

Quarterly Report
September 30, 2016
(Unaudited)



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

Rated: AM2++ by PACRA

MCB CASH MANAGEMENT OPTIMIZER

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, 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 Shahr-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 Bank Al-Habib Limited Zarai Taraqiati Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahr-e-Faisal, Karachi-75350	
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 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 ++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR QUARTER ENDED SEPTEMBER 30, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Cash Management Optimizer's accounts review for the quarter ended September 30th, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

The fiscal year kicked off on a positive note with most of major macroeconomic indicators showing signs of stabilization. Inflation as measured by CPI averaged at 3.9% for 1QFY17 compared to 3.5% witnessed during the preceding quarter. Government decision to maintain petroleum prices helped to contain the inflation in low single digits. Alongside, government's renewed focus towards agricultural sector also assisted in controlling food inflation.

Monetary Policy Committee ("MPC") in its first meeting of the current fiscal year maintained a status quo stance, keeping the discount rate at 5.75%. The MPC highlighted encouraging macroeconomic environment supported by record high foreign exchange reserves behind its decision. However, it raised certain red flags on widening of current account deficit owing to declining exports and rising imports.

Current account ("CA") balance witnessed a deficit of USD 1,316 million in the 2MFY17 compared to USD 686 million witnessed during the same period of last year, on the back of rising imports and falling exports. Alongside, remittances came under pressure as they fell by 5.4% YoY to USD 4.7 billion during the 1QFY17. The slowdown in remittances was inevitable owing to a weak global GDP growth along with poor economic dynamics of gulf economies where most of the Pakistani expatriates are employed. Nevertheless, the hit on current account did not affect foreign exchange reserves as strong financial inflows especially CPEC led inflows, managed to offset the impact of weakening current account. Foreign Exchange Reserves increased by USD 500 million during the quarter, to USD 23.6 billion.

PIB yields during the quarter inched up by ~30 bps for 3 year, 5 year and 10 year bonds. Inflation beat the market expectations during most of the months causing the yield curve to shift upwards. Furthermore, the bearish sentiment was also backed by SBP in its MPS, which highlighted its concerns on external account as exports dwindled, while remittances witnessed a slowdown.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 4.99% as against its benchmark return of 3.88%, an outperformance of 1.11%. As at September 30, 2016 WAM stood at 20 days in line with our view on interest rates going forward. The fund was 17% invested in term deposits with banks and 81.6% in cash.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 6,008 million as compared to Rs. 3958 million as at June 30, 2016 registering an increase of 51.79%.

The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs.101.5978 as compared to opening NAV of Rs. 100.3368 per unit as at June 30, 2016 registering an increase of Rs. 1.261 per unit.

FUTURE OUTLOOK

With a more stabilized economy now on board, the government has unveiled an ambitious plan to revive the growth of the country. For the current fiscal year, the government is envisaging an ambitious growth target of 5.7% compared to 4.7% witnessed during the preceding year. The prospects of improvement in Pakistan's economy look increasingly promising on the back of improved power situation, rising business confidence, and initiation of projects under the USD 46 billion CPEC program.

The average Consumer Price Index is expected to remain below 5% for the year. Stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.0%-5.0% thus a stable monetary policy environment looks likely.

As of recent, current account has remained vulnerable owing to weak exports and a slowdown in remittances. While this has been offset by strong financial inflows recently, further deterioration in external account can pose threat to the currency and could result in more than expected PKR depreciation, which we consider the only major risk to economy at this juncture of time.

REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR QUARTER ENDED SEPTEMBER 30, 2016

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 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 once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

On the fixed income front, market is expected to remain cautious on back of uptick in inflation trajectory and cross border tensions. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

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
October 21, 2016

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016ء کو اختتام پذیر ہونے والی مدت کے لئے ایم سی بی کیش مینجمنٹ آپٹیمائزر کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال کا آغاز خوش آئند تھا اور کلاں معیشت کی نشاندہی کرنے والے اہم عوامل استحکام کی علامات ظاہر کر رہے تھے۔ CPI کی پیمائش کردہ افراط زر کا اوسط مالی سال 2017ء کی پہلی سہ ماہی میں 3.9% تھا، جبکہ گزشتہ سہ ماہی میں 3.5% تھا۔ پٹرولیم کی قیمتوں کو مستحکم رکھنے کے حکومتی فیصلے سے بھی افراط زر کے اعداد و شمار پست رکھنے میں معاونت حاصل ہوئی۔ مزید برآں، زراعت کے شعبے کی طرف حکومت کی تازہ توجہ کی بدولت اشیائے خورد و نوش کے افراط زر کو قابو میں رکھنے میں مدد ملی۔

مانیٹری پالیسی کمیٹی (MPC) نے رواں مالی سال کے پہلے اجلاس میں ڈسکاؤنٹ کی شرح کو 5.75% کی سطح پر قائم رکھ کر اپنا سابقہ موقف برقرار رکھا۔ MPC نے کلاں معاشیات کے حوصلہ افزا ماحول اور غیر ملکی زرمبادلہ کے ذخائر کی اب تک کی بلند ترین سطح کو اپنے فیصلے کے خصوصی اسباب قرار دیا، تاہم برآمدات میں کمی اور درآمدات میں اضافے کو خطرے کی گھنٹی قرار دیا۔

کرنٹ اکاؤنٹ (CA) میں مالی سال 2017ء کے (2M) میں 1,316 ملین ڈالر خسارہ ہوا، جبکہ گزشتہ سال اسی مدت کے دوران 686 ملین ڈالر خسارہ ہوا تھا، اور اس کی وجہ درآمدات میں اضافہ اور برآمدات میں کمی ہے۔ مزید برآں، ترسیلات زر پر دباؤ پڑا؛ مالی سال 2017ء کی پہلی سہ ماہی کے دوران ترسیلات زر میں 5.4% YoY کمی ہوئی اور یہ 4.7 بلین ڈالر کی سطح پر آگئیں۔ عالمی سطح پر مجموعی ملکی پیداوار (GDP) کی نجیف ترقی اور خلیجی معاشیات، جہاں بیرون ملک مقیم پاکستانیوں کی اکثریت برسرِ روزگار ہے، کے ناتواں محرکات کی وجہ سے ترسیلات زر میں یہ سست روی ناگزیر تھی۔ لیکن کرنٹ اکاؤنٹ پر اس ضرب سے غیر ملکی زرمبادلہ کے ذخائر متاثر نہیں ہوئے کیونکہ مضبوط مالیاتی آمدیات، بالخصوص CPEC پر مبنی مالیات، کی بدولت کمزور ہوتے ہوئے کرنٹ اکاؤنٹ کے اثر کو زائل کر دیا۔ غیر ملکی زرمبادلہ کے ذخائر دوران سہ ماہی 500 ملین ڈالر اضافے کے ساتھ 23.6 بلین ڈالر کی سطح تک پہنچ گئے۔

پاکستان انویسٹمنٹ بانڈز (PIB) کے 3 سالہ، 5 سالہ اور 10 سالہ بانڈز کی آمدنی میں دوران سہ ماہی 30 bps اضافہ ہوا۔ افراط زر کے سبب اکثر مہینوں کے دوران مارکیٹ کی توقعات پوری نہیں ہو سکیں، چنانچہ ختم پیداوار اور پر کی طرف حرکت کر گیا۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے بھی اس غیر ہموار صورتحال کی توثیق کی اور اپنے MPS میں برآمدات میں کمی اور ترسیلات زر میں سستی کے باعث خارجی اکاؤنٹ پر خدشات کا اظہار کیا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 4.99% سالانہ منافع حاصل کیا، جو مقررہ معیار 3.88% سے 1.11% زیادہ ہے۔ 30 ستمبر 2016ء پر WAM بیس (۲۰) دنوں کی سطح پر تھا، جو انٹریسٹ کی شرحوں میں اضافے کے پس منظر میں ہماری رائے کے مطابق ہے۔ فنڈ کی سرمایہ کاری 17%

