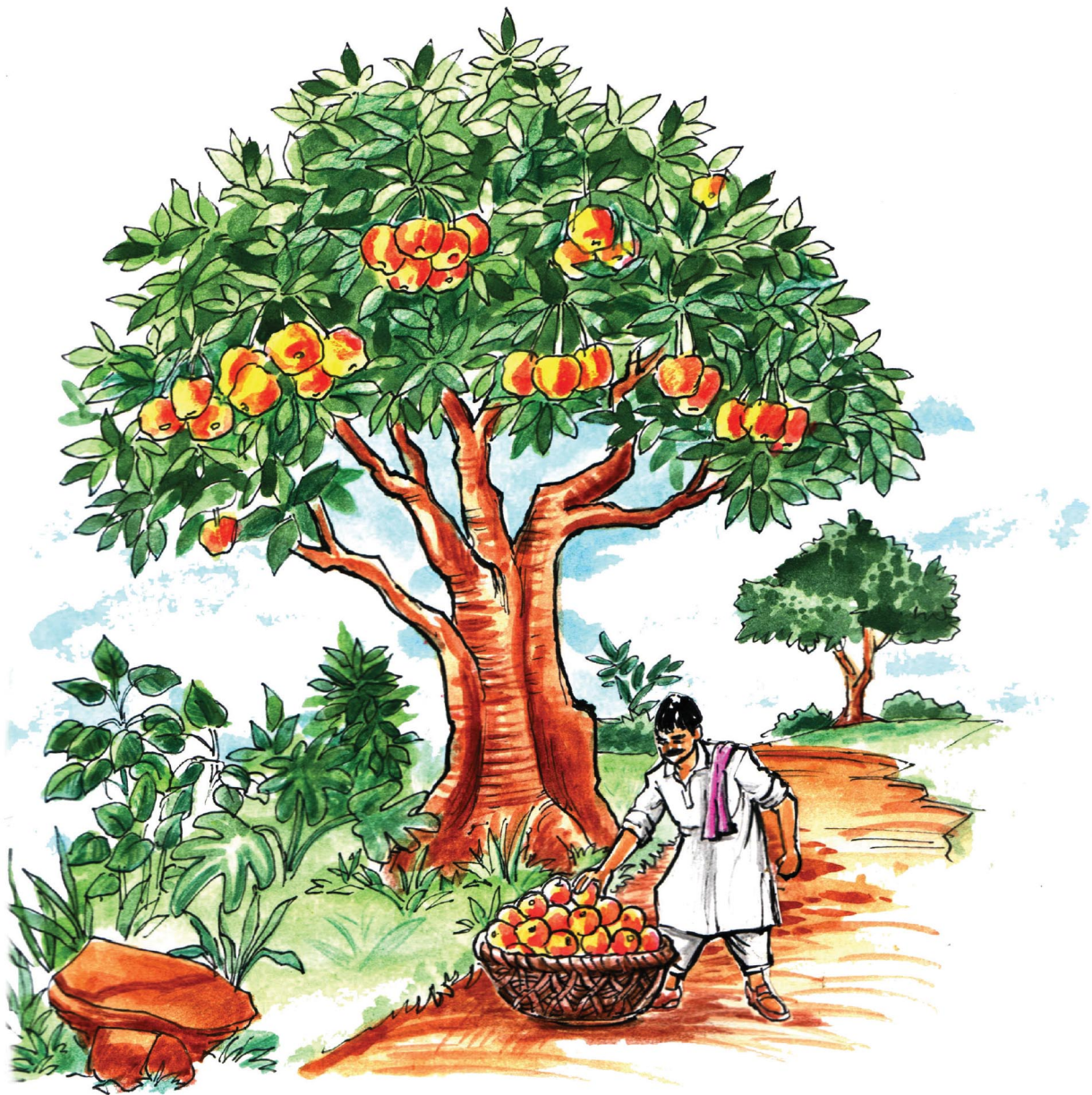


Quarterly Report
March 31, 2016
(Unaudited)



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

MCB CASH MANAGEMENT OPTIMIZER

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FUND'S INFORMATION

Management Company MCB-Arif Habib Savings and Investments Limited
24th Floor, Centrepoin, Off Shaheed-e-Millat Expressway,
Near K.P.T. Interchange, Karachi.

