



**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

SEPTEMBER  
**2018**  
(UNAUDITED)

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

# **PAKISTAN PENSION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Allied Bank Limited Silk Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited JS Bank Limited Zarai Taraqiati Bank Limited MCB Islamic Bank Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b> Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **Pakistan Pension Fund's** first quarter Report for the quarter ended September 30, 2018.

## **MARKET & ECONOMIC REVIEW**

### **Economy and Money Market Review**

First quarter of FY19 has been a run of political uncertainty, external pressures and economic slowdown. Given the uptick in oil prices, increasing trend in inflation, continuity of external worries, The Monetary Policy Committee of State Bank of Pakistan opted for 100 bps increase in each of the two meetings conducted in this quarter. The major reason was due to the emergence of inflationary pressures with core inflation expected to creep up with the advent of higher oil and gas prices. Moreover, the MPC highlighted the precarious external account position and need for slowdown in GDP growth to arrest the dwindling foreign exchange reserves.

CPI for the 1QFY19 was registered at 5.6% as the impact of low base kicked in. Higher international oil prices, weaker currency and upward revision in domestic gas prices is expected to jack up overall inflation figure in FY19, which is expected to average ~8.1% compared to last year's inflation of 3.8%. Meanwhile, core inflation is expected to jump above 8.5%.

The external account position kept on highlighting worrisome position for the economy. Current account witnessed a deficit of USD 2.7 billion in first two months of FY19 compared to USD 2.5 billion in the same period last year. A surge in international oil prices is masking the improvement in non oil imports caused by remedial measures, thus causing the current account deficit to remain high. However, the lagged impacts of currency adjustments and monetary tightening are becoming visible as reflected by balance of trade (data of Pakistan Statistical Bureau) declining by 1.6% in the quarter led by decline in non-oil imports. Despite receiving inflows from China, foreign reserves declined by an average of ~USD 115 mn per week. State Bank's foreign exchange reserves stood at USD 8.41 billion reflecting import cover based on SBP's reserves has reached an alarming level of lesser than 2 months imports.

Rising interest rates, rupee adjustment and external pressures are having impact on growth trajectory of economy as reflected by large scale manufacturing index which posted a meager increase of 0.5% YoY in the month of July'18 broadly supported by production of petroleum products.

Subsequent to monetary tightening by State Bank, bond yield curve showed an upward trajectory where most of the activity took place in floater PIBs. During 1QFY19 State Bank of Pakistan conducted 3rd Floater PIB auction which witnessed a healthy participation of PKR 151 billion out of which bids worth PKR 108 billion were accepted at a rate of benchmark + 70 bps. Concerns over external front kept market participants shy away from longer tenor Treasury bills with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout 1QFY19 owing to regular OMOs conducted by SBP, while scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara Sukuk despite ample liquidity in the market.

### **Equity Market Review**

The benchmark index lost ~2% during the quarter. Market witnessed a cameo, with KSE-100 Index bouncing back ~5.4%, just after 5 days of election. The rally was fueled by optimism related to strong central government rather than any tangible change in economic scorecard. Delays in taking required tangible actions by the incumbent government has fizzled out the optimism seen in the initial days after election. Foreigners kept offloading local equities, selling USD 189 mn of stocks which was mainly absorbed by Insurance companies (~USD 102 Mn) and Individuals (~USD 97 Mn). Trading volumes during the quarter averaged around ~170 mn shares depicting a meagre increase of ~0.45%. Refineries, Autos, OMCs, Power & Cements were the major contributors towards index's decline posting a negative return of ~15%/12%/8%/5%/4% respectively. Refineries dragged the index down due to below-expected earnings. OMCs declined because of massive decline in sales volumes of petroleum products which came down by ~32% YoY for the quarter. Once again, Auto sector continued the declining trend due to continued ban on non-filers for vehicle purchase. Cement sector was yet another disappointment due to higher coal prices(+2% QoQ) and concerns on development projects (due to decrease in PSDP allocation) and economic growth going forward.

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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The sectors that outperformed market were Textiles, Fertilizers & Banks. Textiles surged (+2.4% QoQ) due to favorable stance of the newly-elected government geared towards input cost reduction and export promotion for the sector. Moreover, better annual results supported the sector's rally. Fertilizers surged because of favorable sector dynamics (low levels of inventory and higher international prices) resulting in increase in local fertilizer prices. Banks garnered interest on the back of monetary tightening theme.

### FUND PERFORMANCE

#### Debt Fund

The debt sub-fund generated an annualized return of 5.31% during the period under review. The fund's exposure towards T-Bills increased from 19.9% to 25.3% whereas exposure towards TFCs increased from 17.8% to 23.1%. The fund was 23.0% invested in cash.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 559.98 million as compared to Rs. 590.36 million as at June 30, 2018 registering an increase of 5.15%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 242.88 as compared to opening NAV of Rs. 239.67 per unit as at June 30, 2018 registering an increase of Rs. 3.21 per unit.

#### Money Market Fund

The money market sub-fund generated a return of 5.73% during the period. The fund's exposure decreased in T-bills from 29.0% to 0% and in cash from 42.9% to 40.2% while it increased its position in TDRs from 0% to 55.2% because of lucrative deposit rates.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 202.68 million as compared to Rs. 239.70 million as at June 30, 2018 registering a decrease of 15.44%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 222.59 as compared to opening NAV of Rs. 219.42 per unit as at June 30, 2018 registering a decrease of Rs. 3.17 per unit.

#### Equity Fund

The Equity sub-fund generated a negative return of 0.32% while the KSE-100 posted a negative return of 2.18% during the period under review. The sub-fund maintained its overall equity exposure approximately at 95.1%.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 775.96 million as compared to Rs. 742.09 millions as at June 30, 2018 registering an increase of 4.56%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 510.22 as compared to opening NAV of Rs. 511.85 per unit as at June 30, 2018 registering a decrease of Rs. 1.63 per unit.

### MARKET & ECONOMY - FUTURE OUTLOOK

The government has announced to approach the IMF for an economic program to support the fragile external account situation. The program would lead to required remedial actions of rupee adjustment, monetary tightening, expenditure curtailment to slow down growth, control the import bill and arrest foreign reserves decline.

For the next year, the economic growth is expected to slow down as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI, some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side would be difficult to manage where we expect fiscal deficit to hover around 5.5% of GDP. Expenditure constraints would lead to public sector development program curtailments amid higher domestic debt servicing cost due to interest rate increase.

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy by at least 100 bps already increased.

The equity market would follow developments on the economic front. Swift economic policy actions would be required to arrest the precarious economic standing and would guide market towards better multiples. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current market multiples (~7.5x) offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

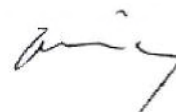
### ACKNOWLEDGMENT

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  
October 22, 2018

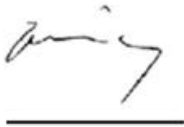


Nasim Beg  
Vice Chairman / Director

## اظہار تشکر:

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ان کی مسلسل حمایت اور تعاون کے لئے پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز بھی کمپنی میں ان کے اعتماد کے لئے ان کے عزم اور لگن اور حصص یافتگان کے لیے کمپنی کے ملازمین کی کوششوں کی تعریف کرتے ہیں۔

منجانب ڈائریکٹرز،



نسیم بیک

ڈائریکٹر/نائب چیئرمین

22 اکتوبر، 2018ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018ء



2018ء کو ہر یونٹ میں 511.85 فی یونٹ 1.63 روپے فی یونٹ میں کمی آئی۔

## مستقبل آؤٹ لک:

حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) سے متعلق معاشی پروگرام کے نازک بیرونی اکاؤنٹ کی صورتحال کی حمایت کرنے کا اعلان کیا ہے۔ پروگرام کو منی ایڈجسٹمنٹ، مالیاتی سختی، اور اخراجات میں کمی کی ضرورت ہوتی ہے، ترقی کو سست کرنے، درآمدات کے بل کو کنٹرول کرنے اور غیر ملکی ذخائر کو کم کرنے میں کمی کی ضرورت ہوتی ہے۔