ٹرم ڈپازٹس میں اور 81.6% نقد میں تھی۔

30 ستمبر 2016ء کو فنڈ کے net اثاثے 6,008 ملین روپے تھے جبکہ 30 جون 2016ء کو 3,958 ملین روپے تھے، یعنی 51.79% اضافہ ہوا۔

30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 101.5978 روپے تھی جبکہ 30 جون 2016ء کو 100.3368 روپے فی یونٹ تھی، یعنی 1.261 روپے فی یونٹ اضافہ ہوا۔

مستقبل کی صورتحال

معیشت کی صورتحال پہلے کے مقابلے میں مستحکم ہونے پر حکومت نے ملکی ترقی کے احیاء کا پُر جوش منصوبہ ظاہر کیا ہے۔ رواں مالی سال کے لئے حکومت نے 5.7% ترقی کا ہدف مقرر کیا ہے جبکہ گزشتہ برس یہ ہدف 4.7% تھا۔ پاکستانی معیشت میں بہتری کے امکانات بہت اُمید افزا نظر آتے ہیں جس کی بناءً بجلی کی بہتر صورتحال، کاروباری اعتماد میں اضافہ اور 46 بلین ڈالر کے CPEC پروگرام کے تحت پراجیکٹس کا آغاز ہے۔

کنزیومر پرائس انڈیکس کے اوسط کے اس سال 5% سے کم رہنے کا امکان ہے۔ تیل کی قیمتوں اور زر مبادلہ کی شرح میں استحکام کی بدولت افراط زر کو اگلی چند سہ ماہیوں میں 4.0% سے 5.0% کے درمیان قابو میں رکھنے میں مدد ملے گی۔ چنانچہ مانیٹری پالیسی کے لئے ایک مستحکم ماحول کی اُمید کی جاسکتی ہے۔

فی الوقت کرنٹ اکاؤنٹ کو نحیف برآمدات اور سست ترسیلات زر کے باعث خطرہ لاحق ہے، جو اگرچہ حالی ہی میں مضبوط مالی آمدات سے زائل ہو گیا ہے، لیکن اگر خارجی اکاؤنٹ میں مزید کمزوری ہوئی تو کرنسی کو خطرہ لاحق ہو سکتا ہے اور اس کے نتیجے میں پاکستانی روپے کی قدر میں متوقع سے زیادہ کمی آئے گی، اور اسے ہم وقت کے اس موڑ پر معیشت کو لاحق واحد بڑا خطرہ سمجھتے ہیں۔

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 کا شعبہ متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنا رہے گا۔

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 پاکستان انویسٹمنٹ بانڈز (PIBs) کی maturity واضح ہونے کے بعد منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی توجہ مرکوز ہے۔ 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۔

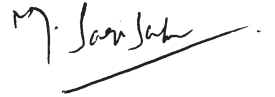
مقررہ آمدنی کے میدان میں مارکیٹ متوقع طور پر افراط زر میں اضافے اور سرحدوں پر کشیدگی کے باعث محتاط رہے گی۔ معاشی میدان میں، خاص طور پر ادائیگیوں کے توازن کے حوالے سے، واضح صورتحال سے مقررہ آمدنی کی مارکیٹوں میں مزید شرکت کی طرف راہنمائی حاصل ہوگی۔

ڈائریکٹرز رپورٹ

اظہار تشکر

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

من جانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 اکتوبر 2016ء

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2016

	<i>Note</i>	30 September 2016	30 June 2016
------(Rupees in '000)-----			
ASSETS			
Bank balances with bank		5,038,452	3,025,336
Investments	6	68,069	602,430
Term deposit receipts		1,050,000	500,000
Prepayments, profit and other receivables		18,795	32,804
Total assets		6,175,316	4,160,570
LIABILITIES			
Payable to the Management Company		3,802	3,649
Payable to Central Depository Company of Pakistan Limited - Trustee		479	406
Payable to the Securities and Exchange Commission of Pakistan		998	5,391
Accrued and other liabilities	7	161,772	192,836
Total liabilities		167,051	202,282
NET ASSETS		6,008,265	3,958,288
Unit holders' fund		6,008,265	3,958,288
Contingencies & Commitments	8		
(Number of units)			
Number of units in issue (face value of units is Rs. 100 each)		59,137,764	39,450,036
(Rupees)			
NET ASSET VALUE PER UNIT		101.60	100.34