Board of Directors

Mian Muhammad Mansha	Chairman
Mr. Nasim Beg	Vice Chairman
Mr. Muhammad Saqib Saleem	Chief Executive Officer
Dr. Syed Salman Ali Shah	Director
Mr. Haroun Rashid	Director
Mr. Ahmed Jahangir	Director
Mr. Samad A. Habib	Director
Mr. Mirza Mahmood Ahmad	Director

Audit Committee

Mr. Haroun Rashid	Chairman
Mr. Ahmed Jahangir	Member
Mr. Samad A. Habib	Member

Human Resource & Remuneration Committee

Dr. Syed Salman Ali Shah	Chairman
Mr. Nasim Beg	Member
Mr. Haroun Rashid	Member
Mr. Ahmed Jahangir	Member

Company Secretary & Chief Executive Officer Mr. Muhammad Saqib Saleem

Chief Financial Officer Mr. Muhammad Asif Mehdi

Trustee Central Despository Company of Pakistan Limited
CDC House, 99-B Block 'B' S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi-74400

Bankers

MCB Bank Limited
Habib Metropolitan Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
United Bank Limited
National Bank of Pakistan Limited
Allied Bank Limited
Habib Bank Limited

Auditors KPMG Taseer Haidi & Co.
Chartered Accountants
1st Floor, Sheikh Sultan Trust Building No. 2,
Beaumont Road, Karachi-75530.

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, Centrepoin, Off Shaheed-e-Millat Expressway,
Near K.P.T. Interchange, Karachi.

Rating AM2 + Asset Manager Rating assigned by PACRA

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Cash Management Optimizer's accounts review for the nine months ended March 31st, 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.

Inflation continued to remain on the lower side supported by a dip in transportation charges, with its trickledown effect on food inflation. However, it is pertinent to note that the inflation has started to increase largely induced by withering of low base effect evident from 3QFY16 average of 3.76%, against 1HFY16 average of 2.06%. As the outlook of crude oil prices remains bearish, the inflation is expected to average below 3% for the year.

External account continued to show stability triggered by narrower current account and stable financial flows. Petroleum Group Imports during the 8MFY16 reduced by approximately \$3.5 billion (down 40%) compared to 8mFY15. However, the savings in oil weren't visible in the current account position as it reduced by meager 4.5%. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity vs competitors pushed exports down by 9.9% in 8MFY16. On the other hand, import bill worsened due to higher import of machinery for power and infrastructure while significantly lower cotton production also had to be filled with imports. Remittances remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Overall Balance of payment account however remained in surplus of near USD 1.04 billion due to improved multilateral flows.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 20.5 billion along with strict vigilance of SBP kept the rupee relatively stable.

M2 growth gained traction with FY16TD growth of 5.27%. Net Domestic Assets, supported by continual net government borrowing, increased by PKR 472 billion whereas Net Foreign Assets contributed PKR 114 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. 300 Billion) and potential rollover risk on upcoming maturity of PIBs worth PKR 1.4 trillion.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 5.78% as against its benchmark return of 4.49%, an outperformance of 1.29%.

WAM was actively managed, mainly to avail the benefit from discount rate stability which appeared to be near bottom. Volatility in oil prices and its expected impact on inflation, were also the agents in our decision for gradually decreasing WAM till December 31, 2015 to 16 days, then increasing it to around 70 days at March (2016) end.

The fund was around 62.7% invested in PIBs and 35.7% in cash and bank deposits.

The Net Assets of the Fund as at March 31, 2016 stood at Rs. 4,690 million as compared to Rs. 12,533 million as at June 30, 2015 registering a decrease of 62.58%.

The Net Asset Value (NAV) per unit as at March 31, 2016 was Rs.104.4681 as compared to opening NAV of Rs. 100.1105 per unit as at June 30, 2015 registering an increase of Rs. 4.3576 per unit.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 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 Iran having ample ability to pump more crude, 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. 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 3% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.5%-5.0% thus a stable monetary policy environment with potential for slight easing subject to stability in external flows looks likely.

Fiscal deficit is expected to remain within target and economic growth seems achievable with enough room for the government to bring required structural changes in the economy.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year.

Although, remittances have shown resilience but potential threat is present if any trouble of gulf economies is passed on to labor markets. Similarly, 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.