اگلے سال کے لئے اقتصادی ترقی میں کمی کی توقع کی جاسکتی ہے کیونکہ کرنسی ایڈجسٹمنٹ اور مانیٹری پالیسی کی کھپت کے نمونے پر مل جائے گی۔ تاہم معیشت کی دستاویزات کے ساتھ ساتھ بجلی کی فراہمی میں اضافے کو اس اہم مرحلے کے دوران معاشی مینیجرز کو ایک مہلت فراہم ہوگی۔ ہم نئی حکومت کی طرف سے اقتصادی محاذ پر دائمی مسائل کو حل کرنے کے لئے زیادہ توجہ مرکوز کریں گے اور مخلص کوششوں کے درمیان اقتصادی اصلاح کے لئے بہتر حکومتی نظام اور طویل مدتی امکانات پر خوشگوار اشتراک کرتے ہیں۔ تاہم یہ راستہ سخت اور ممکنہ غیر مقبول پالیسی کے اقدامات میں امکانات کا امکان ہے۔ پاکستان تحریک انصاف کی ابتدائی منصوبہ بندی کو دیکھتے ہوئے کچھ پالیسیوں کی ترقی کی توقع کی جاسکتی ہے لیکن غیر معمولی معاشی حالات کو پورا کرنے کے لئے ہم سوچتے ہیں کہ دونوں خساروں کو حل کرنے کے لئے فوری طور پر اقدامات کیے جاتے ہیں۔

مالیاتی ادارے کے لئے یہ انتظام کرنا مشکل ہوگا کہ ہم مالی خسارے کے متوقع ہو سکتے ہیں یا مجموعی گھریلو مصنوعات (GDP) کی 5.5 فی صدی کمی ہو رہی ہے۔ اخراجات میں اضافے، گھریلو قرضوں کی قیمتوں میں اضافے کی وجہ سے عوامی شعبے کی ترقی کے پروگرام میں کمی کا سبب بنے گا۔

بڑھتی ہوئی افراط زر کے ساتھ ساتھ بیرونی فرنٹ پر دیئے جانے والے دباؤ پر اسٹیٹ بینک سے کم از کم 100 بنیادی پوائنٹس (bps) میں پہلے ہی اضافہ ہوا ہے۔

ایکویٹی مارکیٹ میں اقتصادی محاذ پر پیش رفت کرے گی۔ فوری معیشت کے اقدامات ناقابل اعتماد اقتصادی موقف کو روکنے کے لئے ضروری ہوگی اور مارکیٹ میں بہتر ماحقہ کی راہنمائی کرے گی۔ وسیع تر شرائط پر ہم یقین رکھتے ہیں کہ گزشتہ دو سال میں مارکیٹ کی کارکردگی (چوٹی کی سطح سے تقریباً 20 فی صد) نے سیاسی اور اقتصادی سمت پر خدشات کی عکاسی کی ہے اور یہ بھی سائیکل اسٹاک کی کارکردگی میں عکاسی کرتی ہے، جہاں اسٹاک کی قیمتوں میں اضافہ بھی تیز ہوگا۔ ہم اپنے موقف کا دوبارہ تسلسل جاری رکھیں گے کہ موجودہ مارکیٹ کے ملحقہات (تقریباً 7.5 اوقات) تھوڑی دیر میں ممکنہ پیشکش کرتے ہیں جو طویل مدتی سرمایہ کاروں کے لئے آرام دہ ہے۔ ہم یقین رکھتے ہیں کہ اسٹاک میں اسٹیٹس صرف آہستہ آہستہ انکشاف کریں گے جس سے اعتماد میں آئیں گے اور اقتصادی پالیسیوں کو متوقع طور پر نظر انداز کرتے ہیں۔ لہذا آگے آگے اسٹاک مریض سرمایہ کاروں کے لئے انعامات کے ساتھ طویل مدتی سرمایہ کاری کا موقع پیش کرتے ہیں۔ ہم ملک کے اقتصادی اشارے میں رجحانات کو ٹریک کرتے ہیں اور اس کے مطابق اپنے پورٹ فولیو کو ایڈجسٹ کرتے ہیں۔

نتائج نے سیکٹر کے مجموعہ کی حمایت کی۔ کھاد، مقامی شعبوں کی قیمتوں میں اضافہ (انویٹری کی کم سطح اور اعلیٰ بین الاقوامی قیمتیں) سے اور سردیوں میں اضافے سے مقامی کھاد کی قیمتوں میں اضافے ہوئے۔ بینکوں نے مالیاتی مرکزی خیال کے موضوع کے پیچھے دلچسپی ظاہر کی۔

## فنڈ کی کارکردگی:

### ڈپٹ فنڈ:

ڈپٹ ذیلی فنڈ نے جائزہ لینے کے تحت مدت کے دوران 5.31 فیصد سالانہ واپسی کی۔ ٹی۔ بلز کی جانب سے فنڈ کی نمائش 19.9 فیصد سے 25.3 فیصد تھی جبکہ ٹی ایف سی کی نمائش 17.8 فیصد سے 23.1 فیصد تھی۔ نقد رقم میں 23.0 فیصد سرمایہ کاری کی گئی تھی۔ ستمبر 30، 2018ء کے طور پر فنڈ کے نیٹ اثاثے 98.559 ملین روپے کے مقابلے میں جون 30، 2018ء کے دوران 36.590 ملین 5.15 فیصد اضافہ ہوا۔

30 ستمبر، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ روپے تھا۔ 242.88 روپے کے کھولنے کے مقابلے میں 30 جون، 2018ء میں فی یونٹ 67.239 روپے فی یونٹ 3.21 روپے فی یونٹ میں اضافہ ہوا۔

### منی مارکیٹ فنڈ:

منی کی مارکیٹ ذیلی فنڈ نے مدت کے دوران 5.73 فیصد کی واپسی کی۔ فنڈز کی نمائش میں ٹی۔ بلز میں 29.0 فیصد سے 0 فیصد اور 42.9 فیصد سے 40.2 فیصد سے نقد میں کمی ہوئی جبکہ منافع بخش ڈپازٹ کی شرح کی وجہ سے اس کی شرح 1 فیصد سے 55.2 فیصد تھی۔ ستمبر 30، 2018ء کے طور پر فنڈ کے نیٹ اثاثے 68.202 ملین روپے کے مقابلے میں جون 30، 2018ء میں 9.7023 ملین کی کمی کا 15.44 فیصد کمی ہوا۔

30 ستمبر، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ روپے تھا۔ 222.59 روپے کے کھولنے کے مقابلے میں 30 جون، 2018ء میں فی یونٹ 9.4221 روپے فی یونٹ 3.17 روپے فی یونٹ میں کمی آئی۔

### ایکویٹی فنڈ:

ایکویٹی ذیلی فنڈ نے 0.32 فی صد کی منفی واپسی کی، جبکہ KSS-100 نے جائزے کے تحت مدت کے دوران 2.18 فیصد کی منفی واپسی کی۔ ذیلی فنڈ نے مجموعی طور پر 95.1 فیصد پر مجموعی طور پر مساوات نمائش کو برقرار رکھا۔ ستمبر 30، 2018ء کے طور پر فنڈ کے نیٹ اثاثے 96.775 ملین روپے کے مقابلے میں جون 30، 2018ء کے دوران 742.09 لاکھ میں 4.56 فیصد اضافہ ہوا۔

30 ستمبر، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ روپے تھا۔ 510.22 روپے کے کھولنے کے مقابلے میں 30 جون،

