



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT

2017

Alhamra Islamic Pension Fund

(Formerly: Pakistan Islamic Pension Fund) Managed by

MCB-Arif Habib Savings and Investments Limited



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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

FUND'S INFORMATION

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

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

Dear Investor,

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

ECONOMY AND MONEY MARKET OVERVIEW

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

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

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

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

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

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

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

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

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

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

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

EQUITIES MARKET OVERVIEW

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

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

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

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 4.46% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk decreased to 68.3% from 87.1%.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 202.96 million as compared to Rs. 165.39 million as at June 30, 2016 registering an increase of 22.72%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 193.63 as compared to opening NAV of Rs. 185.37 per unit as at June 30, 2016 registering an increase of Rs. 8.26 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 3.78% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 30.3%. Simultaneously, the fund decreased exposure in cash to 51.3% from 62.7% at the beginning of the period.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 72.67 million as compared to Rs. 70.30 million as at June 30, 2016 registering an increase of 3.37%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 174.03 as compared to opening NAV of Rs. 167.69 per unit as at June 30, 2016 registering an increase of Rs. 6.34 per unit.

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

Equity Fund

The Equity sub-fund generated a return of 33.21% while the KMI-30 posted a return of 18.80%, an outperformance of 14.41%. The sub-fund decreased exposure to equities from 91.9% to 91% during the period.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 453.27 million as compared to Rs. 276.96 million as at June 30, 2016 registering an increase of 63.66%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 584.69 as compared to opening NAV of Rs. 438.91 per unit as at June 30, 2016 registering an increase of Rs. 145.78 per unit.

FUTURE OUTLOOK

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

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

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

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

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

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

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

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

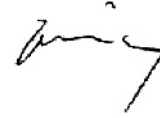
ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: August 4, 2017



Nasim Beg
Director / Vice Chairman

ڈائریکٹر رپورٹ

میں تبدیلی کے خطرے کے حوالے سے احتیاطی تدابیر اختیار کر چکی ہے، تاہم عدالتی فیصلے کے نتیجے میں پی ایم ایل (این) کا شیرازہ بکھرنے اور وزیر خزانہ کی نااہلیت سے مختصر المیاد مارکیٹ کے حالات مزید بگڑ سکتے ہیں کیونکہ یہ اگلے انتخابات میں معلق پارلیمنٹ کے امکانات کا اشارہ ہوگا۔

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

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

اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

04 اگست 2017ء

Money مارکیٹ فنڈ

زیر جائزہ مدت کے دوران Money مارکیٹ سب-فنڈ کا ایک سال پر محیط منافع 3.78 فیصد تھا۔ سب-فنڈ نے حکومت پاکستان کے اجارہ سگ میں اپنی سرمایہ کاری کو کم کیا جو اختتام مدت پر تقریباً 30.3 فیصد تھی۔ اسی طرح فنڈ نقد میں بھی اپنی سرمایہ کاری کو کم کر کے 51.3 فیصد تک لے آیا، جو آغاز مدت پر 62.7 فیصد تھی۔

30 جون 2017ء کو فنڈ کے net اثاثہ جات 72.67 ملین روپے تھے، جو 30 جون 2016ء کو 70.30 ملین روپے کے مقابلے میں 3.37 فیصد اضافہ ہے۔

30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 174.03 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 167.69 روپے فی یونٹ کے مقابلے میں 6.34 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی سب-فنڈ کا منافع 33.21 فیصد تھا جبکہ KMI-30 کا منافع 18.80 فیصد تھا، یعنی 14.41 فیصد بہتر کارکردگی۔ دوران مدت سب-فنڈ نے ایکویٹی میں سرمایہ کاری کو 91.9 فیصد سے کم کر کے 91 فیصد کر دیا۔

30 جون 2017ء کو فنڈ کے net اثاثہ جات 453.2 ملین روپے تھے، جو 30 جون 2016ء کو 276.96 ملین روپے کے مقابلے میں 63.66 فیصد اضافہ ہے۔

30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 584.69 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 438.91 روپے فی یونٹ کے مقابلے میں 145.78 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

گزشتہ چند برسوں میں حاصل ہونے والے خیر منافع جات تیل کی قیمتوں میں کمی کے اثرات ہیں جس کی بدولت خارجی اکاؤنٹ، CPI، ڈسکاؤنٹ کی شرح اور حتیٰ کہ مالیاتی اکاؤنٹ کی بھی صورتحال سبسڈیز کے بوجھ میں کمی کے اعتبار سے بہتر ہوئی۔ بین الاقوامی اشیاء کا مستقبل ابھی تک ناہموار نظر آتا ہے اور کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کے باعث مستقبل کی راہیں مشکلات سے پر نظر آ رہی ہیں۔

مالی سال 2017ء میں 27 بلین ڈالر کا تجارتی خسارہ CPEC کے تحت مشینری کی درآمدات کے باعث مزید بڑھ سکتا ہے اور متعدد مقامی کمپنیوں کا منسوب درآمدات کے بل پر غالب ہوں گے۔ دوسری جانب ٹیکسٹائل پیکج کے تحت ری بیس کے حوالے سے حکومت کی خاموشی اور زرمبادلہ کے ذخائر کے ذریعے پاکستانی روپے کی معاونت کرنے کے لئے حکومتی پیکج کے باعث برآمدات متوقع طور پر دباؤ میں رہیں گی۔ بڑھتے ہوئے تجارتی خسارے اور ترسیلات زر کی کمزور صورتحال کی بنیاد پر ہم اگلے سال کرنٹ اکاؤنٹ کے خسارے کو 15 بلین ڈالر (مجموعی ملکی پیداوار کا 4 فیصد) تک پہنچا دیکھ رہے ہیں، جو 2008ء میں ادائیگیوں کے توازن کے بحران میں پیدا ہونے والے حالات سے اب بھی بہت دور ہے، جب کرنٹ اکاؤنٹ کا خسارہ 14 بلین ڈالر (مجموعی ملکی پیداوار کا 8 فیصد) تک پہنچ گیا تھا۔ تاہم بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے کے ساتھ ساتھ انٹریسٹ کی ادائیگی کے باعث مالی سال 2018ء میں 18-19 بلین ڈالر کی مالیت کی فراہمی کی ضرورت پیدا ہو سکتی ہے، جس کے باعث پاکستانی روپے کی قدر میں کمی کا واضح امکان ہے۔

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

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

ایکویٹی مارکیٹ پانا مسئلے کے نتیجے کی بنیاد پر اپنا اگلا قدم طے کرنے کے لئے تیار ہے۔ مارکیٹ اپنے عروج سے تقریباً 13 فیصد زوال کے بعد بظاہر وزیر اعظم ہاؤس

ڈائریکٹر رپورٹ

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

ایکویٹیز مارکیٹ کا جائزہ

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

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

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

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سب - فنڈ کا ایک سال پر محیط منافع 4.46 فیصد تھا۔ سب - فنڈ کی حکومت پاکستان کے اجارہ سلگ میں سرمایہ کاری 87.1 فیصد سے کم ہو کر 68.3 فیصد ہو گئی۔

30 جون 2017ء کو فنڈ کے net اثاثہ جات 202.96 ملین روپے تھے، جو 30 جون 2016ء کو 165.39 ملین روپے کے مقابلے میں 22.72 فیصد اضافہ ہے۔

30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 193.63 روپے تھے، جو آغاز مدت یعنی 30 جون 2016ء کو 185.37 روپے فی یونٹ کے مقابلے میں 8.26 روپے فی یونٹ اضافہ ہے۔

ڈائریکٹر ز رپورٹ

عزیز سرمایہ کار

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

معیشت اور بازار زر کا مجموعی جائزہ

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

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

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

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

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

حکومت مالیاتی خسارے کو 4.2 فیصد پر برقرار رکھ سکی جو متعین شدہ ہدف 3.8 فیصد سے تھوڑا زیادہ ہے۔ مجموعی اخراجات اور مجموعی آمدنی، دونوں میں 12 فیصد YoY اضافہ ہوا جبکہ مالیاتی توازن میں 11 فیصد YoY اضافہ ہوا۔ حکومت نے مالی سال 2018ء کے لئے مالیاتی خسارے کا ہدف 4.1 فیصد متعین کیا ہے۔

CA خسارے کے علاوہ ایک اور تشویشناک امر تجارتی خسارے میں اضافہ، اور اس بڑھتے ہوئے فرق کو پر کرنے کے لئے مالیات فراہم کرنے کے لئے پبلک اور پرائیویٹ قرضہ جات میں اضافہ ہے۔ مارچ 2017ء تک پاکستان مجموعی طور پر 23.95 ٹریلین روپے کا قرض دار تھا، جو ایک سال کے دوران 2.33 ٹریلین روپے کا اضافہ ہے۔

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

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

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

Fund Type and Category

Pakistan Islamic pension fund (PIPF) is an open-end shariah complaint voluntary pension scheme.