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
April 18, 2016

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2016

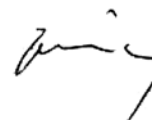
	Note	31 March 2016 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
Assets			
Balance with banks	6	1,734,765	2,398,028
Investments	7	3,046,490	10,302,405
Advances, prepayments, profit and receivables		78,650	10,000
Total assets		4,859,905	12,710,433
Liabilities			
Payable to Management Company		6,064	5,086
Payable to Central Depository Company of Pakistan Limited - Trustee		499	570
Payable to Securities and Exchange Commission of Pakistan		4,491	8,282
Accrued and other liabilities	8	158,433	163,848
Total liabilities		169,487	177,786
Net assets		4,690,418	12,532,647
Unit holders' fund (as per statement attached)		4,690,418	12,532,647
Contingencies and commitments	9		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		44,898,100	125,188,076
		(Rupees)	
Net asset value per unit		104.47	100.11

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

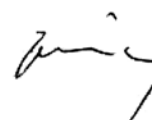
	Note	Nine months ended		Quarter ended	
		31 March		31 March	
		2016	2015	2015	2015
		----- (Rupees in '000) -----			
Income					
Capital gain on sale of investments - net		6,495	14,503	832	11,082
Income from government securities		308,060	603,256	91,279	128,618
Profit on term deposit receipts		73,560	220,721	15,865	86,153
Profit on bank deposits		47,256	35,213	18,922	10,858
		435,371	873,693	126,898	236,711
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'		(1)	4,804	110	3,979
Total income		435,370	878,497	127,008	240,690
Expenses					
Remuneration of Management Company		43,248	86,650	12,674	23,099
Sindh Sales tax and Federal Excise Duty on Management Fee		13,943	28,941	4,086	7,714
Remuneration of Central Depository Company of Pakistan Limited - Trustee		5,040	6,900	1,385	1,986
Sindh Sales tax on Trustee Fee	10	706	-	194	-
Annual fee of Securities and Exchange Commission of Pakistan		4,491	6,524	1,198	1,801
Auditor's remuneration		825	699	264	207
Legal & Professional Charges		44	-	44	-
Amortisation of preliminary expenses		-	246	-	-
Brokerage expenses		742	1,843	76	467
Allocated expenses	11	2,655	-	1,821	-
Other expenses		700	696	208	177
Total operating expenses		72,394	132,499	21,950	35,451
Net operating income for the period		362,976	745,998	105,058	205,239
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed					
-from realized / unrealized capital gain / (loss)		(1,574)	(3,326)	(1,063)	(1,319)
-from other income		(149,963)	(176,896)	(97,615)	(61,163)
		(151,537)	(180,222)	(98,678)	(62,482)
Provision for workers' welfare fund	8.2	-	(11,316)	-	(2,848)
Net income for the period before taxation		211,439	554,460	6,380	139,909
Taxation	12	-	-	-	-
Net income for the period after taxation		211,439	554,460	6,380	139,909
Earnings per unit					
	13				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	Nine months ended		Quarter ended	
	31 March		31 March	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net income for the period after taxation	211,439	554,460	6,380	139,909
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to income statement</i>				
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	(21,014)	390	(21,014)	-
Total comprehensive income / (loss) for the period	190,425	554,850	(14,634)	139,909

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

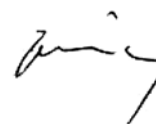
	Nine months ended 31 March		Quarter ended 31 March	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Undistributed income brought forward	13,784	2,207	212,540	416,872
Total comprehensive income / (loss) for the period	190,425	554,850	(14,634)	139,909
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised diminution	(3,657)	(516)	2,646	(240)
Undistributed income carried forward	<u>200,552</u>	<u>556,541</u>	<u>200,552</u>	<u>556,541</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

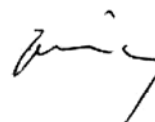
	Nine months ended 31 March		Quarter ended 31 March	
	2016	2015	2016	2015
	(Rupees in '000)			
Net assets at the beginning of the period	12,532,647	10,180,728	7,029,434	10,011,370
Issue of 116,879,016 units (2015: 155,706,081 units) and 35,861,132 units (2015: 45,771,393 units) for the Nine months and quarter ended respectively	11,933,610	16,008,734	3,709,450	4,819,224
Redemption of 197,168,992 units (2015: 172,335,138 units) and 59,131,416 units (2015: 56,560,227 units) for the Nine months and quarter ended respectively	(20,117,801)	(17,852,360)	(6,132,511)	(5,960,811)
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:	(8,184,191)	(1,843,626)	(2,423,061)	(1,141,587)
- amount representing loss / (income) and capital losses / (gains) transferred to income statement				
-from realized / unrealized capital gain / (loss)	1,574	3,326	1,063	1,319
-from other income	149,963	176,896	97,615	61,163
- amount representing loss that forms part of unit holder's fund transferred to distribution statement	3,657	516	(2,645)	240
	155,194	180,738	96,033	62,722
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(3,657)	(516)	2,645	(240)
Net income for the period (excluding net unrealised appreciation/(diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital gains on sale of investments)	204,945	535,153	5,438	124,848
Capital gain on sale of investments - net	6,495	14,503	832	11,082
Net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	(1)	4,804	111	3,979
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	(21,014)	390	(21,014)	-
Total comprehensive income for the period	190,425	554,850	(14,633)	139,909
Net assets at end of the period	4,690,418	9,072,174	4,690,418	9,072,174

