

Quarterly Report

September 30, 2014

(Unaudited)



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

**PAKISTAN
ISLAMIC PENSION FUND**

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha	Chairman
	Mr. Nasim Beg	Executive Vice Chairman
	Mr. Yasir Qadri	Chief Executive Officer
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
	Mr. Yasir Qadri	Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Habib Metropolitan Bank Limited Bank Alfalah Limited	
Auditors	Ernts & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM 2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Islamic Pension Fund's** accounts review for the first quarter ended September 30th 2014.

ECONOMY AND MONEY MARKET OVERVIEW

Delay in implementation of fiscal reforms and phasing out of subsidies on tariffs, in the presence of lower commodity prices, helped contain inflation, with CPI averaging at 7.52% during 1QFY15. If oil prices, which eased down to a five-year low in October, stays at the current level, inflation is likely to remain on the lower side during FY15.

Surge in imports, mainly petroleum products, along with a slowdown in exports, widened the country's current account deficit to \$1.37 billion during 2MFY15, significantly higher than the deficit of around \$0.58 billion incurred during the same period last fiscal year. Poor law and order situation and energy crisis are the major culprits behind negative growth in exports. At the same time, financial account registered a surplus of \$0.45 billion as compared to a surplus of \$0.19 billion recorded during the corresponding period last year. Improvement in financial account is mainly due to sell-off of financial assets abroad.

The recent political disruption has stalled progress on the completion of economic and fiscal targets set by International Monetary Fund. This along with wide current account deficit and absence of foreign inflows contributed to a drop in foreign reserves to \$13.21 billion as on 26-Sep-14, after touching a high of \$14.6 billion in July. Therefore, the local currency fell by more than 3.2 percent against dollar during 1QFY15.

Although, the government is optimistic on the economic front on the back of tepid inflationary pressures, contained government borrowings and improved debt profile, fragile political situation in the country has been forcing the policy makers to err on the side of caution to arrest decline in foreign reserves. This is evident from the recent monetary policy announcement in which policy makers kept the discount rate unchanged at around 10 percent.

On the heels of structural reforms, the country's performance on the fiscal side improved in FY14 as the country recorded a fiscal deficit of 5.5 percent lower than the year's target of 6.3 percent and the previous year's level of 8.8 percent (included one-off adjustment for circular debt). The major improvement in fiscal account came on the account of abnormal increase in Non-Tax revenue and restrained development expenditures.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. M2 has contracted by 1.52 percent in the 1QFY15 (till 26th Sep) as opposed to the contraction of 0.65 percent during the same period last year. While Borrowing from SBP increased marginally by Rs19 billion as compared to net increase in borrowing of around Rs 444.7 billion during the same period last year.

PIB rates inched up, as the government looks to move its borrowing from central bank to commercial banks, causing the yield curve to rise sharply upwards from 2 years. Moreover, unprecedented participation was seen with major concentration in a 2-year instrument. The rates are on slightly longer end, albeit higher have shown a rising trend despite controlled inflation because of unprecedented supply.

EQUITIES MARKET OVERVIEW

Local stock market remained volatile in the wake of growing apprehension on the political front during the first quarter of the current fiscal year. The index posted a return of 2.2 percent and 4.1 percent during July and September, respectively, but on account of poor performance in August the benchmark index recorded a total gain of 0.25 percent during the 1QFY15, with KSE-100 index closing at 29,726.39 at the end of the quarter.

Demonstrations and sit-ins across the country took its toll on the stock market's performance during August, but the gradual drop in political temperature in September helped in restoring confidence over the continuity of the current democratic system. Local investors' interest remained subdued. This can be gauged from the fact that the average turnover stood at 131 million shares during 1QFY15 as opposed to the average turnover of 236 million shares during 2HFY14. Although local investors took a cautious stance and preferred to remain on the sideline, foreign investors remained upbeat on the market and remained net buyer with a cumulative net inflow of US\$ 165.77 million during the period under review.

Auto sector and small capital stocks stayed in the limelight, while performance of Oil and Gas, Cement, and Banks remained unimpressive.