Investment Objective:

The investment objective of the fund is to seek already returns with a moderate risk for investors by investing in a portfolio of equity, Short medium term debt and money market instruments, which are shariah compliant.

Investment Strategy:

PIPF is a flexible savings cum investments plan under the voluntary pension system which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, and allows special tax rebate on the contributions under this system. The investors have a choice between various allocation schemes that PIPF offers, each of which is invested in different proportions in the three sub funds: Equity, debts and Money markets. Equity sub fund invests up to 90% of its assets in equity securities. Sector/stock selection is done on the basis of fundamental outlook and DCF valuations and meeting shariah compliance criteria. Debt sub fund invests in Sukuk and other shariah complaint debt instruments of duration of less than 5 years. Money market sub fund invests in short dated shariah complaint money market instruments.

Manager's Review

Equity Sub- Fund

The Equity sub-fund generated a return of 33.21% while the KMI-30 posted a return of 18.80%, an outperformance of 14.41%. The sub-fund decreased exposure to equities from 91.9% to 91% during the period.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 453.27 million as compared to Rs. 276.96 million as at June 30, 2016 registering an increase of 63.66%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 584.69 as compared to opening NAV of Rs. 438.91 per unit as at June 30, 2016 registering an increase of Rs. 145.78 per unit.

Money Market Sub-Fund

The money market sub-fund generated an annualized return of 3.78% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 30.3%. Simultaneously, the fund decreased exposure in cash to 51.3% from 62.7% at the beginning of the period.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 72.67 million as compared to Rs. 70.30 million as at June 30, 2016 registering an increase of 3.37%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 174.03 as compared to opening NAV of Rs. 167.69 per unit as at June 30, 2016 registering an increase of Rs. 6.34 per unit.

Debt Sub-fund

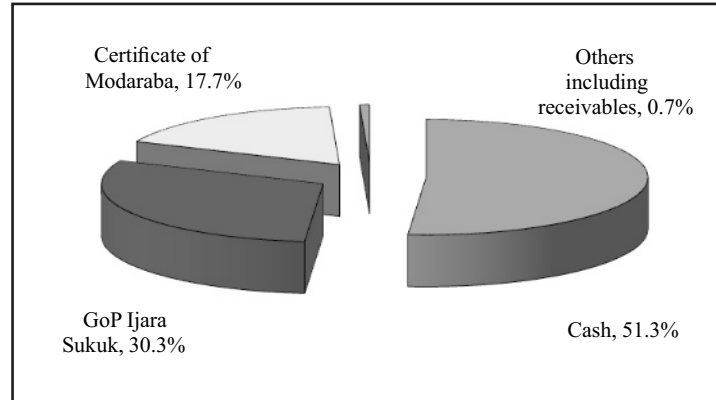
The debt sub-fund generated an annualized return of 4.46% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk decreased to 68.3% from 87.1%.

The Net Assets of the Fund as at June 30, 2017 stood at Rs. 202.96 million as compared to Rs. 165.39 million as at June 30, 2016 registering an increase of 22.72%.

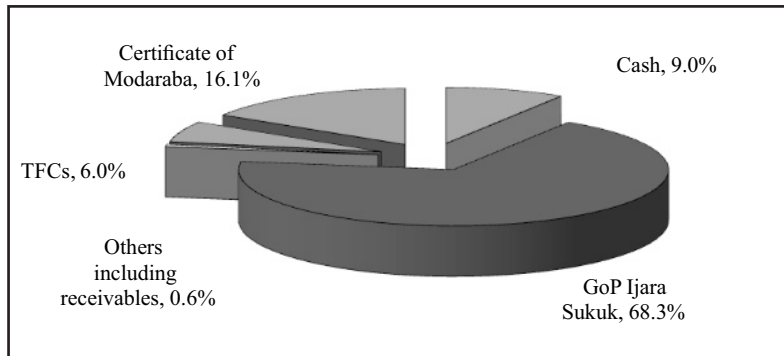
The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 193.63 as compared to opening NAV of Rs. 185.37 per unit as at June 30, 2016 registering an increase of Rs. 8.26 per unit.

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

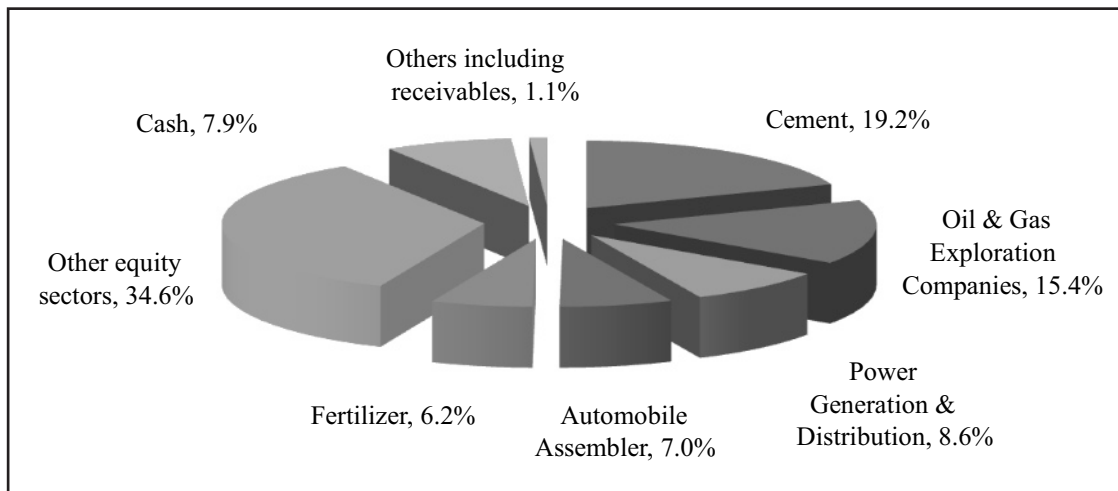
Asset Allocation (MM sub-fund) as on June 30, 2017 (% of Total Assets)



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



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



Awais Abdul Sattar, CFA
Pension Fund Manager
Karachi: August 04, 2017

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

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN ISLAMIC PENSION FUND

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

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

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

Karachi: September 21, 2017



REPORT OF THE SHARIAH ADVISORY BOARD FOR THE YEAR ENDED JUNE 30, 2017

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Pakistan Islamic Pension Fund (the Fund), are issuing this report in accordance with the offering document of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of M/s MCB Arif Habib Savings and Investments limited (MCBAH), the management company of the fund, to establish and maintain a system of internal controls to ensure compliance with Shariah guidelines. Our responsibility is to express an opinion, based on our review of the representation made by the management, to the extent where such compliance can be objectively verified.

For Equity Sub Fund, we have advised a criteria for screening equities in the local stock market, on the basis of the following; (1) Nature of business (2) Interest bearing debt in relation to the total assets, (3) Illiquid assets in the relation to the total assets, (4) Investment in non-Shariah complaint activities to total assets, (5) Income from non-complaint investment to Gross revenues and (6) Net liquid assets per share vs. share price.

For Debt & Money Market Sub Funds, we have prescribed a criteria and procedures to be followed in ensuring Shariah compliance in every investment.

As part of our mandate as Shariah Advisor, we have reviewed the following, during the period;

- The modes of investment of the Fund's property and its compliance with the Shariah guidelines.
- Shariah compliance of new investment avenues proposed by MCBAH.

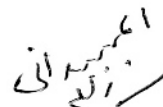
In the light of the above scope, we hereby certify that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the period ended 30th June 2017 are in compliance with the Shariah principles.

The pension fund manager has been directed to set aside as charity, amount earned as interest from conventional banks, In addition, there are investments made by the fund where investee companies have earned a part of their income from non-complaint sources (e.g. interest income). In such cases, the management company has been directed to set aside as charity such proportion of the income from investee companies in order to purify the earnings of the Fund.

During the year an amount of Rupees 221,999 was transferred to the charity account. The total amount of charity payable as at June 30, 2017 amounts to Rs. 221,999.