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

	Note	Nine months ended		Quarter ended	
		31 March		31 March	
		2016	2015	2016	2015
		----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period before taxation		211,439	554,460	6,381	139,909
Adjustments for non cash and other items:					
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'		1	(4,804)	(111)	(3,979)
Amortisation of preliminary expenses		-	246	-	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed					
-from realized / unrealized capital gain / (loss)		1,574	3,326	1,063	1,319
-from other income		149,963	176,896	97,615	61,163
		151,538	175,664	98,567	58,503
		362,977	730,124	104,948	198,412
Decrease / (increase) in assets					
Investments		7,234,900	1,590,951	(2,803,119)	38,314
Term deposit receipts		-	2,500,000	3,870,000	6,000,000
Advances, prepayments, profit and receivables		(68,650)	145,767	(30,398)	69,439
		7,166,250	4,236,718	1,036,483	6,107,753
Increase / (decrease) in liabilities					
Payable to Management Company		1,304	(3,275)	709	(2,211)
Payable to Central Depository Company of Pakistan Limited - Trustee		(71)	(125)	(116)	(95)
Payable to Securities and Exchange Commission of Pakistan		(3,791)	(3,508)	1,198	1,801
Payable against purchase of investments		-	-	-	(3,294,110)
Accrued expenses and other liabilities		(5,741)	31,013	2,860	10,499
		(8,299)	24,105	4,651	(3,284,116)
Net cash flow generated from operating activities		7,520,928	4,990,947	1,146,082	3,022,049
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments received against issuance of units		11,933,610	16,008,734	3,709,450	4,819,224
Payments against redemption of units		(20,117,801)	(17,852,360)	(6,132,511)	(5,960,811)
Net cash used in financing activities		(8,184,191)	(1,843,626)	(2,423,061)	(1,141,587)
Net increase in cash and cash equivalents		(663,263)	3,147,321	(1,276,979)	1,880,462
Cash and cash equivalents at beginning of the period	6	2,398,028	1,169,508	3,011,744	2,436,367
Cash and cash equivalents as at end of the period		1,734,765	4,316,829	1,734,765	4,316,829

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 30 July 2009. It was constituted under a Trust Deed dated 10 July 2009 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Board of Directors have approved that the Fund should be categorised as "Money Market Scheme" as per the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated 6 March 2009.

Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the management company has been changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited.

1.1 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is currently situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.

1.2 The Fund is an open end mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange. (Formerly listed on Lahore Stock Exchange).

The Fund is purely a money market fund and has a policy to invest in short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

1.3 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of 'AM2+' to the MCB-Arif Habib Savings and Investments Limited, the Asset Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) to the Fund.

1.4 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2015.

The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2016 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2015, whereas the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2015.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance.

2.2 The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

2.3 This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund for the year ended 30 June 2015.

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the period ended December 31, 2015.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2015.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2015.

		31 March 2016 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
6. BALANCES WITH BANKS			
Saving accounts	6.1	1,733,622	2,390,467
Current accounts		<u>1,143</u>	<u>7,561</u>
		<u>1,734,765</u>	<u>2,398,028</u>

7. INVESTMENTS

7.1 'Investments at fair value through profit or loss'

Held for trading			
Market Treasury Bills	7.1.1	808	10,260,063
Available for sale			
Pakistan Investment Bonds	7.1.2	<u>3,045,682</u>	<u>42,342</u>
		<u>3,046,490</u>	<u>10,302,405</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

7.1 'Investments at fair value through profit or loss'