FUND PERFORMANCE

Equity Fund

The Equity sub-fund generated a return of 3.59% while the KSE-100 posted a return of 0.25%. The sub-fund decreased exposure to equities from 86.4% to 92.4% during the period. The sub-fund reduced its exposure from Electricity and Construction & Materials sectors while increasing exposure towards Oil & Gas, Automobile & Parts and Engineering sectors.

The Net Assets of the Fund as at September 30, 2014 stood at Rs. 141.56 million as compared to Rs. 133.29 million as at June 30, 2014 registering an increase of 6.20%.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs. 283.75 as compared to opening NAV of Rs. 273.92 per unit as at June 30, 2014 registering an increase of Rs. 9.83 per unit.

Debt Fund

The debt sub-fund generated an annualized return of 2.08% during the quarter under review. The sub-funds exposure towards GoP Ijarah Sukuk decreased marginally to 88.4% from 90.5% during the period under review.

The Net Assets of the Fund as at September 30, 2014 stood at Rs. 119.98 million as compared to Rs. 118.91 million as at June 30, 2014 registering an increase of 0.90%.

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs.170.96 as compared to opening NAV of Rs. 170.07 per unit as at June 30, 2014 registering an increase of Rs. 0.89 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 2.21% during the quarter. The fund exposure towards GOP Ijarah Sukuks at quarter end stood at around 79.7% as compared to beginning exposure of 81.3%. Cash and bank deposits exposure on the other hand decreased to 18.1% from 17.5% during the period under review.

The Net Assets of the Fund as at September 30, 2014 stood at Rs. 69.39 million as compared to Rs. 69.06 million as at June 30, 2014 registering an increase of 0.48%.

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs. 157.18 as compared to opening NAV of Rs. 156.31 per unit as at June 30, 2014 registering an increase of Rs. 0.87 per unit.

FUTURE OUTLOOK

The country's import bill is likely to ease off after a lag of few months on the account of lower oil prices. Conversely, weak cotton prices might annul the benefit arising from lower oil prices on the country's trade balance. Although the government is eyeing increase in foreign inflows through pledges made by multilateral agencies, approved project financing and divestment of strategic assets, improvement in reserve position largely hinges on the country's political condition.

In the near-term, realization of expected inflows-through divestment of shares of OGDCL and HBL and issuance of dollar-denominated Sukuks would be crucial.

We believe that the sustainability of external account, in the presence of subdued inflationary pressures, would be a key factor in shaping up interest rate direction. Lower commodity price, in the presences of stable local currency and higher base effect, is likely to keep inflationary pressure on the lower side during the year.

With the market expecting interest rates to remain stable and oil prices lower, profitability of power intensive companies such as: Textile and Cement are expected to improve. On the contrary, lower oil prices bode ill for Exploration and Production and Oil Marketing Companies.

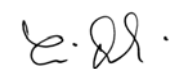
In the face of stable fundamentals and better expectation of financial results of manufacturing companies, we expect the bourse to remain range bound in short term amid lack of clarity on the future of the current government.

Above all, the equity market will continue to attract foreign investors owing to divestment of the government's holding in the listed companies and increase in the country's weight in MSCI FM Index.

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,



Yasir Qadri

Chief Executive Officer

Dated: October 20, 2014

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2014

Note	-----Unaudited-----				Audited June 30, 2014	
	September 30, 2014					
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total		
-----Rupees-----						
ASSETS						
Balances with banks	4	4,874,898	11,798,600	12,648,521	29,322,018	38,618,632
Investments (as per condensed interim statement of investments by category)		132,867,064	106,937,870	55,776,360	295,581,294	287,355,221
Receivable against sale of Investments		1,078,692	-	-	1,078,692	-
Dividend receivable		2,112,831	-	-	2,112,831	-
Interest receivable		22,781	1,987,521	1,416,382	3,426,685	2,134,872
Deposits and other receivables	5	2,806,371	200,000	100,000	3,106,371	3,006,371
TOTAL ASSETS		143,762,637	120,923,991	69,941,263	334,627,891	331,115,096
LIABILITIES						
Payable to Pension Fund Manager		210,397	181,007	104,534	495,937	435,774
Payable to the Trustee		20,880	17,944	10,361	49,185	46,198
Payable to Auditors		185,359	166,340	104,263	455,962	338,000
Annual fee payable to the Securities and Exchange Commission of Pakistan		11,490	10,052	5,815	27,357	85,363
Other liabilities	6	1,775,538	566,525	329,200	2,671,263	8,952,670
TOTAL LIABILITIES		2,203,663	941,868	554,173	3,699,704	9,858,005
NET ASSETS		141,558,974	119,982,123	69,387,090	330,928,187	321,257,091
Participants Sub-Funds (as per condensed interim Statement of movement in Participants' sub-funds)						
		141,558,974	119,982,123	69,387,090		
-----Number of units-----						
Number of units in issue		498,882	701,816	441,462		
-----Rupees-----						
Net asset value per unit		283.75	170.96	157.18		

