



Bachat ka Doosra Naam

Bachat Nama

Fund Manager's Report (February - 2015)



MCB-Arif Habib Savings and Investments Limited





Macro-Environment Review and Outlook

Headline CPI clocked-in at 3.24 percent in February, lowest in 11 years, bringing average inflation to around 5.47 percent during the first eight months of the current fiscal year. Continued drop in crude oil prices along with low food product prices has kept monthly inflation figures below 5 percent since November. The decline in inflation is broad based as both food and non-food inflation have been declining. Sustained low price of energy products may keep inflation in check while average CPI is now expected to remain below 5 percent in FY15 which thus suggests further space for monetary easing.

With oil imports accounting for one third of the country's total import bill, trade deficit is forecasted to narrow down in the coming months. As per latest available data, the country's current account deficit stood at \$2.31 billion during the first seven months of the current fiscal year, as opposed to the deficit of around \$2.54 billion during the same period last fiscal year. Impact of lower oil prices is more visible in the recent monthly figures of Balance of Payment account.

The country's forex reserve balance stood close to \$16 billion at the end of month (20-Feb-15). With IMF program on course and privatization program expected to at least partly continue to follow the planned course, the country's foreign reserves are expected to improve further by the end of current fiscal year which will further attract project financing and grants.

Equities Market Performance Review and Outlook

The KSE-100 index posted a negative growth of 2.36% MoM in Feb-15 against strong rally seen in Jan-15 (+7.2% MoM). The month ended on a negative note as the benchmark KSE-100 index closed at 33,632 points. The subdued performance came at a time when most of the frontier and regional markets posted strong returns.

Electricity and Automobiles & Parts sectors were the only two mainstream sectors which posted a positive return. Sector specific concerns in Index heavy weights i.e. Banking and Oil & Gas Exploration sectors due to impact of lower interest rates & oil prices respectively kept the investors wary of impact on valuations. Cement sector also remained under pressure as expansion plans by few players raised concerns over stability of cement sector profitability.

Average turnover deteriorated to 241 million shares in February as opposed to average turnover of 304 million shares during January.

Lower interest rate will boost profitability of debt-laden companies and also favors long term market valuations. We expect the Oil & Gas and Banking Sectors to continue to underperform in short term which therefore provides opportunity for gradual accumulation while Chemicals, Power, Consumer and Manufacturing Sectors to remain in focus.

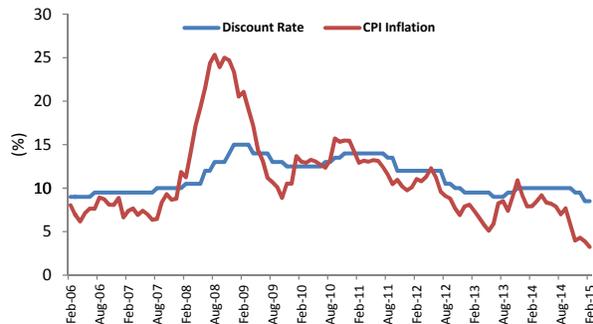
Money Market Performance Review and Outlook

Money market remained quite active during the month after 100 bps cut in the discount rate announced in the monetary policy last month. Decline in inflation rate has built strong sentiments in the market that the monetary policy committee may further slash discount rate in the upcoming monetary policy. These expectations resulted in aggressive participation in T-bills & Bond Auctions particularly in longer tenors causing strain on short term liquidity. SBP intervened several times in the market and injected sizeable amount of liquidity through several OMO.