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Karachi


Dr Ejaz Samadani

Dated: August 04th, 2017

For and on behalf of Shariah Advisory Board

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017



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

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INDEPENDENT ASSURANCE REPORT TO THE UNITHOLDERS IN RESPECT OF COMPLIANCE WITH THE SHARIAH RULES AND PRINCIPLES

We have performed an independent assurance engagement of **Pakistan Islamic Pension Fund** (the Fund) to ensure that the Fund has complied with the Shariah principles specified in Trust Deed and the guidelines issued by Shariah Advisory Board of the Fund during the year ended June 30, 2017. Our engagement was carried out as required under clause 3.4.8 of the Trust Deed of the Fund.

Management Company's responsibility for Shariah compliance

It is the responsibility of the Management Company (the management) of the Fund to ensure compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by Shariah Board. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures to ensure that operations of the Fund and its investment and placements have been made in compliance with the Shariah principles.

Responsibility of independent assurance providers

Our responsibility is to express an opinion on compliance of the Fund with Shariah principles based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by Shariah Board.

The procedures selected by us for the engagement were dependent on our judgment, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. Amongst others, our scope included procedures to:

- Check compliance of specific guidelines relating to maintaining bank accounts and for making investments of the Fund; and
- Check that the Shariah Board has certified that investments made by the Fund during the year ended June 30, 2017 are in compliance with the Shariah principles and where required investment were made in consultation with the Shariah Advisory Board.

We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our opinion.

Member of
Deloitte Touche Tohmatsu Limited

**SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PENSION FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2017**

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Our Opinion

In our opinion, the Fund was, in all material respects, in compliance with the Shariah principles as specified in the Trust Deed and the guidelines issued by Shariah Advisory Board of the Fund during the year ended June 30, 2017.

Other matter

The Shariah audit for the year ended June 30, 2016 was performed by another firm of Chartered Accountants who expressed an unmodified opinion thereon.

Deloitte Yousuf Adil
Chartered Accountants

Dated: 04 AUG 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited

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



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

AUDITORS REPORT TO THE PARTICIPANTS OF THE PAKISTAN ISLAMIC PENSION FUND

We have audited the annexed financial statements comprising:-

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

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

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

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

In our opinion: -

- (a) the financial statements prepared for the period have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- (b) a true and fair view is given of the financial position and disposition of the Fund as at June 30, 2017 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;

Member of
Deloitte Touche Tohmatsu Limited


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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

- (e) proper books and records have been kept by the Fund the financial statements prepared are in agreement with the Fund's books and records;
- (f) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) no zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

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


Chartered Accountants
Date: 04 AUG 2017
Karachi

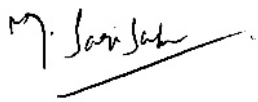
Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2017

		2017				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2016
Note		(Rupees)				
Assets						
Balances with banks	5	36,111,257	18,399,676	37,718,564	92,229,497	80,398,107
Investments	6	417,624,863	185,034,617	35,239,800	637,899,280	431,009,196
Dividend receivable		2,048,694	-	-	2,048,694	855,694
Profit receivable		156,457	1,161,693	412,448	1,730,598	527,912
Receivable against sale of investments		-	-	-	-	4,348,859
Advances, deposits and other receivables	7	2,809,682	226,022	121,374	3,157,078	3,147,485
Total assets		458,750,953	204,822,008	73,492,186	737,065,147	520,287,253
Liabilities						
Payable to Pension Fund Manager	8	639,954	277,489	100,540	1,017,983	704,000
Payable to Trustee	9	64,026	27,740	10,042	101,808	70,395
Annual fee payable to Securities and Exchange Commission						
Commission of Pakistan	10	127,341	58,281	23,549	209,171	154,377
Accrued and other liabilities	11	4,651,649	1,501,690	688,943	6,842,282	6,714,286
Total liabilities		5,482,970	1,865,200	823,074	8,171,244	7,643,058
Net assets		453,267,983	202,956,808	72,669,112	728,893,903	512,644,195
Contingencies and commitments	12					
Participants Sub-Funds (as per Statement of Movement in Participants' Sub-Funds)						
		453,267,983	202,956,808	72,669,112		
Number of units in issue (as per statement attached)						
		775,229	1,048,189	417,574		
Net assets value per unit (Rupees)		584.69	193.63	174.03		

The annexed notes from 1 to 20 form an integral part of these financial statements.

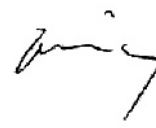
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



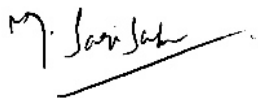
Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

		2017				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2016
Note		(Rupees)				
Income						
Capital gain on sale of investments classified as:						
	- 'available-for-sale'	61,510,844	702,534	152,166	62,365,544	6,725,714
	- 'at fair value through profit or loss - held-for-trading'	7,941,815	-	-	7,941,815	4,767,356
Dividend income on shares classified as:						
	- 'available-for-sale'	11,129,818	-	-	11,129,818	9,242,695
	- 'at fair value through profit or loss - held-for-trading'	4,392,292	-	-	4,392,292	1,624,227
Income from Government Securities						
	- 'at fair value through profit or loss - held-for-trading'	13	6,285,449	861,988	7,147,450	10,422,959
Income from sukuk certificates						
	- 'available-for-sale'	-	-	-	-	98,651
	- 'at fair value through profit or loss - held-for-trading'	-	286,523	-	286,523	-
	Profit on bank and other deposits	1,043,519	2,542,903	2,748,340	6,334,762	2,551,045
Unrealised appreciation / (diminution) on revaluation of investments classified 'at fair value through profit or loss' - held-for-trading - net						
		(4,374,850)	1,387,368	190,177	(2,797,305)	3,465,713
Total income		81,643,451	11,204,777	3,952,671	96,800,899	38,898,360
Impairment loss on 'available-for-sale' investment						
		-	-	-	-	(657,470)
Expenses						
Remuneration of Pension Fund Manager		5,731,018	2,632,745	1,056,739	9,420,502	6,946,195
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager		745,024	342,132	137,318	1,224,474	2,239,453
Remuneration of Trustee		573,122	263,185	105,633	941,940	694,619
Sales tax on trustee fee		74,510	34,200	13,721	122,431	97,235
Annual fee to Securities and Exchange Commission of Pakistan		127,366	58,306	23,574	209,246	154,376
13	Auditors' remuneration	298,594	140,940	57,932	497,466	623,770
Custody and settlement charges		320,992	7,147	-	328,139	319,287
Securities transaction cost		1,186,270	10,191	1,409	1,197,870	435,723
Legal and professional charges		-	-	-	-	514,654
Bank charges		25,461	23,467	13,282	62,210	44,551
Donation and charity		222,003	-	-	222,003	153,248
11.2	Provision for Workers' Welfare Fund	144,757	(7,729)	(72,657)	64,371	-
Others		-	1,415	159	1,574	-
Total expenses		9,449,117	3,505,999	1,337,110	14,292,226	12,223,111
Net income from operating activities		72,194,334	7,698,778	2,615,561	82,508,673	26,017,779
Element of income and capital gains included in prices of units sold less those redeemed - net						
	- from capital gain and unrealized gain	16,695,234	243,803	1,617	16,940,654	1,356,964
	- from income other than capital and unrealized gain	(1,815,121)	727,919	31,184	(1,056,018)	949,689
		14,880,113	971,722	32,801	15,884,636	2,306,653
Net income for the year before taxation		87,074,447	8,670,500	2,648,362	98,393,309	28,324,432
Taxation		14	-	-	-	-
Net income for the year after taxation		87,074,447	8,670,500	2,648,362	98,393,309	28,324,432
Earnings per unit		4.7	-	-	-	-

The annexed notes from 1 to 20 form an integral part of these financial statements.

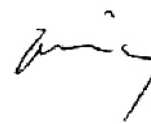
**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Chief Financial Officer



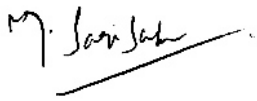
Director

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

	2017				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2016
	(Rupees)				
Net income for the year after taxation	87,074,447	8,670,500	2,648,362	98,393,309	28,324,432
<i>Other comprehensive income for the year</i>					
<i>Items that may be reclassified to profit and loss account</i>					
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	20,287,436	-	-	20,287,436	15,586,409
Total comprehensive income for the year	107,361,883	8,670,500	2,648,362	118,680,745	43,910,841

The annexed notes from 1 to 20 form an integral part of these financial statements.