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


 Chief Executive Officer

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


 Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30, 2014				Quarter ended September 30, 2013
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
		Rupees				
INCOME						
Capital gain on sale of investments		508,823	-	-	508,823	6,894,745
Dividend income		2,112,831	-	-	2,112,831	1,712,531
Profit on bank deposits		94,298	152,310	191,273	437,880	327,712
Income from Government Ijarah Sukuk		-	2,559,870	1,352,334	3,912,204	1,652,160
Income from Certificates of Investment		-	-	-	-	-
Income from Term Deposit Receipts		-	-	-	-	-
Income from Term Finance Certificates - Sukuk		-	35,351	-	35,351	1,236,512
Impairment loss on listed equity securities classified as "available for sale"		-	-	-	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed		161,269	18,004	629	179,902	87,436
Unrealised (Diminution) / Appreciation in fair value classified as 'at fair value through profit or loss'		3,075,750	(1,395,165)	(743,510)	937,075	(1,742,946)
Total Income		5,952,971	1,370,369	800,726	8,124,067	10,168,150
EXPENSES						
Remuneration of Pension Fund Manager		689,730	603,397	349,048	1,642,175	1,159,143
Remuneration of Trustee		62,818	54,958	31,792	149,567	110,933
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		11,490	10,052	5,815	27,356	19,143
Auditors' remuneration		49,537	43,349	25,076	117,962	126,125
Custody and settlement charges		84,755	1,566	-	86,321	(30,042)
Securities transaction cost		93,803	-	-	93,803	194,157
Legal and professional charges		-	-	-	-	17,644
Bank charges		551	648	339	1,538	2,144
Donation and charity expense		16,846	-	-	16,846	21,983
Provision against debt securities		-	14,163	-	14,163	-
Amortisation of formation cost		-	-	-	-	-
Provision WWF		98,869	12,845	7,773	119,486	170,655
Total Expenses		1,108,398	740,976	419,843	2,269,216	1,791,885
Net income before taxation		4,844,573	629,394	380,884	5,854,851	8,376,266
Provision for taxation - current	8	-	-	-	-	-
Net income after taxation		4,844,573	629,394	380,884	5,854,851	8,376,266
Other comprehensive (loss) / income for the period						
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net	7	262,000	14,163	-	276,163	(4,674,110)
Total comprehensive (loss) / income for the period		5,106,573	643,557	380,884	6,131,014	3,702,155
Earnings per unit	9	9.81	0.90	0.86		

