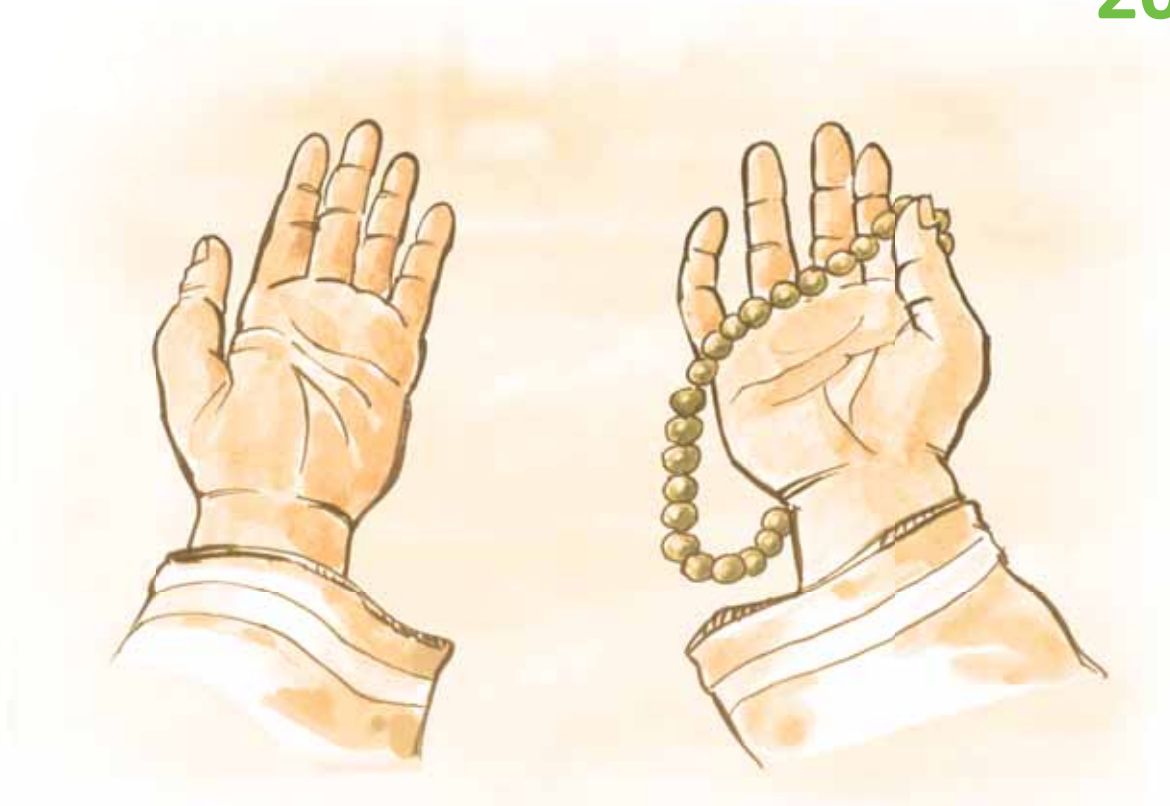


Annual Report 2016



Phir Aglee Rut Kee Fikar Karo

PAKISTAN

ISLAMIC PENSION FUND

MCB-Arif Habib Savings and Investments Limited

Rated: 'AM2++' by PACRA

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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

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Company Secretary	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B' S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Habib Metropolitan Bank Limited Askari Bank Limited Habib Bank Limited United Bank Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 ++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Islamic Pension Fund's** accounts review for the year ended June 30th, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut lead by weaker global demand, increase inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill. However, exports kept on falling amid stiff competition and weak demand outlook.

Inflation during the outgoing year continued to remain benign triggered by subdued oil prices and higher base effect of last year. Inflation averaged around 2.85% for the year whereas, average for first half of the year remained close to 2%. Despite the withering of the low base effect from 3QFY16, inflationary pressures remained well anchored supported by dip in oil prices in 3QFY16 and government's decision to defer the increase in prices of petroleum products along with recovery in crude.

Exports continued to remain problematic for balance of payments position over the year decreasing by ~9% relative to last year. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity versus competitors continued to cause worries for the current account position. Adding to trade deficit imports reduced only be about 3.5% as benefit of lower oil prices was offset by higher import of machinery for power while significantly lower cotton production also had to be filled in with imports. Remittances though remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Balance of Payment position however closed on in net surplus of USD 1.05 billion through external borrowings and disbursements from multilateral agencies.

The industrial growth picked up during the year with Large Scale Manufacturing index posting an increase of 3.26% YoY (July-May 2016). The noteworthy contribution came from autos, cement, power and consumer segment.

On the fiscal front, the government managed to contain the fiscal deficit at 4.3% of GDP in the FY16 against 5.3% in FY15. The Government is targeting FY17 deficit of 3.8% of GDP.

The monetary policy committee decreased the policy rate by a cumulative 75 bps during the fiscal year. Status quo was kept after reducing 50 bps in September for 6 months. Despite, the monetary policy board maintaining a cautious view relative to remittances, reversal in oil prices, non-oil imports and foreign market considerations, the monetary policy board decided to reduce policy rate by 25 bps in May.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 23 billion along with strict vigilance of SBP kept the rupee relatively stable during the year.

M2 growth gained traction with FY16 growth of 13.67%. Net Domestic Assets, supported by increase net non-government borrowing of PKR 267 billion, increased by PKR 253 billion.

State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuk (near Rs. 200 Billion) and liquidity pressure after maturity of PIBs worth ~PKR 1.4 trillion.

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index gained 9.8% during FY16, witnessing its weakest performance during last seven years. While the macro environment in general improved significantly, the same wasn't evident in the equity returns as rout in commodities and exodus of foreign investors from local equity market kept the benchmark under pressure. Foreigners selling remained unabated, dumping USD 281 million worth of equities during the year. The selling during the period was primarily absorbed by NBFCs with net buying of USD 187.8 million, while individuals bought USD 127.7 million of equities.

REPORT OF THE DIRECTOR OF FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

Cement sector led the sector charts, posting a gain of 29.0% during the year, as robust cement dispatches along with the potential growth from CPEC lead activities kept investor interests alive in the sector. Power sector rallied by 19.8% during the period, after 75 bps of cut in discount rate brought the yield plays into limelight. Similarly, pharmaceutical sector gained traction, returning an astounding 43.0% during the period as Drug Regulatory Authority ("DRAP") approved the pricing policy for pharmaceutical companies. On the flip side, the index heavyweight Oil & Gas Exploration sector underperformed the benchmark, losing 5.4% during the year. The sector performance followed the trend in crude oil prices (Arab Light) after it declined by 22.0%, as fears of oversupply resurfaced after the sanctions on Iran were lifted. Commercial Banks also remain laggards, returning a mere 2.5% after the central bank reduced the discount rate by 75 bps during the year. Similarly, fertilizer sector also returned only 2.8%, after concerns on the pricing power of the fertilizer sector emerged as international urea prices went below the local prices for the first time.

Pakistan's reclassification to the Emerging Market index was the headline news during the year, as expectations of upgrade were finally met. Going forward, we believe the market has a strong potential of re-rating owing to expected inflows from Emerging Market Funds. It is expected that net inflow of USD 300-400 million would flow, following Pakistan's reclassification. Thus, we recommend investors to focus on long term value and potential offered by the bourse to build positions in equity funds.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 4.04% during the period under review. The sub-fund's exposure from GoP Ijarah Sukuk decreased to 87.1% from 90.3%.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 165.39 million as compared to Rs. 138.65 million as at June 30, 2015 registering an increase of 19.28%.

The Net Asset Value (NAV) per unit as at June 30 2016 was Rs. 185.37 as compared to opening NAV of Rs. 178.16 per unit as at June 30, 2015 registering an increase of Rs. 7.21 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 2.36% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 36.8%. Simultaneously the fund increased exposure in cash to 62.7% from 4.2% at the beginning of the period.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 70.3 million as compared to Rs. 67.51 million as at June 30, 2015 registering an increase of 4.1%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 167.69 as compared to opening NAV of Rs. 163.82 per unit as at June 30, 2015 registering an increase of Rs. 3.87 per unit.

Equity Fund

The Equity sub-fund generated a return of 14.84% while the KMI-30 posted a return of 16.01%. The sub-fund increased exposure to equities from 87.9% to 91.9% during the period.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 276.96 million as compared to Rs. 232.69 million as at June 30, 2015 registering an increase of 19%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 438.91 as compared to opening NAV of Rs. 382.19 per unit as at June 30, 2015 registering an increase of Rs. 56.72 per unit.

REPORT OF THE DIRECTOR OF FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with refineries having ample stock piles of petroleum products, increase in rig counts along with recovery in oil prices, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market along with global uncertainty after Britain exited European Union. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 5% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the first half to remain well anchored around 4% thus framework remains favorable for a stable monetary policy environment with room for easing subject to stability on external front.

Fiscal deficit is expected to remain controlled and progressive upward economic growth targets appear achievable with enough room for the government to bring required structural changes in the economy. The incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year. Risks to external account remain high as the major support in balance of payment account is through flows that are uncertain and self fulfilling as they are also contingent upon favorable external account environment.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction and steel sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight with stability in interest rates along with growth in advances and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would provide impetus for foreign flows into KSE-100 index and would lead to re-rating of market towards higher multiples.