اسٹیٹ بینک کی جانب سے مالیاتی تنصیبات کے بعد بانڈ کی پیداواری گراف نے ایک ایسی پیش رفت ظاہر کی، جہاں پاکستان کی سرمایہ کار بانڈز (PIB) میں زیادہ سے زیادہ سرگرمی ہوئی۔ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے دوران، اسٹیٹ بینک آف پاکستان نے تیسرے فلوٹر پاکستان سرمایہ کاری بانڈ (PIB) کی نیلامی کا اہتمام کیا جس میں 151 ارب روپے کی بڑی شراکت کی۔ جس میں سے 108 بلین روپے کا معیار +70 بنیادی پوائنٹس (bps) کی قیمتوں میں منسلک کیا گیا تھا۔ خارجہ محاذ کے بارے میں خدشات نے مارکیٹ کے شرکاء کو طویل عرصے سے خزانہ بلوں سے لے کر رکھا ہے جس میں جمع ہونے والی کاغذات میں 3 مہینے کے برابر یا مساوی ہونے کے سلسلے میں مسلسل اضافہ ہوتا ہے۔

اسٹیٹ بینک آف پاکستان نے باقاعدہ اوپن مارکیٹ آپریشنز (OMOs) کے ذریعہ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی میں آرام دہ اور پرسکون رہا، جبکہ شرعی مطابقت پذیر راستے کی کمی کا جائزہ لینے کے دوران جاری رہا کیونکہ بازار میں کافی ہالچل کے باوجود Ijara Sukuk کا کوئی تازہ اجراء نہیں ہوا تھا۔

## ایکویٹیز مارکیٹ کا جائزہ:

سہ ماہی کے دوران بیجنگ انڈیکس میں 2 فی صد کا نقصان ہوا۔ مارکیٹ میں آنے والے 5 دن کے بعد کے ایس ایس 100 انڈیکس نے 5.4 فی صد کم ہوا۔ اقتصادی سکور کارڈ میں کسی بھی زبردست تبدیلی کے بجائے ریلی کو مضبوط مرکزی حکومت سے متعلق امید سے آگاہ کیا گیا تھا۔ موجودہ حکمرانوں کی طرف سے ضروری ٹھوس اقدامات کرنے میں تاخیر، انتخابات کے بعد ابتدائی دنوں میں دیکھے جانے والی امید کا مظاہرہ کیا ہے۔ غیر ملکیوں نے مقامی اقوام متحدہ کو بند کر دیا، 18.9 ملین ڈالر کا اسٹاک فروخت کیا جو بنیادی طور پر انشورنس کمپنیاں کی طرف سے (تقریباً 102 ملین ڈالر) اور افراد (تقریباً 97 ملین امریکی ڈالر) کی طرف سے لیا گیا تھا۔ سہ ماہی کے دوران ٹریڈنگ کی مقدار تقریباً 170 ملین حصص میں تقریباً 0.45 فی صد کا معمولی اضافہ ہوا۔

ریفانسریریز، آٹو، اوپن مارکیٹ آپریشنز (OMOs)، پاور اور سیشنز انڈیکس کی کمی کے باعث اہم شراکت دار تھے۔ جس میں 15 فی صد/ 12 فی صد/ 8 فی صد/ 5 فی صد/ 4 فی صد کی منفی واپسی کی گئی تھی۔ ذیل میں متوقع آمدنی کی وجہ سے ریفانسریریز نے انڈیکس کو ڈرا دیا۔ تیل مارکیٹنگ کمپنیوں (OMCs) نے پیٹرولیم مصنوعات کی فروخت کے حجم میں بڑے پیمانے پر کمی کی وجہ سے اس سہ ماہی میں تقریباً 32 فی صد سالانہ (YoY) نیچے آنے کی وجہ سے کم ہوا۔ ایک بار پھر گاڑی کی خریداری کے لئے نان فلٹر پر مسلسل پابندیوں کی وجہ سے آٹو سیکٹر نے کمی کی رجحان کو جاری رکھا۔ کونلہ کے شعبے میں اعلیٰ کونلے کی قیمتوں کی وجہ سے ابھی تک ایک مایوسی ہوئی تھی (سہ ماہی میں 2% + (QoQ)) اور ترقیاتی منصوبوں پر تشویش، پبلک سیکٹر ڈیولپمنٹ پروگرام (PSDP) مختص میں کمی کی وجہ سے اور اقتصادی ترقی آگے بڑھتی ہے۔

ٹیکسٹائل، فریٹلائزر اور بینک کے شعبے مارکیٹ سے باہر تھے۔ ٹیکسٹائل انڈسٹری میں (2.4% + سہ ماہی (QoQ)) کی وجہ سے اور برآمد کے فروغ، نئی منتخب حکومت کے مناسب موقف کی وجہ سے علاقے کے لئے لگائی گئی لاگت میں کمی ہوئی۔ اس کے علاوہ، بہتر سالانہ



عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے کستان پینشن فنڈ کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے سہ ماہی اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مارکیٹ اور اقتصادی جائزہ:

معیشت اور منی مارکیٹ کا جائزہ:

مالی سال 2018-19 کی پہلی سہ ماہی میں (1QFY19) سیاسی غیر یقینی، بیرونی دباؤ اور اقتصادی کمی کا شکار ہو گیا ہے۔ تیل کی قیمتوں میں اضافہ، بیرونی افواج کی مسلسل تسلسل، بڑھتی ہوئی رجحان میں اضافہ، اسٹیٹ بینک آف پاکستان کے مونیٹری پالیسی کمیٹی (MPC) نے اس سہ ماہی میں منعقد ہونے والے دونوں اجلاسوں میں 100 بنیادی پوائنٹس (bps) کے اضافے کے لئے انتخاب کیا۔ اہم وجہ یہ تھی کہ انفراسٹرکچر کے دباؤ کے نتیجے میں بنیادی افراط زر کے ساتھ اعلیٰ تیل اور گیس کی قیمتوں کی آمد کے ساتھ پیدا ہونے کی امید ہے۔ اس کے علاوہ، مونیٹری پالیسی کمیٹی (MPC) نے غیر ملکی خارجہ اکاؤنٹ کی حیثیت کو کم کرنے کے لئے غیر ملکی ادارے کی حیثیت اور مجموعی گھریلو مصنوعات (GDP) کی ترقی میں کمی کی ضرورت پر زور دیا ہے۔

مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے لئے صارفین کی قیمت انڈیکس (CPI) 5.6 فیصد کے اثرات کے طور پر رجسٹر کیا گیا تھا۔ عالمی بین الاقوامی قیمتوں میں اضافہ، گھریلو گیس کی قیمتوں میں کمزور کرنسی اور اوپر کی نظر ثانی کی امید ہے، مالی سال 2018-19 (مجموعی طور پر انفراسٹرکچر کے اعداد و شمار کو جیک)، جو گزشتہ سال کی شرح 3.8 فی صد کی شرح سے تقریباً 8.1 فیصد ہوا ہے۔ دریں اثنا، بنیادی افراط زر کی شرح 8.5 فیصد سے زائد ہے۔

معیشت کے لئے تشویشناک پوزیشن کو نمایاں کرنے پر بیرونی اکاؤنٹ کی حیثیت رکھتی ہے۔ موجودہ اکاؤنٹ نے مالی سال 2018-19 کے پہلے دو مہینوں میں 2.7 ارب امریکی ڈالر کا خسارہ دیکھا تھا جو گزشتہ سال اسی مدت میں 2.5 بلین ڈالر ہوا تھا۔ بین الاقوامی آئل کی قیمتوں میں اضافے کی وجہ سے نجی درآمدات کی وجہ سے غیر تیل کی درآمد میں بہتری آرہی ہے، اس وجہ سے موجودہ اکاؤنٹ کے خسارے کو زیادہ رہنے کا باعث بنتا ہے۔ تاہم، کرنسی کے ایڈجسٹمنٹ کے نقطہ نظر اور مالیاتی سختی کی وجہ سے تجارت کی توازن (پاکستان کے اعداد و شمار، بیورو کے اعداد و شمار) کے طور پر ظاہر ہوتا ہے کہ غیر تیل درآمد میں کمی کی وجہ سے سہ ماہی میں 1.6 فی صد کمی ہوئی۔ چین سے آمدنی حاصل کرنے کے باوجود، ہر ہفتے غیر ملکی ذخائر تقریباً 115 ملین امریکی ڈالر سے کم ہو گئے۔ اسٹیٹ بینک کے غیر ملکی کرنسی کے ذخائر 8.41 بلین ڈالر پر کھڑے ہوئے ہیں جو اسٹیٹ بینک کے ذخائر کی بنیاد پر درآمد کا احاطہ کرتا ہے، اس سے دو ماہ کے مقابلے میں زیادہ خطرناک حد تک پہنچ گئی ہے۔