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter ended	
		30 September 2016	30 September 2015
		----- (Rupees in '000) -----	
INCOME			
Capital (loss) / gain on sale of investments - net		(9,439)	3,279
Income from government securities		41,599	145,002
Profit on bank deposits and term deposit receipts		40,378	15,268
		72,539	163,549
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'		(22)	1,870
		72,516	165,420
EXPENSES			
Remuneration of Management Company		7,986	16,233
Sindh Sales tax and Federal Excise Duty on Management fee		1,038	5,233
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,187	1,880
Sindh Sales Tax on Remuneration of Central Depository Company		154	263
Annual fee of Securities and Exchange Commission of Pakistan		998	1,706
Allocated expenses and related taxes		1,330	-
Legal and professional		15	-
Brokerage expense		337	348
Auditors' remuneration		310	292
Other expenses		217	269
Total operating expenses		13,572	26,225
Net income from operating activities		58,944	139,195
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed			
- arising from Capital (loss) / gain and unrealised (loss) / gain on investments		(81)	(142)
- arising from other income		4,670	(17,212)
		4,589	(17,354)
Provision for Workers' Welfare Fund	7.2	-	-
Net income for the period before taxation		63,533	121,841
Taxation	9	-	-
Net income for the period after taxation		63,533	121,841

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	30,September 2016	30,September 2015
	----- (Rupees in '000) -----	
Net income for the period after taxation	63,533	121,841
Other Comprehensive income:		
Surplus on revaluation of Available-for-Sale investments transferred to income statement on disposal	8,317	-
Total comprehensive income for the period	71,850	121,841
Earnings per unit	11	

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

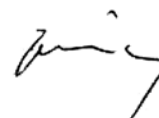
	Quarter ended	
	30 September 2016	30 September 2015
	'------(Rupees in '000)-----'	
Undistributed income brought forward		
- Realised income	12,706	14,920
- Unrealised loss	81	(1,136)
	<u>12,787</u>	<u>13,784</u>
Net income for the period	63,360	121,841
Net Element of (loss) / income and capital gains / (loss) included in prices of units issued less those in units redeemed - amount form part of the unit holders' fund	9,527	(5,225)
Undistributed income carried forward	<u>85,674</u>	<u>130,400</u>
Undistributed income carried forward		
- Realised income	85,696	128,530
- Unrealised income	(22)	1,870
	<u>85,674</u>	<u>130,400</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

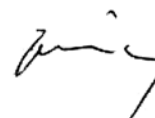
	Quarter ended	
	30 September 2016	30 September 2015
	----- (Rupees in '000) -----	
Net asset at the beginning of the period	3,958,288	12,532,647
Issue of 43,322,656 units (September 30, 2015: 41,043,952 units)	4,365,003	4,135,538
Redemption of 23,634,928 units (September 30, 2015: 88,322,003 units)	(2,382,115)	(8,885,923)
	1,982,888	(4,750,384)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing income and capital gains arising from capital gain (loss) and unrealised gain / (loss) on investments - transferred to income statement	81	142
- amount representing income / (loss) and capital gains / (loss) arising from other income - transferred to income statement	(4,670)	17,212
- amount representing income / (loss) that forms part of unit holder's fund - transferred to distribution statement	(9,527)	5,225
	(14,115)	22,579
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - transferred to distribution statement	9,527	(5,225)
Net unrealised demutation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(22)	1,870
Capital (loss) / gain on sale of investments - net	(9,439)	3,279
Surplus on revaluations of Available-for-Sales investments transferred to income statement on disposal	8,317	-
Other income	72,821	116,691
Net income for the period	81,204	116,615
Net assets at end of the period	6,008,265	7,921,457