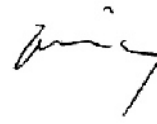
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



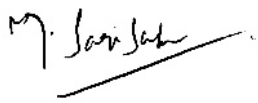
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	2017				2016
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Note	(Rupees)				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	87,074,447	8,670,500	2,648,362	98,393,309	28,324,432
Adjustments for:					
Capital gain on sale of investments classified as:					
- 'available-for-sale'	(61,510,844)	(702,534)	(152,166)	(62,365,544)	(6,725,714)
- 'at fair value through profit or loss - held-for-trading'	(7,941,815)	-	-	(7,941,815)	(4,767,356)
Unrealised (appreciation) / diminution on revaluation of investments classified 'at fair value through profit or loss' - held-for-trading - net	4,374,850	(1,387,368)	(190,177)	2,797,305	(3,465,713)
Impairment loss on 'available-for-sale' investment	-	-	-	-	657,470
Element of income and capital gains included in prices of units sold less those redeemed - net					
- from realised / unrealised capital (gain) / loss	(16,695,234)	(243,803)	(1,617)	(16,940,654)	(1,356,964)
- from other income / (loss)	1,815,121	(727,919)	(31,184)	1,056,018	(949,689)
	(79,957,922)	(3,061,624)	(375,144)	(83,394,690)	(16,607,966)
(Increase) / decrease in assets					
Investments	(73,162,822)	(37,260,095)	(8,669,677)	(119,092,594)	(2,217,944)
Dividend receivable	(1,193,000)	-	-	(1,193,000)	(274,221)
Profit receivable	(103,693)	(889,012)	(209,981)	(1,202,686)	1,603,626
Receivable against sale of investments	4,348,859	-	-	4,348,859	(4,348,859)
Advances, deposits and other receivables	(3,148)	(3,506)	(2,940)	(9,594)	(92,276)
	(70,113,804)	(38,152,613)	(8,882,598)	(117,149,015)	(5,329,674)
Increase / (decrease) in liabilities					
Payable to Pension Fund Manager	262,568	49,246	2,169	313,983	(7,068)
Payable to Trustee	26,283	4,917	213	31,413	17,258
Annual fee payable to Securities and Exchange Commission of Pakistan	45,904	7,860	1,030	54,794	31,060
Accrued and other liabilities	195,648	12,670	(80,322)	127,996	1,518,801
	530,403	74,693	(76,910)	528,186	1,560,051
Net cash (used in) / generated from operating activities	(62,466,876)	(32,469,044)	(6,686,290)	(101,622,210)	7,946,843
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	134,807,798	71,997,017	10,683,592	217,488,407	113,610,175
Payment against redemption of units	(50,976,722)	(42,128,834)	(10,929,251)	(104,034,807)	(81,418,515)
Net cash generated from financing activities	83,831,076	29,868,183	(245,659)	113,453,600	32,191,660
Net (decrease) / increase in cash and cash equivalent during the year	21,364,200	(2,600,861)	(6,931,949)	11,831,390	40,138,503
Cash and cash equivalents at the beginning of the year	14,747,057	21,000,537	44,650,513	80,398,107	40,259,604
Cash and cash equivalents at end of the year	36,111,257	18,399,676	37,718,564	92,229,497	80,398,107

The annexed notes from 1 to 20 form an integral part of these financial statements.

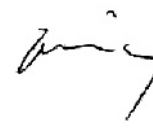
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



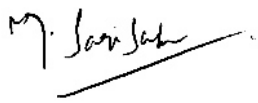
Director

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

	2017				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2016
	(Rupees)				
Net assets at beginning of the year	276,955,137	165,389,848	70,299,210	512,644,195	438,848,347
Amount received on issue of units	134,807,798	71,997,017	10,683,592	217,488,407	113,610,175
Amount paid on redemption of units	(50,976,722)	(42,128,834)	(10,929,251)	(104,034,807)	(81,418,515)
	83,831,076	29,868,183	(245,659)	113,453,600	32,191,660
Element of income and capital gains included in prices of units sold less those in units redeemed:					
- Amount representing income and realised capital gains losses	(14,880,113)	(971,723)	(32,801)	(15,884,637)	(2,306,653)
- Amount representing unrealised appreciation / (diminution) in fair value of investments	(54,529,323)	(13,298,402)	113,499	(67,714,226)	(15,556,591)
	(69,409,436)	(14,270,125)	80,698	(83,598,863)	(17,863,244)
Net unrealised appreciation during the year in the market value of investments classified as 'available-for-sale'	20,287,436	-	-	20,287,436	15,586,409
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised appreciation	54,529,323	13,298,402	(113,499)	67,714,226	15,556,591
Net income for the year after taxation	87,074,447	8,670,500	2,648,362	98,393,309	28,324,432
Net assets at end of the year	453,267,983	202,956,808	72,669,112	728,893,903	512,644,195

The annexed notes from 1 to 20 form an integral part of these financial statements.

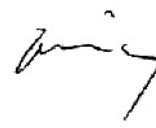
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



Director

CONTRIBUTION TABLE FOR THE YEAR ENDED JUNE 30, 2017

Contributions net of front end fee	June 30, 2017						Total	June 30, 2016
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	631,012	111,586,417	892,209	126,279,615	419,224	46,735,687	284,601,719	252,410,059
Issue of units	234,627	134,807,798	378,641	71,997,017	62,445	10,683,592	217,488,407	113,610,175
Redemption of units	(90,410)	(50,976,722)	(222,661)	(42,128,834)	(64,095)	(10,929,251)	(104,034,807)	(81,418,515)
	144,217	83,831,076	155,980	29,868,183	(1,650)	(245,659)	113,453,600	32,191,660
Closing balance	775,229	195,417,493	1,048,189	156,147,798	417,574	46,490,028	398,055,319	284,601,719

The annexed notes from 1 to 20 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



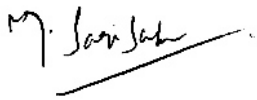
Director

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

	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	----- (Number of units) -----		
Total units outstanding at beginning of the year	631,012	892,209	419,224
Add: Units issued during the year	234,627	378,641	62,445
Less: Units redeemed during the year	(90,410)	(222,661)	(64,095)
Total units in issue at the end of the year	775,229	1,048,189	417,574

The annexed notes from 1 to 20 form an integral part of these financial statements.

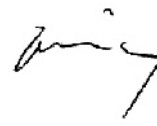
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer



Director

FINANCIAL PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2017

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	June 30, 2017 (Rupees)	June 30, 2016 (Rupees)	% Change	June 30, 2017 (Rupees)	June 30, 2016 (Rupees)	% Change	June 30, 2017 (Rupees)	June 30, 2016 (Rupees)	% Change
Net income after taxation	87,074,447	20,203,985	330.98	8,670,500	6,492,273	33.55	2,648,362	1,628,174	62.66
Realised capital gains / (losses)	69,452,659	11,266,240	516.47	702,534	186,100	-	152,166	40,730	273.60
Unrealised gains / (losses)	15,912,586	18,875,172	(15.70)	1,387,368	374,760	270.20	190,177	(197,810)	(196.14)
Impairment loss on available-for-sale investment	-	(657,470)	(100.00)	-	-	-	-	-	-
Dividend income and profit income	16,565,629	11,422,962	45.02	2,542,903	9,122,633	(72.13)	2,748,340	3,393,982	(19.02)
Net assets value per unit	584.69	438.91	33.21	193.63	185.37	4.45	174.03	167.69	3.78
Transactions in securities									
- Purchases	590,715,208	384,019,931	53.82	86,903,490	213,896,100	(59.37)	19,975,000	59,078,590	(66.19)
- Sales	517,558,351	363,931,506	42.21	82,364,500	111,616,000	(26.21)	24,296,750	50,303,080	(51.70)
Total contribution received	134,807,798	53,021,433	154.25	71,997,017	51,309,643	40.32	10,683,592	9,279,099	15.14

Lowest and highest issue price of units during the year

PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
443.66	644.82	185.41	193.63	167.68	174.03

The annexed notes from 1 to 20 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer

Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The Pakistan Islamic Pension Fund (the Fund) was established under a Trust Deed executed between MCB-ArifHabib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2** 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.
- 1.3** MCB-ArifHabib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated June 23, 2017.

2. STATEMENT OF COMPLIANCE

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

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

Standards / amendments / interpretation	Effective date (accounting period beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016

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

Standards / amendments / interpretation	Effective date (accounting period beginning on or after)
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016
Certain annual improvements have also been made to a number of IFRSs.	