بڑھتی ہوئی سود کی شرح، منی ایڈجسٹمنٹ اور بیرونی دباؤ معیشت کی ترقی کے اثرات پر اثر انداز کر رہی ہیں، جس میں بڑے پیمانے پر مینوفیکچرنگ انڈیکس کی طرف اشارہ کیا گیا جس سے پٹرولیم کی مصنوعات میں جولائی 2018 کے مہینے میں 0.5 فیصد اضافہ ہوا۔


# CONDENSED INTERIM CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2018

Note	Un-audited				Audited June 30, 2018	
	SEPTEMBER 30, 2018					
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total		
----- Rupees -----						
<b>ASSETS</b>						
Balances with banks	4	9,628,436	131,402,970	82,158,912	223,190,319	603,608,432
Investments	5	746,512,107	435,695,292	121,681,151	1,303,888,323	1,126,810,052
Receivable against sale of Investments		15,317,073	-	-	15,317,073	94,964,090
Dividend receivable		10,053,169	-	-	10,053,169	526,244
Profit Receivable		81,913	2,980,539	664,408	3,726,860	5,450,298
Deposits and other receivables	6	3,010,891	899,273	251,776	4,161,940	4,061,895
<b>TOTAL ASSETS</b>		<b>784,603,589</b>	<b>570,978,074</b>	<b>204,756,248</b>	<b>1,560,337,684</b>	<b>1,835,421,011</b>
<b>LIABILITIES</b>						
Payable to Pension Fund Manager		1,092,554	779,266	282,677	2,154,498	2,164,038
Payable to the Trustee		96,607	68,957	24,976	190,540	191,104
Annual fee payable to the Securities and Exchange Commission of Pakistan		65,376	47,623	17,521	130,519	482,132
Payable against purchase of investments		-	-	-	-	247,349,750
Accrued expenses and other liabilities	7	7,384,350	10,103,537	1,747,448	19,235,108	13,083,528
<b>TOTAL LIABILITIES</b>		<b>8,638,887</b>	<b>10,999,383</b>	<b>2,072,622</b>	<b>21,710,665</b>	<b>263,270,552</b>
<b>NET ASSETS</b>		<b>775,964,702</b>	<b>559,978,692</b>	<b>202,683,626</b>	<b>1,538,627,019</b>	<b>1,572,150,459</b>
Participants Sub-Funds (as per condensed interim Statement of movement in Participants' sub-funds)						
		<b>775,964,702</b>	<b>559,978,692</b>	<b>202,683,626</b>		
----- Number of units -----						
<b>Number of units in issue (As per attached - contribution table)</b>		<b>1,520,846</b>	<b>2,305,541</b>	<b>910,578</b>		
----- Rupees -----						
<b>Net asset value per unit</b>		<b>510.22</b>	<b>242.88</b>	<b>222.59</b>		

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

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

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

  
\_\_\_\_\_  
**Director**


# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Note	September 30, 2018				September 30, 2017
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
Rupees					
<b>INCOME</b>					
Capital gain on sale of investments	(1,543,109)	(299,575)	20,225	(1,822,459)	(6,237,777)
Dividend income	10,052,771	-	-	10,052,771	4,859,717
Profit on bank deposits	512,095	4,028,488	1,330,367	5,870,951	2,861,829
Income from Government Securities	-	3,345,969	2,347,028	5,692,997	3,308,700
Income from Term Deposit Receipts	-	461,856	244,475	706,331	3,904,089
Ammortisation on Commercial papers	-	503,729	69,682	573,411	-
Income from Term Finance Certificates - Sukuk	-	2,727,475	-	2,727,475	1,666,613
Unrealised (Diminution) / Appreciation on revaluation of investments classified as 'at fair value through profit or loss'	(6,428,069)	(672,732)	(7,419)	(7,108,220)	(52,576,582)
Other Income	-	2,531	-	2,531	2,132
<b>Total Income</b>	<b>2,593,688</b>	<b>10,097,741</b>	<b>4,004,359</b>	<b>16,695,788</b>	<b>(42,211,281)</b>
<b>EXPENSES</b>					
Remuneration of Pension Fund Manager	2,946,218	2,146,076	790,200	5,882,494	5,346,626
Sales tax to Pension Fund Manager	383,008	278,990	102,726	764,724	695,061
Remuneration of Trustee	259,554	189,080	69,621	518,255	482,517
Sales tax on trustee fee	33,744	24,584	9,046	67,374	62,714
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	65,401	47,648	17,546	130,595	118,694
Auditors' remuneration	53,645	39,119	14,423	107,187	99,199
Custody and settlement charges	123,162	91,695	2,825	217,682	193,725
Securities transaction cost	488,317	1,651	367	490,335	587,031
Bank charges	5,134	20,025	13,371	38,530	46,138
Provision WWF	330,846	-	-	330,846	159,186
<b>Total Expenses</b>	<b>4,689,029</b>	<b>2,838,868</b>	<b>1,020,125</b>	<b>8,548,022</b>	<b>7,790,891</b>
Net income from operating activities	(2,095,341)	7,258,873	2,984,234	8,147,766	(50,002,172)
Element of income and capital gains included in the prices of units sold less those in units redeemed - net					
- from realised / unrealised capital gain	28,867,234	(22,176,234)	(21,819,875)	(15,128,875)	1,193,523
- from income other than realised / unrealised capital gain	-	-	-	-	23,090
	28,867,234	(22,176,234)	(21,819,875)	(15,128,875)	1,216,613
<b>Net income before taxation</b>	<b>26,771,893</b>	<b>(14,917,362)</b>	<b>(18,835,641)</b>	<b>(6,981,110)</b>	<b>(48,785,559)</b>
Provision for taxation	10	-	-	-	-
<b>Net income after taxation</b>	<b>26,771,893</b>	<b>(14,917,362)</b>	<b>(18,835,641)</b>	<b>(6,981,110)</b>	<b>(48,785,559)</b>
<b>Other comprehensive (loss) / income for the period</b>					
- Unrealised (diminution) / appreciation on re-measurement of investments previously classified as available-for-sale - net	-	310,793	-	310,793	(39,466,897)
<b>Total comprehensive income / (loss) for the period</b>	<b>26,771,893</b>	<b>(14,606,569)</b>	<b>(18,835,641)</b>	<b>(6,670,317)</b>	<b>(88,252,456)</b>