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended	
	30 September 2016	30 September 2015
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	63,360	121,841
Adjustments for:		
Capital gain on sale of investments	9,439	(3,279)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	22	(1,870)
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed		
- arising from Capital gain / (loss) and unrealised gain / (loss) on investments	81	142
- arising from other income	(4,670)	17,212
Net cash used in operations before working capital changes	68,233	134,046
Working capital changes		
Decrease / (Increase) in assets		
Investments - net	(16,783)	4,478,362
Other receivables	14,009	(5,718)
	(2,774)	4,472,644
(Decrease) / Increase in liabilities		
Payable to the Management Company	820	570
Payable to the Trustee	73	61
Payable to the Securities and Exchange Commission of Pakistan	(4,393)	(6,576)
Accrued and other liabilities	(31,731)	(11,374)
	(35,231)	(17,319)
Net cash generated / (used in) from operating activities	30,228	4,589,370
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	4,365,003	4,135,538
Net payments on redemption of units	(2,382,115)	(8,885,923)
Net cash (used in) / generated from financing activities	1,982,888	(4,750,385)
Net (decrease) / increase in cash and cash equivalents	2,013,116	(161,014)
Cash and cash equivalents at beginning of the period	3,025,336	2,398,028
Cash and cash equivalents at end of the period	5,038,452	2,237,014

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed -e- Millat Expressway, near K.P.T Interchange, Karachi.

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 Pakistan Stock Exchange (formerly 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.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (AM two plus plus) dated 8 June 2016 to the Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) dated 31 December 2015 to the Fund.

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 2016.

The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2016 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2016, where as 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 quarter ended 30 September 2015.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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 are unaudited. The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

2.2 Basis of measurement

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

2.3 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 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2016.

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not result in change to the Fund's operation or a change in accounting policies of the Fund.

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 2016.

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 2016.

	Note	September 30, 2016 (Unaudited) ----- (Rupees in '000) -----	June 30 2016 (Audited)
6 INVESTMENTS			
6.1 'Investments at fair value through profit or loss'			
Market Treasury Bills	6.1.1	68,069	99,961
		68,069	99,961
6.2 'Investments classified as available-for-sale'			
Pakistan Investment Bonds	6.1.2	-	502,469
		-	502,469

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

6.1.1 'Investments at fair value through profit or loss'

- Investment in Market Treasury Bills

Government securities	Face Value				Balance as at September 30, 2016				Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the period	Disposed	Matured	As at Sept 30, 2016	Carrying Value	Market value	Appreciation / (diminution)		
Rupees in '000-										
Treasury bills - 3 months	25,000	1,450,000	1,450,000	25,000	-	-	-	-	0.00%	0.00%
Treasury bills - 6 months	10,785	6,172,500	5,585,000	545,785	52,500	51,735	51,721	(14)	0.86%	4.63%
Treasury bills - 12 months	65,000	4,239,075	3,480,000	807,500	16,575	16,356	16,348	(8)	0.27%	0.00%
Total - September 30, 2016						68,091	68,069	(22)	1.13%	5%
Total - June 30, 2016						99,959	99,961	2	2.53%	16.60%

6.1.2 - Investment in Pakistan Investment Bond

PIB - 3 years	501,200	-	501,200	-	-	-	-	-	-
PIB - 7 years	-	-	-	-	-	-	-	-	-
Total - September 30, 2016						502,390	502,469	79	12.69%
Total - June 30, 2016									83.40%

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

		September 30, 2016 (Unaudited)	June 30 2016 (Audited)
		----- (Rupees in '000) -----	
7 ACCRUED AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related taxes	7.1	54,286	54,286
Provision for Workers' Welfare Fund	7.2	102,911	102,911
Withholding tax payable (deducted on dividend distribution)		-	19,524
Withholding tax payable (deducted on capital gains)		2,541	13,939
Auditors' remuneration		262	690
Brokerage payable		337	279
Legal and professional charges payable		608	595
Others		141	612
		161,086	192,836

7.1 Provision for Federal Excise Duty and related taxes

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company 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 Management Company is of the view that further levy of FED was not justified.