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

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

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

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

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

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

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

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial assets

4.1.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale

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

4.1.2 Regular way contracts

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

4.1.3 Initial recognition and measurement

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

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

4.1.4 Subsequent measurement

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

a) Government Ijarah Sukuks

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

b) Equity Securities

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

c) Debt Securities

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

d) Loans and receivables

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

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

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

4.1.5 Impairment

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

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

4.1.6 Derecognition

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

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

4.1.7 Offsetting of financial assets and liabilities

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

4.1.8 Reclassification

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

4.2 Financial liabilities

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

4.3 Issue, allocation, reallocation and redemption of units

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

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

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

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

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

4.5 Provisions

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

4.6 Net asset value per unit

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

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

4.7 Earnings per unit

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

4.8 Taxation

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

4.9 Revenue recognition

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

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

4.11 Foreign currency translation

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

4.12 Basis of allocation of expenses to each sub-fund

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

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

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

5. BALANCES WITH BANKS

		June 30, 2017			June 30, 2016
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	
Note		(Rupees)			Total
Current accounts		1,177,652	-	-	1,177,652
Saving accounts	5.1	34,933,605	18,399,676	37,718,564	91,051,845
		36,111,257	18,399,676	37,718,564	92,229,497

5.1 Saving accounts carry a rate of return ranging from 5% to 6.25% (2016: 5.5% to 6%) per annum.

6. INVESTMENTS

		June 30, 2017				June 30, 2016
	Note	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
		(Rupees)				
At fair value through profit or loss - held-for-trading						
Listed equity securities	6.1	257,421,483	-	-	257,421,483	9,945,265
Government ijarah sukuks	6.2	-	139,822,200	22,239,800	162,062,000	171,912,400
Sukuk certificates	6.3	-	12,212,417	-	12,212,417	-
		257,421,483	152,034,617	22,239,800	431,695,900	181,857,665
Available-for-sale						
Listed equity securities	6.4	160,203,380	-	-	160,203,380	249,151,531
Sukuk certificates	6.5	-	-	-	-	-
		160,203,380	-	-	160,203,380	249,151,531
Loans and receivables						
Musharika certificates	6.6.1	-	33,000,000	13,000,000	46,000,000	-
		417,624,863	185,034,617	35,239,800	637,899,280	431,009,196

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

6.1 Listed equities securities at fair value through profit or loss

Name of the investee company	(Number of shares)					As at June 30, 2017			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2017	Carrying Value	Market value	Appreciation / (diminution)		
									(Rupees)	%
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile parts and accessories										
General Tyre & Rubber Company Of Pakistan Limited	-	17,500	-	-	17,500	5,481,996	5,311,250	(170,746)	1.17	0.03
Cable and electrical goods										
Pak Elektron Limited	-	132,000	-	53,000	79,000	7,364,404	8,715,280	1,350,876	1.92	0.02
Cement										
Cherat Cement Company Limited	-	81,000	-	23,600	57,400	11,147,465	10,261,972	(885,493)	2.26	0.03
Fauji Cement Company Limited	-	539,000	-	335,000	204,000	9,336,325	8,370,120	(966,205)	1.85	0.01
Kohat Cement Limited	-	40,000	-	-	40,000	11,200,000	9,170,400	(2,029,600)	2.02	0.03
Lucky Cement Limited	-	45,000	-	12,300	32,700	26,101,212	27,345,702	1,244,490	6.03	0.01
Maple Leaf Cement Factory Limited	-	255,000	-	164,000	91,000	10,517,216	10,133,760	(383,456)	2.24	0.02
Pioneer Cement Limited	-	72,500	-	-	72,500	10,697,114	9,425,000	(1,272,114)	2.08	0.03
						78,999,332	74,706,954	(4,292,378)	16.48	
Commercial banks										
Meezan Bank Limited	-	63,000	-	-	63,000	4,409,987	4,977,000	567,013	1.10	0.01
Engineering										
International Industries Limited	-	37,000	-	-	37,000	7,913,908	13,637,090	5,723,182	3.01	0.03
International Steels Limited	-	172,000	-	141,000	31,000	4,823,268	3,964,590	(858,678)	0.87	0.01
						12,737,176	17,601,680	4,864,504	3.88	
Oil and gas exploration companies										
Mari Petroleum Company Limited	400	3,000	-	3,000	400	518,987	630,256	111,269	0.14	0.00
Oil & Gas Development Company Limited	-	46,000	-	19,000	27,000	4,476,600	3,798,630	(677,970)	0.84	0.00
Pakistan Oilfields Limited	-	17,000	-	-	17,000	8,849,197	7,788,550	(1,060,647)	1.72	0.01
Pakistan Petroleum Limited	203	79,000	-	-	79,203	12,882,479	11,733,132	(1,149,347)	2.59	0.00
Shell Pakistan Limited	400	-	-	400	-	-	-	-	-	-
						26,727,263	23,950,568	(2,776,695)	5.28	
Fertilizer										
Engro Corporation Limited	1,000	87,800	-	1,000	87,800	32,003,767	28,614,898	(3,388,869)	6.31	0.02
Chemicals										
Colgate Palmolive (Pakistan) Limited	980	-	-	980	-	-	-	-	-	-
Automobile assembler										
Ghandhara Industries Limited	-	5,000	-	-	5,000	4,321,100	3,250,550	(1,070,550)	0.72	0.02
Honda Atlas Cars (Pakistan) Limited	-	8,050	-	-	8,050	5,937,348	6,984,905	1,047,557	1.54	0.01
Pak Suzuki Motor Company Limited	-	12,000	-	6,000	6,000	3,239,573	4,682,160	1,442,587	1.03	0.01
						13,498,021	14,917,615	1,419,594	3.29	
Leather and tanneries										
Service Industries Limited	-	2,500	-	-	2,500	3,275,000	3,447,500	172,500	0.76	0.02

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

Name of the investee company	(Number of shares)					As at June 30, 2017		Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2017	Carrying Value	Market value		
								(Rupees)	%
Paper and board									
Century Paper & Board Mills Limited	-	111,500	-	-	111,500	8,088,511	10,932,575	2,844,064	2.41
Cherat Packaging Limited	-	19,500	-	-	19,500	6,413,020	4,636,710	(1,776,310)	1.02
Packages Limited	-	4,500	-	4,450	50	42,500	34,779	(7,721)	0.01
						14,544,031	15,604,064	1,060,033	3.44
Pharmaceuticals									
Glaxo SmithKline Consumer Healthcare									
Pakistan Limited	-	67,000	-	45,000	22,000	4,590,848	4,332,240	(258,608)	0.96
IBL Healthcare Limited	36,960	564	-	33,200	4,324	597,222	527,528	(69,694)	0.12
Searle Company Limited	-	6,000	600	-	6,600	3,593,710	3,379,068	(214,642)	0.75
						8,781,780	8,238,836	(542,944)	1.82
Power generation and distribution									
Hub Power Company Limited	13,985	255,000	-	-	268,985	34,000,869	31,586,853	(2,414,016)	6.97
Sugar and allied industries									
Faran Sugar Mills Limited	-	33,500	-	-	33,500	5,272,501	2,688,710	(2,583,791)	0.59
Technology and communications									
Avanceon Limited	-	50,000	12,500	-	62,500	1,574,838	2,831,875	1,257,037	0.62
Glass and ceramics									
Shabbir Tiles & Ceramics Limited	-	280,000	-	-	280,000	4,334,400	5,367,600	1,033,200	1.18
Tanq Glass Industries Limited	-	80,000	-	-	80,000	8,790,968	8,860,800	69,832	1.95
						13,125,368	14,228,400	1,103,032	3.14
As at June 30, 2017						261,796,333	257,421,483	(4,374,850)	
As at June 30, 2016						6,656,504	9,945,265	3,288,763	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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6.2 Government ijarah sukuk at fair value through profit or loss

Name of Investments	Issue	Maturity	Face value				As at June 30, 2017			Market value as a % of net assets of the sub-fund
			As at July 01, 2016	Purchases during the year	Sales / maturities during the year	As at June 30, 2017	Carrying value	Market value	Appreciation / (diminution)	
(Rupees)										
Government Ijarah sukuk (3 years) 'PIPF Debt Sub Fund'										
GoP Ijarah sukuk XV	25-Jun-14	25-Jun-17	36,200,000	-	36,200,000	-	-	-	-	0.00%
GoP Ijarah sukuk XVIII	18-Dec-15	18-Dec-18	109,000,000	4,500,000	45,500,000	68,000,000	68,469,916	69,353,200	883,284	34.17%
GoP Ijarah sukuk XXX	30-Jun-17	30-Jun-20	-	70,000,000	-	70,000,000	70,000,000	70,469,000	469,000	34.72%
As at June 30, 2017			145,200,000	74,500,000	81,700,000	138,000,000	138,469,916	139,822,200	1,352,284	
As at June 30, 2016							145,309,860	145,684,620	374,760	