External Auditors

The fund's external auditors, Ernst & Young Ford Rhodes Sidat Hyder, have retired after the conclusion of audit for current year. Due to completion of maximum time allowed under offering document of the fund, they are not eligible for reappointment. The audit committee of the Board has recommended appointment of Deloitte Yousuf Adil, Chartered Accountants, as auditors of the fund for the year ending 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
August 05, 2016

ڈائریکٹرز رپورٹ

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی چکر اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر ابھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر اور اسٹیل کے شعبے متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنے رہیں گے۔ تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر انٹریسٹ کی شرح میں استحکام اور ایڈوانسز میں اضافے کے سبب منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی نظریں ہیں۔ ابھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے KSE-100 انڈیکس میں تیزی آسکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین اور اس میں اضافے کی راہ ہموار ہوگی۔

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ ینگ فورڈ رھوڈز سدا ت حیدر موجودہ سال کے آڈٹ کے اختتام کے بعد ریٹائر ہو گئے ہیں۔ چونکہ فنڈ کے آفرنگ دستاویز میں جس زیادہ سے زیادہ مدت کی اجازت دی گئی ہے وہ مکمل ہو چکی ہے، اس لئے ان کی دوبارہ تقرری نہیں کی جاسکتی۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2017ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز 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،

سید امجد علی

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

05 اگست 2016ء

ڈائریکٹر رپورٹ

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 438.91 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 382.19 روپے تھی، یعنی 56.72 روپے فی یونٹ اضافہ ہوا۔

مستقبل کی صورتحال

موجودہ عالمی معاشی ماحول کو دیکھتے ہوئے مقامی معاشی صورتحال متوقع طور پر مستحکم رہے گی۔ تیل کی قیمتیں آئل ریفائنریز میں پٹرول کی مصنوعات کے خاطر خواہ اسٹاک، rig کی تعداد میں اضافے اور تیل کی قیمتوں کی وصولی کی وجہ سے متوقع طور پر قابل رسائی رہیں گی، اور اس وجہ سے بھی کہ اس بات کی توقع بہت کم ہے کہ بڑے آئل پروڈیوسرز رسد کو کم کرنے کے مقصد سے کوئی معاہدہ کریں گے۔ چین میں مندی سے کمزور عالمی صورتحال کی عکاسی ہوتی ہے، اور بینک آف جاپان اور یورپین سینٹرل بینک کا انٹریسٹ کی منفی شرحیں اختیار کرنا بھی اشیاء کی مارکیٹ کے لئے ایک تشویش ناک امر ہے، اور اس کے ساتھ ساتھ برطانیہ کے یورپی یونین کو خیر باد کہہ دینے کے بعد عالمی سطح پر غیر یقینی صورتحال۔ عالمی سطح پر اشیاء کی کمزور صورتحال کے باعث درآمداتی بل کمزور رہے گا لیکن اس کے نتیجے میں برآمدات کی وصولی بھی تاخیر کا شکار ہو سکتی ہے۔

سال مذکورہ کا اوسط کمزور پرائس انڈیکس متوقع طور پر 5% سے کم رہے گا۔ جبکہ تیل قیمتوں اور زر مبادلہ کی شرح میں استحکام کی بدولت افراط زر پہلی ششماہی میں تقریباً 4% کی سطح پر قابو میں رہے گی، چنانچہ ایک مستحکم مانیٹری پالیسی کے ماحول کے لئے فریم ورک موافق ہے اور اس میں کسی عنصر کو بیرونی جہت میں مستحکم کرنے کی گنجائش موجود ہے۔

مالیاتی خسارہ متوقع طور پر قابو میں رہے گا اور ترقی کے مثبت اہداف قابل حصول نظر آ رہے ہیں، اور حکومت کے پاس معیشت میں ساخت سے متعلق مطلوبہ تبدیلیاں لانے کی گنجائش موجود ہے۔ علاوہ ازیں، بجلی کے شعبے کے لئے حکومت کے ناگزیر متحرک منصوبے درآمداتی بل پر بوجھ ڈالیں گے اور بجلی کی مشینری کی بڑے پیمانے پر درآمد سے کرنٹ اکاؤنٹ قابو میں رہے گا۔

پاکستانی روپیہ متوقع طور پر مزید چمک کا مظاہرہ کرے گا کیونکہ اسے اگلے سال بھر پور غیر ملکی آمدات کی پشت پناہی حاصل ہوگی۔ ایکسٹرنل اکاؤنٹ کے خطرات بدستور بلند ہیں کیونکہ ادائیگیوں کے توازن کے اکاؤنٹ میں بڑی مدد آمدات سے ہوتی ہے، جو غیر یقینی اور ناگزیر ہیں، جس کی ایک وجہ یہ بھی ہے کہ وہ بیرونی اکاؤنٹ کے موافق ماحول پر منحصر ہیں۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران debt sub-fund نے سال بھر میں 4.04% منافع کمایا۔ Sub-fund کی شمولیت بذریعہ حکومت پاکستان اجارہ سسٹم 90.3% سے کم ہو کر 87.1% ہو گئی۔

30 جون 2016ء کو فنڈ کے net اثاثے 165.39 ملین روپے تھے جبکہ 30 جون 2015ء کو 138.65 ملین روپے تھے، یعنی 19.28% اضافہ ہوا۔

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 185.37 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 178.16 روپے تھی، یعنی 7.21 روپے فی یونٹ اضافہ ہوا۔

Money مارکیٹ فنڈ

زیر جائزہ مدت کے دوران money market sub-fund نے سال بھر میں 2.36% منافع کمایا۔ Sub-fund نے حکومت پاکستان اجارہ سسٹم میں اپنی شمولیت میں کمی کی، جو اختتام مدت پر تقریباً 36.8% تھی۔ بیک وقت، فنڈ نے نقد میں اپنی شمولیت کو، جو آغاز مدت میں 4.2% تھی، بڑھا کر 62.7% کر لیا۔

30 جون 2016ء کو فنڈ کے net اثاثے 70.3 ملین روپے تھے جبکہ 30 جون 2015ء کو 67.51 ملین روپے تھے، یعنی 4.1% اضافہ ہوا۔

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 167.69 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 163.82 روپے تھی، یعنی 3.87 روپے فی یونٹ اضافہ ہوا۔

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی sub-fund نے 14.84% منافع کمایا جبکہ KMI-30 نے 16.01% منافع کمایا۔

دوران مدت Sub-fund نے ایکویٹیز میں شمولیت کو 87.9% سے بڑھا کر 91.9% کر لیا۔

30 جون 2016ء کو فنڈ کے net اثاثے 276.96 ملین روپے تھے جبکہ 30 جون 2015ء کو 232.69 ملین روپے تھے، یعنی 19% اضافہ ہوا۔

ڈائریکٹر رپورٹ

ایکویٹیز مارکیٹ کا مجموعی جائزہ

PSX-100 انڈیکس کے ذریعے پیمائش کردہ مقامی ایکویٹی مارکیٹ نے مالی سال 2016ء کے دوران 9.8% ترقی کی، جو گزشتہ سات برسوں میں اس کی کمزور ترین کارکردگی ہے۔ اگرچہ مجموعی صورتحال میں قابل ذکر بہتری آئی، لیکن ایکویٹی کے منافع میں اس کی عکاسی نہیں ہوئی کیونکہ اشیاء میں کمی اور مقامی مارکیٹ سے غیر ملکی سرمایہ کاروں کے بڑے پیمانے پر خروج نے معیار کو دباؤ میں رکھا۔ غیر ملکیوں کی فروخت میں کوئی کمی نہیں ہوئی جس سے دوران سال 281 ملین ڈالر مالیت کی ایکویٹیز ضائع ہوئیں۔ مذکورہ مدت میں ہونے والی فروخت کا اثر بنیادی طور پر NBFCs نے قبول کیا اور 187.8 ملین ڈالر کی net خریداری ہوئی جبکہ انفرادی طور پر 127.7 ملین ڈالر کی ایکویٹیز خریدی گئیں۔

سینٹ کا شعبہ مذکورہ مدت میں 29.0% ترقی کے ساتھ سب سے آگے رہا۔ بڑے پیمانے پر سینٹ کی فروخت اور اس کے ساتھ CPEC کے زیر اہتمام سرگرمیوں سے ہونے والی متوقع ترقی نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو قائم رکھا۔ بجلی کے شعبے نے 19.8% ترقی کی جب ڈسکاؤنٹ کی شرح میں 75 bps کمی سے پیداواری قوتیں منظر عام پر آئیں۔ اسی طرح، ادویات کے شعبے میں بھی تیزی آئی اور مذکورہ مدت میں 43.0% کی شاندار ترقی ہوئی جب ڈرگ ریگولیٹری اتھارٹی پاکستان ("DRAP") نے ادویات کے اداروں کے لئے قیمتوں کے تعین کی پالیسی کی منظوری دے دی۔ دوسری جانب بھاری انڈیکس کا حامل آئل اینڈ گیس ایکسپلوریشن کا شعبہ معیار کے مطابق کام نہیں کر سکا اور اسے دوران سال 5.4% خسارہ ہوا۔ یہی رجحان خام تیل کی قیمتوں (Arab Light) میں بھی رہا اور اس میں 22.0% کا خسارہ ہوا کیونکہ ایران پر عائد پابندیاں اٹھانے کے بعد ضرورت سے زیادہ رسد کا خوف دوبارہ پیدا ہو گیا۔ کمرشل بینک بھی سست روی کا شکار رہے اور صرف 2.5% منافع دیا جبکہ سینٹرل بینک نے دوران سال ڈسکاؤنٹ کی شرح کو 75 bps کم کر دیا تھا۔ اسی طرح کھاد کے شعبے نے بھی صرف 2.8% منافع دیا جب کھاد کے شعبے کی قیمتوں کے تعین کی طاقت پر سوال اٹھے کیونکہ یورپ کی بین الاقوامی قیمتیں پہلی مرتبہ مقامی قیمتوں سے بھی کم ہو گئیں۔

اُبھرتی ہوئی مارکیٹس کے انڈیکس میں پاکستان کی دوبارہ درجہ بندی اس سال کی شہ سُرخ تھی، کیونکہ اس پیش رفت کی توقعات بالآخر پوری ہوئیں۔ آگے بڑھتے ہوئے، ہمیں اعتماد ہے کہ مارکیٹ میں شرحیں دوبارہ طے کرنے کی بھرپور استعداد موجود ہے کیونکہ اُبھرتی ہوئی مارکیٹ کے فنڈز سے آمدات متوقع ہیں۔ اُمید کی جارہی ہے کہ پاکستان کی دوبارہ درجہ بندی کے بعد 300-400 ملین ڈالر کی آمد ہوگی۔ چنانچہ سرمایہ کاروں کو ہمارا مشورہ ہے کہ اسٹاک مارکیٹ کی فراہم کردہ طویل المیعاد قدر اور استعداد پر توجہ مرکوز کریں تاکہ ایکویٹی فنڈز میں جگہ بنائی جاسکے۔

ڈائریکٹر رپورٹ

صنعتی ترقی میں اس سال تیزی آئی جیسا کہ بڑے پیمانے پر مینوفیکچرنگ کے انڈیکس میں YoY 3.26% (جولائی - مئی 2016ء) اضافے سے ظاہر ہے۔ گاڑیوں، سینٹ، بجلی اور صارفین کے شعبوں نے قابل ذکر کردار ادا کیا۔

مالیاتی میدان میں حکومت نے مالی سال 2016ء میں مالیاتی خسارے کو مجموعی ملکی پیداوار (GDP) کے 4.3% (بالمقابل 5.3% برائے مالی سال 2015ء) سے آگے بڑھنے نہیں دیا۔ حکومت کا ہدف ہے کہ مالی سال 2017ء میں یہ خسارہ GDP کے 3.8% تک کم کیا جائے۔