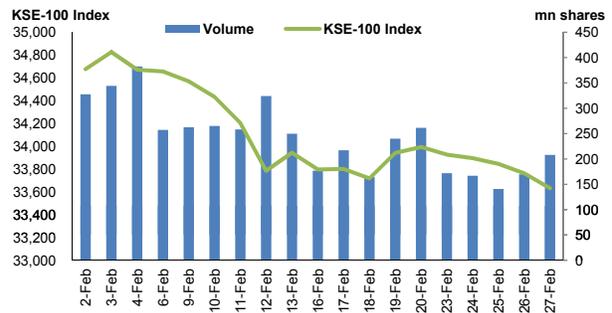
The State Bank of Pakistan accepted an amount of Rs 60.88 billion against bids of Rs 240.34 billion in the PIB auction held in the month of February. The auction target was Rs 50 billion while the maturing amount was Rs 23.82 billion. The acceptance was majorly skewed towards 5-Year tenor (59.13 percent), while acceptance in 3-Year and 10-Year tenors came at around 21.35 percent and 19.51 percent respectively, no bid was received in 20-Year. The yield on 3-Year, 5-Year and 10-Year instruments came at 8.49 percent, 9.14 percent and 9.80 percent respectively.

The SBP accepted an amount of Rs 102.68 billion against bids of Rs 269.50 billion in the last T-Bill auction held in the month of February 2015. The auction target was Rs 50 billion while the maturing amount was Rs 39.58 billion. The bidding participation was majorly skewed towards the 6 & 12-month tenure 45 and 46 percent respectively, while participation for 3-month came at 8 percent. The yield for 3-month, 6-month and 12-month tenure stood at 8.37 percent, 8.38 percent and 8.29 percent respectively.

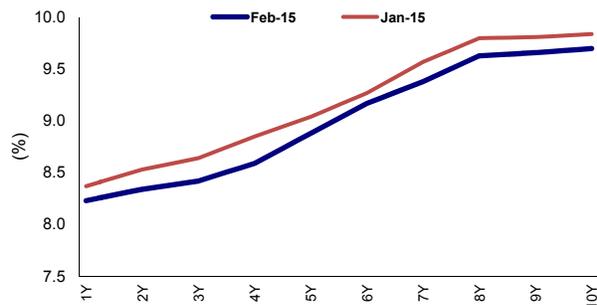
Discount Rate vs. CPI Inflation



KSE During February, 2015



Yield Curve



MCB Islamic Income Fund

February 28, 2015

NAV - PKR 104.2171



General Information

Fund Type	An Open End Scheme	
Category	Shariah Compliant (Islamic) Income Scheme	
Asset Manager Rating	AM2 (AM Two) by PACRA (10-Apr-14)	
Stability Rating	AA-(f) by PACRA (20-Feb-14)	
Risk Profile	Low	
Launch Date	20-June-2011	
Fund Manager	Mohsin Pervaiz	
Trustee	Central Depository Company of Pakistan Limited	
Auditor	KPMG Taseer Hadi & Co., Chartered Accountants	
Management Fee	10% of Gross Earnings subject to minimum fee of 0.25% of average daily Net Assets	
Front end load*	Transaction less than or equal to Rs 15m	1.5%
	Transaction more than Rs15m	Nil
	For Corporate	Nil
	Class "B"	0%
Back end Load*	Class "A"	0%
	Class "B" Units:	
	1.5% on redemption in the 1st year from the date of investment. 1.0% on redemption in the 2nd year from the date of investment. 0.0% on redemption after completion of 2 years from the date of Investment.	
Min. Subscription	Growth Units	PKR 500
	Income Units	PKR 100,000
	Cash Dividend Units	PKR 500
Listing	Lahore Stock Exchange	
Benchmark	Average of the most recently published three-month profit rates of three Islamic Banks rated A and above.	
Pricing Mechanism	Forward	
Dealing Days	Monday - Friday	
Cut off Timing	Mon-Fri (9:00 AM to 4:30 PM)	
Leverage	Nil	

*Subject to government levies

Fund Facts / Technical Information

NAV per Unit (PKR)	104.2171
Net Assets (PKR M)	1,411
Weighted average time to maturity (days)	340.00
Sharpe Measure	0.17
Correlation	13.1%
Standard Deviation	0.04
Alpha	0.007%

Top Sukuk Holding (% of Total Assets)

Engro Fertilizers Limited (09-Jul-14)	8.2%
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Members of the Investment Committee

Yasir Qadri	Chief Executive Officer
Mohammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP-Investments
Manal Iqbal, CFA	Head of Research

Investment Objective

To generate superior risk adjusted returns by investing in short, medium and long-term Shariah Compliant Fixed Income instruments.