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

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

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

  
\_\_\_\_\_  
**Director**


# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018				September 30, 2017
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	Rupees				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income before taxation	26,771,893	(14,917,362)	(18,835,641)	(6,981,110)	(48,785,559)
<b>Adjustments for non cash items:</b>					
Capital gain / (loss) on sale of investments	1,543,109	299,575	(20,225)	1,822,459	6,237,777
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	-
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'	6,428,069	672,732	7,419	7,108,220	52,576,582
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(28,867,234)	22,176,234	21,819,875	15,128,875	(1,193,523)
- from realised / unrealised capital gain	-	-	-	-	(23,090)
- from income other than realised / unrealised capital gain / (loss)	(20,896,056)	23,148,541	21,807,069	24,059,555	57,597,746
<b>(Increase) / decrease in assets</b>					
Investments	(18,676,487)	(144,300,688)	(22,721,209)	(185,698,157)	119,238,489
Receivable against sale of Investments	(15,317,073)	-	94,964,090	79,647,017	-
Dividend receivable	(9,526,925)	-	-	(9,526,925)	(1,200,399)
Profit receivable	94,845	1,719,240	(90,647)	1,723,438	2,861,756
Deposits and other receivables	(2)	(8)	(100,035)	(100,045)	411,297
	(43,425,642)	(142,581,456)	72,052,198	(113,954,673)	121,311,143
<b>(Decrease) / Increase in liabilities</b>					
Payable to Pension Fund Manager	(6,866)	(1,038)	(1,637)	(9,540)	(79,536)
Payable to Trustee	(466)	13	(111)	(564)	(5,260)
Payable against purchase of investments	-	(148,409,850)	(98,939,900)	(247,349,750)	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	(179,404)	(129,814)	(42,394)	(351,613)	(321,234)
Accrued expenses and other liabilities	399,849	5,737,715	14,242	6,151,579	(301,343)
	213,113	(142,802,974)	(98,969,800)	(241,559,661)	(707,373)
Tax paid	-	-	-	-	-
<b>Cash (used in) / generated from operating activities</b>	(37,336,690)	(277,153,251)	(23,946,175)	(338,436,116)	129,415,957
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	58,944,862	17,988,426	4,281,457	81,214,745	48,977,505
Payment against redemptions	(22,975,218)	(55,936,530)	(44,284,996)	(123,196,744)	(17,888,583)
<b>Cash generated / (used in) from financing activities</b>	35,969,645	(37,948,104)	(40,003,539)	(41,981,998)	31,088,921
<b>Net (decrease) / increase in cash and cash equivalent</b>	(1,367,046)	(315,101,354)	(63,949,714)	(308,418,114)	160,504,880
Cash and cash equivalent at beginning of the period	10,995,483	446,504,324	146,108,625	603,608,432	57,741,805
<b>Cash and cash equivalent at end of the period</b>	<u>9,628,436</u>	<u>131,402,970</u>	<u>82,158,912</u>	<u>223,190,319</u>	<u>218,246,683</u>

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

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

  
**Chief Executive Officer**

  
**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018				September 30, 2017
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	742,090,399	590,357,130	239,702,930	1,572,150,459	1,451,307,304
Amount received on issue of units	58,944,862	17,988,426	4,281,458	81,214,745	48,977,506
Amount paid on redemption of units	(22,975,218)	(55,936,530)	(44,284,996)	(123,196,744)	(17,888,583)
	35,969,645	(37,948,104)	(40,003,539)	(41,981,998)	31,088,923
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net				-	
Amount representing income / (loss) and realised capital gains / losses	(28,867,234)	22,176,234	21,819,875	15,128,875	(1,193,523)
- Amount representing unrealised appreciation / (diminution) in fair value of investments	-	-	-	-	(23,090)
	(28,867,234)	22,176,234	21,819,875	15,128,875	(1,216,613)
Net income after taxation for the period	26,771,893	(14,917,362)	(18,835,641)	(6,981,110)	(48,785,559)
Net assets at the end of the period	<u>775,964,702</u>	<u>559,978,692</u>	<u>202,683,626</u>	<u>1,538,627,019</u>	<u>1,392,927,157</u>

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

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



**Chief Executive Officer**



**Director**

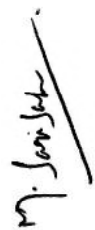


**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

Contributions net of front end fee	September 30, 2018							September 30, 2017
	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF		Total	
					Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	1,449,822	363,260,252	2,463,260	424,505,162	1,092,414	170,953,871	958,719,285	794,031,741
Individuals - issue of units	117,813	58,944,862	97,271	17,988,426	22,280	4,281,458	81,214,745	48,977,580
- redemption of units	(46,789)	(22,975,217)	(254,989)	(55,936,530)	(204,117)	(44,284,994)	(123,196,741)	(17,888,583)
	71,024	35,969,646	(157,719)	(37,948,104)	(181,837)	(40,003,537)	(41,981,998)	31,088,997
Closing balance	1,520,846	399,229,898	2,305,541	386,557,059	910,578	130,950,334	916,737,291	825,120,738

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

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



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

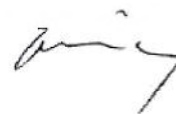
	September 30, 2018		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
	----- No of units -----		
Total units outstanding at the beginning of the period	1,449,822	2,463,260	1,092,414
Add: Units issued during the period	117,813	97,271	22,280
Less: Units redeemed during the period	(46,789)	(254,989)	(204,117)
Total units in issue at the end of the period	<u>1,520,846</u>	<u>2,305,541</u>	<u>910,578</u>

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

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



Chief Executive Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (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-Arif Habib 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 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ positive outlook dated October 08, 2018 to the Management Company and "AA(f)" as stability rating dated July 10, 2018 to the Fund.
- 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed companies ordinance, 1984; and
  - Voluntary Pension System rules, 2005 (The VPS Rules), and requirements of the Trust Deed

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and the requirements of the Trust Deed have been followed.

- 2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.3 In compliance with VPS Rules, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2018.
- 2.4 These condensed interim financial statements are unaudited. Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.
- 2.5 The date of initial application" of IFRS 9 is the date when the entity first applies its requirements. Therefore, the beginning of an interim or annual reporting period i.e July 01, 2018 is the date of initial application and applied prospectively because it is not possible to do so without the use of hindsight and is impracticable, therefore comparative figures are not restated. The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at September 30, 2018 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparatives in the condensed interim income statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Fund for the quarter ended September 30, 2017.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN

- 3.1 The accounting policies, financial risk management objectives & policies, basis of accounting estimates applied & methods of computation adopted in the preparation of the condensed interim financial statement and all standards, interpretations and amendments to published approved accounting standards are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018, except with respect to of adoption of IFRS- 9 as explained in detail in note 3.2.
- 3.2 In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well. Further, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. From July 01, 2018 the Fund has adopted IFRS-9 as per approved accounting and reporting standards as applicable in Pakistan.

#### Key requirements of IFRS 9:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election at initial recognition to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. However, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

#### Classification and measurement:

Classification and Measurement of Financial Assets and Financial Liabilities after the adoption of IFRS-9 is discussed as under:

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Listed equity securities classified as 'at Available for sale' investments carried at fair value have been re-designated & will be measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

- Debt securities (Listed / Unlisted) and government securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- All financial assets classified as Loans and receivable as on June 30, 2018 have now been re-classified as Amortized cost. These assets under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.
- All other financial assets and financial liabilities under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

Note	-----Unaudited-----				Audited
	As at September 30, 2018				As at June 30, 2018
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				

### 4 BALANCES WITH BANKS

Saving accounts	9,628,436	131,402,970	82,158,912	223,190,319	603,608,432
	9,628,436	131,402,970	82,158,912	223,190,319	603,608,432

### 5 INVESTMENTS

At fair value through profit or loss - held-for-trading		-----Unaudited-----				Audited
		As at September 30, 2018				As at June 30, 2018
		PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
		----- Rupees -----				
Listed equity securities	5.1	746,512,107	-	-	746,512,107	603,070,463
Treasury Bills	5.2	-	144,692,165	-	144,692,165	247,368,262
Pakistan Investment Bonds	5.3	-	5,495,536	-	-	443,770
Term Finance Certificates	5.4	-	132,131,798	-	132,131,798	132,802,858
		746,512,107	282,319,499	-	1,023,336,070	983,685,353
At fair value through OCI						
Listed equity securities	5.5	-	-	-	-	132,736,336
Pakistan Investment Bonds		-	-	-	-	10,388,363
		-	-	-	-	143,124,699
Amortised cost						
Term Deposit Receipts	5.6	-	105,000,000	113,000,000	218,000,000	-
Commercial Papers	5.7	-	48,375,793	8,681,151	57,056,944	-
		-	153,375,793	121,681,151	275,056,944	-
As at September 30, 2018		746,512,107	435,695,292	121,681,151	1,298,393,014	1,126,810,052