مانیٹری پالیسی کمیٹی نے اس سال پالیسی کی شرح کو مجموعی طور پر 75 bps کم کیا۔ ستمبر میں 6 ماہ کے لئے 50 bps کم کرنے کے بعد موجودہ صورتحال برقرار رکھی گئی۔ اس کے باوجود مانیٹری پالیسی بورڈ نے ترسیل زر، تیل کی قیمتوں میں دوبارہ کمی، تیل کے علاوہ دیگر اشیاء کی درآمدات اور غیر ملکی مارکیٹ کے معاملات سے متعلق محتاط رویہ اختیار کرتے ہوئے مئی میں پالیسی کی شرح کو 25 bps کم کرنے کا فیصلہ کیا۔

غیر ملکی آمدورفت کے مثبت توازن، ایکسٹرنل اکاؤنٹ کی بہتر صورتحال اور تقریباً 23 بلین ڈالر کے زیر مبادلہ کے مضبوط ذخائر، اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی کڑی نگرانی نے دوران سال روپے کو مستحکم رکھا۔

مالی سال 2016ء کی 13.67% ترقی کے ساتھ M2 ترقی نے زور پکڑا۔ Net غیر حکومتی قرض کے حصول میں 267 بلین روپے اضافے کی مدد سے Net مقامی اثاثہ جات میں 253 بلین روپے اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان نے طے شدہ کرائے کے طریقے پر مبنی اجارہ سسٹم نیلامی منعقد کی، اور اس کے بعد ہونے والی نیلامیوں میں 6.10% اور 5.59% آمدنی ہوئی جس سے اسلامی مالیاتی صنعت کے لئے نسبتاً منافع بخش راہ ہموار ہوئی۔

ختم پیداوار مزید جھک گیا جس پر بنیادی اثر مالیاتی خسارے کی بہتر صورتحال، بہتر غیر ملکی آمدات، اجارہ سسٹم کے اجراء (تقریباً 200 بلین روپے) اور 1.4 ٹریلین روپے مالیت کی PIBs کی maturity کے بعد liquidity کے دباؤ کا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے ’پاکستان اسلامک پینشن فنڈ‘ کے 30 جون 2016ء کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

اس سال ہر گزرتے مہینے کے ساتھ معاشی صورتحال بہتر ہوتی گئی۔ اس پر مزید خوش آئند بات یہ ہوئی کہ تیل کی گرتی ہوئی عالمی مانگ، ایران میں پابندیاں ختم ہونے کے بعد وہاں سے رسد میں اضافے اور shale بنانے والوں کی پچک کے باعث رسد میں غیر ضروری اضافہ ہو گیا اور تیل کی قیمتیں گر گئیں، جس کے سبب افراط زر کے دباؤ اور درآمداتی بل میں بھی کمی ہوئی۔ تاہم کڑی مسابقت اور کمزور مانگ کی وجہ سے برآمدات مسلسل کم ہوتی چلی گئیں۔

تیل کی گری ہوئی قیمتوں اور گزشتہ سال کے بڑھے ہوئے base effect کی وجہ سے افراط زر اس سال بھی موافق رہی۔ افراط زر کا سال بھر کا اوسط تقریباً 2.85% ہے، جبکہ پہلی ششماہی میں تقریباً 2% تھا۔ مالی سال 2016ء کی تیسری سہ ماہی سے پست base effect کے موبہوم ہوجانے کے باوجود افراط زر کے دباؤ قابو میں رہے جس میں تیل کی قیمتوں میں کمی اور پٹرولیم مصنوعات کی قیمتوں میں اضافے کو ملتی کرنے کے حکومتی فیصلے اور اس کے ساتھ ساتھ خام تیل کی وصولی کی معاونت شامل تھی۔

دوران سال برآمدات میں گزشتہ سال کے مقابلے میں 9% کمی ہوئی اور ادائیگیوں کے توازن کی صورتحال بدستور مشکلات کا شکار رہی۔ عالمی سطح پر اشیاء کی کمزور مانگ، مطلوبہ مارکیٹس میں سُست روی اور حریفوں کے مقابلے میں روپے اور ڈالر کے نسبتاً غیر موافق توازن کے باعث اشیاء کی پست قیمتوں سے کرنٹ اکاؤنٹ کی صورتحال بدستور تشویش ناک رہی۔ درآمدات میں صرف تقریباً 3.5% کمی نے تجارتی خسارے میں اضافہ کیا کیونکہ تیل کی کم قیمتوں کا مثبت اثر بجلی کے لئے مشینری کی درآمد میں اضافے سے زائل ہو گیا جبکہ کپاس کی بہت کم پیداوار کی وجہ سے پیدا ہونے والے خلاء کو بھی درآمدات سے پُر کرنا پڑا۔ تراسیل زر خلیجی معیشتوں کی کمزور معاشی صورتحال کے مطابق لچکدار رہیں اور ان میں 6% کا اضافہ ہوا۔ تاہم ادائیگیوں کے توازن کی حتمی صورتحال بیرونی قرضوں کے حصول اور کثیرالاجہتی ایجنسیوں سے فراہمیوں کے ذریعے 1.05 بلین USD فاضل پر تھی۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

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 steady 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

Debt Fund

The debt sub-fund generated an annualized return of 4.04% during the period under review. The sub-fund's exposure from GoP Ijarah Sukuk decreased to 87.1% from 90.3%.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 165.39 million as compared to Rs. 138.65 million as at June 30, 2015 registering an increase of 19.28%.

The Net Asset Value (NAV) per unit as at June 30 2016 was Rs. 185.37 as compared to opening NAV of Rs. 178.16 per unit as at June 30, 2015 registering an increase of Rs. 7.21 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 2.36% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 36.8%. Simultaneously the fund increased exposure in cash to 62.7% from 4.2% at the beginning of the period.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 70.3 million as compared to Rs. 67.51 million as at June 30, 2015 registering an increase of 4.1%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 167.69 as compared to opening NAV of Rs. 163.82 per unit as at June 30, 2015 registering an increase of Rs. 3.87 per unit.

Equity Fund

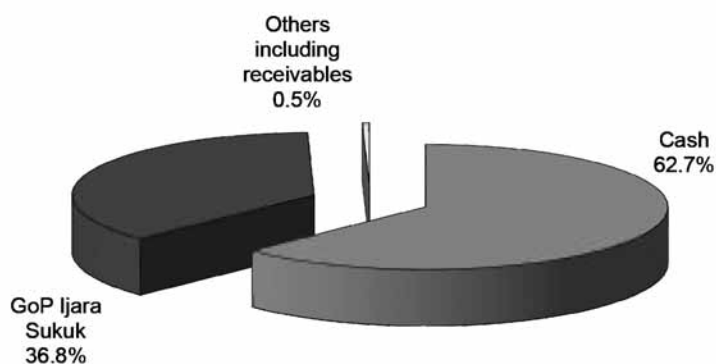
The Equity sub-fund generated a return of 14.84% while the KMI-30 posted a return of 16.01%. The sub-fund increased exposure to equities from 87.9% to 91.9% during the period.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 276.96 million as compared to Rs. 232.69 million as at June 30, 2015 registering an increase of 19%.

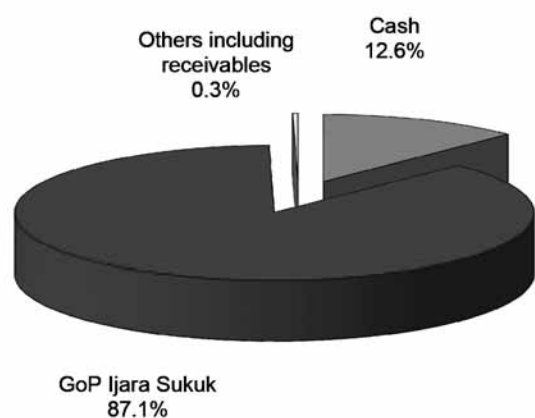
The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 438.91 as compared to opening NAV of Rs. 382.19 per unit as at June 30, 2015 registering an increase of Rs. 56.72 per unit.

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

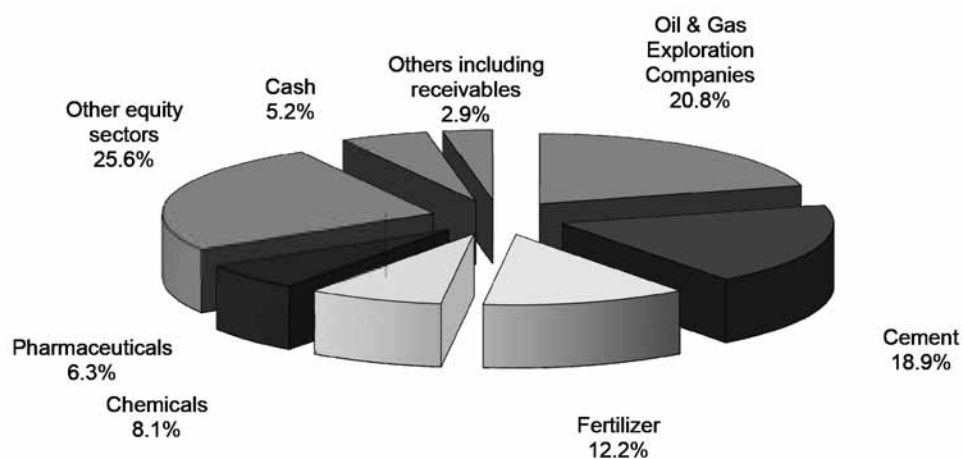
Asset Allocation (MM sub-fund) as on June 30, 2016 (% of Total Assets)



Asset Allocation (Debt sub-fund) as on June 30, 2016 (% of Total Assets)



Asset Allocation (Equity sub-fund) as on June 30, 2016 (% of Total Assets)



Awais Abdul Sattar, CFA
Fund Manager

Karachi: August 05, 2016

**REPORT OF THE TRUSTEE TO THE PARTICIPANTS
FOR THE YEAR ENDED JUNE 30, 2016**

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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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, 2016 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 21, 2016



REPORT OF THE SHARIAH ADVISOR FOR THE YEAR ENDED JUNE 30, 2016

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, the year under review was Sixth full year of operations of Pakistan Islamic Pension Fund (the Fund). We, the Shariah Advisory Board of the Fund, are issuing this report in accordance with the clause 4.19 of the Trust Deed 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 2016 are in compliance with the Shariah principles.