Manager's Comment

During the month the fund generated an annualized return of 6.73% as against its benchmark return of 5.76%, an outperformance of 0.97%. The fund increased its exposure in GoP Ijara Sukuk from 62.5% last month to 66.1% at month end. Around 22.7% of the fund was kept as cash in bank deposits.

We believe that well-timed accumulation of GoP Ijara Sukuk should contribute towards healthy returns going forward, while the fund would remain cognizant of the changes in the macroeconomic environment in order to deploy assets efficiently in Shariah compliant instruments.

Provision against WWF liability

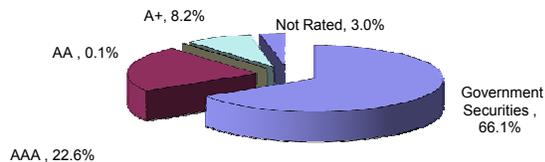
MCB-IIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 11.35 million, if the same were not made the NAV per unit of MCB-IIF would be higher by Rs. 0.8377 and YTD return would be higher by 0.84%. For details investors are advised to read Note 9 of the latest Financial Statements for the half year ended December 31, 2014 of MCB-IIF.

Asset Allocation (%age of Total Assets)	Feb-15	Jan-15
Cash	22.7%	27.2%
GoP Ijara Sukuks	66.1%	62.5%
Others including receivables	3.0%	2.3%
Sukuk	8.2%	8.0%

Performance Information (%)	MCB IIF	Benchmark
Year to Date Return (Annualized)	6.28	6.26
Month to Date Return (Annualized)	6.73	5.76
180 Days Return (Annualized)	6.03	6.27
365 Days Return (Annualized)	6.80	6.34
Since inception (CAGR)	8.68	6.39

Annualized	2010	2011	2012	2013	2014
Benchmark (%)	NA	NA	6.60	6.30	6.09
MCB IIF (%)	NA	NA	10.40	8.90	8.38

Asset Quality (%age of Total Assets)



MUFAP's Recommended Format.

DISCLAIMER

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Pakistan International Element Islamic Asset Allocation Fund

February 28, 2015

NAV - PKR 64.04



General Information

Fund Type	An Open End Scheme	
Category	Shariah Compliant Islamic Asset Allocation Scheme	
Asset Manager Rating	AM2 (AM Two) by PACRA (10-Apr-14)	
Stability Rating	Not Applicable	
Risk Profile	Moderate to High	
Launch Date	2-May-2006	
Fund Manager	Manal Iqbal, CFA	
Trustee	Central Depository Company of Pakistan Limited	
Auditor	KPMG Taseer Hadi & Co., Chartered Accountants	
Management Fee	Type A & B: 2% Type C & D: 1.33%	
Front end Load *	Type A: Transaction less than or equal to Rs 15m	2%
	Transaction more than Rs 15m	Nil
	For corporate	Nil
	Type B,C & D: None	
Back end Load*	Type A: None	
	Type B,C& D: Yr 1:3%, Yr 2:2%, Yr 3:1%	
Min. Subscription	A & B	PKR 5,000
	C & D	PKR 10,000,000
Listing	Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange.	
Benchmark	70% KMI-30 Index + 30% DJIM-World Index	
Pricing Mechanism	Forward	
Dealing Days	Monday - Friday	
Cut off Timing	Mon-Fri (9:00 AM to 5:00 PM)	
Leverage	Nil	
*Subject to government levies		

Investment Objective

The objective of the fund is to provide medium to long term capital appreciation through investing in Shariah compliant investments in Pakistan and Internationally .

Manager's Comment

The fund generated a return of -0.97% as against its benchmark return of 0.38% during the month. Exposure in equities was increased to 79.4% as compared to 77.3% in the previous month. Major sector level increase was witnessed in Oil and Gas, whereas, exposure in Chemicals was decreased.

Provision against WWF liability

PIEIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 7.99 million, if the same were not made the NAV per unit of PIEIF would be higher by Rs. 0.9502 and YTD return would be higher by 1.93%. For details investors are advised to read Note 9 of the latest Financial Statements for the half year ended December 31, 2014 of PIEIF.