	Face value			Balance as at 31 March 2016		Market value	
	As at 1 July 2015	Purchases during the period	Sales / matured during the period	As at 31 March 2016	Carrying value	Market value	As a percentage of net assets
							As a percentage of total investments
7.1.1 Market Treasury Bills							
Treasury bills - 2 months	-	345,000	345,000	-	-	-	-
Treasury bills - 3 months	2,987,500	2,155,000	5,142,500	-	-	-	-
Treasury bills - 6 months	7,393,175	22,340,145	29,733,320	-	-	0.00%	0.00%
Treasury bills - 12 months	-	3,606,810	3,606,000	810	808	0.02%	0.03%
Total as at 31 March 2016					808	808	0.02%
Total as at 30 June 2015					10,261,280	10,260,063	81.87%
7.1.2 Pakistan Investment Bond (PIB) - AFS							
PIB - 3 years	-	3,754,000	-	3,754,000	3,066,695	3,045,682	64.93%
PIB - 7 years	-	-	-	-	-	-	0.00%
Total as at 31 March 2016					3,066,695	3,045,682	64.93%
Total as at 30 June 2015					42,651	42,342	0.34%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

		31 March 2016 (Unaudited)	30 June 2015 (Audited)
8. ACCRUED AND OTHER LIABILITIES		(Rupees in '000)	
Provision for Federal Excise Duty and related taxes	8.1	52,430	44,541
Provision for Federal Excise Duty on sales load		19	19
Provision for Workers' Welfare Fund	8.2	102,911	102,911
Withholding tax payable (deducted on dividend distribution)		-	13,392
Withholding tax payable (deducted on capital gains)		2,028	1,871
Auditors' remuneration		446	577
Brokerage payable		173	417
Others		426	120
		158,433	163,848

8.1 The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment. The SHC in its short order dated 4 September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in this condensed interim financial information aggregating to Rs. 52.430 million as at 31 March 2016. In case, the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 1.17 per unit as at 31 March 2016.

8.2 Through the Finance Act 2015, the definition of Industrial Establishment is amended to exclude the mutual funds and collective investment schemes. The management is of the view that since the change is brought in the definition it would be effective from 01 July 2015. Accordingly the provision for WWF is discontinued from 01 July 2015. However there is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 16 to the annual financial statements of the Fund for the year ended June 30, 2015. Since the matter is pending adjudication, the fund has retained a provision for WWF up to 30 June 2015 amounting to Rs. 102.911 millions. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.2.292 per unit (30 June 2015: Rs. 0.822 per unit).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2016 and June 30, 2015.

10. SINDH SALES TAX ON TRUSTEE FEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated 13 June 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well according to which Sindh sales tax at the rate of 14% is charged on trustee fee. Accordingly, the Fund has made an accrual of Rs. 0.512 million on account of Sindh sales tax on services chargeable on custodianship services.

11. ALLOCATED EXPENSES

During the current period, a statutory notification (S.R.O. No. 1160 (I)/2015 dated November 25, 2015) was issued by Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme. Accordingly, such expenses have been charged effective from 27 November 2015.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

12. TAXATION

- 12.1** The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial statement.

- 12.2** During the current quarter, FBR has issued notice for applicability of Super Tax @ 3% under section 4B of income tax ordinance 2001 for tax year 2015 against the fund. The management, based on the advice obtained from various tax advisors and legal counsels considers that Mutual Funds are exempt for the applicability of super tax u/s 4B (4) of the Income Tax Ordinance, 2001 due to the Clause 99 of the part 1 of the 2nd Schedule of the Income Tax Ordinance, 2001; therefore the management has decided to file the case against the notice.