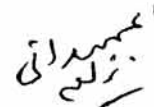
The pension fund manager has been directed to set aside as charity, amount earned as interest from conventional banks, In addition, there are investments made by the fund where investee companies have earned a part of their income from non-complaint sources (e.g. interest income). In such cases, the 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 154,096 was transferred to the charity account. The total amount of charity payable as at June 30, 2016 amounts to Rs. 154,096.

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

Dated: August 05th, 2016



Dr Ejaz Samadani

For and on behalf of Shariah Advisory Board

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016



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Independent assurance report to the unit holders of the Fund in respect of the Fund's 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 rules and principles prescribed by the Shariah Advisor of the Fund during the year ended 30 June 2016.

2. Management's responsibility for Shariah compliance

It is the responsibility of the management of the Fund to ensure that the financial arrangements, contracts, products and transactions entered into by the Fund are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Advisor. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

3. Our responsibility

3.1. Our responsibility is to express an opinion, based on the procedures performed on the Fund's financial arrangements, contracts and transactions having Shariah implications, on a test basis whether such financial arrangements, contracts and transactions, having Shariah implications, are in line with the Shariah rules and principles as prescribed by Shariah Advisor of the Fund.

3.2. The "Assurance 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 rules and principles. In making those risk assessments, we considered internal controls relevant to the Fund's compliance with the Shariah rules and principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.

3.3. 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.

A member firm of Ernst & Young Global Limited

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016



4. Framework

4.1. We have planned and performed our evidence gathering procedures to obtain a basis for our conclusion in accordance with International Standard for Assurance Engagements 3000 (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 rules and principles as determined by the Shariah Advisor.

5. Our opinion

In our opinion, the Fund was, in all material respects, in compliance with the Shariah rules and principles as determined by Shariah Advisor of the Fund during the year ended 30 June 2016.

Chartered Accountants

Audit Engagement Partner: Muhammad Basheer Juma

Date: 05 August 2016

Karachi

A member firm of Ernst & Young Global Limited

AUDITORS' REPORT TO THE PARTICIPANTS FOR THE YEAR ENDED JUNE 30, 2016



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AUDITORS' REPORT TO THE PARTICIPANTS OF 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-funds;
- vi) statement of investments by category;
- vii) statement of investment portfolio;
- viii) statement of other investments;
- ix) contribution table;
- x) statement of number of units in issue; and
- xi) financial performance table.

of Pakistan Islamic Pension Fund (the Fund) as at 30 June 2016 and for the year ended 30 June 2016 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 control 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 the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pension 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 year have been properly drawn up in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;

EYFR

A member firm of Ernst & Young Global Limited

**AUDITORS' REPORT TO THE PARTICIPANTS
FOR THE YEAR ENDED JUNE 30, 2016**



- b) a true and fair view is given of the financial position and disposition of the Fund as at 30 June 2016 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 Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- 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 the Zakat and Ushr Ordinance, 1980.

Emphasis of matter

We draw attention to note 11.1 to the accompanying financial statements which explains the matter with respect to the contribution for Workers' Welfare Fund amounting to Rs.1.295 million for which no provision has been made in the financial statements.

Our opinion is not qualified in respect of the above matter.

EY Ford Rhodes

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 05 August 2016

Karachi

A member firm of Ernst & Young Global Limited

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2016

		2016				
	Note	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund (Rupees)	Total	2015
Assets						
Balances with banks	5	14,747,057	21,000,537	44,650,513	80,398,107	40,259,604
Investments - (as per statement of investment by category)		259,096,796	145,684,620	26,227,780	431,009,196	398,903,530
Dividend receivable		855,694	-	-	855,694	581,473
Profit receivable		52,764	272,681	202,467	527,912	2,131,538
Receivable against sale of investments		4,348,859	-	-	4,348,859	-
Advances, deposits and other receivables	6	2,806,534	222,517	118,434	3,147,485	3,055,209
Total assets		281,907,704	167,180,355	71,199,194	520,287,253	444,931,354
Liabilities						
Payable to the Pension Fund Manager	7	377,386	228,243	98,371	704,000	711,068
Payable to the Trustee	8	37,743	22,823	9,829	70,395	53,137
Annual fee payable to the Securities and Exchange Commission						
Commission of Pakistan (SECP)	9	81,437	50,421	22,519	154,377	123,317
Accrued and other liabilities	10	4,456,001	1,489,020	769,265	6,714,286	5,195,485
Total liabilities		4,952,567	1,790,507	899,984	7,643,058	6,083,007
Net assets		276,955,137	165,389,848	70,299,210	512,644,195	438,848,347
Contingencies and commitments	11					
Participants Sub-Funds						
(as per Statement of Movement in Participants' Sub-Funds)		276,955,137	165,389,848	70,299,210		
Number of units in issue						
(as per statement attached)		631,012	892,209	419,224		
Net assets value per unit (Rupees)		438.91	185.37	167.69		

The annexed notes from 1 to 22 form an integral part of these financial statements.


 Chief Executive Officer

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


 Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

		2016				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2015
Note		(Rupees)				
Income						
	Capital gain on sale of investments classified as:					
	- 'available-for-sale'	6,725,714	-	-	6,725,714	4,725,967
	- 'at fair value through profit or loss - held-for-trading'	4,540,526	186,100	40,730	4,767,356	32,453,581
	Dividend income on shares classified as:					
	- 'available-for-sale'	9,242,695	-	-	9,242,695	2,976,643
	- 'at fair value through profit or loss - held-for-trading'	1,624,227	-	-	1,624,227	5,911,013
	Income from Government Securities					
	- 'at fair value through profit or loss - held-for-trading'	-	8,352,076	2,070,883	10,422,959	16,256,129
	Income from sukuk certificates					
	- 'available-for-sale'	-	98,651	-	98,651	138,887
	Profit on bank and other deposits	556,040	671,906	1,323,099	2,551,045	836,216
	Unrealised appreciation / (diminution) on revaluation of investments classified 'at fair value through profit or loss' - held-for-trading - net	3,288,763	374,760	(197,810)	3,465,713	6,132,639
	Other income	-	-	-	-	-
	Total income	25,977,965	9,683,493	3,236,902	38,898,360	69,431,075
	Impairment loss on 'available-for-sale' investment	(657,470)	-	-	(657,470)	(1,785,441)
Expenses						
	Remuneration of Pension Fund Manager	3,664,372	2,268,873	1,012,950	6,946,195	5,549,210
	Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	1,181,394	731,484	326,575	2,239,453	1,853,437
	Remuneration of the Trustee	366,437	226,887	101,295	694,619	578,223
	Sales tax on trustee fee	51,302	31,758	14,175	97,235	-
	Annual fee to SECP	81,437	50,421	22,518	154,376	123,315
	Auditors' remuneration	342,668	193,285	87,817	623,770	512,319
	Custody and settlement charges	312,515	6,772	-	319,287	362,977
	Securities transaction cost	428,425	4,904	2,394	435,723	679,918
	Legal and professional charges	280,311	163,939	70,404	514,654	100,000
	Bank charges	12,797	17,184	14,570	44,551	27,076
	Donation and charity	153,248	-	-	153,248	126,908
	Provision for Workers' Welfare Fund	-	-	-	-	1,339,818
	Others	-	-	-	-	7,874
	Total expenses	6,874,906	3,695,507	1,652,698	12,223,111	11,261,075
	Net income from operating activities	18,445,589	5,987,986	1,584,204	26,017,779	56,384,559
	Element of income and capital gains included in prices of units sold less those redeemed - net					
	- from realised / unrealised capital gain / (loss)	1,333,748	66,503	(43,287)	1,356,964	8,849,257
	- from other income / (loss)	424,648	437,784	87,257	949,689	(1,354,024)
		1,758,396	504,287	43,970	2,306,653	7,495,233
	Net income for the year before taxation	20,203,985	6,492,273	1,628,174	28,324,432	63,879,792
	Taxation	-	-	-	-	-
	Net income for the year after taxation	20,203,985	6,492,273	1,628,174	28,324,432	63,879,792
	Earnings per unit	31.94	7.81	4.00		

The annexed notes from 1 to 22 form an integral part of these financial statements.

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


Chief Executive Officer


Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

		2016			2015		
	Note	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund (Rupees)			
		Total					
Net income for the year after taxation		20,203,985	6,492,273	1,628,174	28,324,432	63,879,791	
Other comprehensive income							
To be reclassified to profit or loss account in subsequent periods							
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale' investments		15	25,756,267	-	-	25,756,267	11,133,505
Reclassification adjustment on sale / maturity of 'available-for-sale' investments			(10,169,858)	-	-	(10,169,858)	(106,800)
			15,586,409	-	-	15,586,409	11,026,705
Total comprehensive income for the year			35,790,394	6,492,273	1,628,174	43,910,841	74,906,496

The annexed notes from 1 to 22 form an integral part of these financial statements.


 Chief Executive Officer


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


 Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	2016				2015
	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	20,203,985	6,492,273	1,628,174	28,324,432	63,879,791
Adjustments for:					
Capital gain on sale of investments classified as:					
- 'available-for-sale'	(6,725,714)	-	-	(6,725,714)	(4,725,967)
- 'at fair value through profit or loss - held-for-trading'	(4,540,526)	(186,100)	(40,730)	(4,767,356)	(32,453,581)
Unrealised (appreciation) / diminution on revaluation of investments classified 'at fair value through profit or loss' - held-for-trading - net	(3,288,763)	(374,760)	197,810	(3,465,713)	(6,132,639)
Impairment loss on 'available-for-sale' investment	657,470	-	-	657,470	1,785,441
Element of income and capital gains included in prices of units sold less those redeemed - net					
- from realised / unrealised capital (gain) / loss	(1,333,748)	(66,503)	43,287	(1,356,964)	(8,849,257)
- from other income / (loss)	(424,648)	(437,784)	(87,257)	(949,689)	1,354,024
	(15,655,929)	(1,065,147)	113,110	(16,607,966)	(49,021,979)
(Increase) / decrease in assets					
Investments	(21,678,414)	(18,688,520)	38,148,990	(2,217,944)	(58,994,863)
Dividend receivable	(274,221)	-	-	(274,221)	1,553,399
Profit receivable	(48,369)	1,103,672	548,323	1,603,626	(2,131,538)
Receivable against Sale of Investments	(4,348,859)	-	-	(4,348,859)	-
Advances, deposits and other receivables	(71,325)	(12,517)	(8,434)	(92,276)	(48,838)
	(26,421,188)	(17,597,365)	38,688,879	(5,329,674)	(59,621,840)
Increase / (decrease) in liabilities					
Payable to Pension Fund Manager	2,300	3,475	(12,843)	(7,068)	275,294
Payable to the Trustee	9,700	6,037	1,521	17,258	6,939
Annual fee payable to SECP	22,708	8,458	(106)	31,060	37,954
Payable against purchase of investments	-	-	-	-	(6,680,310)
Accrued and other liabilities	988,068	375,659	155,074	1,518,801	2,585,125
	1,022,776	393,629	143,646	1,560,051	(3,774,998)
Net cash (used in) / generated from operating activities	(20,850,356)	(11,776,610)	40,573,809	7,946,843	(48,539,026)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	53,021,433	51,309,643	9,279,099	113,610,175	93,233,173
Payment against redemption of units	(42,786,680)	(30,559,698)	(8,072,137)	(81,418,515)	(43,053,175)
Net cash generated from financing activities	10,234,753	20,749,945	1,206,962	32,191,660	50,179,998
Net (decrease) / increase in cash and cash equivalent during the year	(10,615,603)	8,973,335	41,780,771	40,138,503	1,640,972
Cash and cash equivalents at the beginning of the year	25,362,660	12,027,202	2,869,742	40,259,604	38,618,632
Cash and cash equivalents at end of the year	14,747,057	21,000,537	44,650,513	80,398,107	40,259,604

The annexed notes from 1 to 22 form an integral part of these financial statements.