6.2.2 Government ijarah sukuk (3 years) 'PIPF Money Market Sub Fund'

GoP Ijarah sukuk XV	25-Jun-14	25-Jun-17	15,300,000	5,000,000	20,300,000	-	-	-	-	0.00%
GoP Ijarah sukuk XVIII	18-Dec-15	18-Dec-18	11,000,000	-	4,000,000	7,000,000	7,049,623	7,135,300	89,677	9.82%
GoP Ijarah sukuk XXX	30-Jun-17	30-Jun-20	-	15,000,000	-	15,000,000	15,000,000	15,100,500	100,500	20.78%
As at June 30, 2017			26,300,000	20,000,000	24,300,000	22,000,000	22,049,623	22,239,800	190,177	
As at June 30, 2016							26,425,590	26,227,780	(197,810)	

6.3 Sukuk certificates at fair value through profit or loss

Name of Investment	Issue Date	Number of Certificates				As at June 30, 2017			Market value as a percentage of net assets of the sub-fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 01, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017	Carrying Value	Market value	Appreciation / (diminution)			
(Rupees)											
Sukuk Certificates 'PIPF Debt Sub Fund'											
Ghani Gases Limited	2-Feb-17	-	40	-	40	3,833,333	3,871,665	38,332	1.91%	2.09%	0.29%
Meezan Bank Limited	22-Sep-16	-	8	-	8	8,344,000	8,340,752	(3,248)	4.11%	4.51%	0.11%
As at 30 June, 2017		-	48	-	48	12,177,333	12,212,417	35,084	6.02%	6.60%	
As at 30 June, 2016											

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

6.4 Listed equity securities - available for sale

Name of the investee company	(Number of shares)					Balance as at June 30, 2017			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2017	Cost	Market value	Appreciation / (diminution)		
(Rupees)										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile assembler										
Hinopak Motors Limited	-	6,420	-	220	6,200	6,059,249	8,122,000	2,062,751	1.79	0.05
Honda Atlas Cars(Pakistan) Limited	-	7,800	-	5,000	2,800	1,672,599	2,429,532	756,933	0.54	0.00
Pak Suzuki Motor Company Limited	-	8,400	-	-	8,400	4,875,555	6,555,024	1,679,469	1.45	0.01
						12,607,403	17,106,556	4,499,153	3.77	
Automobile parts and accessories										
Agriautos Industries Limited	27,000	18,900	-	27,000	18,900	5,184,858	8,162,910	2,978,052	1.80	0.07
Atlas Battery Limited	-	12,000	-	1,600	10,400	6,409,979	9,360,000	2,950,021	2.07	0.06
						11,594,837	17,522,910	5,928,073	3.87	
Cable and electrical goods										
Pak Elektron Limited	145,000	85,000	-	182,000	48,000	3,278,434	5,295,360	2,016,926	1.17	0.01
Oil and gas exploration companies										
Mari Petroleum Company Limited	9,800	8,400	-	5,000	13,200	11,132,225	20,798,448	9,666,223	4.59	0.01
Oil & Gas Development Company Limited	128,000	70,000	-	110,500	87,500	12,518,940	12,310,375	(208,565)	2.72	0.00
Pakistan Oilfields Limited	66,000	-	-	50,000	16,000	4,822,872	7,330,400	2,507,528	1.62	0.01
Pakistan Petroleum Limited *	56,470	58,000	-	72,000	42,470	6,742,363	6,291,506	(450,857)	1.39	0.00
						35,216,400	46,730,729	11,514,329	10.31	
Oil and gas marketing companies										
Shell Pakistan Limited	5,600	-	-	5,600	-	-	-	-	-	-
Construction and materials (cement)										
Cherat Cement Company Limited	85,000	96,500	-	142,000	39,500	5,126,353	7,061,810	1,935,457	1.56	0.02
Kohat Cement Limited	20,900	-	-	20,900	-	-	-	-	-	-
Lucky Cement Limited	37,500	-	-	29,800	7,700	4,397,265	6,439,202	2,041,937	1.42	0.00
Maple Leaf Cement Factory Limited	80,000	102,000	-	182,000	-	-	-	-	-	-
Pioneer Cement Limited	46,000	31,000	-	77,000	-	-	-	-	-	-
						9,523,618	13,501,012	3,977,394	2.98	
Chemicals										
Archroma Pakistan Limited	16,500	-	-	7,000	9,500	4,326,159	6,771,505	2,445,346	1.49	0.03
I.C.I Pakistan Limited	24,000	-	-	20,000	4,000	1,667,313	4,378,200	2,710,887	0.97	0.00
Linde Pakistan Limited	23,900	-	-	23,900	-	-	-	-	-	-
						5,993,472	11,149,705	5,156,233	2.46	
Fertilizers										
Dawood Hercules Corporation Limited	60,000	-	-	60,000	-	-	-	-	-	-
Engro Corporation Limited	75,500	-	-	75,500	-	-	-	-	-	-

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

Name of the investee company	(Number of shares)					Balance as at June 30, 2017			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2017	Cost	Market value	Appreciation / (diminution)		
									(Rupees)	%
Engineering										
Anreli Steels Limited	5,000	-	-	5,000	-	-	-	-	-	-
Commercial banks										
Meezan Bank Limited	-	110,000	-	103,000	7,000	363,022	553,000	189,978	0.12	0.00
Leather and tanneries										
Service Industries Limited	-	3,700	-	-	3,700	4,485,275	5,102,300	617,025	1.13	0.03
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	13,550	-	-	4,500	9,050	5,958,005	8,458,130	2,500,125	1.87	0.01
Glaxo SmithKline Consumer Healthcare	3,750	-	-	-	3,750	232,525	783,788	551,263	0.17	0.00
Pakistan Limited	7,513	-	89	6,919	683	67,625	83,326	15,701	0.02	0.00
IBL Healthcare Limited	685	-	173	-	858	272,195	439,279	167,084	0.10	0.00
Searle Company Limited						6,530,350	9,764,523	3,234,173	2.15	
Glass and ceramics										
Tariq Glass Industries Limited	120,000	-	-	120,000	-	-	-	-	-	-
Paper and board										
Packages Limited	12,250	-	-	12,250	-	-	-	-	-	-
Textile composite										
Kohinoor Textile Mills Limited	126,000	10,500	-	37,000	99,500	7,509,802	10,460,435	2,950,633	2.31	0.04
Refinery										
Attock Refinery Limited	18,000	-	-	18,000	-	-	-	-	-	-
Power generation and distribution										
Hub Power Company Limited *	79,500	60,000	-	73,000	66,500	7,205,515	7,809,095	603,580	1.72	0.01
Miscellaneous										
Shifa International Hospital Limited	41,351	6,700	-	18,100	29,951	8,082,032	9,883,830	1,801,798	2.18	0.05
Technology and communications										
Avanceon Limited	-	94,000	23,500	-	117,500	3,248,781	5,323,925	2,075,144	1.17	0.09
As at June 30, 2017										
						115,638,941	160,203,380	44,564,439		
As at June 30, 2016										
						222,431,616	249,151,531	26,719,914		

* This investment includes securities with fair value aggregating to Rs.11.393 million (2016: Rs.11.738 million) which have been pledged with National Clearing Company of Pakistan Limited as security against 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.