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

At fair value through profit or loss - held for trading

## 5.1 Listed equities securities

Name of the Investee Company	As at June 30, 2018	Designated under IFRS 9	As at July 1, 2018	Number of shares				Sales during the period	As at September 30, 2018	As at September 30, 2018			% of the issued capital of the investee company
				Purchases during the period	Bonus issue during the period	Right issue during the period	(Number of shares)			Cost	Market value	Appreciation / (Diminution)	
										(Rupees)			%
<b>AUTOMOBILE ASSEMBLER</b>													
Atlas Honda Limited	11,500	-	11,500	-	-	-	-	-	11,500	5,865,000	4,830,000	(1,035,000)	0.62
Hinopec Motors Limited	-	1,080	1,080	-	-	-	-	-	1,080	872,327	761,854	(110,473)	0.10
Millat Tractors Limited	12,000	-	12,000	-	-	-	-	2,900	9,100	10,811,346	9,228,765	(1,582,581)	1.19
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>													
Agriauto Industries Limited	12,000	-	12,000	-	-	-	-	-	12,000	3,540,000	2,825,880	(714,120)	0.36
Atlas Battery Limited	-	12,700	12,700	-	5,080	-	-	-	17,780	5,206,999	4,722,012	(484,987)	0.61
General Tyre & Rubber Company Limited	22,400	-	22,400	-	-	-	-	22,300	100	16,620	16,292	(328)	-
<b>CEMENT</b>													
Chehal Cement Company Limited	32,500	-	32,500	-	-	-	-	32,500	-	8,763,619	7,564,184	(1,199,435)	-
Fuji Cement Company Limited	1,500	-	1,500	-	-	-	-	1,500	-	-	-	-	-
Kohat Cement Limited	96,700	-	96,700	-	-	-	-	-	96,700	11,900,869	12,101,038	200,169	1.56
Lucky Cement Limited	31,500	13,800	45,300	13,000	-	-	-	-	58,300	30,203,207	29,904,402	(298,805)	3.85
Maple Leaf Cement Factory Limited	310,000	-	310,000	-	-	-	-	310,000	-	-	-	-	-
Pioneer Cement Limited	11,000	-	11,000	-	-	-	-	-	11,000	515,460	478,060	(37,400)	0.06
<b>CHEMICALS</b>													
Archroma Pakistan Limited	-	10,500	10,500	-	-	-	-	-	10,500	5,302,500	5,405,400	102,900	0.70
Biafo Industries Limited	-	81	81	-	-	-	-	-	81	25,918	23,733	(2,185)	-
Dyneema Pakistan Limited	7,000	-	7,000	-	-	-	-	-	7,000	889,700	753,340	(136,360)	0.10
Engro Polymer and Chemicals Limited	242,500	-	242,500	504,714	-	-	-	225,000	522,214	15,092,872	15,165,095	72,223	1.95
Engro Polymer and Chemicals Limited®	-	-	-	-	-	89,714	-	89,714	-	-	-	-	-
ICI Pakistan Limited	-	7,000	7,000	-	-	-	-	7,000	-	-	-	-	-
<b>COMMERCIAL BANKS</b>													
Allied Bank Limited	101	-	101	3,500	-	-	-	3,601	-	21,310,990	21,347,568	36,578	-
Askari Bank Limited	671,500	-	671,500	-	-	-	-	-	-	14,685,705	16,471,895	1,786,190	2.12
Bank Al Falah Limited	1,097,500	-	1,097,500	-	109,750	-	-	-	671,500	57,388,319	59,927,890	2,539,571	7.72
Bank Al Habib Limited	280,000	-	280,000	-	-	-	-	-	1,207,250	22,072,400	22,593,200	520,800	2.91
Bank Of Punjab	1,300,000	-	1,300,000	750,000	-	-	-	-	280,000	24,366,300	24,251,500	(114,800)	3.13
Faysal Bank Limited	9,900	-	9,900	285,000	-	-	-	-	2,050,000	8,023,639	7,918,065	(105,574)	1.02
Habib Bank Limited	353,200	-	353,200	-	-	-	-	107,000	246,200	40,977,528	37,267,294	(3,710,234)	4.80
Meezan Bank Limited	-	20	20	-	2	-	-	-	22	1,634	1,962	328	-
United Bank Limited	85,000	-	85,000	195,000	-	-	-	100	279,900	45,336,495	43,104,600	(2,231,895)	5.55
<b>ENGINEERING</b>													
International Industries Limited	33,200	30,000	63,200	-	-	-	-	-	63,200	14,680,728	13,600,640	(1,080,088)	1.75
<b>FERTILIZER</b>													
Dawood Hercules Corporation	-	1,200	1,200	-	-	-	-	-	1,200	132,936	127,860	(5,076)	0.02
Engro Fertilizer Limited	354,000	-	354,000	260,000	-	-	-	-	614,000	46,875,462	46,350,860	(524,602)	5.97
Engro Corporation Limited	114,700	-	114,700	-	-	-	-	11,500	103,200	32,390,352	32,160,216	(230,136)	4.14
Fuji Fertilizer Company Limited	231,000	-	231,000	-	-	-	-	160,000	71,000	7,021,190	6,932,440	(88,750)	0.89
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>													
Al-Sibaheer Corporation	300,000	-	300,000	-	-	-	-	-	300,000	8,175,000	8,250,000	75,000	1.06
National Foods Limited	-	-	-	56,000	-	-	-	-	56,000	15,960,000	16,240,000	280,000	2.09
Shezan International Limited	16,300	-	16,300	-	-	-	-	4,250	12,050	6,868,500	7,832,500	964,000	1.01
<b>LEASING COMPANIES</b>													
Orix Leasing Pakistan Limited	238,908	-	238,908	-	-	-	-	238,550	358	15,562	15,451	(111)	-
<b>LEATHER &amp; TANNERIES</b>													
Bata Pakistan Limited	1,340	-	1,340	-	-	-	-	-	1,340	2,546,000	2,445,500	(100,500)	0.32
Service Industries	6,700	3,200	9,900	-	-	-	-	-	9,900	7,317,302	7,286,400	(484,902)	0.94
										10,317,302	9,731,900	(585,402)	0.08

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Name of the Investee Company	Number of shares							As at September 30, 2018			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company	
	As at June 30, 2018	Designated under IFRS 9	As at July 1, 2018	Purchases during the period	Bonus issue during the period	Right issue during the period	Sales during the period	As at September 30, 2018	Cost	Appreciation / (Diminution)			
(Rupees)													
(Number of shares)													
AUTOMOBILE ASSEMBLER													
OIL & GAS EXPLORATION COMPANIES													
Mari Petroleum Company Limited	-	1,620	1,620	-	-	-	-	1,620	2,440,012	2,524,495	84,483	0.33	-
Oil & Gas Development Company Limited	296,000	111,000	407,000	110,000	-	-	15,100	501,900	77,825,919	76,785,681	(1,040,238)	9.90	0.01
Pakistan Oilfields Limited	30,544	39,906	70,450	-	12,790	-	6,500	76,740	42,960,971	42,144,073	(816,898)	5.43	0.03
Pakistan Petroleum Limited	154,823	-	154,823	60,000	-	-	-	214,823	45,811,456	45,843,228	31,772	5.91	0.01
									169,038,358	167,297,477	(1,740,881)		
OIL & GAS EXPLORATION COMPANIES													
Pakistan State Oil Company Limited	-	-	-	32,000	-	-	-	32,000	10,783,891	10,202,880	(581,011)	1.31	0.01
Shell (Pakistan) Limited	13,000	-	13,000	-	-	-	-	13,000	4,109,170	3,817,450	(291,720)	0.49	0.01
Sun Northern Gas Pipelines Limited	292,700	-	292,700	-	-	-	290,000	2,700	270,594	240,624	(29,970)	0.03	-
									15,163,655	14,260,954	(902,701)		
PAPER AND BOARD													
Century Paper & Board Mills Limited	113,500	-	113,500	53,500	-	-	-	167,000	10,789,586	10,435,830	(353,756)	1.34	0.11
Cherat Packaging Limited	75	-	75	-	-	-	-	75	10,777	12,978	2,201	-	-
Securum Papers Limited	-	33	33	-	-	-	-	33	3,994	3,185	(809)	-	-
									10,804,357	10,451,993	(352,364)		
PHARMACEUTICALS													
Agp Limited	86,045	-	86,045	16,000	-	-	-	102,045	9,239,297	8,804,443	(434,854)	1.13	0.04
Isl Healthcare Limited	7,235	910	8,145	-	-	-	-	8,145	653,473	555,326	(98,147)	0.07	0.02
The Seale Company Limited	20,000	201	20,201	-	-	-	20,000	201	68,240	63,502	(4,738)	0.01	0.00
									9,961,010	9,423,271	(537,739)		
POWER GENERATION & DISTRIBUTION													
Altern Energy Limited	-	10,500	10,500	-	-	-	-	10,500	398,475	388,290	(10,185)	0.05	0.00
Hub Power Company Limited	352,995	49,400	402,395	-	-	-	-	402,395	37,084,723	35,197,491	(1,887,232)	4.54	0.03
									37,483,198	35,585,781	(1,897,417)		
REFINERY													
Attock Refinery Limited	100	-	100	-	25	-	-	125	21,531	18,921	(2,610)	-	-
									21,531	18,921	(2,610)		
SUGAR & ALLIED INDUSTRIES													
Faran Sugar Mills Limited	38,000	-	38,000	-	-	-	-	38,000	3,157,800	2,850,000	(307,800)	0.37	0.15
									3,157,800	2,850,000	(307,800)		
TECHNOLOGY & COMMUNICATIONS													
Avanceon Limited	-	293,125	293,125	-	-	-	140,000	153,125	10,143,000	12,703,250	2,560,250	1.64	0.11
Hun Network	925,000	-	925,000	-	-	-	-	925,000	7,483,250	6,012,500	(1,470,750)	0.77	0.10
Systems Limited	59,500	138,955	198,455	-	-	-	8,500	189,955	19,227,245	22,868,682	3,641,437	2.95	0.17
									36,853,495	41,584,432	4,730,937		
TEXTILE COMPOSITE													
Gul Ahmed Textile Mills Limited	-	-	-	200,000	-	-	-	200,000	8,600,000	9,778,000	1,178,000	1.26	0.06
Kohinoor Textile Mills Limited	42,400	148,400	190,800	-	-	-	-	190,800	10,492,092	10,348,992	(143,100)	1.33	0.06
									19,092,092	20,126,992	1,034,900		
MISCELLANEOUS													
Shifa International Hospitals	-	21,603	21,603	-	-	-	-	21,603	5,832,810	5,918,142	85,332	0.76	0.04
									5,832,810	5,918,142	85,332		
As at September 30, 2018													
									752,940,176	746,512,107	(6,428,069)		
As at June 30, 2018													
									627,627,844	603,070,463	(24,557,381)		