Chief Executive Officer


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


Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB- FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	2016				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total	2015
	(Rupees)				
Net assets at beginning of the year	232,688,386	138,651,917	67,508,044	438,848,347	321,257,086
Amount received on issue of units	53,021,433	51,309,643	9,279,099	113,610,175	93,233,173
Amount paid on redemption of units	(42,786,680)	(30,559,698)	(8,072,137)	(81,418,515)	(43,053,175)
	10,234,753	20,749,945	1,206,962	32,191,660	50,179,998
Element of income and capital gains included in prices of units sold less those in units redeemed - amount					
- Amount representing income and realised capital gains losses	(1,758,396)	(504,287)	(43,970)	(2,306,653)	(7,495,233)
- Amount representing unrealised appreciation / (diminution) in fair value of investments	(6,258,772)	(8,849,454)	(448,365)	(15,556,591)	25,527,119
	(8,017,168)	(9,353,741)	(492,335)	(17,863,244)	18,031,886
Net unrealised appreciation during the year in the market value of investments classified as 'available-for-sale'	15,586,409	-	-	15,586,409	11,026,705
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised appreciation	6,258,772	8,849,454	448,365	15,556,591	(25,527,119)
Net income for the year after taxation	20,203,985	6,492,273	1,628,174	28,324,432	63,879,791
Net assets at end of the year	276,955,137	165,389,848	70,299,210	512,644,195	438,848,347

The annexed notes from 1 to 22 form an integral part of these financial statements.



Chief Executive Officer

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



Director

STATEMENT OF INVESTMENTS BY CATEGORY
AS AT JUNE 30, 2016

	2016				
	PIPF Equity Sub- Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total	2015
	(Rupees)				
Investments 'at fair value through profit or loss' - held-for-trading					
Listed equity securities	9,945,265	-	-	9,945,265	45,643,550
Government Ijarah Sukuks	-	145,684,620	26,227,780	171,912,400	190,969,090
	9,945,265	145,684,620	26,227,780	181,857,665	236,612,640
'Available-for-sale' investments					
Listed equity securities	249,151,531	-	-	249,151,531	162,255,810
Investment in preference shares	-	-	-	-	35,080
	249,151,531	-	-	249,151,531	162,290,890
Investments at market value	259,096,796	145,684,620	26,227,780	431,009,196	398,903,530

The annexed notes from 1 to 22 form an integral part of these financial statements.


Chief Executive Officer

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


Director

STATEMENT OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2016

PIPF EQUITY SUB-FUND
INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS' - HELD-FOR-TRADING
LISTED EQUITY SECURITIES

Name of the investee company						Balance as at June 30, 2016			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, 2015	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2016	Cost	Market value	Appreciation / (diminution)		
(Number of shares)						(Rupees)			%	%
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile parts and accessories										
Thal Limited	20,900	-	-	20,900	-	-	-	-	-	-
						-	-	-	-	-
Oil and gas marketing companies										
Mari Petroleum Company Limited	400	-	-	-	400	187,440	363,288	175,848	0.13	0.00
Pakistan Petroleum Limited	203	-	-	-	203	33,345	31,475	(1,870)	0.01	0.00
Pakistan State Oil Company Limited	63	-	-	63	-	-	-	-	-	-
Shell Pakistan Limited	600	-	-	-	600	151,776	174,126	22,350	0.06	0.00
						372,561	568,889	196,328	0.21	0.00
Fertilizer										
Engro Corporation Limited	5,000	-	-	4,000	1,000	296,800	332,970	36,170	0.12	0.00
Fauji Fertilizer Company Limited	2,000	-	-	2,000	-	-	-	-	-	-
						296,800	332,970	36,170	0.12	0.00
Chemicals										
Colgate Palmolive (Pakistan) Limited	2,580	-	-	1,600	980	1,486,660	1,494,500	7,840	0.54	0.00
						1,486,660	1,494,500	7,840	0.54	0.00
Construction and materials (cement)										
Attock Cement (Pakistan) Limited	112	-	-	112	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	126,000	-	-	126,000	-	-	-	-	-	-
						-	-	-	-	-
Automobile assembler										
Pak Suzuki Motor Company Limited	8,100	-	-	8,100	-	-	-	-	-	-
						-	-	-	-	-
Leather and tanneries										
Bata Pakistan Limited	2,260	-	-	2,260	-	-	-	-	-	-
						-	-	-	-	-
Pharma and bio tech										
IBL Healthcare Limited	28,000	8,960	-	-	36,960	3,192,000	5,869,987	2,677,989	2.12	0.09
						3,192,000	5,869,987	2,677,989	2.12	0.09
Power generation and distribution										
Hub Power Company Limited	18,985	-	-	5,000	13,985	1,308,483	1,678,919	370,436	0.61	0.00
						1,308,483	1,678,919	370,436	0.61	0.00
Glass and ceramics										
Ghani Glass Limited	77,500	-	-	77,500	-	-	-	-	-	-
						-	-	-	-	-
Total						6,656,504	9,945,265	3,288,763		
									Total	
									2016	2015
									----- (Rupees) -----	
Market value									9,945,265	45,643,550

The annexed notes from 1 to 22 form an integral part of these financial statements.

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


Chief Executive Officer


Director

STATEMENT OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2016

PIPF EQUITY SUB-FUND
'AVAILABLE-FOR-SALE' INVESTMENTS
LISTED EQUITY SECURITIES

Name of the investee company	(Number of shares)					Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2015	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2016	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	3,500	2,000	-	5,500	-	-	-	-	-	-
Indus Motor Company Limited	5,500	-	-	5,500	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	4,000	-	-	4,000	-	-	-	-	-	-
						-	-	-	-	-
Automobile parts and accessories										
Agriaautos Industries Limited	-	27,000	-	-	27,000	5,372,231	5,271,750	(100,481)	1.90	0.19
Honda Atlas Cars (Pakistan) Limited	-	14,000	-	14,000	-	-	-	-	-	-
						5,372,231	5,271,750	(100,481)	1.90	0.19
Cable and electrical goods										
Pak Elektron Limited	81,000	195,000	12,500	143,500	145,000	9,152,110	9,374,250	222,140	3.38	0.03
						9,152,110	9,374,250	222,140	3.38	0.03
Oil and gas exploration companies										
Mari Petroleum Company Limited	-	18,800	-	9,000	9,800	7,153,014	8,900,556	1,747,542	3.21	0.01
Oil & Gas Development Company Limited	-	128,000	-	-	128,000	18,397,990	17,672,960	(725,030)	6.38	0.00
Pakistan Oilfields Limited	34,000	87,000	-	55,000	66,000	19,894,347	22,933,680	3,039,333	8.28	0.03
Pakistan Petroleum Limited *	114,000	191,673	-	249,203	56,470	8,873,764	8,755,674	(118,090)	3.16	0.00
						54,319,115	58,262,870	3,943,755	21.04	0.04
Oil and gas marketing companies										
Pakistan State Oil Company Limited	45,500	-	-	45,500	-	-	-	-	-	-
Shell Pakistan Limited	26,000	-	-	20,400	5,600	1,244,924	1,625,178	380,254	0.59	0.01
Attock Petroleum Limited	-	22,000	-	22,000	-	-	-	-	-	-
Hascol Petroleum Ltd	-	92,000	-	92,000	-	-	-	-	-	-
						1,244,924	1,625,178	380,254	0.59	0.01
Construction and materials (cement)										
Cherat Cement Company Limited	-	85,000	-	-	85,000	7,397,236	10,163,450	2,766,214	3.67	0.05
Fauji Cement Company Limited	230,000	205,000	-	435,000	-	-	-	-	-	-
Kohat Cement Limited	-	35,900	-	15,000	20,900	5,354,678	5,474,128	119,450	1.98	0.01
Lucky Cement Limited	13,000	49,500	-	25,000	37,500	21,415,253	24,319,125	2,903,872	8.78	0.01
Maple Leaf Cement Factory Limited	60,000	222,000	-	202,000	80,000	7,812,016	8,440,800	628,784	3.05	0.02
Pioneer Cement Limited	-	70,000	-	24,000	46,000	4,654,367	4,940,400	286,033	1.78	0.02
						46,633,550	53,337,903	6,704,353	19.26	0.11
Chemicals										
Archroma Pakistan Limited	-	16,500	-	-	16,500	7,513,856	8,041,275	527,419	2.90	0.05
I.C.I Pakistan Limited	19,000	5,000	-	-	24,000	10,003,877	10,680,480	676,603	3.86	0.03
Linde Pakistan Limited	27,800	-	-	3,900	23,900	2,435,665	2,497,550	61,885	0.90	0.10
						19,953,398	21,219,305	1,265,907	7.66	0.17
Fertilizer										
Dawood Hercules Corporation Limited	-	60,000	-	-	60,000	7,493,538	8,932,200	1,438,662	3.23	0.01
Engro Corporation Limited	24,000	101,500	-	50,000	75,500	22,453,972	25,139,235	2,685,263	9.08	0.01
Fauji Fertilizer Company Limited	73,200	-	-	73,200	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	144,000	-	144,000	-	-	-	-	-	-
Engro Fertilizers Limited	-	257,500	-	257,500	-	-	-	-	-	-
						29,947,510	34,071,435	4,123,925	12.30	0.03
Engineering										
Amreli Steels Limited	-	6,765	-	1,765	5,000	260,471	235,100	(25,371)	0.08	0.00
Mughal Iron & Steel Industries Limited	-	15,000	-	15,000	-	-	-	-	-	-
						260,471	235,100	(25,371)	0.08	0.00
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	-	13,550	-	-	13,550	8,920,549	10,216,700	1,296,151	3.69	0.01
Glaxo Smith Kline (Pakistan) Healthcare	-	3,750	-	-	3,750	232,523	232,500	(23)	0.08	0.00
IBL Healthcare Limited	3,100	3,110	1,303	-	7,513	855,315	1,193,215	337,900	0.43	0.02
Searle Company	-	8,000	-	7,315	685	272,195	367,263	95,068	0.13	0.00
						10,280,582	12,009,678	1,729,096	4.34	0.03
Glass and ceramics										
Ghani Glass Limited	1,000	-	700	1,700	-	-	-	-	-	-
Tariq Glass Industries Limited	120,000	-	-	-	120,000	6,938,844	8,874,000	1,935,156	3.20	0.16
						6,938,844	8,874,000	1,935,156	3.20	0.16

