receipts (3 months)	-	90,000,000	60,000,000	150,000,000	-
	23,089,045	116,025,593	68,627,167	207,741,805	41,952,664

16. TRANSACTIONS WITH CONNECTED PERSONS

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

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

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules 2005 and the Trust Deed respectively.

16.1 Transactions during the year

	June 30, 2017				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2016
	----- (Rupees) -----				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	11,946,084	7,719,708	2,766,507	22,432,299	19,216,038
Redemption of PPF Debt Sub-Fund Units held (2016: 46,891)	-	-	-	-	10,000,000
MCB Bank Limited					
Mark-up earned	41,178	10,430	6,867	58,475	107,219
Bank charges	4,465	1,073	1,001	6,539	5,774
Central Depository Company Limited - Trustee					
Remuneration including sales taxes	1,095,924	710,020	254,650	2,060,594	1,650,122
Settlement charges	117,360	9,516	-	126,876	60,442

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FOR THE YEAR ENDED JUNE 30, 2017**

	June 30, 2017				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2016
	(Rupees)				
Brokerage					
Arif Habib Limited	149,442	-	-	149,442	34,197
Next Capital Limited	126,676	10,000	2,270	138,946	81,163
Summit Capital Limited	-	-	-	-	4,994
Key Management Personnel					
Issue of 5,314 units of PPF Equity Sub-Fund (2016: 4,181 units)	2,802,323	-	-	2,802,323	1,595,577
Issue of 8,780 units of PPF Debt Sub-Fund (2016: 4,379 units)	-	1,984,732	-	1,984,732	923,317
Issue of 1,682 units of PPF Money Market Sub-Fund (2016: 146 units)	-	-	347,756	347,756	28,507
Redemption of 3,173 units of PPF Equity Sub-Fund (2016: 26,554 units)	1,608,780	-	-	1,608,780	10,059,530
				-	
Redemption of 3,947 units of PPF Debt Sub-Fund (2016: 18,696 units)	-	878,892	-	878,892	3,968,161
				-	
Redemption of 525 units of PPF Money Market Sub-Fund (2016: 2,127 units)	-	-	106,861	106,861	414,409
				-	

16.2 Amounts outstanding as at year end

	As at June 30, 2017				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2016
	(Rupees)				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	958,084	620,049	205,302	1,783,435	531,363
Sindh sales tax payable	124,551	80,607	26,688	231,846	79,705
Investment of 252,196 units as seed capital in each sub-fund (2016: 252,196)	142,521,000	-	-	142,521,000	105,014,412

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	As at June 30, 2017				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2016
	(Rupees)				
Investment of 253,109 units as seed capital in each sub-fund (2016: 253,109)	-	58,156,828	-	58,156,828	55,752,293
Investment of 300,000 units as seed capital in each sub-fund (2016: 300,000)	-	-	63,060,000	63,060,000	60,462,000
MCB Bank Limited					
Bank balance	622,478	195,810	14,721	833,009	76,815
Central Depository Company Limited - Trustee					
Remuneration payable	86,009	55,663	18,432	160,104	129,506
Sindh sales tax payable	11,181	7,247	2,381	20,809	18,132
Security deposit	200,000	200,000	100,000	500,000	500,000
Brokerage					
Arif Habib Limited	2,046	-	-	2,046	16,000
Next Capital Limited	65,952	-	-	65,952	55,854
Key Management Personnel					
Balance as at June 30, 2017					
Investment In PPF Equity Sub-Fund 12,377 units (2016: 16,237 units)	6,994,490	-	-	6,994,490	6,761,257
Investment In PPF Debt Sub-Fund 16,319 units (2016: 8,188 units)	-	3,749,587	-	3,749,587	1,803,630
Investment In PPF Money Market Sub-Fund 3,319 units (2016: 230 units)	-	-	697,612	697,612	46,273

17. FINANCIAL RISK MANAGEMENT

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

17.1 Market risk

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

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

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

17.1.1 Currency risk

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

17.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market return rates.

Sensitivity analysis of variable rate instruments

- a) Debt Sub-Fund holds KIBOR based profit bearing TFCs and Sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2017 and net income for the year then ended would have been higher / lower by Rs.0.01 million (2016: Rs.0.025 million).
- b) Money Market Sub-Fund and Debt Sub-Fund holds Pakistan Investment Bonds which are classified as 'available-for-sale' and 'at fair value through profit or loss', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates announced by FMAP (Financial Markets Association of Pakistan) or Reuters on June 30, 2017, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.0.41 million (2016: Rs.4.06 million).
- c) Money Market Sub-Fund and Debt Sub-Fund hold Treasury Bills which are classified as fair value through profit or loss', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates announced by MUFAP (Mutual Funds Association of Pakistan) on June 30, 2017, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.2.56 million (2016: Rs.0.96 million).
- d) The Fund holds balances in deposit accounts with banks, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2017 and net income for the year then ended would have been higher / lower by Rs.0.577 million (2016: Rs.0.419 million).