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

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Name of investment	Issue Date	Face value				As at September 30, 2018			Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchases during the year	Sales / matured during the year	As at September 30, 2018	Carrying Value	Market value	Appreciation / (Diminution)	
		(Rupees)							
PPF Debt Sub-Fund									
3 Months									
Treasury Bills	7-Jun-2018	150,000,000	-	150,000,000	-	-	-	-	-
Treasury Bills	19-Jul-2017	-	350,000,000	205,000,000	145,000,000	144,697,679	144,692,165	(5,514)	25.84
		150,000,000	350,000,000	355,000,000	145,000,000	144,697,679	144,692,165	(5,514)	
PPF Money Market Sub-Fund									
Treasury Bills									
3 Months									
Treasury Bills	7-Jun-2018	100,000,000	-	100,000,000	-	-	-	-	-
Treasury Bills	19-Jul-2018	-	240,000,000	240,000,000	-	-	-	-	-
		100,000,000	240,000,000	340,000,000	-	-	-	-	-
Pakistan Investment Bonds									
PPF Debt Sub-Fund									
Pakistan investment bonds - 10 Years									
Pakistan investment bonds	19-Jul-2012	400,000	-	400,000	-	-	-	-	-
		400,000	-	400,000	-	-	-	-	-
Pakistan investment bonds - 15 Years									
Pakistan investment bonds	31-Oct-2006	-	3,500,000	-	3,500,000	3,567,540	3,565,807	(1,733)	0.64
		-	3,500,000	-	3,500,000	3,567,540	3,565,807	(1,733)	
Pakistan investment bonds - 20 Years									
Pakistan investment bonds	10-Jun-2004	-	1,900,000	-	1,900,000	1,930,558	1,929,729	(829)	0.34
		-	1,900,000	-	1,900,000	1,930,558	1,929,729	(829)	
As at September 30, 2018									
		250,400,000	595,400,000	695,400,000	150,400,000	150,195,777	150,187,701	(8,076)	
As at June 30, 2018									
		261,400,000	3,101,400,000	3,112,400,000	250,400,000	247,806,016	247,812,032	6,016	



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## 5.4 Term Finance Certificate - at fair value through profit or loss PPF Debt Sub-Fund

Name of investment	Issue Date	Number of Certificates				As at September 30, 2018			Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchases during the year	Sales / matured during the year	As at September 30, 2018	Carrying Value	Market value	Appreciation / (Diminution)	
----- (Rupees) -----									
----- % -----									
<b>Sukuk bonds</b>									
Dawood Hercules Corporation Limited	16-Nov-17	72	-	-	72	7,214,400	7,203,946	(10,454)	1.29
Aspin Pharma (Pvt) Limited	30-Nov-17	130	-	-	130	12,911,756	12,892,997	(18,759)	2.30
		<b>202</b>	<b>-</b>	<b>-</b>	<b>202</b>	<b>20,126,156</b>	<b>20,096,943</b>	<b>(29,213)</b>	
<b>Term finance certificates</b>									
Askari Bank Limited	30-Sep-14	5,003	-	-	5,003	24,984,417	25,108,542	124,125	4.48
Bank Al-Habib Limited	17-Mar-16	5,580	-	-	5,580	27,831,295	27,731,680	(99,615)	4.95
Bank Al Falah Limited	20-Feb-13	3,000	-	-	3,000	15,051,204	14,972,732	(78,472)	2.67
Habib Bank Limited	19-Feb-16	150	-	-	150	14,797,688	14,474,716	(322,972)	2.58
Jahangir Siddiqui & Company Limited	18-Jul-17	5,000	-	-	5,000	25,091,900	24,937,500	(154,400)	4.45
The Bank Of Punjab	23-Dec-16	50	-	-	50	4,903,311	4,809,613	(93,699)	0.86
						<b>112,659,815</b>	<b>112,034,855</b>	<b>(624,960)</b>	
<b>As at September 30, 2018</b>									
						<b>132,785,971</b>	<b>132,131,726</b>	<b>(654,248)</b>	
<b>As at June 30, 2018</b>									
						<b>133,942,968</b>	<b>132,802,858</b>	<b>(1,140,110)</b>	

## 5.5 Listed equities securities (Previous measurement category: 'available for sale' - under IAS 39 )

	Carrying Value of investment	Market value
Total as at September 30, 2018 *	-	-
Total as at June 30, 2018	102,137,489	132,736,336

\* On July 01, 2018 (date of adoption of IFRS) the carrying value of Rs. 102.14 million classified as "Available for Sale" category under IAS 39 is redesignated as "Fair Value through Profit and Loss" having fair value of Rs. 132.74 million on June 30, 2018. This redesignation does not have any effect/impact on Statement of Financial Position and NAV per unit of the Fund.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## 5.6 Term Deposit Receipts - Amortised cost

### 5.6.1 PPF Debt Sub Fund

Particulars	Profit / mark-up rates	Issue date	Maturity date	As at September 30, 2018 (Rupees)	Market value as a percentage of net assets %	Market value as a percentage of total investments %
Bank Alfalah Limited	8.45%	12-Sep-18	12-Oct-18	105,000,000	18.75	24.10
<b>As at September 30, 2018</b>				<b>105,000,000</b>	<b>18.75</b>	<b>24.10</b>
As at June 30, 2018				-		

### 5.6.2 PPF Money Market Sub Fund

Particulars	Profit / mark-up rates	Issue date	Maturity date	As at September 30, 2018 (Rupees)	Market value as a percentage of net assets %	Market value as a percentage of total investments %
Bank Alfalah Limited	8.45%	12-Sep-18	12-Oct-18	35,000,000	17.27	28.76
Sonari Bank Limited	8.40%	27-Sep-18	26-Oct-18	39,000,000	19.24	32.05
JS Bank Limited	8.52%	25-Sep-18	26-Oct-18	39,000,000	19.24	32.05
<b>As at September 30, 2018</b>				<b>113,000,000</b>	<b>55.75</b>	<b>92.87</b>
As at June 30, 2018				-		