STATEMENT OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2016

Name of the investee company	(Number of shares)					Balance as at June 30, 2016			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2015	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2016	Cost	Market value	Appreciation / (diminution)		
						(Rupees)			%	%
Paper and board										
Cherat Packaging Limited	30,000	-	2,250	32,250	-	-	-	-	-	-
Packages Limited	27,200	9,750	-	24,700	12,250	7,227,415	7,793,695	566,280	2.81	0.01
Century Paper & Board Mills Limited	-	111,500	-	111,500	-	-	-	-	-	-
						<u>7,227,415</u>	<u>7,793,695</u>	<u>566,280</u>	<u>2.81</u>	<u>0.01</u>
Textile composite										
Kohinoor Textile Mills Limited	-	126,000	-	-	126,000	9,459,135	10,083,780	624,645	3.64	0.04
						<u>9,459,135</u>	<u>10,083,780</u>	<u>624,645</u>	<u>3.64</u>	<u>0.04</u>
Food and personal care products										
Al Shaheer Corporation Limited	-	129,500	-	129,500	-	-	-	-	-	-
Engro Foods Limited	-	45,000	-	45,000	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refinery										
Attock Refinery Limited	-	28,000	-	10,000	18,000	3,766,948	5,042,517	1,275,569	1.82	0.02
						<u>3,766,948</u>	<u>5,042,517</u>	<u>1,275,569</u>	<u>1.82</u>	<u>0.02</u>
Power generation and distribution										
Kot Addu Power Company Limited	-	101,000	-	101,000	-	-	-	-	-	-
Hub Power Company Limited *	91,500	120,000	-	132,000	79,500	7,436,621	9,544,770	2,108,148	4.10	0.01
						<u>7,436,621</u>	<u>9,544,770</u>	<u>2,108,148</u>	<u>4.10</u>	<u>0.01</u>
Miscellaneous										
Shifa International Hospital	-	38,300	3,051	-	41,351	10,438,762	12,405,300	1,966,538	4.48	0.08
						<u>10,438,762</u>	<u>12,405,300</u>	<u>1,966,538</u>	<u>4.48</u>	<u>0.08</u>
Total						<u>222,431,616</u>	<u>249,151,531</u>	<u>26,719,914</u>		

* This investment includes securities with fair value aggregating to Rs.11.738 million (2015: Rs.9.36 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.

** The carrying amount has been adjusted with the impairment amounting to Rs.0.657 million.

	Total	
	2016	2015
	(Rupees)	
Listed equity securities - market value	249,151,531	162,255,810
Investment in preference shares ***	-	35,080
	<u>249,151,531</u>	<u>162,290,890</u>

*** These represent specie dividend at the rate of 87.7%, in the form of preference shares of Rs.10 each, received from Mari Petroleum Company Limited. These unlisted redeemable preference shares are a non-compliant security in accordance with the requirements of SECP Circular N0.36 of 2009.

The annexed notes from 1 to 22 form an integral part of these financial statements.


Chief Executive Officer

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


Director

STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

PIPF DEBT SUB-FUND

'AT FAIR VALUE THROUGH PROFIT OR LOSS'- HELD-FOR-TRADING

GOVERNMENT IJARAH SUKUKS

Name of Investments	Issue	Maturity	Face value				As at June 30, 2016			Market value as a % of net assets of the sub-fund
			As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation / (diminution)	

(Rupees)

Government Ijarah Sukuk (3 years)

GoP Ijarah sukuk XII	28-Jun-12	21-Nov-15	43,000,000	-	43,000,000	-	-	-	-	0.00%
GoP Ijarah sukuk X	2-Mar-12	21-Nov-15	9,600,000	7,500,000	17,100,000	-	-	-	-	0.00%
GoP Ijarah sukuk XIII	18-Sep-12	21-Nov-15	39,050,000	-	39,050,000	-	-	-	-	0.00%
GoP Ijarah sukuk IX	26-Dec-11	21-Nov-15	17,000,000	-	17,000,000	-	-	-	-	0.00%
GoP Ijarah sukuk XV	25-Jun-14	25-Jun-17	15,200,000	57,200,000	36,200,000	36,200,000	36,210,860	35,823,520	(387,340)	21.66%
GoP Ijarah sukuk XVI	18-Dec-15	18-Dec-18	-	109,000,000	-	109,000,000	109,099,000	109,861,100	762,100	66.43%
GoP Ijarah sukuk XIV	28-Mar-13	28-Mar-16	2,000,000	2,700,000	4,700,000	-	-	-	-	0.00%
			125,850,000	176,400,000	157,050,000	145,200,000	145,309,860	145,684,620	374,760	

----- Total -----

2016 2015

----- (Rupees) -----

Market value

145,684,620 126,435,240

The annexed notes from 1 to 22 form an integral part of these financial statements.

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



Chief Executive Officer



Director

STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

PIPF DEBT SUB-FUND
'AVAILABLE-FOR-SALE'
SUKUK CERTIFICATES

Name of Investment	Issue Date	Number of Certificates				As at June 30, 2016			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, 2015	Purchases during the year	Sales / matured during the year	As at June 30, 2016	Cost	Market value	Appreciation / (diminution)			
----- (Rupees) -----											

Pak Elektron Limited - Sukuk (28-09-2007)	28-Sep-07	550	-	-	550	1,011,220	-	-	-	-	0.10%
Less: provision for impairment		-	-	-	-	(1,011,220)	-	-	-	-	-
		550	-	-	550	-	-	-	-	-	

----- Total -----
2016 2015
----- (Rupees) -----

Market value

The annexed notes from 1 to 22 form an integral part of these financial statements.

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



Chief Executive Officer



Director

STATEMENT OF OTHER INVESTMENTS AS AT JUNE 30, 2016

PIPF MONEY MARKET SUB-FUND

'AT FAIR VALUE THROUGH PROFIT OR LOSS'- HELD-FOR-TRADING

GOVERNMENT IJARAH SUKUK

Name of Investments	Issue	Maturity	Face value				As at June 30, 2016			Market value as a % of net assets of the sub-fund
			As at July 01, 2015	Purchases during the year	Sales / maturities during the year	As at June 30, 2016	Carrying value	Market value	Appreciation / (diminution)	
----- (Rupees) -----										
Government Ijarah Sukuk (3 years)										
GoP Ijarah sukuk IX	26-Dec-11	21-Nov-15	7,000,000	-	7,000,000	-	-	-	-	0.00%
GoP Ijarah sukuk XII	28-Jun-12	21-Nov-15	29,400,000	-	29,400,000	-	-	-	-	0.00%
GoP Ijarah sukuk XIII	18-Sep-12	21-Nov-15	22,500,000	-	22,500,000	-	-	-	-	0.00%
GoP Ijarah sukuk XV	25-Jun-14	25-Jun-17	5,300,000	25,300,000	15,300,000	15,300,000	15,304,590	15,140,880	(163,710)	21.54%
GoP Ijarah sukuk XVI	18-Dec-15	18-Dec-18	-	11,000,000	-	11,000,000	11,121,000	11,086,900	(34,100)	15.77%
			64,200,000	36,300,000	74,200,000	26,300,000	26,425,590	26,227,780	(197,810)	

----- Total -----

2016 2015

----- (Rupees) -----

Market value

26,227,780 64,533,850

The annexed notes from 1 to 22 form an integral part of these financial statements.

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



Chief Executive Officer



Director

CONTRIBUTION TABLE FOR THE YEAR ENDED JUNE 30, 2016

Contributions net of front end fee	June 30, 2016						Total	Total June 30, 2015	
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund				
	Units	Rupees	Units	Rupees	Units	Rupees			
								----- (Rupees) -----	
Opening balance	608,837	101,351,664	778,247	105,529,670	412,078	45,528,725	252,410,059	202,230,061	
Individuals - issue of units	137,169	53,021,433	291,843	51,309,643	56,330	9,279,099	113,610,175	93,233,173	
Individuals - Redemption of units	(114,995)	(42,786,680)	(177,881)	(30,559,698)	(49,184)	(8,072,137)	(81,418,515)	(43,053,175)	
	22,175	10,234,753	113,962	20,749,945	7,146	1,206,962	32,191,660	50,179,998	
Closing balance	631,012	111,586,417	892,209	126,279,615	419,224	46,735,687	284,601,719	252,410,059	

The annexed notes from 1 to 22 form an integral part of these financial statements.


Chief Executive Officer

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


Director

STATEMENT OF NUMBER OF UNITS IN ISSUE FOR THE YEAR ENDED JUNE 30, 2016

	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	-----	(Number of units)	-----
Total units outstanding at beginning of the year	608,837	778,247	412,078
Add: Units issued during the year	137,169	291,843	56,330
Less: Units redeemed during the year	(114,995)	(177,881)	(49,184)
Total units in issue at the end of the year	631,012	892,209	419,224

The annexed notes from 1 to 22 form an integral part of these financial statements.



