



**Bachat** ka Doosra Naam

**Quarterly Report**  
**September 30, 2013**  
**(Unaudited)**



**Funds Under Management**  
**of**  
**MCB-Arif Habib Savings and Investments Limited**  
*(formerly: Arif Habib Investments Ltd.)*

**PAKISTAN  
ISLAMIC PENSION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings and Investments Limited</b> (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive Officer (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource Committee</b>	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; Chief Operating Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Umair Ahmed	
<b>Trustee</b>	Habib Metropolitan Bank Limited 8th Floor, HBZ Building I.I. Chundrigar Road, Karachi.	
<b>Bankers</b>	Habib Metropolitan Bank Limited Bank Al Falah Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings and Investments Limited</b> (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	AM2 - Management Quality Rating assigned by PACRA	

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Islamic Pension Fund's accounts review for the first quarter ended September 30th 2013.

### **ECONOMY AND MONEY MARKET OVERVIEW**

On the macroeconomic front, inflation has remained slightly higher during the period with CPI averaging around 8.06% amid implementation of tax reforms and higher food prices. The current account balance remained in pressure posting a deficit of \$632 million during 2MFY14 as opposed to surplus of \$582 million during the same period last fiscal year. During the last year, saving grace came in the form of proceeds under the account of Coalition support funds in August, 2012 amounting to \$1.18 bn. On the other hand, financial account registered a surplus of \$401 million in 2MFY14 as compared to deficit of \$271 million during the corresponding period last year.

Out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$850 million to IMF in the 1QFY14. This along with delay in Coalition Support Funds and higher oil payments has reduced reserve balance to around \$ 9.9 billion as on 27-Sep-13, from \$11 billion at the start of the FY14. Consequently, the local currency fell by more than 6% against USD during 1QFY14.

During the quarter, the country successfully managed to enter into three-year \$6.6 billion loan program with IMF. Out of total financing of around \$2.2 billion scheduled for FY14 under IMF Extended Fund Facility (EFF), the country received first tranche of around \$543 million in 1QFY14.

Moreover, Fiscal side has remained a cause of concern for policy makers with FY13 deficit touching a level of around 8% of GDP (Rs 1.83 trillion deficit size in absolute terms) as opposed to the budgeted deficit of around 6.5%.

Keeping in view that inflation is likely to increase going forward and to arrest decline in foreign reserves balance, the government announced 50 bps hike in the discount rate in the last monetary policy, sending a strong signal that the discount rate will be used to keep inflation rate under check. A combination of higher power tariffs, rise in oil prices and rupee depreciation is likely to keep inflationary pressure on the higher side during the year.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. Despite Rs 94 billion net growth in Net Domestic Assets during the quarter (till 27th Sep), money supply (M2) has contracted due to reduction in Net Foreign Assets by around Rs 150 billion. Hence, M2 has contracted by 0.63% in the 1QFY14 (till 27th Sep) as opposed to expansion of 0.58% during the same period last year. While Borrowing from SBP increased by Rs444 billion as opposed to net decline in borrowing of around Rs 372 billion during the same period last year.

Given an upward trajectory in YoY CPI inflation coupled with monetary tightening scenario, the yield curve has adjusted significantly upwards during the period. Hence 1 year PKRV adjusted upwards by 77 bps to 9.71 %, while longer tenure year 10 year PKRV adjusted upwards by 203 bps to 12.96 % during the quarter under review.

### **EQUITIES MARKET OVERVIEW**

In light of smooth political transition, the ongoing financial year started on a positive note, with stock market touching an all time high of 23,776.22 on 24-July-2013. The index posted a return of 10.9% during July, outperforming regional markets. But on account of tepid performance in August and September the benchmark index recorded a total gain of 3.9% during the 1QFY14, with KSE-100 index closing at 21,832.68 at the end of quarter. Restrictive forces that played a dampening role for the market were rationalization of tariffs and gas prices, launch of initiatives to enhance revenue administration, monetary tightening and growing concerns on feeble exchange rate outlook. Although activity remained stable in terms of both volumes

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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and turnover, foreigners remained net seller with a cumulative net outflow of US\$ 94 million during the period under review.