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

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


Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30, 2014				Quarter ended September 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	4,844,573	629,394	380,884	5,854,851	8,362,103
Adjustments for non cash items:					
Capital gain / (loss) on sale of investments	(508,823)	-	-	(508,823)	(6,894,745)
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	-
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'	(3,075,750)	1,395,165	743,510	(937,075)	1,742,946
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(161,269)	(18,004)	(629)	(179,902)	(87,436)
	(3,745,842)	1,377,161	742,881	(1,625,800)	(5,239,235)
(Increase) / decrease in assets					
Investments	(7,596,873)	14,163	1	(7,582,710)	(11,574,827)
Dividend receivable	(2,112,831)	-	-	(2,112,831)	(1,235,032)
Profit receivable	(2,536)	(599,827)	(689,449)	(1,291,813)	(1,281,910)
Deposits and other receivables	(100,000)	-	-	(100,000)	5,742,985
	(9,812,241)	(585,665)	(689,448)	(11,087,353)	(8,348,784)
(Decrease) / Increase in liabilities					
Payable to Pension Fund Manager	28,953	23,079	8,132	60,163	(7,538)
Payable to Trustee	1,645	1,201	141	2,987	2,257
Payable to Auditors	151,305	43,348	25,076	219,729	(11,375)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(124,331)	(21,056)	(14,386)	(159,773)	(41,836)
Other liabilities	(6,426,876)	95,831	49,638	(6,281,408)	(1,724,519)
	(6,369,305)	142,403	68,601	(6,158,301)	(1,783,012)
Tax paid	-	-	-	-	-
Cash (used in) / generated from operating activities	(15,082,815)	1,563,293	502,917	(13,016,605)	(7,008,927)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	4,219,630	2,547,150	790,041	7,556,821	7,978,257
Payment against redemptions	(894,718)	(2,096,430)	(845,689)	(3,836,837)	(3,050,069)
Cash (used in) / generated from financing activities	3,324,912	450,720	(55,648)	3,719,985	4,928,187
Net (decrease) / increase in cash and cash equivalent	(11,757,898)	2,014,015	447,270	(9,296,614)	(2,080,740)
Cash and cash equivalent at beginning of the period	16,632,796	9,784,585	12,201,251	38,618,632	15,353,802
Cash and cash equivalent at end of the period	4,874,898	11,798,600	12,648,521	29,322,018	13,273,061

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

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


Chief Executive Officer


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014				Quarter ended September 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
Net assets at the beginning of the period	133,288,758	118,905,850	69,062,483	321,257,091	218,311,134
Amount received on issue of units	4,219,630	2,547,150	790,041	7,556,821	7,978,257
Amount paid on redemption of units	(894,718)	(2,096,430)	(845,689)	(3,836,837)	(3,050,069)
	3,324,912	450,720	(55,648)	3,719,985	4,928,188
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing (income) / loss and realised (capital gains) / losses -net	(161,269)	(18,004)	(629)	(179,902)	(87,436)
- amount representing unrealised diminution / (appreciation) in fair value of investments	(1,935,092)	(168,170)	20,787	(2,082,475)	1,564,884
	(2,096,361)	(186,174)	20,158	(2,262,377)	1,477,448
Net unrealized gain / (loss) during the period in the market value of investments classified as available-for-sale	262,000	14,163	-	276,163	(4,674,111)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	1,935,092	168,170	(20,787)	2,082,475	(1,564,884)
Net income after taxation for the period	4,844,573	629,394	380,884	5,854,851	8,362,103
Net assets at the end of the period	141,558,974	119,982,123	69,387,090	330,928,187	226,839,878

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


Chief Executive Officer

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


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY
AS AT SEPTEMBER 30, 2014

	-----Un-Audited-----				Audited June 30, 2014
	Quarter ended September 30, 2014				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Investments classified as 'At fair value through profit or loss '					
Listed equity securities	129,668,064	-	-	129,668,064	119,565,314
Government Ijarah - Sukuk	-	106,937,870	55,776,360	162,714,230	164,852,907
Investments at market value	129,668,064	106,937,870	55,776,360	292,382,294	284,418,221
Available-for-sale investments					
Listed equity securities	3,199,000	-	-	3,199,000	2,937,000
Government Ijarah - Sukuk	-	-	-	-	-
Sukuk Certificates	-	-	-	-	-
Investments at market value	3,199,000	-	-	3,199,000	2,937,000
	132,867,064	106,937,870	55,776,360	295,581,294	287,355,221

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


 Chief Executive Officer

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


 Director

CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED)

AS AT SEPTEMBER 30, 2014

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

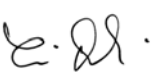
Name of the Investee company						---Balance as at September 30, 2014---			Market value as a % of net assets of the sub fund	% of paid up capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at September 30, 2014	Cost	Market value	Appreciation		
									(-----Number of shares-----)	
Electricity		-	-	-						
Hub Power Company Limited	50,000	-	-	-	50,000	2,830,200	3,199,000	368,800	2.26	0.00
		-	-	-		2,830,200	3,199,000	368,800	2.26	
		-	-	-						
Total for Equity Sub-Fund						2,830,200	3,199,000	368,800	2	

-----Total-----
Un audited Audited
September 30, June 30, 2014
2014
-----Rupees-----
3,199,000 2,937,000