Chief Executive Officer

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



Director

FINANCIAL PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2016

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	June 30, 2016 ----- (Rupees) -----	June 30, 2015	% Change	June 30, 2016 ----- (Rupees) -----	June 30, 2015	% Change	June 30, 2016 ----- (Rupees) -----	June 30, 2015	% Change
Net income after taxation	20,203,985	54,471,519	(62.91)	6,492,273	6,313,428	2.83	1,628,174	3,094,844	(47.39)
Realised capital gains / (losses)	11,266,240	37,190,848	(69.71)	186,100	-	-	40,730	(11,300)	(460.44)
Unrealised gains / (losses)	18,875,172	20,276,861	(6.91)	374,760	(2,052,096)	(118.26)	(197,810)	(1,065,421)	(81.43)
Impairment loss on available-for-sale investment	(657,470)	(1,785,441)	(63.18)	-	-	-	-	-	-
Dividend income and profit income	11,422,962	9,086,621	25.71	9,122,633	11,117,685	(17.94)	3,393,982	5,914,582	(42.62)
Net assets value per unit	438.91	382.19	14.84	185.37	178.16	4.05	167.69	163.82	2.36
Earnings per unit	31.94	123.24	(74.08)	7.81	11.08	(29.50)	4.00	7.73	(48.27)
Transactions in securities									
- Purchases	384,019,931	301,134,263	27.52	213,896,100	92,595,354	131.00	59,078,590	47,600,223	24.11
- Sales	363,931,506	306,031,885	18.92	111,616,000	70,202,193	58.99	50,303,080	37,406,182	34.48
Total contribution received	53,021,433	48,952,391	8.31	51,309,643	36,695,123	39.83	9,279,099	7,585,659	22.32

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
----- (Rupees) -----					
356.00	443.12	178.16	185.48	163.82	167.69

The annexed notes from 1 to 22 form an integral part of these financial statements.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014. PIPF is an open-ended pension fund consisting of three sub-funds namely PIPF Equity Sub-Fund, PIPF Debt Sub-Fund and PIPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.2** MCB-Arif Habib Savings and Investments Limited 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.
- 1.3** Title to the assets of the Fund is held in the name of Central Depository Company Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 (the VPS Rules) and the directives issued by the 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 New Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in note 4.1.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial assets

4.1.1 Classification

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

a) Government Ijarah Sukuks

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

b) Equity Securities

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

c) Debt Securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also 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, 2016

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 Formation cost

Formation cost represents expenditure incurred prior to the commencement of operations of the Fund. It is being amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund.

4.4 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.

4.5 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.

4.6 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.

4.7 Net asset value per unit

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

4.8 Earnings per unit

Earning Per Unit (EPU) for the year ended June 30, 2016 in respect of each sub-fund, has been calculated by dividing the net income after taxation of a sub-fund by weighted average number of units of the sub-fund in circulation during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

		June 30, 2016				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	June 30, 2015
Note		(Rupees)				
7. PAYABLE TO PENSION FUND MANAGER						
Remuneration payable	7.1	331,040	200,213	86,290	617,543	631,363
Sales tax on Pension						
Fund Manager Fee		46,346	28,030	12,081	86,457	79,705
		377,386	228,243	98,371	704,000	711,068

7.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5 percent (2015: 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.

		June 30, 2016			Total	June 30, 2015
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
		----- (Rupees) -----				
8. PAYABLE TO THE TRUSTEE						
Trustee fee		37,743	22,823	9,829	70,395	53,137

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

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

This represents annual fee to the SECP at the rate of one thirtieth of one percent of average annual net assets of each sub-fund.

		June 30, 2016			Total	June 30, 2015
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
Note		----- (Rupees) -----				
10. ACCRUED AND OTHER LIABILITIES						
Federal Excise Duty payable on remuneration of Pension Fund Manager	12	1,450,564	1,031,540	548,228	3,030,332	1,763,348
Donation / charity		154,096	-	-	154,096	126,908
Auditors' remuneration		208,327	127,495	54,452	390,274	420,000
Provision for Workers' Welfare Fund	10.1	2,205,933	329,007	166,353	2,701,293	2,701,293
Withholding tax payable		3,898	978	232	5,108	70,838
Brokerage payable		407,267	-	-	407,267	92,083
Others		25,916	-	-	25,916	21,015
		<u>4,456,001</u>	<u>1,489,020</u>	<u>769,265</u>	<u>6,714,286</u>	<u>5,195,485</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

10.1 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 the CIS through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 08, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis 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 the Court.

Subsequent to the year ended June 30, 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 advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment. In view of the afore mentioned developments and uncertainties created by the decision of SHC, the Pension Fund Manager, as a matter of abundant caution, has decided to retain the entire provision for WWF in these financial statements.

Furthermore, in the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Pension Fund Manager, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs.2.701 million (2015: Rs.2.701 million) in these financial statements pertaining to period May 10, 2013 to June 30, 2015 and have not recognised any further provision there against. During the year ended June 30, 2016 the Fund charged Rs.Nil on account of WWF. Had the provision of WWF not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Rs.3.50 (0.80%) (2015: Rs.3.62 (0.95%)), Re.0.20 (0.20%) (2015: Re.0.24 (0.24%)) and Re.0.44 (0.24%) (2015: Re.0.40 (0.25%)) for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively as at June 30, 2016.

11. CONTINGENCIES AND COMMITMENTS

11.1 As disclosed in note 10.1, the Fund commenced making provision in respect of WWF with effect from May 10, 2013. The unrecognised liability for contribution to WWF 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.

11.2 There were no commitments outstanding as at June 30, 2016.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

12. 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 Honorable 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' the Constitution. The management is however of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not 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 abundant caution, the Pension Fund Manager of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.3.030 million (2015: Rs.1.763 million).

13. 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.

14. AUDITORS' REMUNERATION

	June 30, 2016				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total	June 30, 2015
	(Rupees)				
Audit fee	119,144	85,030	45,826	250,000	250,000
Half yearly review fee	59,572	42,515	22,913	125,000	125,000
Other certifications and services	35,743	25,509	13,748	75,000	75,000
	214,459	153,054	82,487	450,000	450,000
Add: Sales tax	13,511	9,642	5,197	28,350	22,500
Out of pocket expenses	114,698	30,589	133	145,420	39,819
	342,668	193,285	87,817	623,770	512,319

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

15. NET UNREALISED APPRECIATION ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'

As at June 30, 2016				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total
	(Rupees)			June 30, 2015
Market value	249,151,595	-	-	249,151,595
Average cost	(224,874,592)	-	-	(224,874,592)
	24,277,003	-	-	24,277,003
Impairment loss				
- Opening	1,785,441	-	-	1,785,441
- Charged during the year	657,470	-	-	657,470
	2,442,911	-	-	2,442,911
Surplus net of impairment loss	26,719,914	-	-	26,719,914
Reversal during the year	10,169,858	-	-	10,169,858
Less: Net unrealised appreciation in value of investment at the beginning of the year	(11,133,505)	-	-	(11,133,505)
Appreciation during the year	25,756,267	-	-	25,756,267

16. EARNINGS PER UNIT

Earnings per unit (EPU) for the year ended June 30, 2016 in respect of each sub-fund has been calculated by dividing the net income / (loss) after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the year, which are given below:

For the year ended June 30, 2016			
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	632,573	831,453	406,995
Net income after taxation	20,203,985	6,492,273	1,628,174
Earnings per unit	31.94	7.81	4.00

17. 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, 2016

	June 30, 2016			Total	June 30, 2015
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund		
	(Rupees)				
17.1 Transactions during the year					
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	4,845,766	3,000,357	1,339,525	9,185,648	7,402,647
Redemption of PIPF Debt Sub-Fund 10,949 units (2015: Nil)	-	2,000,000	-	2,000,000	-
Redemption of PIPF Money Market Sub-Fund 18,082 units (2015: Nil)	-	-	3,000,000	3,000,000	-
Legal and professional charges	-	-	-	-	100,000
Central Depository Company Limited - Trustee					
Remuneration including sales taxes	417,739	258,645	115,470	791,854	446,796
Settlement charges	38,694	6,770	-	45,464	-
Brokerage					
Arif Habib Limited	46,989	-	-	46,989	50,102
Next Capital Limited	99,882	-	-	99,882	47,871
Summit Capital (Pvt.) Ltd.	4,668	-	-	4,668	-
Directors and Officers					
Issue of PIPF Equity Sub-Fund 3,962 units (2015: 3,282 units)	1,530,685	-	-	1,530,685	1,024,989
Issue of PIPF Debt Sub-Fund 7,344 units (2015: 4,397 units)	-	1,334,912	-	1,334,912	761,153
Issue of PIPF Money Market Sub-Fund 1,109 units (2015: 1,438 units)	-	-	183,855	183,855	227,752
Redemption of PIPF Equity Sub-Fund 3,887 units (2015: 3,278 units)	1,527,705	-	-	1,527,705	1,044,840
Redemption of PIPF Debt Sub-Fund 4,145 units (2015: 4,160 units)	-	757,344	-	757,344	717,509
Redemption of PIPF Money Market Sub-Fund 736 units (2015: 3,361 units)	-	-	122,144	122,144	529,255

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

17.2 Amounts outstanding as at year end

	As at June 30, 2016				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund (Rupees)	Total	June 30, 2015
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	331,040	200,213	86,290	617,543	531,363
Sindh sales tax payable	46,346	28,030	12,081	86,457	79,705
Investment in seed capital 305,160 units (2015: 305,160 units)	133,937,757	-	-	133,937,757	116,627,601
Investment in seed capital 289,051 units (2015: 300,000 units)	-	53,581,439	-	53,581,439	53,447,754
Investment in seed capital 281,918 units (2015: 300,000 units)	-	-	47,274,814	47,274,814	49,147,029
Legal and professional charges	-	-	-	-	100,000
Central Depository Company Limited - Trustee					
Remuneration payable	33,106	20,025	8,629	61,760	53,137
Sindh sales tax payable	4,637	2,798	1,200	8,635	-
Security deposit	201,000	200,000	100,000	501,000	501,000
Brokerage					
Arif Habib Limited	18,247	-	-	18,247	1,500
Next Capital Limited	56,160	-	-	56,160	3,346
Directors and Officers					
Balance as at June 30, 2016					
Investment In PIPF Equity Sub-Fund 18,573 units (2015: 15,372 units)	8,152,056	-	-	8,152,056	5,874,984
Investment In PIPF Debt Sub-Fund 22,464 units (2015: 16,770 units)	-	4,164,168	-	4,164,168	2,987,737
Investment In PIPF Money Market Sub-Fund 4,022 units (2015: 3,317 units)	-	-	674,474	674,474	543,415

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

18. FINANCIAL RISK MANAGEMENT

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

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

The Fund's primary financial assets comprise of balances with banks, available-for-sale and 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.

18.1 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.

18.1.1 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.