Major interest during the period remained in Textile, Construction & Materials and Power Sectors on the heels of strong inherent bottom line growth and healthy payouts. With the market expecting interest rates to increase going forward, Banking sector performed better towards the start of the quarter until the present government announced to peg minimum deposit rates on saving accounts to overnight repo rate.

### **FUND PERFORMANCE**

#### **Equity Fund**

The Equity sub-fund generated a return of 1.36% while the KSE-100 posted a return of 3.76%. The sub-fund decreased exposure to equities from 88.8% to 86.9% during the period. The sub-fund reduced its exposure from Oil & Gas and Construction & Materials sectors while increasing exposure towards Commercial Banks, Electricity sectors.

The Net Asset of the Fund as at September 30, 2013 stood at Rs. 84.23 million as compared to Rs 83.33 million as at June 30 2013 registering an increase of 1.08%.

The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 195.40 as compared to opening NAV of Rs. 192.77 per unit as at June 30, 2013 registering an increase of Rs. 2.63 per unit.

#### **Debt Fund**

The debt sub-fund generated an annualized return of 6.92% during the quarter under review. The sub-funds exposure towards GoP Ijarah Sukuk increased marginally to 90.3% from 89.8% during the period under review while the exposure towards Corporate Sukuk largely remained unchanged and stood at 0%.

The Net Asset of the Fund as at September 30, 2013 stood at Rs. 85.06 million as compared to Rs 79.93 million as at June 30 2013 registering an increase of 6.42%.

The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 159.89 as compared to opening NAV of Rs. 157.15 per unit as at June 30, 2013 registering an increase of Rs. 2.74 per unit.

#### **Money Market Fund**

The money market sub-fund generated an annualized return of 6.62% during the quarter. The fund exposure towards GOP Ijarah Sukuks at quarter end stood at around 93.7% as compare to beginning exposure of 84.4%. Cash and bank deposits exposure on the other hand decreased to 3.2% from 13.4% during the period under review.

The Net Asset of the Fund as at September 30, 2013 stood at Rs. 57.54 million as compared to Rs 55.05 million as at June 30 2013 registering an increase of 4.52%.

The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 148.71 as compared to opening NAV of Rs. 146.27 per unit as at June 30, 2013 registering an increase of Rs. 2.44 per unit.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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### FUTURE OUTLOOK

We will continue to closely monitor foreign inflows in the presence of higher oil prices and debt repayment to international donors. We believe that the sustainability of external account, in the presence of higher inflationary pressures, would be a key factor shaping up interest rate direction. The foreign reserve balance will continue to remain in the limelight, with the country scheduled to repay more than \$2.3 billion to IMF during the next three quarters. As a result, the local currency is likely to remain under pressure.

The reserve position is likely to improve towards the later half of the ongoing fiscal year, with the government expecting significant improvement in foreign direct investments and materialization of pledges made by multilateral agencies. In addition to projected CSF inflow of around \$1.2 billion, the country is eyeing inflow of \$2.7 billion during the next three quarters under the umbrella of program financing.

While the economic environment is challenging, corporate earnings are by and large expected to continue to improve. Earnings growth is expected to continue in E&P, Textile, Power and cement sector. The rupee depreciation bodes well for textile, E&P and power sector, while higher allocation in PSDP will increase demand for cement.