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

6.5 Sukuk certificates - available for sale

Name of Investment	Issue Date	Number of Certificates			As at June 30, 2017			Market value as a percentage of net assets of the sub-fund	Market value as a percentage of total investments
		As at July 01, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017	Cost	Appreciation / (diminution)		
Sukuk Certificates 'PIPF Debt Sub Fund'									
Pak Electron Limited - Sukuk (28-09-2007)	28-Sep-07	550	-	550	-	-	-	-	-
As at 30 June, 2017									
As at 30 June, 2016									

6.6 Musharika certificates - loans receivables

Particulars	Profit / mark-up rates	Issue date	Maturity date	At June 30, 2017	Market value as a percentage of net assets		Market value as a percentage of total investments
					(Rupees)	%	
Dubai Islamic Bank Limited 'PIPF Debt Sub Fund'	6.15%	30-Mar-17	30-Mar-18	33,000,000	0.16	0.18	
Dubai Islamic Bank Limited 'PIPF Money Market Sub Fund'	6.15%	30-Mar-17	26-Sep-17	13,000,000	0.06	0.07	
				46,000,000	0.23		

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

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2017				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	June 30, 2016
	(Rupees)				
Security deposits	2,701,000	200,000	100,000	3,001,000	3,001,000
Other receivable	17,302	16,500	16,500	50,302	49,500
Advance tax	91,380	9,522	4,874	105,776	96,985
	<u>2,809,682</u>	<u>226,022</u>	<u>121,374</u>	<u>3,157,078</u>	<u>3,147,485</u>

8. PAYABLE TO PENSION FUND MANAGER

		June 30, 2017				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	June 30, 2016
		(Rupees)				
Remuneration payable	8.1	566,331	245,566	88,975	900,872	617,543
Sales tax on Pension Fund Manager Fee		73,623	31,923	11,565	117,111	86,457
		<u>639,954</u>	<u>277,489</u>	<u>100,540</u>	<u>1,017,983</u>	<u>704,000</u>

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

9. PAYABLE TO TRUSTEE

	June 30, 2017				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	June 30, 2016
	(Rupees)				
Trustee fee	<u>64,026</u>	<u>27,740</u>	<u>10,042</u>	<u>101,808</u>	<u>70,395</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The following tariff structure as amended by the Trustee of the Fund vide Trust deed dated May 18, 2015, is applicable based on net assets of the Fund.

Amount of funds under management (Average NAV)

Tariff per annum

Up to Rs. 1 billion

0.17% p.a. of Net Assets

Rs. 1 billion to Rs. 5 billion

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

Over Rs. 5 billion

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

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

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

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

11. ACCRUED AND OTHER LIABILITIES

		June 30, 2017			Total	June 30, 2016
Note	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	(Rupees)		
Federal Excise Duty on remuneration of Pension Fund Manager	11.1	1,450,564	1,031,540	548,228	3,030,332	3,030,332
Donation / charity		221,999	-	-	221,999	154,096
Auditors' remuneration		230,025	112,588	46,428	389,041	390,274
Provision for Workers' Welfare Fund	11.2	2,350,689	321,279	93,696	2,765,664	2,701,293
Withholding tax		128,368	32,780	233	161,381	5,108
Brokerage		270,004	3,503	358	273,865	407,267
Others		-	-	-	-	25,916
		4,651,649	1,501,690	688,943	6,842,282	6,714,286

11.1 FEDERAL EXCISE DUTY ON MANAGEMENT FEE

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

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

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

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

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013 to June 30, 2015. However, the Management Company of the Fund has not made any further provision for FED after the year ended June 30, 2015. The aggregate balance of FED provision as on June 30, 2017 was Rs.1.45 million for Equity sub fund, Rs.1.03 million for Debt sub fund and Rs.0.55 million for Money Market sub fund. The impact of decrease in NAV per unit is Rs.1.87 for Equity sub fund, Rs.0.98 for Debt sub fund and Rs.1.31 for Money Market fund as at June 30, 2017.

11.2 PROVISION FOR WORKERS' WELFARE FUND

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

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 3.39 million in case of Equity sub fund, Rs. 0.4 million in case of Debt sub fund and Rs. 0.19 million in case of Money Market sub fund. This has resulted in an increase in NAV per unit of Rs. 5.05 in case of Equity sub fund, Rs. 0.45 per unit in case of Debt sub fund and Rs. 0.46 per unit in case of Money Market sub fund on January 12, 2017.

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

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

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on June 30, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 1.7 million in case of Equity sub Fund, Rs. 0.24 million in case of Debt sub Fund and Rs. 0.07 million. The aggregated provision as at June 30, 2017 is Rs.2.35 million for Equity sub fund, Rs.0.32 million for Debt sub fund and Rs.0.09 million for Money market sub fund. The impact on decrease on NAV per unit as at June 30, 2017 is Rs.3.03 per unit for Equity sub fund, Rs.0.03 per unit for Debt sub fund and Rs.0.22 for Money Market sub fund.

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

12. CONTINGENCIES AND COMMITMENTS

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

13. AUDITORS' REMUNERATION

As at June 30, 2017					
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total	June 30, 2016
	----- (Rupees) -----				
Audit fee	150,057	70,829	29,114	250,000	250,000
Half yearly review fee	75,029	35,414	14,557.00	125,000	125,000
Other certifications and services	45,017	21,249	8,734	75,000	75,000
	270,103	127,492	52,405	450,000	450,000
Out of pocket expenses	28,491	13,449	5,527	47,466	173,770
	298,594	140,940	57,932	497,466	623,770

14. TAXATION

The income of Pakistan Islamic Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Despite the exemption 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.

15. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

		June 30, 2017				
		PIPF Equity	PIPF Debt	PIPF Money		
		Sub-Fund	Sub-Fund	Market Sub-Fund	Total	June 30, 2016
		----- (Rupees) -----				
15.1	Transactions during the year					
	MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
	Remuneration including indirect taxes	6,476,042	2,974,877	1,194,057	10,644,976	9,185,648
	Redemption of PIPF Debt Sub-Fund Units held (2016:10,949)	-	-	-	-	2,000,000
	Redemption of PIPF Money Market Sub-Fund Units held (2016:18,082)	-	-	-	-	3,000,000
	Central Depository Company Limited - Trustee					
	Remuneration including sales taxes	647,632	297,385	119,354	1,064,371	791,854
	Settlement charges	60,743	7,147	-	67,890	45,464
	Brokerage					
	Arif Habib Limited	66,934	-	-	66,934	46,989
	Next Capital Limited	86,116	4,000	2,872	92,988	99,882
	Directors and Officers					
	Issue of PIPF Equity Sub-Fund 15,451 units (2016: 3,962 units)	8,703,122	-	-	8,703,122	1,530,685
	Issue of PIPF Debt Sub-Fund 18,215 units (2016: 7,344 units)	-	3,479,828	-	3,479,828	1,334,912
	Issue of PIPF Money Market Sub-Fund 2,481 units (2016: 1,109 units)	-	-	423,759	423,759	183,855
	Redemption of PIPF Equity Sub-Fund 13,446 units (2016: 3,887 units)	7,625,162	-	-	7,625,162	1,527,705
	Redemption of PIPF Debt Sub-Fund 10,312 units (2016: 4,145 units)	-	1,972,802	-	1,972,802	757,344
	Redemption of PIPF Money Market Sub-Fund 1,711 units (2016: 736 units)	-	-	294,383	294,383	122,144

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

15.2 Amounts outstanding as at year end

	As at June 30, 2017				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total	June 30, 2016
	----- (Rupees) -----				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	566,331	245,566	88,975	900,872	617,543
Sindh sales tax payable	73,623	31,923	11,565	117,111	86,457
Investment in seed capital 305,160 units (2016: 305,160 units)	178,423,976	-	-	178,423,976	133,937,757
Investment in seed capital 289,051 units (2016: 289,051 units)	-	55,969,002		55,969,002	53,581,439
Investment in seed capital 281,918 units (2016: 281,918 units)	-	-	49,062,173	49,062,173	47,274,814
Central Depository Company Limited - Trustee					
Remuneration payable	56,653	24,565	8,901	90,119	61,760
Sindh sales tax payable	7,373	3,175	1,141	11,689	8,635
Security deposit	2,701,000	200,000	100,000	3,001,000	501,000
Brokerage					
Arif Habib Limited	15,392	-	-	15,392	18,247
Next Capital Limited	32,121	-	-	32,121	56,160
Directors and Officers					
Balance as at June 30, 2017					
Investment In PIPF Equity Sub-Fund 13,989 units (2016: 12,004 units)	8,179,228	-	-	8,179,228	8,152,056
Investment In PIPF Debt Sub-Fund 26,497 units (2016: 22,464 units)	-	5,130,614	-	5,130,614	4,164,168
Investment In PIPF Money Market Sub-Fund 4,254 units (2016: 4,022 units)	-	-	740,324	740,324	674,474

16. FINANCIAL RISK MANAGEMENT

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

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

The Fund's primary financial assets comprise of balances with banks, available-for-sale and at fair value through profit and loss - held-for-trading investments, comprising of, equity securities of listed companies and Government of Pakistan Ijarah Sukuks and sukuk certificates. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and SECP and accrued and other liabilities.

16.1 Market risk

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

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

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

16.1.1 Currency risk

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

16.1.2 Profit rate risk

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

As at June 30, 2017, the investments in debt securities exposed to profit rate are detailed in note 6.2, 6.3 and 6.5 to these financial statements.