The composition of the Fund's investment portfolio, KIBOR rates, rates announced by State Bank of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017									
	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund			
	Exposed to yield / profit rate risk			Exposed to yield / profit rate risk			Exposed to yield / profit rate risk			
	Upto three months	More than three months and up to one year	Not exposed to yield / profit rate risk	Upto three months	More than three months and up to one year	Not exposed to yield / profit rate risk	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk
On-balance sheet financial instruments										
Financial assets										
Balances with banks	57,741,805	23,089,045	-	-	-	-	-	-	-	-
Investments	1,396,485,955	-	-	26,025,593	128,781,792	-	8,627,167	-	-	-
Dividend receivable	2,928,529	-	747,828,387	224,638,050	132,543,723	-	137,694,003	25,000,000	-	-
Interest receivable	5,233,972	-	2,928,529	-	-	-	-	-	-	-
Receivable against sale of Investments	-	-	139,624	-	-	4,669,444	-	-	-	424,904
Deposits and other receivables	3,934,245	-	-	2,967,755	-	-	-	-	-	-
	1,466,324,506	23,089,045	-	250,663,643	128,781,792	5,517,391	146,321,170	25,000,000	-	118,543
Financial liabilities										
Payable to Pension Fund Manager	2,015,281	-	-	-	-	-	-	-	-	231,990
Payable to trustee	180,913	-	-	-	-	-	-	-	-	20,813
Payable against purchase of investments	439,928	-	234,433	-	-	151,285	-	-	-	54,210
Accrued and other liabilities	12,381,080	-	7,057,592	-	-	3,810,915	-	-	-	1,512,573
	15,017,202	-	-	8,471,850	-	4,725,766	-	-	-	1,819,586
On-balance sheet gap	1,451,307,304	23,089,045	-	745,392,445	128,781,792	791,625	146,321,170	25,000,000	-	(1,276,139)

There are no off-balance sheet financial instruments that exist as at year ended June 30, 2017.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2016									
	PPF Equity Sub-Fund				PPF Debt Sub-Fund				PPF Money Market Sub-Fund	
	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk	
	Upto three months	More than three months and up to one year	More than one year	Upto three months	More than three months and up to one year	More than one year	Upto three months	More than three months and up to one year	Upto three months	More than one year
On-balance sheet financial instruments										
Financial assets										
Balances with banks	41,952,664	25,541,811	-	-	11,260,150	-	-	5,150,703	-	-
Investments	1,047,587,531	-	-	-	-	79,733,032	321,241,189	18,963,639	-	128,324,096
Dividend receivable	1,420,781	-	-	-	-	-	-	-	-	-
Profit receivable	19,948,434	-	-	-	-	-	-	-	-	-
Receivable against sale of investments	7,743,776	-	-	-	7,743,776	-	-	-	-	-
Deposits and other receivables	3,175,412	-	-	-	2,838,833	-	-	218,924	-	-
	1,121,828,598	25,541,811	-	-	511,404,018	11,260,150	321,241,189	13,558,100	24,114,342	128,324,096
Financial liabilities										
Payable to Pension Fund Manager	1,513,527	-	-	-	714,491	-	-	580,482	-	-
Payable to trustee	147,638	-	-	-	69,685	-	-	56,633	-	-
Payable against purchase of equity securities	-	-	-	-	-	-	-	-	-	-
Accrued and other liabilities	1,028,193	-	-	-	798,644	-	-	160,887	-	-
	2,689,358	-	-	-	1,582,820	-	-	798,002	-	-
On-balance sheet gap	1,119,139,240	25,541,811	-	-	509,821,198	11,260,150	321,241,189	12,760,098	24,114,342	128,324,096

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

17.1.3 Other Price risk

Other price risk is a risk that the value of financial instrument may fluctuate as a result of changes in market prices. The Equity Sub-Fund is exposed to equity price risk because of equity securities held by the Equity Sub-Fund and classified on the balance sheet as available-for-sale. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy, as restricted by the VPS Rules, limits investments in listed shares of one company to not more than 10% of Sub-Fund net assets and investment in listed securities of a particular company have also been restricted to 10% of paid-up capital of investee company. Moreover, the sector limits have been restricted to 35% of the net assets of the Sub-Fund.

In case of 5% increase / decrease in KSE 100 index on June 30, 2017, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs. 40.042 million (2016: Rs.24.97 million) as a result of gains / losses on equity securities classified as available-for-sale and at fair value through profit or loss - held-for-trading.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2017 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

17.2 Credit risk

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

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2017 and June 30, 2016 is the carrying amounts of following financial assets.