### ACKNOWLEDGMENT

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

For and on behalf of the board



**Yasir Qadri**

Chief Executive

Karachi: October 23, 2013

# **FINANCIAL STATEMENTS**



**CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2013**

Note	Unaudited				Audited June 30, 2013	
	September 30, 2013					
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total		
Rupees						
<b>ASSETS</b>						
Balances with banks	4	5,102,303	6,313,883	1,856,874	13,273,061	15,353,802
Investments (as per condensed interim statement of investments by category)		73,905,907	77,212,826	54,208,850	205,327,583	195,222,567
Receivable against sale of Investments		1,947,499	-	-	1,947,499	3,799,999
Dividend receivable		1,351,004	-	-	1,351,004	115,972
Profit receivable		17,592	1,795,793	1,704,059	3,517,443	2,235,533
Deposits and other receivables	5	2,707,370	201,000	101,001	3,009,371	4,952,357
<b>TOTAL ASSETS</b>		<b>85,031,675</b>	<b>85,523,502</b>	<b>57,870,785</b>	<b>228,425,961</b>	<b>221,680,230</b>
<b>LIABILITIES</b>						
Payable to Pension Fund Manager		124,792	119,846	81,207	325,845	333,383
Payable to the Trustee - Habib Metropolitan Bank Limited		13,854	13,305	9,015	36,174	33,917
Payable to Auditors		163,596	157,910	117,119	438,625	-
Annual fee payable to the Securities and Exchange Commission of Pakistan		7,541	6,897	4,706	19,144	60,980
Other liabilities	6	488,098	163,584	114,614	766,297	2,940,816
<b>TOTAL LIABILITIES</b>		<b>797,880</b>	<b>461,543</b>	<b>326,661</b>	<b>1,586,084</b>	<b>3,369,096</b>
<b>NET ASSETS</b>		<b>84,233,795</b>	<b>85,061,959</b>	<b>57,544,124</b>	<b>226,839,877</b>	<b>218,311,134</b>
Participants Sub-Funds (as per condensed interim Statement of movement in Participants' sub-funds)		84,233,795	85,061,959	57,544,124		
----- Number of units -----						
<b>Number of units in issue</b>		<b>431,090</b>	<b>531,987</b>	<b>386,968</b>		
----- Rupees -----						
<b>Net asset value per unit</b>		<b>195.40</b>	<b>159.89</b>	<b>148.71</b>		

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

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

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

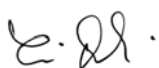
  
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Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Note	Quarter ended September 30, 2013				Quarter ended September 30, 2012
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----					
<b>INCOME</b>					
Capital gain on sale of investments	6,894,745	-	-	6,894,745	1,768,375
Dividend income	1,712,531	-	-	1,712,531	981,576
Profit on bank deposits	31,552	148,169	147,991	327,712	290,380
Income from Government Ijarah Sukuk	-	516,534	1,135,626	1,652,160	2,400,421
Income from Certificates of Investment	-	-	-	-	-
Income from Term Deposit Receipts	-	-	-	-	-
Income from Term Finance Certificates - Sukuk	-	1,236,512	-	1,236,512	459,014
Impairment loss on listed equity securities classified as "available for sale"	-	-	-	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed	6,235	59,166	22,035	87,436	47,171
Unrealised (Diminution) / Appreciation in fair value classified as 'at fair value through profit or loss'	(1,779,256)	19,640	16,670	(1,742,946)	3,616,453
<b>Total Income</b>	<b>6,865,806</b>	<b>1,980,021</b>	<b>1,322,323</b>	<b>10,168,150</b>	<b>9,563,390</b>
<b>EXPENSES</b>					
Remuneration of Pension Fund Manager	456,584	417,631	284,928	1,159,143	743,752
Remuneration of Trustee	43,696	39,969	27,269	110,933	83,734
Annual fee - Securities and Exchange					
Commission of Pakistan (SECP)	7,540	6,897	4,706	19,143	14,142
Auditors' remuneration	49,909	44,821	31,395	126,125	103,738
Custody and settlement charges	7,364	(37,406)	-	(30,042)	49,578
Securities transaction cost	194,157	-	-	194,157	118,904
Legal and professional charges	6,949	6,358	4,338	17,644	17,498
Bank charges	696	700	748	2,144	1,387
Donation and charity expense	21,983	-	-	21,983	-
Provision against debt securities	-	14,163	-	-	-
Amortisation of formation cost	-	-	-	-	-
Provision for Workers' Welfare Fund	121,539	29,738	19,379	170,655	-
<b>Total Expenses</b>	<b>910,417</b>	<b>522,869</b>	<b>372,761</b>	<b>1,654,055</b>	<b>1,132,733</b>
<b>Net income before taxation</b>	<b>5,955,389</b>	<b>1,457,152</b>	<b>949,562</b>	<b>8,514,095</b>	<b>8,430,657</b>
Provision for taxation - current	-	-	-	-	-
<b>Net income after taxation</b>	<b>5,955,389</b>	<b>1,457,152</b>	<b>949,562</b>	<b>8,514,095</b>	<b>8,430,657</b>
<b>Other comprehensive (loss) / income for the period</b>					
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net	(4,701,621)	27,511	-	(4,674,110)	1,774,681
<b>Total comprehensive income / (loss) for the period</b>	<b>1,253,768</b>	<b>1,484,663</b>	<b>949,562</b>	<b>3,839,985</b>	<b>10,205,338</b>
<b>Earnings per unit</b>	<b>13.77</b>	<b>2.81</b>	<b>2.50</b>		