Market value

* The above include shares with a market value aggregating to Rs. Nil (June 2014: Nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information



Chief Executive Officer

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



Director

Page 2 of 2

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

Director

STATEMENT OF OTHER INVESTMENTS AS AT SEPTEMBER 30, 2014

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

Name of Investments	Face value				As at September 30, 2014			% of net assets
	As at July 1, 2014	Purchases during the year	Sales / Matured during the year	As at September 30, 2014	Cost	Market value	Appreciation/Diminution	
----- Rupees -----								%

'At fair value through profit or loss'

Government Ijarah Sukuk (3 years)	105,850,000	-	-	105,850,000	108,333,035	106,937,870	(1,395,165)	89.13
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'Available for sale' investments

Government Ijarah Sukuk (3 years)	-	-	-	-	-	-	-	-
	105,850,000	-	-	105,850,000	108,333,035	106,937,870	(1,395,165)	89.13

-

Total			
Un audited	September 30, 2014	Audited	June 30, 2014
----- Rupees -----			
	106,937,870		108,333,036

Market Value

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


 Chief Executive Officer

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


 Director

STATEMENT OF OTHER INVESTMENTS

AS AT SEPTEMBER 30, 2014

PIPF DEBT SUB-FUND
SUKUK CERTIFICATES

Name of the Investee Company	Issue date	-----Number of certificates-----				As at September 30, 2014			Market value as % of net assets of the sub-fund	Market value as % of total Investments	Percentage in relation to the size of the issue
		As at July 1, 2014	Purchases during the year	Sales during the year	As at September 30, 2014	Cost	Market value	(Diminution)			
						----- Rupees -----			%	%	%
'Available for sale' investments											
Pak Electron Limited - SUKUK (28-09-2007)	28-Sep-07	550	-	-	550	1,011,220	-	(1,011,220)	0.00	0.00	0.10
						1,011,220	-	(1,011,220)			

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information



Chief Executive Officer

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



Director

STATEMENT OF OTHER INVESTMENTS

AS AT SEPTEMBER 30, 2014

PIPF MONEY MARKET SUB-FUND
GOVERNMENT IJARAH SUKUK

Name of Investments	Face value				As at September 30, 2014			% of net assets
	As at July 1, 2014	Purchases during the year	Sales / Matured during the year	As at September 30, 2014	Cost	Market value	Appreciation	

Rupees

%

'At fair value through profit or loss'

Government Ijarah Sukuk (3 years)	55,200,000	-	-	55,200,000	56,519,870	55,776,360	(743,510)	80.38
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'Available for sale' investments

Government Ijarah Sukuk (3 years)	-	-	-	-	-	-	-	-
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55,200,000	-	-	55,200,000	56,519,870	55,776,360	(743,510)	80
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Total

Un audited September 30, 2014	Audited June 30, 2014
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Rupees

Market Value

55,776,360	56,519,871
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The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

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


Chief Executive Officer


Director

CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Contributions net of front end fee	Quarter ended September 30, 2014							Quarter ended September 30, 2013
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
----- Rupees -----								
Opening balance	486,596	60,269,559	699,171	91,723,265	441,817	50,237,237	202,230,061	146,823,142
Individuals - issue of units	15,529	4,219,635	14,928	2,547,151	5,039	790,041	7,556,827	7,978,257
- redemption of units	(3,243)	(894,718)	(12,283)	(2,096,430)	(5,394)	(845,689)	(3,836,837)	(3,050,069)
	12,286	3,324,917	2,645	450,722	(355)	(55,648)	3,719,991	4,928,188
Closing balance	498,882	63,594,476	701,816	92,173,987	441,462	50,181,589	205,950,052	151,751,330

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information


 Chief Executive Officer

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


 Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	----- No of units -----		
Total units outstanding at the beginning of the period	486,596	699,171	441,817
Add: Units issued during the period	15,529	14,928	5,039
Less: Units redeemed during the period	(3,243)	(12,283)	(5,394)
Total units in issue at the end of the period	<u>498,882</u>	<u>701,817</u>	<u>441,462</u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 4, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 7, 2011. PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

1.2 Based on shareholders' resolutions of MCB-AMC and AHIL the two companies have merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHIL being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank.. Subsequent to the completion of merger on June 27, 2011 the SECP extended the effective date of merger to July 30, 2011 through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011 under section 484(2) of the Companies Ordinance 1984. However, recently on request of Management Company the SECP reviewed its aforementioned order and through a letter no. SCD/AMCW/Mis/540/2013 dated May 17, 2013 issued revised order under section 484(2) of the Companies Ordinance 1984 to affirm the effective date of merger of MCB-AMC with AHIL as June 27, 2011. The latest order also endorsed the steps/actions taken by Management Company from June 27, 2011 to date.