	As at June 30, 2017				As at June 30, 2016
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	(Rupees)				
Balances with banks	23,089,045	26,025,593	8,627,167	57,741,805	41,952,664
Investments	-	249,563,734	85,000,000	334,563,734	2,535,991
Dividend receivable	2,928,529	-	-	2,928,529	1,420,781
Interest receivable	139,624	4,669,444	424,904	5,233,972	110,417
Deposits and other receivables	2,967,755	847,947	118,543	3,934,245	175,412
	29,124,953	281,106,718	94,170,614	404,402,285	46,195,265

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2017 and June 30, 2016:

Bank balances by rating category	Rating agency	Rating long-term short-term	2017 ----- (Rupees) -----	2016 -----
Allied Bank Limited	PACRA	A1+ / AA+	15,444,189	-
Bank Al Falah Limited	PACRA	A1+ / AA	6,544,297	-
JS Bank Limited	PACRA	A1+ / AA-	5,784,939	-
Habib Bank Limited	JCR-VIS	A-1 / AAA	75,000	-
MCB Bank Limited	PACRA	A1+ / AAA	833,009	10,031,783
Habib Metropolitan Bank Limited	PACRA	A1+ / AA+	29,028,696	34,792,959
Askari Bank Limited	PACRA	A1+ / AA+	20,117	-
Zarai Taraqati Bank Limited	JCR-VIS	A-1+ / AAA	11,558	-

Term Finance Certificates by rating category

AAA / A1+	PACRA	33.59%	0.18%
AA+ / A1+	PACRA	37.98%	99.82%
AA-	PACRA	28.43%	0%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2017 is the carrying amount of the financial assets.

Concentration of credit risk

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

17.3 Liquidity risk

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

As at June 30, 2017									
Total	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year
	(Rupees)								
	2,015,281	1,082,635	-	700,656	-	-	231,990	-	-
	180,913	97,190	-	62,910	-	-	20,813	-	-
	853,910	682,803	-	109,954	-	-	61,153	-	-
	3,050,104	1,862,628	-	873,520	-	-	313,956	-	-
Total	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year
	(Rupees)								
	1,513,527	714,491	-	580,482	-	-	218,554	-	-
	147,638	69,685	-	56,633	-	-	21,320	-	-
	1,028,193	798,644	-	160,887	-	-	68,662	-	-
	2,689,358	1,582,820	-	798,002	-	-	308,536	-	-

Liabilities

Payable to Pension Fund Manager
Payable to trustee
Accrued and other liabilities

Liabilities

Payable to Pension Fund Manager
Payable to trustee
Accrued and other liabilities

17.4 Financial instruments by category

Assets

Liabilities

51	Pakistan Pension Fund
----	-----------------------

Financial assets

Balances with banks

Investments

Dividend receivable

Interest receivable

Receivable against sale of investments

Deposits and other receivables

Liabilities	
Payable to Pension Fund Manager	
Payable to the trustee	
Accrued and other liabilities	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

17.5 Fair value of financial instruments

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

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

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

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

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

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

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

	June 30, 2017									
	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund			
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	(Rupees)									
<hr/>										
Financial assets 'at fair value through profit or loss' - held-for-trading	475,435,380	475,435,380	-	-	-	-	-	-	-	-
	4,009,462	-	-	-	4,009,462	-	-	-	-	-
	256,113,845	-	-	-	178,419,842	-	-	77,694,003	-	-
	73,728,669	-	-	-	73,728,669	-	-	-	-	-
	809,287,356	475,435,380	-	-	256,157,973	-	-	77,694,003	-	-
<hr/>										
Financial assets classified as 'available-for-sale'										
Listed equity securities	272,393,007	272,393,007	-	-	-	-	-	-	-	-
	53,970,527	-	-	-	53,970,527	-	-	-	-	-
	835,065	-	-	-	835,065	-	-	-	-	-
	327,198,599	272,393,007	-	-	54,805,592	-	-	-	-	-
	1,136,485,955	747,828,387	-	-	310,963,565	-	-	77,694,003	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	June 30, 2016									
	PPF Equity Sub-Fund			PPF Debt Sub-Fund			PPF Money Market Sub-Fund			
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 3
Total										
Financial assets 'at fair value through profit or loss' - held-for-trading										
Listed equity securities	30,200,326	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds	99,854,353	-	-	-	99,854,353	-	-	-	-	-
Market Treasury Bills	96,160,680	-	-	-	77,197,041	-	-	18,963,639	-	-
	226,215,359	-	-	-	177,051,394	-	-	18,963,639	-	-
Financial assets classified as 'available-for-sale'										
Listed equity securities	469,125,249	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds	349,710,932	-	-	-	221,386,836	-	128,324,096	-	-	-
Term Finance Certificates	2,535,991	-	-	-	2,535,991	-	-	-	-	-
	821,372,172	469,125,249	-	-	223,922,827	-	128,324,096	-	-	-
	1,047,587,531	499,325,575	-	-	400,974,221	-	128,324,096	18,963,639	-	-

Financial assets 'at fair value through profit or loss' - held-for-trading

Financial assets classified as 'available-for-sale'

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

18. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

19. SEGMENT INFORMATION

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

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

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

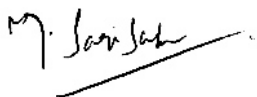
20. GENERAL

Figures have been rounded off to the nearest Rupee.

21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 04, 2017 by the Board of Directors of the Management Company.

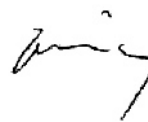
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