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

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

  
Chief Executive Officer

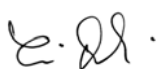
  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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	Quarter ended September 30, 2013				Quarter ended September 30, 2012
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	<b>Rupees</b>				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income before taxation	5,955,389	1,457,152	949,562	8,362,103	8,253,870
<b>Adjustments for non cash items:</b>					
Capital gain on sale of investments	(6,894,745)	-	-	(6,894,745)	1,768,375
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'	1,779,256	(19,640)	(16,670)	1,742,946	(3,426,203)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(6,235)	(59,166)	(22,035)	(87,436)	(47,171)
	(5,121,723)	(78,806)	(38,705)	(5,239,235)	(1,704,999)
<b>(Increase) / decrease in assets</b>					
Investments	932,762	(4,985,839)	(7,521,750)	(11,574,827)	(9,157,901)
Dividend receivable	(1,235,032)	-	-	(1,235,032)	(981,576)
Profit receivable	18,214	(473,068)	(827,057)	(1,281,910)	(1,921,911)
Deposits and other receivables	3,800,000	1,671,511	271,474	5,742,985	1,489,626
	3,515,944	(3,787,395)	(8,077,333)	(8,348,784)	(10,571,762)
<b>(Decrease) / Increase in liabilities</b>					
Payable to Pension Fund Manager	(5,988)	1,545	(3,095)	(7,538)	32,831
Payable to Trustee	547	1,271	439	2,257	3,072
Payable to Auditors	(6,853)	2,141	(6,664)	(11,375)	103,738
Annual fee payable to the Securities and Exchange Commission of Pakistan	(14,617)	(15,154)	(12,065)	(41,836)	-
Other liabilities	(1,860,113)	65,153	70,440	(1,724,519)	(1,801,021)
	(1,887,024)	54,957	49,055	(1,783,012)	(1,692,594)
Tax paid	-	-	-	-	-
<b>Cash (used in) / generated from operating activities</b>	2,462,587	(2,354,092)	(7,117,422)	(7,008,927)	(5,715,484)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	1,924,511	4,231,861	1,821,885	7,978,257	3,352,869
Payment against redemptions	(2,268,838)	(528,469)	(252,763)	(3,050,069)	(17,770)
<b>Cash (used in) / generated from financing activities</b>	(344,328)	3,703,393	1,569,122	4,928,187	3,335,099
Net (decrease) / increase in cash and cash equivalent	2,118,259	1,349,300	(5,548,299)	(2,080,740)	1,419,614
Cash and cash equivalent at beginning of the period	2,984,045	4,964,583	7,405,174	15,353,802	15,035,972
Cash and cash equivalent at end of of the period	5,102,303	6,313,883	1,856,875	13,273,061	16,455,586

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

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30, 2013				Quarter ended September 30, 2012
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	83,330,590	79,933,069	55,047,475	218,311,134	161,326,446
Amount received on issue of units	1,924,511	4,231,861	1,821,885	7,978,257	3,352,869
Amount paid on redemption of units	(2,268,838)	(528,469)	(252,763)	(3,050,069)	(17,770)
	(344,327)	3,703,393	1,569,122	4,928,188	3,335,099
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 -net	(6,235)	(59,166)	(22,035)	(87,436)	(47,171)
- amount representing unrealised diminution / (appreciation) in fair value of investments	(231,401)	1,310,650	485,636	1,564,884	(1,004,274)
	(237,636)	1,251,484	463,600	1,477,448	(1,051,445)
Net unrealized (loss) / gain during the period in the market value of investments classified as available-for-sale	(4,701,621)	27,511	-	(4,674,111)	1,774,681
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	231,401	(1,310,650)	(485,636)	(1,564,884)	1,004,274
Net income after taxation for the period	5,955,389	1,457,152	949,562	8,362,103	8,253,870
Net assets at the end of the period	84,233,795	85,061,959	57,544,124	226,839,878	174,642,925