Pursuant of approval of Merger the name of the company has been changed from Airf Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited

1.3 MCB-Arif Habib Saving and Investments Limited has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension fund Manager is situated at Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

1.4 Title to the assets of the Fund is held in the name Central Despository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

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

2.2 This condensed interim financial information comprise of the condensed interim balance sheet as at September 30, 2014 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim statement of number of units in issue and notes thereto for quarter ended September 30, 2014.

2.3 This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended September 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2014.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

-----Unaudited-----				Audited
As at September 30, 2014				As at June 30, 2014
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

4 BALANCES WITH BANKS

Current accounts	1,993,328	-	-	1,993,328	7,529,705
Saving accounts	2,881,570	11,798,600	12,648,521	27,328,690	31,088,927
	4,874,898	11,798,600	12,648,521	29,322,018	38,618,632

5 DEPOSITS AND OTHER RECEIVABLES

-----Unaudited-----				Audited
As at September 30, 2014				As at June 30, 2014
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

Security deposits	2,801,000	200,000	100,000	3,101,000	3,001,000
Other receivable	-	-	-	-	5,371
Advance Tax	5,371	-	-	5,371	-
Receivable from sub-funds	-	-	-	-	-
Receivable against issue of units	-	-	-	-	-
Receivable against sale of Investments	-	-	-	-	-
	2,806,371	200,000	100,000	3,106,371	3,006,371

-----Unaudited-----				Audited
As at September 30, 2014				As at June 30, 2014
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

6 OTHER LIABILITIES

Provision for federal excise duty on remuneration of Pension Fund Manager (note 6.1)	378,643	342,614	218,002	939,259	742,297
Workers Welfare Fund (note 6.2)	1,156,701	213,295	110,966	1,480,962	1,361,476
Donation / charity	95,881	-	-	95,881	79,035
Professional fee	-	-	-	-	-
Others	144,313	10,616	232	155,161	6,769,862
	1,775,538	566,525	329,200	2,671,263	8,952,670

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

6.1 The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 whereby Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by asset management companies. In this regard, a Constitutional Petition has been filed by certain collective investment schemes (CISs) and Pension Funds through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in these financial statements aggregating to Rs.1.378 million as at June 30, 2014. In case the suit is decided against the Fund, the same would be paid to the Pension Fund Manager, who will be responsible for submitting it to the authorities. Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the Net Asset Value (NAV) per unit of the Fund would have been higher by Re.0.76 in respect of equity sub fund, Re.0.69 in respect of debt sub fund and Re.0.44 in respect of money market sub fund as at September 30, 2014.

6.2 Provision For Workers Welfare Fund

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

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

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

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

The Pension Fund Manager as a matter of abundant caution has started making provision effective from May 10, 2013 in view of the afore mentioned developments and uncertainties created by the recent decision by Honorable Sindh High Court. The unrecognised liability for the period from July 01, 2008 to May 09, 2013 amounts to Rs.0.697 million, Rs.0.353 million and Rs.0.245 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (aggregating to Rs.1.295 million) respectively. Had the provision been made, the net asset value per unit of the fund as at September 30, 2014 would have been lower by Rs.2.32 (June 30, 2014: Rs.1.43), Re.0.43 (June 30, 2014: Re.0.50) and Re.0.22 (June 30, 2014: Re.0.55) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Moreover, provision against WWF as at September 30, 2014 amounts to Rs.1.157 million, Rs.0.213 million, Rs.0.111 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

6.3 There were no commitments outstanding as at September 30, 2014 (2013: Nil).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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