## 5.7 Commercial Paper- Amortised cost

### PPF Debt Sub Fund

Particulars	Profit / mark-up rates	Issue date	Maturity date	Face value	Amortised cost	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
Hasco Petroleum Limited	8.29%	4-Jul-18	4-Jan-19	10,000,000	9,792,888	1.75	2.25
K-Electric Limited	8.95%	29-Aug-18	1-Mar-19	40,000,000	38,582,905	6.89	8.86
<b>As at September 30, 2018</b>				<b>50,000,000</b>	<b>48,375,793</b>		
As at June 30, 2018				-	-		

### PPF Money Market Sub Fund

Particulars	Profit / mark-up rates	Issue date	Maturity date	Face value	Amortised cost	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
K-Electric Limited	8.95%	29-Aug-18	1-Mar-19	9,000,000	8,681,151	4.28	7.13
<b>As at September 30, 2018</b>				<b>9,000,000</b>	<b>8,681,151</b>		
As at June 30, 2018				-	-		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## 6 DEPOSITS AND OTHER RECEIVABLES

DEPOSITS AND OTHER RECEIVABLES

-----Unaudited-----				Audited	
As at September 30, 2018				As at June 30, 2018	
PPF Equity Sub-	PPF Debt Sub-	PPF Money Market	Total	2018	
-----Rupees-----					
Security deposit - Central Depository Company	200,000	200,000	200,000	600,000	500,000
Security deposit - National Clearing Company	2,500,000	-	-	2,500,000	2,500,000
Other receivable	28,357	16,500	16,500	61,357	50,302
Advance Tax	282,533	131,946	35,276	449,756	257,077
Receivable from National Clearing - - Company of Pakistan	-	550,828	-	550,828	677,168
	3,010,891	899,273	251,776	4,161,940	3,984,547

-----Unaudited-----				Audited
As at September 30, 2018				As at June 30, 2018
PPF Equity Sub-	PPF Debt Sub-	PPF Money Market	Total	2018
-----Rupees-----				

## 7 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for federal excise duty on remuneration of Pension Fund Manager (note 7.1)	2,420,238	2,404,933	1,151,294	5,976,465	5,976,464
Workers Welfare Fund (note 7.2)	4,097,470	1,679,053	480,397	6,256,920	5,210,409
Payable Against Purchase of Investments	-	5,704,026	-	5,704,026	-
Payable to Auditors	268,450	194,293	67,133	529,875	301,823
Others	598,193	121,232	48,624	767,822	892,384
	7,384,350	10,103,537	1,747,448	19,235,108	12,381,080

7.1 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2018. The aggregate balance of FED provision in the books of accounts for the Fund as on September 30, 2018 was Rs.5.97 million. (June 30, 2018: Rs.5.97 million). The impact of decrease in NAV per unit of the Fund is Rs.1.59 per unit, Rs.1.04 per unit and Rs. 1.26 per unit respectively for Equity, Debt and Money Market sub fund on that date.

7.2 There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2018. The aggregated provision as at September 30, 2018 is Rs.4.09 million for Equity sub fund, Rs. 1.68 million for Debt sub fund and Rs. 0.48 million for Money Market sub fund. The impact on decrease on NAV per unit as at September 30, 2018 is Rs. 2.69 per unit for Equity sub fund, Rs. 0.73 per unit for Debt sub fund and Rs. 0.53 per unit for Money Market sub fund.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2018 and June 30, 2018 except as disclosed in note 7.1 and 7.2

## 9 CASH AND CASH EQUIVALENTS

-----Unaudited-----				Audited
As at September 30, 2018				As At June 30, 2018
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	Total
-----Rupees-----				
9,628,436	131,402,970	82,158,912	223,190,319	603,608,432
-	105,000,000	113,000,000	218,000,000	-
9,628,436	236,402,970	195,158,912	441,190,319	603,608,432

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

### 10 TAXATION

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

### 11 TRANSACTIONS WITH CONNECTED PERSONS

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 is available under the clause, minimum tax at the rate of 1% of turnover was chargeable under section 113 of 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.

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.

#### 11.1 Transactions during the period

-----Unaudited-----				
September 30, 2018				September 30, 2017
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----				

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

Remuneration (include indirect taxes)	3,329,226	2,425,066	892,926	6,647,218	6,041,687
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#### MCB Bank Limited

Mark-up earned	22,772	172	165	23,109	8,617
Bank charges	1,781	-	-	1,781	1,501

#### Central Depository Company Limited - Trustee

Remuneration (include indirect taxes)	293,298	213,664	78,667	585,629	473,693
Settlement charges	19,459	1,695	2,825	23,979	13,359

* Arif Habib Limited Brokerage	21,688	-	-	21,688	84,200
* Next Capital Brokerage	51,039	-	-	51,039	20,183

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## Unit Holders' Fund

	For the quarter ended September 30, 2018					(Rupees in '000)		
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at September 30, 2018	As at July 01, 2018	Issued for cash	As at September 30, 2018

### Associated Companies

#### MCB Arif Habib Savings and Investment Limited

- Pakistan Pension Fund - Equity	252,196	-	-	-	252,196	129,086,523	-	128,675,443
- Pakistan Pension Fund - Equity	253,109	-	-	-	253,109	60,662,634	-	61,475,114
- Pakistan Pension Fund - Equity	300,000	-	-	-	300,000	65,826,000	-	66,777,000

### Key management personnel

- Pakistan Pension Fund - Equity	14035	555	-	-	14,590	7,183,815	127,846	7,444,339
- Pakistan Pension Fund - Debt	3223	910	-	-	4,133	772,456	79,330	1,003,823
- Pakistan Pension Fund - Money Market	0	215	-	-	215	-	6,857	47,857

## For the quarter ended September 30, 2017

	For the quarter ended September 30, 2017					(Rupees in '000)		
	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at September 30, 2017	As at July 01, 2017	Issued for cash	As at September 30, 2017

### Associated Companies

#### MCB Arif Habib Savings and Investment Limited

- Pakistan Pension Fund - Equity	252,196	-	-	-	252,196	142,521,000	-	124,854,674
- Pakistan Pension Fund - Debt	253,109	-	-	-	253,109	58,156,828	-	58,776,972
- Pakistan Pension Fund - Money Market	300,000	-	-	-	300,000	63,060,000	-	63,741,000

### Key management personnel

- Pakistan Pension Fund - Equity	11,263	229	-	1,556	9,936	6,364,986	120,028	4,919,025
- Pakistan Pension Fund - Debt	15,024	282	-	2,737	13,169	3,589,951	65,226	3,058,105
- Pakistan Pension Fund - Money Market	3,319	48	-	642	2,725	697,612	10,215	579,044

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

-----Unaudited-----				June 30, 2018 (Audited)
As at SEPTEMBER 30, 2018				
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

## 11.2 Amounts outstanding as at the period end

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

Remuneration payable	966,863	689,616	250,157	1,906,635	1,915,079
Sindh sales tax payable	125,691	89,650	32,520	247,861	248,959

### MCB Bank Limited

Bank Balance	256,629	437,624	152,858	847,111	258,509
Profit Receivable	456	-	-	456	9,937

### MCB Islamic Bank Limited

Bank Balance		10,079		10,079	10,042
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### Central Depository Company Limited - Trustee

Remuneration Payable	85,495	61,013	22,128	168,635	169,135
Sindh sales tax payable	11,112	7,944	2,850	21,905	21,969
Security deposit	200,000	200,000	200,000	600,000	500,000

### Brokerage Payable

* Arif Habib Limited	15,238	-	-	15,238	8,207
* Next Capital Brokerage	27,714	-	-	27,714	13,140

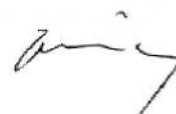
## 12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 22, 2018 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

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

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