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

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY  
AS AT SEPTEMBER 30, 2013**

	-----Un-Audited-----				Audited June 30, 2013
	Quarter ended September 30, 2013				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	----- Rupees -----				
<b>Investments classified as 'At fair value through profit or loss '</b>					
Listed equity securities	72,770,313	-	-	72,770,313	67,243,817
Government Ijarah - Sukuk	-	55,651,150	54,208,850	109,860,000	97,301,941
Investments at market value	<u>72,770,313</u>	<u>55,651,150</u>	<u>54,208,850</u>	<u>182,630,313</u>	<u>164,545,758</u>
<b>Available-for-sale investments</b>					
Listed equity securities	1,135,594	-	-	1,135,594	9,128,484
Government Ijarah - Sukuk	-	21,561,676	-	21,561,676	21,548,325
Sukuk Certificates	-	-	-	-	-
Investments at market value	<u>1,135,594</u>	<u>21,561,676</u>	<u>-</u>	<u>22,697,270</u>	<u>30,676,809</u>
<b>Loans and receivables</b>					
Term Deposit Receipts	-	-	-	-	-
Investments at amortised cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>73,905,907</u></u>	<u><u>77,212,826</u></u>	<u><u>54,208,850</u></u>	<u><u>205,327,583</u></u>	<u><u>195,222,567</u></u>

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

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

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

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED) AS AT SEPTEMBER 30, 2013

**AVAILABLE FOR SALE INVESTMENT  
PIPF EQUITY SUB- FUND  
LISTED EQUITY SECURITIES**

Page 1 of 2

Name of the Investee company	As at July 1, 2013	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at September 30, 2013	----Balance as at September 30, 2013----			Market value as a % of net assets of the sub fund	% of paid up capital of the investee company
						Cost	Market value	Appreciation		
(-----Number of shares-----)						-----Rupees-----			%	%
<b>OIL &amp; GAS PRODUCERS</b>										
Pakistan Petroleum Limited	16,173	-	434	14,000	2,607	243,740	496,894	253,154	0.59	0.0002
						<b>243,740</b>	<b>496,894</b>	<b>253,154</b>	<b>0.59</b>	
<b>CONSTRUCTION AND MATERIALS</b>										
Lucky Cement Limited	23,821	-	-	23,821	-	-	-	-	-	-
<b>PHARMA AND BIO TECH</b>										
Ferozsons Laboratories Limited	6,403	-	-	-	6,403	526,290	638,700	112,411	0.76	0.0212
						<b>526,290</b>	<b>638,700</b>	<b>112,411</b>	<b>0.76</b>	
<b>Total for Equity Sub-Fund</b>						<b>770,030</b>	<b>1,135,594</b>	<b>365,565</b>	<b>1</b>	

-----Total-----  
Un audited      Audited  
September 30,      June 30, 2013  
2013  
-----Rupees-----

1,135,594      9,128,484

**Market value**

\* The above include shares with a market value aggregating to Rs. 3,448,600 (June 2013: 3,402,880) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

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

  
\_\_\_\_\_  
Director



**STATEMENT OF OTHER INVESTMENTS  
AS AT SEPTEMBER 30, 2013**

**PIPF DEBT SUB-FUND  
GOVERNMENT IJARAH SUKUK**

Name of Investments	Face value			As at September 30, 2013			% of net assets	
	As at July 1, 2013	Purchases during the year	Sales / Matured during the year	As at September 30, 2013	Cost	Market value		Appreciation/ Diminution
----- Rupees -----								
<b>'At fair value through profit or loss'</b>								
Government Ijarah Sukuk (3 years)	50,600,000	5,000,000	-	55,600,000	55,631,510	55,651,150	19,640	65%
<b>'Available for sale' investments</b>								
Government Ijarah Sukuk (3 years)	21,500,000	-	-	21,500,000	21,735,326	21,561,676	(173,650)	25%
	<b>72,100,000</b>	<b>5,000,000</b>	<b>-</b>	<b>77,100,000</b>	<b>77,366,836</b>	<b>77,212,826</b>	<b>(154,010)</b>	<b>91%</b>