Fund Facts / Technical Information	PIEIF	KMI-30
NAV per Unit (PKR)	64.04	
Net Assets (PKR M)	539	
Price to Earning (x)	6.84	9.51
Dividend Yield (%)	3.7%	5.7%
No. of Holdings - Equity	23	30*
Wt. Avg Mkt Cap (PKR Bn)	32.18	109.02
Sharpe Measure	0.05	0.06
Beta	0.64	1.00
Correlation	80.3%	
Max draw up	304.5%	560.7%
Max draw Down	-28.9%	-39.6%
Standard Deviation	0.76	0.96
Alpha	0.011%	
*prospective earnings		

Performance Information (%)	PIEIF	Benchmark
Year to Date Return	29.90	11.41
Month to Date Return	-0.97	0.38
180 Days Return	33.47	12.94
365 Days Return	40.23	21.38
Since inception	189.31	286.78

Asset Allocation (%age of Total Assets)	Feb-15	Jan-15
Cash	17.7%	12.3%
Stock /Equities	79.4%	77.3%
Sukuk	0.0%	6.5%
Others including receivables	2.9%	3.9%

Top 10 Holdings (%age of Total Assets)

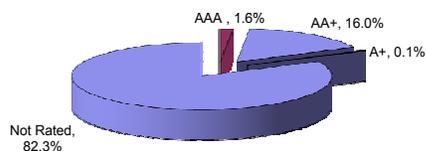
Hub Power Company Limited	Equity	14.2%
Engro Corporation Limited	Equity	8.5%
Kot Addu Power Company Limited	Equity	7.2%
Maple Leaf Cement Factory Limited	Equity	6.2%
Pakistan State Oil Company Limited	Equity	4.5%
Fauji Fertilizer Company Limited	Equity	4.5%
Mari Petroleum Company Limited	Equity	3.8%
Ghani Glass Limited	Equity	3.5%
Fatima Fertilizer Bin Qasim Limited	Equity	3.4%
Nestle Pakistan Limited	Equity	2.7%

Members of the Investment Committee

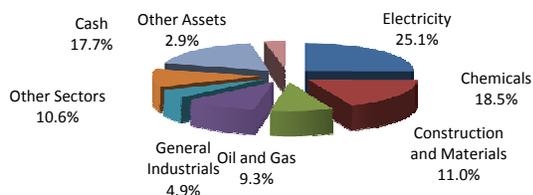
Yasir Qadri	Chief Executive Officer
Muhammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP - Investments
Manal Iqbal, CFA	Head of Research

	2010	2011	2012	2013	2014
Benchmark (%)	30.47	40.60	11.00	46.60	28.51
PIEIF (%)	6.95	15.10	15.70	28.40	18.89

Asset Quality - Inclusive of equity portfolio (%age of Total Assets)



Sector Allocation (%age of Total Assets)



NOTE

The Debt Instrument Rating of Pak Elektron Limited - Sukuk (Issue date: 28-Sep-07) has been upgraded to A- (A Minus) with effect from January 06, 2015. After this upgrading, Pak Elektron Limited- Sukuk has become a compliant investment in accordance with the requirements of constitutive documents. Pak Elektron Limited Sukuk has a outstanding face value of Rs. 6.43 million and is fully provided in the books of accounts.

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MUFAP's Recommended Format.



General Information

Fund Type	An Open End Scheme
Category	Islamic Voluntary Pension Scheme
Asset Manager Rating	AM2 (AM Two) by PACRA (10-Apr-14)
Stability Rating	Not Applicable
Launch Date	15-Nov-07
Fund Manager	Manal Iqbal, CFA
Trustee	Central Depository Company of Pakistan Limited
Auditor	Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants
Management Fee	1.5% p.a.
Front / Back end Load*	3% / 0%
Min. Subscription	PKR 1,000
Pricing Mechanism	Forward
Dealing Days	Monday - Friday
Cut off Timing	Mon-Fri (9:00AM to 5:00 PM)
Leverage	Nil

*Subject to government levies

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

Manager's Comment

Equity sub-fund generated negative return of 1.54% during the month against KSE-100 index return of -2.36%. Many changes in sector and company allocations were made in response to prudently incorporate the changing local and global dynamics. Allocations to Electricity and Construction & Materials sectors were decreased while the fund increased its exposure in General Industrials, Oil & Gas and Chemicals sectors.