	Unaudited				Audited
	As at September 30, 2014				As at June 30, 2014
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
Market Value	3,199,000	-	-	3,199,000	2,937,000
Average Cost	(2,830,200)	(1,011,220)	-	(3,841,420)	(3,841,420)
	368,800	(1,011,220)	-	(642,420)	(904,420)
Impairment loss					
Opening	-	-	-	-	-
Charged during the period	-	-	-	-	-
Derecognised on sale of investments	-	-	-	-	-
Net unrealised diminution in value of investment at the end of the period	368,800	(1,011,220)	-	(642,420)	(904,420)
Provision against non performing debt securities					
Opening	-	1,093,601	-	1,093,601	1,093,601
Charged during the period	-	14,163	-	14,163	-
	-	1,107,764	-	1,107,764	1,093,601
Net unrealised diminution in value of investment at the beginning of the period	(106,800)	(82,381)	-	(190,181)	(4,962,567)
	262,000	14,163	-	276,163	(4,773,386)

8 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above accordingly no provision for taxation has been made in these financial statements.

9 EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended September 30, 2014 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	493,640	701,329	441,630
Net income after taxation (Rupees)	4,844,573	629,394	380,884
Earnings per unit	9.81	0.90	0.86

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

10 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 AHIL. Central Despositary Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manger as Management Company and directors and executives of the Pension Fund Manager.

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

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

10.1 Transactions during the period

Unaudited				
Quarter ended September 30, 2014				Quarter ended September 30, 2013
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Rupees				

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

Remuneration	689,730	603,397	349,048	1,642,175	1,159,143
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Central Despositary Company of Pakistan Limited - Trustee

Remuneration	62,818	54,958	31,792	149,567	110,933
Profit earned during the period	94,298	111,706	45,750	251,754	183,837
Bank Charges	551	348	339	1,238	1,944

Arif Habib Limited Brokerage	-	-	-	-	1,204
Next Capital Brokerage	-	-	-	-	14,387

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

Directors and Officers

Issue of PIPF Equity sub - fund 1,439 units (2013: 1,618 units)	390,466	-	-	390,466	336,964
Issue of PIPF Debt sub - fund 1,395 units (2013: 1,152 units)	-	238,245	-	238,245	183,221
Issue of PIPF Money Market sub - fund 585 units (2013: 202 units)	-	-	91,863	91,863	29,874
Redemption of PIPF Equity sub - fund 1,856 units (2013: NIL units)	515,891	-	-	515,891	-
Redemption of PIPF Debt sub - fund 879 units (2013: 293 units)	-	150,210	-	150,210	46,286
Redemption of PIPF Money Market sub - fund 58 units (2013: 472 units)	-	-	9,026	9,026	69,463

10.2 Amounts outstanding as at the period end

Unaudited				
As at September 30, 2014				June 30, 2014 (Audited)
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Rupees				

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

Remuneration payable	172,165	147,957	85,438	405,560	375,667
Sindh sales tax payable	38,232	33,049	19,096	90,377	60,107
Investment in seed capital 305,160 units (June 30, 2014: 305,160 units)	86,589,138	-	-	86,589,138	83,589,667
Investment in seed capital 300,000 units (June 30, 2014: 300,000 units)	-	51,288,000	47,154,000	98,442,000	97,914,486

Habib Metropolitan Bank Limited

Remuneration Payable	20,880	17,944	10,361	49,185	46,198
Bank balance	4,874,898	11,798,600	12,636,305	29,309,802	26,552,074
Profit receivable	22,781	38,019	12,364	73,164	98,869

Arif Habib Limited Brokerage - Payable	-	-	-	-	-
Next Capital Brokerage - Payable	-	-	-	-	-

MCB Bank Limited

Bank balance	-	-	-	-	-
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Directors and Officers

Balance as at September 30, 2014

Investment in PIPF Equity sub - fund 15,383 units (June 30, 2014: 15,799 units)	4,364,814	-	-	4,364,814	4,327,674
Investment in PIPF Debt sub - fund 16,210 units (June 30, 2014: 15,695 units)	-	2,771,295	-	2,771,295	2,669,200
Investment in PIPF Money Market sub - fund 5,504 units (June 30, 2014: 4,976 units)	-	-	865,150	865,150	777,822

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

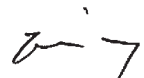
11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 20, 2014 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited

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