Total	
Un audited September 30, 2013	Audited June 30, 2013
----- Rupees -----	
<b>77,212,826</b>	<b>72,179,836</b>

**Market Value**

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

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

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

  
\_\_\_\_\_  
Director



## STATEMENT OF OTHER INVESTMENTS AS AT SEPTEMBER 30, 2013

PIPF DEBT SUB-FUND  
SUKUK CERTIFICATES

Name of the Investee Company	Issue date	Number of certificates				As at September 30, 2013			Market value as % of net assets of the sub-fund	Market value as % of total Investments	Percentage in relation to the size of the issue
		As at July 1, 2013	Purchases during the year	Sales during the year	As at September 30, 2013	Cost	Market value	(Diminution)			
						----- Rupees -----			%	%	%
<b>'Available for sale' investments</b>											
Pak Electron Limited - SUKUK (28-09-2007)	28-Sep-07	550	-	-	550	618,365	-	(618,365)	0.00%	0.00%	0.10
						<b>618,365</b>	<b>-</b>	<b>(618,365)</b>			

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

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

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

  
\_\_\_\_\_  
Director

**STATEMENT OF OTHER INVESTMENTS  
AS AT SEPTEMBER 30, 2013**

**PIPF MONEY MARKET SUB-FUND  
GOVERNMENT IJARAH SUKUK**

Name of Investments	Face value				As at September 30, 2013			% of net assets
	As at July 1, 2013	Purchases during the year	Sales / Matured during the year	As at September 30, 2013	Cost	Market value	Appreciation	
----- Rupees -----								%
<b>'At fair value through profit or loss'</b>								
Government Ijarah Sukuk (3 years)	46,600,000	7,500,000	-	54,100,000	54,192,180	54,208,850	16,670	94%
<b>'Available for sale' investments</b>								
Government Ijarah Sukuk (3 years)	-	-	-	-	-	-	-	-
	<b>46,600,000</b>	<b>7,500,000</b>	<b>-</b>	<b>54,100,000</b>	<b>54,192,180</b>	<b>54,208,850</b>	<b>16,670</b>	<b>1</b>

Total	
Un audited September 30, 2013	Audited June 30, 2013
----- Rupees -----	
<b>54,208,850</b>	<b>46,670,430</b>

Market Value

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

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)  
AS AT SEPTEMBER 30, 2013**

Page 1 of 2

Contributions net of front end fee	Quarter ended September 30, 2013							Quarter ended September 30, 2013
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	432,282	46,413,250	508,651	60,162,956	376,354	40,246,936	146,823,142	120,703,759
Individuals - issue of units	9,429	1,924,511	26,667	4,231,861	12,330	1,821,885	7,978,257	3,352,869
- redemption of units	(10,621)	(2,268,838)	(3,331)	(528,469)	(1,716)	(252,763)	(3,050,069)	(17,770)
	(1,192)	(344,327)	23,336	3,703,393	10,614	1,569,122	4,928,188	3,335,099
Closing balance	431,090	46,068,923	531,987	63,866,349	386,968	41,816,058	151,751,330	124,038,858

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

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

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

  
 \_\_\_\_\_  
 Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Page 2 of 2

	Quarter ended September 30, 2013		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	----- No of units -----		
Total units outstanding at the beginning of the period	432,282	508,651	376,354
Add: Units issued during the period	9,429	26,667	12,330
Less: Units redeemed during the period	(10,621)	(3,331)	(1,716)
Total units in issue at the end of the period	<u>431,090</u>	<u>531,987</u>	<u>386,968</u>

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

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

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

  
 \_\_\_\_\_  
 Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Pakistan Islamic Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib 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 July 24, 2007 and was executed on September 5, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 7, 2011. PIPF is an open-ended pension fund consisting of three sub-funds namely PIPF Equity Sub-Fund, PIPF Debt Sub-Fund and PIPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.2** MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.3** Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as Trustee of the Fund.