Debt sub-fund generated an annualized return of 6.97% during the month. The fund has decreased exposure in cash. Whereas, the fund has increased its exposure towards GoP Ijarah Sukuk from 90.6% to 95.5%.

Money Market sub-fund generated an annualized return of 7.66% during the month. The fund has marginally increased its exposure in GoP Ijarah Sukuk from 95.0% to 95.7%.

Provision against WWF liability

PIPF-EQ has not made provisions amounting to Rs 0.70 million against Workers' Welfare Fund liability, if the same were made the NAV per unit of PIPF-EQ would be lower by Rs 1.2509 and YTD return would be lower by 0.46%. For details investors are advised to read Note 9 of the latest Financial Statements for the half year ended December 31, 2014 of PIPF.

PIPF-DT has not made provisions amounting to Rs 0.35 million against Workers' Welfare Fund liability, if the same were made the NAV per unit of PIPF-DT would be lower by Rs 0.4759 and YTD return would be lower by 0.28%. For details investors are advised to read Note 9 of the latest Financial Statements for the half year ended December 31, 2014 of PIPF.

PIPF-MM has not made provisions amounting to Rs 0.24 million against Workers' Welfare Fund liability, if the same were made the NAV per unit of PIPF-MM would be lower by Rs 0.5871 and YTD return would be lower by 0.38%. For details investors are advised to read Note 9 of the latest Financial Statements for the half year ended December 31, 2014 of PIPF.

Top 10 Equity Holdings (%age of Total Assets)

Engro Corporation Limited	10.8%
Hub Power Company Limited	9.9%
Fauji Fertilizer Company Limited	8.9%
Pakistan State Oil Company Limited	6.6%
Maple Leaf Cement Factory Limited	5.9%
Mari Petroleum Company Limited	5.8%
Kott Addu Power Company Limited	5.4%
Bata Pakistan Limited	4.3%
Pioneer Cement Limited	3.6%
Ghani Glass Limited	3.1%

PIPF -Money Market (%age of Total Assets)	Feb-15	Jan-15
Cash	1.2%	2.6%
GoP Ijarah Sukuk	95.7%	95.0%
Others including receivables	3.1%	2.4%

PIPF-Debt (%age of Total Assets)	Feb-15	Jan-15
Cash	1.5%	7.1%
GoP Ijarah Sukuk	95.5%	90.6%
Sukuk	0.0%	0.0%
Others including receivables	3.0%	2.3%

Performance Information & Net Assets

	PIPF-EQ* PIPF-DT** PIPF-MM**				
Year to Date Return (%)			32.00	4.18	4.43
Month to Date Return (%)			-1.54	6.97	7.66
Since inception (%)			260.85	10.16	8.27
Net Assets (PKR M)			201.33	129.19	66.82
NAV (Rs. Per unit)			361.57	174.80	160.92
	2010	2011	2012	2013	2014
PIPF - EQ*	23.04	21.30	24.70	41.80	42.10
PIPF - DT**	11.53	8.80	8.40	6.80	8.22
PIPF - MM**	7.13	6.90	8.30	7.70	6.86
* Total Return					
** Annualized return					

PIPF-Equity (%age of Total Assets)	Feb-15	Jan-15
Chemicals	24.7%	24.5%
Electricity	15.3%	16.3%
Oil and Gas	14.6%	9.2%
General Industrials	11.8%	10.5%
Construction and Materials	11.4%	16.5%
Other equity sectors	19.8%	17.7%
Cash	0.9%	0.9%
Others including receivables	1.5%	4.4%

Members of the Investment Committee

Yasir Qadri	Chief Executive Officer
Muhammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP - Investments
Manal Iqbal, CFA	Head of Research

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MCB-Arif Habib Savings

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Experienced Bachat Advisors

Wealth Management

Investment Plans

Retirement Planning

Portfolio Advisory

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