18.1.2 Profit rate risk

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

Sensitivity analysis of variable rate instruments

- a) 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 interest rate risk. In case of 100 basis points increase / decrease in rates announced by the MUFAP (Mutual Funds Association of Pakistan) on June 30, 2016, with all other variables held constant, the net income for the year and net assets would be higher / lower by Rs.1,737,285 (2015: Rs.1,880,500).
- 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, 2016, 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.802,320 (2015: Rs.213,327).

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, 2016 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, 2016

	June 30, 2016											
	PIPF Equity Sub-Fund				PIPF Debt Sub-Fund				PIPF Money Market Sub-Fund			
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Exposed to yield / profit rate risk			Not exposed to yield / profit 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												

(Rupees)

On-balance sheet financial instruments

Financial assets

Balances with banks	80,398,107	14,580,912	-	-	166,145	21,000,537	-	-	-	44,650,513	-	-	-
Investments	431,009,196	-	-	-	259,096,796	-	8,102,400	137,582,220	-	7,089,600	-	19,138,180	-
Dividend receivable	855,694	-	-	-	855,694	-	-	-	-	-	-	-	-
Profit receivable	527,912	-	-	-	52,764	-	-	-	272,681	-	-	-	202,467
Receivable against Sale of Investments	4,348,859	-	-	-	4,348,859	-	-	-	-	-	-	-	-
Deposits and other receivables	3,050,500	-	-	-	2,717,500	-	-	-	216,500	-	-	-	116,500
Total	520,190,268	14,580,912	-	-	267,237,758	21,000,537	8,102,400	137,582,220	489,181	51,740,113	-	19,138,180	318,967

Financial liabilities

Payable to Pension Fund Manager	704,000	-	-	-	377,386	-	-	-	228,243	-	-	-	98,371
Payable to the trustee	70,395	-	-	-	37,743	-	-	-	22,823	-	-	-	9,829
Accrued and other liabilities	977,553	-	-	-	795,606	-	-	-	127,495	-	-	-	54,452
Total	1,751,948	-	-	-	1,210,735	-	-	-	378,561	-	-	-	162,652

On-balance sheet gap	518,438,320	14,580,912	-	-	266,027,023	21,000,537	8,102,400	137,582,220	110,620	51,740,113	-	19,138,180	156,315
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There is no off-balance sheet financial instrument that exist as at year ended June 30, 2016.

	June 30, 2015											
	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			Not 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												

(Rupees)

On-balance sheet financial instruments

Financial assets

Balances with banks	40,259,604	6,435,708	-	-	18,926,952	12,027,202	-	-	-	2,869,742	-	-	-
Investments	398,903,530	-	-	-	207,934,440	-	8,102,400	118,332,840	-	7,089,600	-	57,444,250	-
Dividend receivable	581,473	-	-	-	581,473	-	-	-	-	-	-	-	-
Profit receivable	2,131,538	-	-	-	4,395	-	-	-	1,376,353	-	-	-	750,790
Deposits and other receivables	3,031,000	-	-	-	2,711,000	-	-	-	210,000	-	-	-	110,000
Total	444,907,145	6,435,708	-	-	230,158,260	12,027,202	8,102,400	118,332,840	1,586,353	9,959,342	-	57,444,250	860,790

Financial liabilities

Payable to Pension Fund Manager	711,068	-	-	-	375,086	-	-	-	224,768	-	-	-	111,214
Payable to Habib Metropolitan	53,137	-	-	-	28,043	-	-	-	16,786	-	-	-	8,308
Accrued and other liabilities	660,006	-	-	-	438,775	-	-	-	143,001	-	-	-	78,230
Total	1,424,211	-	-	-	841,904	-	-	-	384,555	-	-	-	197,752

On-balance sheet gap	443,482,934	6,435,708	-	-	229,316,356	12,027,202	8,102,400	118,332,840	1,201,798	9,959,342	-	57,444,250	663,038
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There is no off-balance sheet financial instrument that exist as at year ended June 30, 2015.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

18.1.3 Other Price risk

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2016, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.12.955 million (2015: Rs.17.896 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, 2016 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

18.2 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, 2016 and June 30, 2015 is the carrying amounts of following financial assets.

	As at June 30, 2016				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	As at June 30, 2015
	----- (Rupees) -----				
Balances with banks	14,747,057	21,000,537	44,650,513	80,398,107	40,259,604
Dividend receivable	855,694	-	-	855,694	581,473
Profit receivable	52,764	272,681	202,467	527,912	2,131,538
Receivable against sale of Investments	4,348,859	-	-	4,348,859	-
Deposits and other receivables	16,500	16,500	16,500	49,500	30,000
	20,020,874	21,289,718	44,869,480	86,180,072	43,002,615

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016 and June 30, 2015:

Bank balances by rating category	Rating agency	Rating long-term short-term	2016	2015
			----- (Rupees) -----	-----
Habib Metropolitan Bank Limited	PACRA	AA+ / A1+	31,479,218	30,221,077
Habib Bank Limited	PACRA	AAA / A-1+	470,068	10,038,527
Dubai Islamic Bank	JCR-VIS	A+ / A1	17,263,102	-
United Bank Limited	JCR-VIS	AAA / A-1+	19,103,863	-
Askari Bank Limited	PACRA	AA+ / A1+	12,069,036	-
Meezan Bank Limited	JCR-VIS	AA / A-1+	12,820	-
Sukuk Certificates by rating category			2016	2015
Pakistan Elektron Limited	PACRA	N/A	Non traded	Non traded

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 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.

18.3 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, 2016

Total	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

(Rupees)

Liabilities

Payable to Pension Fund

Manager	704,000	377,386	-	-	228,243	-	-	98,371	-	-
Payable to the trustee	70,395	37,743	-	-	22,823	-	-	9,829	-	-
Accrued and other liabilities	977,553	795,606	-	-	127,495	-	-	54,452	-	-
Total	1,751,948	1,210,735	-	-	378,561	-	-	162,652	-	-

Total	As at June 30, 2015								
	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

(Rupees)

Liabilities

Payable to Pension Fund

Manager	711,068	375,086	-	-	224,768	-	-	111,214	-	-
Payable to the trustee	53,137	28,043	-	-	16,786	-	-	8,308	-	-
Accrued and other liabilities	660,006	438,775	-	-	143,001	-	-	78,230	-	-
Total	1,424,211	841,904	-	-	384,555	-	-	197,752	-	-

18.4 Financial instruments by category

Total	As at June 30, 2016											
	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	Sub total

(Rupees)

Assets

Balances with banks	80,398,107	14,747,057	-	-	14,747,057	21,000,537	-	-	21,000,537	44,650,513	-	-	44,650,513
Investments	431,009,196	-	9,945,265	249,151,531	259,096,796	-	145,684,620	-	145,684,620	-	26,227,780	-	26,227,780
Receivable against sale of investments	4,348,859	4,348,859	-	-	4,348,859	-	-	-	-	-	-	-	-
Dividend receivable	855,694	855,694	-	-	855,694	-	-	-	-	-	-	-	-
Profit receivable	527,912	52,764	-	-	52,764	272,681	-	-	272,681	202,467	-	-	202,467
Deposits and other receivables	3,050,500	2,717,500	-	-	2,717,500	216,500	-	-	216,500	116,500	-	-	116,500
Total	520,190,268	22,721,874	9,945,265	249,151,531	281,818,670	21,489,718	145,684,620	-	167,174,338	44,969,480	26,227,780	-	71,197,260

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	As at June 30, 2015								
	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
Total									

(Rupees)

Liabilities

Payable to Pension Fund

Manager	704,000	-	-	377,386	377,386	-	-	228,243	228,243	-	-	98,371	98,371
Payable to the trustee	70,395	-	-	37,743	37,743	-	-	22,823	22,823	-	-	9,829	9,829
Accrued and other liabilities	977,553	-	-	795,606	795,606	-	-	127,495	127,495	-	-	54,452	54,452
	1,751,948	-	-	1,210,735	1,210,735	-	-	378,561	378,561	-	-	162,652	162,652

	June 30, 2015											
	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	Sub total
Total												

(Rupees)

Assets

Balances with banks	40,259,604	25,362,660	-	-	25,362,660	12,027,202	-	-	12,027,202	2,869,742	-	-	2,869,742
Investments	398,903,530	-	45,643,550	162,290,890	207,934,440	-	126,435,240	-	126,435,240	-	64,533,850	-	64,533,850
Dividend receivable	581,473	581,473	-	-	581,473	-	-	-	-	-	-	-	-
Profit receivable	2,131,538	4,395	-	-	4,395	1,376,353	-	-	1,376,353	750,790	-	-	750,790
Deposits and other receivables	3,031,000	2,711,000	-	-	2,711,000	210,000	-	-	210,000	110,000	-	-	110,000
	444,907,145	28,659,528	45,643,550	162,290,890	236,593,968	13,613,555	126,435,240	-	140,048,795	3,730,532	64,533,850	-	68,264,382

	June 30, 2015								
	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
Total									

(Rupees)

Liabilities

Payable to Pension Fund

Manager	711,068	-	-	375,086	375,086	-	-	224,768	224,768	-	-	111,214	111,214
Payable to the trustee	53,137	-	-	28,043	28,043	-	-	16,786	16,786	-	-	8,308	8,308
Accrued and other liabilities	660,006	-	-	438,775	438,775	-	-	143,001	143,001	-	-	78,230	78,230
	1,424,211	-	-	841,904	841,904	-	-	384,555	384,555	-	-	197,752	197,752

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

18.5 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 analyse 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, 2016									
	PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund			
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
Total	(Rupees)									
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	

	Total	June 30, 2015								
		PIPF Equity Sub-Fund			PIPF Debt Sub-Fund			PIPF Money Market Sub-Fund		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<div>(Rupees)</div>										
Financial assets 'at fair value through profit or loss' - held-for-trading										
Listed equity securities	45,643,550	45,643,550	-	-	-	-	-	-	-	-
Government Ijarah Sukuks	190,969,090	-	-	-	-	126,435,240	-	-	64,533,850	-
	236,612,640	45,643,550	-	-	-	126,435,240	-	-	64,533,850	-
Financial assets classified as 'available-for-sale'										
Listed equity securities	162,255,810	162,255,810	-	-	-	-	-	-	-	-
Investment in preference shares	35,080	35,080	-	-	-	-	-	-	-	-
	162,290,890	162,290,890	-	-	-	-	-	-	-	-
	398,903,530	207,934,440	-	-	-	126,435,240	-	-	64,533,850	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

19. 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.

20. 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.

21. GENERAL

Figures have been rounded off to the nearest Rupees unless otherwise specified.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 05, 2016 by the Board of Directors of the Pension Fund Manager.



Chief Executive Officer

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










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