**2. STATEMENT OF COMPLIANCE**

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

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

- 2.2** This condensed interim financial information comprise of the condensed interim balance sheet as at September 30, 2013 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim statement of number of units in issue and notes thereto for quarter ended September 30, 2013.
- 2.3** The directors of the Pension Fund Manager declare that these condensed interim financial statements give a true and fair view of the Fund.
- 2.4** This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended September 30, 2013.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2013.

-----Unaudited-----				Audited
As at September 30, 2013				As at June 30, 2013
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----				

**4 BALANCES WITH BANKS**

Current accounts	4,477,157	-	-	4,477,157	38,183
Saving accounts	625,146	6,313,883	1,856,874	8,795,904	15,315,619
	<u>5,102,303</u>	<u>6,313,883</u>	<u>1,856,874</u>	<u>13,273,061</u>	<u>15,353,802</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

**5 DEPOSITS AND OTHER RECEIVABLES**

	-----Unaudited-----				Audited
	As at September 30, 2013				As at June 30, 2013
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total		
-----Rupees-----					
Security deposits	2,701,000	200,000	100,000	3,001,000	3,001,000
Other receivable	1,000	1,000	1,000	3,000	8,371
Advance Tax	5,371	-	-	5,371	-
Receivable from sub-funds			1	1	1,942,986
Receivable against issue of units	(1)	(0)	0	(1)	-
Receivable against sale of Investments	-	-	-	-	3,799,999
	2,707,370	201,000	101,001	3,009,371	8,752,356

	-----Unaudited-----				Audited
	As at September 30, 2013				As at June 30, 2013
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total		
-----Rupees-----					

**6 OTHER LIABILITIES**

Donation / charity	21,983	-	(0)	21,983	168,433
Professional fee	42,605	44,453	35,822	122,880	105,236
Settlement Charges Payable	379	-	-	379	-
Tax	-	-	-	-	-
Others	423,131	119,131	78,792	621,055	2,667,147
	488,098	163,584	114,614	766,297	2,940,816

**7 PROVISION FOR WORKERS' WELFARE FUND**

**Contribution To Workers Welfare Fund**

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

On July 15, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of nature of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

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

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

The Management Company as a matter of abundant precaution has started making provision effective from May 10, 2013 for WWF amounting to Rs. 0.136 million, Rs. 0.021 million and Rs. 0.012 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively in these financial statements out of total provision of Rs. 0.836 million, Rs. 0.374 million and Rs. 0.257 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively in view of the afore mentioned developments and uncertainties created by the recent decision by Honorable Sindh High Court. The unrecognised liability for the period from July 01, 2008 to May 09, 2013 amounts to Rs. 0.697 million, Rs. 0.352 million and Rs. 0.244 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. The amount of WWF charged during the period is Rs. 0.122 million, Rs. 0.030 million, Rs. 0.019 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. The net asset value per unit of the fund as at September 30, 2013 would have been lower by Rs. 1.616, Rs. 0.661 and Rs. 0.630 for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively if the same were recognised.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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

	-----Unaudited-----				Audited
	As at September 30, 2013				As at June 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	-----Rupees-----				
Market Value	1,135,594	21,561,676	-	22,697,270	30,676,809
Average Cost	(770,030)	(22,746,548)	-	(23,516,577)	(26,807,843)
	365,565	(1,184,872)	-	(819,307)	3,868,966
Impairment loss					
Opening	-	-	-	-	107,772
Charged during the period	-	-	-	-	-
Derecognised on sale of investments	-	-	-	-	(107,772)
	-	-	-	-	-
Net unrealised diminution in value of investment at the end of the period	365,565	(1,184,872)	-	(819,307)	3,868,966
Provision against non performing debt securities					
Opening	-	1,093,601	-	1,093,601	268,597
Charged during the period	-	14,163	-	14,163	825,004
	-	1,107,764	-	1,107,764	1,093,601
Net unrealised diminution in value of investment at the beginning of the period	(5,067,186)	104,619	-	(4,962,567)	(5,485,734)
	(4,701,621)	27,511	-	(4,674,110)	(523,167)