13. EARNINGS PER UNIT

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

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

14.1 Details of transactions with the connected persons / related parties during the period are as follows:

	Unaudited			
	Nine Months ended		Quarter ended	
	31 March		31 March	
	2016	2015	2016	2015
	(Rupees in '000)			
MCB-Arif Habib Savings and Investments Limited				
Remuneration of the Management Company (including indirect taxes)	57,191	84,778	18,581	43,693
Federal excise duty on remuneration of Management Company	-	-	-	-
Sindh sales tax on remuneration of Management Company	-	-	-	-
Allocated expenses (including indirect taxes)	2,655	-	2,655	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee (including indirect taxes)	5,746	4,914	1,579	2,501
MCB Bank Limited				
Profit on bank deposits	2,494	8,052	555	3,354
Bank Charges	69	58	29	37
Purchase of Securities - Face Value 500,000,000 (2015 Face Value: Nil)	483,825	-	-	-
Sell of Securities - Face Value 1,965,000,000 (2015 Face Value: Nil) and Face Value 925,000,000 (2015 Face Value: Nil) for nine months quarter ended respectively	3,979,436	-	911,185	-
Silk Bank Limited				
Purchase of Securities - Face Value 1,500,000,000 (2015 Face Value: Nil)	-	-	1,468,472	-
Sell of Securities - Face Value 750,000,000 (2015 Face Value: Nil) and Face Value 500,000,000 (2015 Face Value: Nil) for nine months quarter ended respectively	732,703	-	490,487	-
Arif Habib Limited - Brokerage House				
Brokerage expense*	1	9	1	1
Next Capital Limited - Brokerage House				
Brokerage expense*	73	228	13	57

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

14.2 Balance outstanding as at the period / year end are as follows:

	31 March 2016 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
MCB-Arif Habib Savings and Investments Limited		
Management fee payable	4,416	4,336
Sindh sales tax payable on management fee	618	650
Allocated expenses payable	1,030	-
Legal and professional charges payable	-	100
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	439	570
Sindh sales tax payable on trustee fee	60	-
MCB Bank Limited		
Bank deposits	19,346	389,275
Profit receivable on bank deposits	388	3,606
Arif Habib Limited - Brokerage House		
Brokerage payable*	-	73
Next Capital Limited - Brokerage House		
Brokerage payable*	7	31

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

14.3 Transactions during the period with connected persons / related parties in the units of the Fund:

	Unaudited			
	Nine Months ended 31 March 2016		Nine Months ended 31 March 2015	
	(Units)	(Rupees in	(Units)	(Rupees in '000)
Units sold to:				
MCB-Arif Habib Savings and Investments Limited	2,458,593	249,740	1,727,647	177,988
Pakistan Petroleum Limited**	9,776,355	985,000	-	-
Gul Ahmed Energy Limited**	2,630,253	264,921	23,049,859	2,392,129
Telenor Pakistan (Pvt) Limited**	6,104,719	636,000	-	-
Key management personnel	11,963	1,198	14,612	1,495
Mandate Under Discretionary Portfolio Services	1,041,067	87,514	221,732	22,466
Units redeemed by:				
MCB-Arif Habib Savings and Investments Limited	2,838,473	288,502	1,727,647	178,273
Adamjee Insurance Company Limited	8,655,218	870,529	2,194,525	222,292
Adamjee Insurance Company Limited - Investment Department	19,131,871	1,924,255	-	-
D.G. Khan Cement Company Limited	15,057,137	1,509,401	-	-
Gul Ahmed Energy Limited**	9,049,826	912,256	19,387,774	2,027,098
Pakistan Petroleum Limited**	3,156,233	329,000	2,450,723	250,000
Key management personnel	316	32	19,366	1,988
Mandate Under Discretionary Portfolio Services	1,175,028	101,600	415,003	42,473

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016**

	31 March 2016 (Unaudited)	30 June 2015 (Audited)	31 March 2016 (Unaudited)	30 June 2015 (Audited)
	(Units)		(Rupees in '000)	
Units held by:				
MCB-Arif Habib Savings and Investments Limited	-	379,880	-	38,030
Adamjee Insurance Company Limited	-	8,655,218	-	866,478
Adamjee Life Assurance Company Limited	-	-	-	-
Adamjee Life Assurance Company Limited - IMF Fund	-	-	-	-
Adamjee Life Assurance Company Limited - ISF Fund	-	-	-	-
Gul Ahmed Energy Limited**	5,887,872	12,307,447	615,106	1,232,099
Pakistan Petroleum Limited **	6,620,122	-	691,604	-
Telenor Pakistan (Pvt) Limited**	6,104,719	-	637,760	-
Key management personnel	16,046	4,399	1,676	440
Mandate Under Discretionary Portfolio Services	189,777	323,738	19,826	32,410
D.G. Khan Cement Company Limited	-	15,057,137	-	1,507,378
Adamjee Insurance Company Limited - Investment Department	-	19,131,871	-	1,915,301

** These persons became connected persons / related parties during the period due to acquiring unit holding of more than 10% of net assets of the Fund.

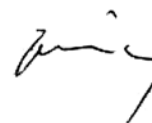
15. DATE OF AUTHORISATION

15.1 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 18, 2016.



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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