Sensitivity analysis of variable rate instruments

- a) Government Ijarah Sukuks which are classified as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' exposing the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in rates announced by the MUFAP (Mutual Funds Association of Pakistan) on June 30, 2017, with all other variables held constant, the net income for the year and net assets would be higher / lower by Rs.1,601,000 (2016: Rs.1,737,285).
- b) Balances with bank in saving accounts exposing the Fund to cash flow risk of return. In case of 100 basis points increase / decrease in KIBOR on June 30, 2017, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.910,398 (2016: Rs. 802,320).

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

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

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

	June 30, 2017									
	PIPF Equity Sub-Fund				PIPF Debt Sub-Fund				PIPF Money Market Sub-Fund	
	Exposed to yield / profit rate risk				Exposed to yield / profit rate risk				Exposed to yield / profit rate risk	
	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Upto three months	More than three months and up to one year
On-balance sheet financial instruments										
Financial assets										
Balances with banks	92,223,497	-	-	1,171,652	18,399,676	-	-	-	37,718,564	-
Investments	637,899,280	-	-	417,624,863	-	33,000,000	152,034,617	-	-	22,239,800
Dividend receivable	2,048,694	-	-	2,048,694	-	-	-	-	13,000,000	-
Profit receivable	1,730,598	-	-	156,457	-	-	-	1,161,693	-	-
Deposits and other receivables	3,051,302	-	-	2,718,302	-	-	-	216,500	-	-
Total	736,953,371	34,933,605	-	423,719,968	18,399,676	33,000,000	152,034,617	1,378,193	37,718,564	22,239,800
Financial liabilities										
Payable to Pension Fund Manager	1,017,983	-	-	639,954	-	-	-	277,489	-	-
Payable to the trustee	101,808	-	-	64,026	-	-	-	27,740	-	-
Annual fee payable to the Securities and Exchange Commission	209,171	-	-	127,341	-	-	-	58,281	-	-
Commission of Pakistan	884,905	-	-	722,028	-	-	-	116,091	-	-
Accrued and other liabilities	2,213,867	-	-	1,553,349	-	-	-	479,601	-	-
On-balance sheet gap	733,567,852	34,933,605	-	420,994,967	18,399,676	33,000,000	152,034,617	898,592	37,718,564	22,239,800
Total	736,953,371	34,933,605	-	423,719,968	18,399,676	33,000,000	152,034,617	1,378,193	37,718,564	22,239,800

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

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

	June 30, 2016											
	PIPF Equity Sub-Fund				PIPF Debt Sub-Fund				PIPF Money Market Sub-Fund			
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			
	Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year	
Total												

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

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

16.1.3 Other Price risk

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2017, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.21.830 million (2016: Rs.12.955 million) as a result of gains / losses on equity securities classified as available-for-sale and at fair value through profit or loss - held-for-trading.

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

16.2 Credit risk

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

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

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

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

	As at June 30, 2017				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	As at June 30, 2016
	(Rupees)				
Balances with banks	36,111,257	18,399,676	37,718,564	92,229,497	80,398,107
Investments	-	45,212,417	13,000,000	58,212,417	171,912,400
Dividend receivable	2,048,694	-	-	2,048,694	855,694
Profit receivable	156,457	1,161,693	412,448	1,730,598	527,912
Receivable against sale of Investments	-	-	-	-	4,348,859
Deposits and other receivables	17,302	16,500	16,500	50,302	49,500
	38,333,710	64,790,286	51,147,512	154,271,508	258,092,472

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

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

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

Bank balances by rating category	Rating agency	Rating long-term short-term	2017 ----- (Rupees) -----	2016 -----
Habib Metropolitan Bank Limited	PACRA	AA+ / A1+	16,378,054	31,479,218
Habib Bank Limited	PACRA	AAA / A-1+	39,192,436	470,068
Dubai Islamic Bank	JCR-VIS	A+ / A1	3,010,569	17,263,102
United Bank Limited	JCR-VIS	AAA / A-1+	7,443,673	19,103,863
Askari Bank Limited	PACRA	AA+ / A1+	187,578	12,069,036
Meezan Bank Limited	JCR-VIS	AA / A-1+	13,452	12,820.00
Bank Islami Pakistan Limited	JCR-VIS	AA / A-1+	25,985,735	-
Allied Bank Limited	JCR-VIS	AA+ / A1+	18,000	-
Sukuk Certificates by rating category			2017	2016
AA-	PACRA		31.70%	-
A	PACRA		68.30%	-

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

Concentration of credit risk

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

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

16.3 Liquidity risk

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

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

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

As at June 30, 2017									
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year
Liabilities									
Payable to Pension Fund Manager	639,954	-	-	277,489	-	-	100,540	-	-
Payable to trustee	64,026	-	-	27,740	-	-	10,042	-	-
Accrued and other liabilities	722,028	-	-	116,091	-	-	46,786	-	-
Total	1,426,008	-	-	421,320	-	-	157,368	-	-
As at June 30, 2016									
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year
Liabilities									
Payable to Pension Fund Manager	377,386	-	-	228,243	-	-	98,371	-	-
Payable to trustee	37,743	-	-	22,823	-	-	9,829	-	-
Accrued and other liabilities	795,606	-	-	127,495	-	-	54,452	-	-
Total	1,210,735	-	-	378,561	-	-	162,652	-	-

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

16.4 Financial instruments by category

	As at June 30, 2017										
	PIPF Equity Sub-Fund				PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund			
	Loans and receivables	'At fair value through profit and loss' - held-for-trading	Available-for-sale	Sub total	Loans and receivables	'At fair value through profit and loss' - held-for-trading	Available-for-sale	Sub total	Loans and receivables	'At fair value through profit and loss' - held-for-trading	Available-for-sale
Total											
<hr/>											
(Rupees)											
<hr/>											
Assets											
Balances with banks	92,229,497	36,111,257	-	36,111,257	18,399,676	-	-	18,399,676	37,718,564	-	37,718,564
Investments	637,899,280	-	257,421,483	417,624,863	33,000,000	152,034,617	-	185,034,617	13,000,000	22,239,800	35,239,800
Receivable against sale of investments	-	-	-	-	-	-	-	-	-	-	-
Dividend receivable	2,048,694	2,048,694	-	2,048,694	-	-	-	-	-	-	-
Profit receivable	1,730,598	156,457	-	156,457	1,161,693	-	-	1,161,693	412,448	-	412,448
Deposits and other receivables	3,051,302	2,718,302	-	2,718,302	216,500	-	-	216,500	116,500	-	116,500
	736,959,371	41,034,710	257,421,483	458,659,573	52,777,869	152,034,617	-	204,812,486	51,247,512	22,239,800	73,487,312

Assets

	As at June 30, 2017									
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund			
	At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub total	At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub total	At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub total	Sub total
Total										

Liabilities

53
Pakistan Islamic Pension Fund

Assets

Liabilities

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

16.5 Fair value of financial instruments

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

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

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	June 30, 2017						
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			(Rupees)
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
Total							
Financial assets 'at fair value through profit or loss' - held-for-trading							
Listed equity securities	257,421,483	-	-	-	-	-	-
Government Ijarah Sukuks	162,062,000	-	-	-	139,822,200	-	22,239,800
Sukuk certificates	12,212,417	-	-	-	12,212,417	-	-
	431,695,900	257,421,483	-	-	152,034,617	-	22,239,800
Financial assets classified as 'available-for-sale'							
Listed equity securities	160,203,380	-	-	-	-	-	-
	591,899,280	417,624,863	-	-	152,034,617	-	22,239,800
Financial assets 'at fair value through profit or loss' - held-for-trading							
Listed equity securities	181,857,665	9,945,265	-	-	145,684,620	-	26,227,780
Government Ijarah Sukuks	-	-	-	-	-	-	-
	181,857,665	9,945,265	-	-	145,684,620	-	26,227,780
Financial assets classified as 'available-for-sale'							
Listed equity securities	249,151,531	249,151,531	-	-	-	-	-
	431,009,196	259,096,796	-	-	145,684,620	-	26,227,780

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

17. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

18. SEGMENT INFORMATION

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

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

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

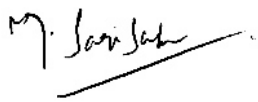
19. GENERAL

Figures have been rounded off to the nearest Rupee.

20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 04, 2017, by the Board of Directors of the Pension Fund Manager.

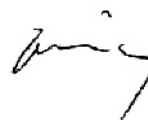
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Chief Financial Officer










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