**9 TAXATION**

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

**10 EARNINGS PER UNIT**

Earnings per unit (EPU) for the quarter ended September 30, 2013 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

	Quarter ended September 30, 2013		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	432,504	517,670	379,686
Net income after taxation (Rupees)	5,955,389	1,457,152	949,562
Earnings per unit	13.77	2.81	2.50

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30, 2012		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	398,674	418,042	349,557
Net income after taxation (Rupees)	5,455,535	1,481,948	1,316,388
Earnings per unit	13.68	3.54	3.77

**11 TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include MCB - Arif Habib Savings and Investments Limited (formerly: Arif Habib Investments Limited) being the Pension Fund Manager and MCB Bank Limited being the holding company of AHIL, Habib Metropolitan Bank Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manger as Management Company and directors and executives of the Pension Fund Manager.

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

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

**11.1 Transactions during the period**

-----Unaudited-----				
Quarter ended September 30, 2013				Quarter ended September 30, 2012
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

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

Remuneration	456,584	417,631	284,928	1,159,143	743,752
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**Habib Metropolitan Bank Limited -Trustee**

Remuneration	43,696	39,969	27,269	110,933	83,734
Profit earned during the period	49,555	73,292	60,991	183,837	196,453
Bank Charges	696	700	548	1,944	1,555

**MCB Bank Limited**

Profit earned during the period	-	-	-	-	242
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**Arif Habib Limited - Brokerage house**

Brokerage*	1,204	-	-	1,204	-
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**Next Capital Limited**

Brokerage*	14,387	-	-	14,387	-
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**Directors and Officers**

Issue of PIPF Equity sub - fund 1,618 units (2012: 389 units)	336,964	-	-	336,964	59,300
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Issue of PIPF Debt sub - fund 1,152 units (2012: 155 units)	-	183,221	-	183,221	23,240
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Issue of PIPF Money Market sub - fund 202 units (2012: 22 units)	-	-	29,874	29,874	3,060
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

-----Unaudited-----				
Quarter ended September 30, 2013				Quarter ended September 30, 2012
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	

----- Rupees -----

Redemption of PIPF Equity sub - fund NIL units (2012: NIL units)	-	-	-	-	-
Redemption of PIPF Debt sub - fund 293 units (2012: NIL units)	-	46,286	-	46,286	-
Redemption of PIPF Money Market sub - fund 472 units (2012: NIL units)	-	-	69,463	69,463	-

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

-----Unaudited-----				
As at September 30, 2013				June 30, 2013 (Audited)
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	

----- Rupees -----

**11.2 Amounts outstanding as at the period end**

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

Remuneration payable	124,792	119,846	81,207	325,845	333,383
Investment in seed capital 300,000 units (June 30, 2013: 300,000 units)	58,620,000	47,967,000	44,613,000	151,200,000	148,854,414

**Habib Metropolitan Bank Limited - Trustee**

Remuneration Payable	13,854	13,305	9,015	36,174	33,917
Bank balance	5,102,303	2,171,319	1,743,600	9,017,222	9,359,263
Profit receivable	17,592	101,813	44,801	164,206	135,092

**Arif Habib Limited - Brokerage house**

Brokerage payable	1,204	-	-	1,203	-
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**Next Capital Limited**

Brokerage payable	11,942	-	-	11,942	-
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**MCB Bank Limited**

Bank balance	-	-	-	-	-
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**Directors and Officers**

Balance as at September 30, 2013

Investment in PIPF Equity sub - fund 5,989 units (June 30, 2013: 11,677 units)	1,170,314	-	-	1,170,314	2,250,964
Investment in PIPF Debt sub - fund 8,303 units (June 30, 2013: 9,669 units)	-	1,327,580	-	1,327,580	1,519,456
Investment in PIPF Money Market sub - fund 2,031 units (June 30, 2013: 2,302 units)	-	-	302,099	302,099	336,702

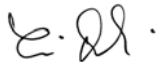
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on 23 October 2013 by the Board of Directors of the Pension Fund Manager.



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

**MCB-Arif Habib Savings and Investments Limited**  
*(formerly: Arif Habib Investments Limited)*

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URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)