On 4 September 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED. The SHC vide its Order dated 16 July 2016 has disposed of the petition by referring its judgment dated 2 June 2016 whereby it rendered the FED on certain services to be 'ultra vires' in the presence of Sindh Sales Tax Act 2011. 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. Management is however of the view that since the Federal government still has the right to appeal against the Order of the SHC, the previous balance of FED cannot be reversed.

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from 13 June 2013 to 30 June 2016 aggregating to Rs. 54.29 million (2016: Rs. 54.29 million).

7.2 Provision For workers' welfare fund

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

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010, the Ministry filed its response against the Constitutional Petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended 30 June 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 filed by companies other than mutual funds 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.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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, management company, as a matter of abundant precaution, has decided to charge 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 01 July 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Management company, as a matter of abundant precaution, has decided to retain the provision for WWF amounting to Rs. 102.91 million in these financial statements pertaining to period 1 July 2011 to 30 June 2015 and have not record any further provision there against. During the quarter ended 30 September 2016 the Fund charged Rs.Nil on account of WWF. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 1.74 per unit as at 30 September 2016

8 Contingencies And Commitments

There is no change in contingencies and commitments during the quarter ended 30 September 2016 in comparison with 30 June 2016.

9 Taxation

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

10 Total Expense Ratio

The Total Expense Ratio (TER) of the fund including government levies as on September 30, 2016 is 0.26%. Total expense for the period includes 0.04% representing Government levy and Worker's Welfare Fund.

11 EARNINGS / (LOSS) 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.

12 TRANSACTIONS WITH CONNECTED PERSONS / OTHER 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 FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	-----Unaudited-----	
	Quarter ended	
	30 September	
	2016	2015
	------(Rupees in '000)-----	
12.1 Transactions with connected persons during the period		
MCB Bank Limited		
Profit on Bank deposits	100	1,939
Bank Charges	6	40
Purchase of securities - Face Value Nil (2015: Rs. 500,000,000)	-	483,825
Sale of securities - Face Value 400,000,000 (2015: Rs. 1040,000,000)	388,892	1,022,750
MCB-Arif Habib Savings and Investments Limited (Management Company)		
Remuneration of the Management Company (including indirect taxes)	9,024	21,466
Allocated expenses and related taxes	1,330	-
Issue of units: 4,872,919 units (2015: 1,047,264 units)	492,138	105,000
Redemption of units: 2,105,695 units (2015: 1,427,144 units)	212,091	143,232
Central Depository Company of Pakistan Limited-Trustee		
Remuneration of the Trustee (including indirect taxes)	1,187	2,143
Adamjee Insurance Company Limited - Investment Department		
Redemption of units: units (2015: 19,131,871 units)	-	1,924,255
Adamjee Insurance Company Limited		
Redemption of units: units (2015: 8,655,218 units)	-	866,478
Adamjee Life Assurance Comapany Limited - ISF		
Issue of units: 49,572 units (2015: Nil units)	5,000	-
Adamjee Life Assurance Comapany Limited - ISF- II		
Issue of units: 1,138,601 units (2015: Nil units)	115,000	-
Redemption of units: 1,138,601 units (2015: Nil units)	115,293	-
Adamjee Life Assurance Comapany Limited - NUIL		
Issue of units: 49,572 units (2015: Nil units)	5,000	-
Redemption of units: 49,572 units (2015: Nil units)	5,020	-
Pakistan Petroleum Limited		
Issue of units: Nil units (2015: 9,776,354 units)	-	985,000
Redemption of units: Nil units (2015: Nil units)	-	-
D.G. Khan Cement Company Limited		
Issue of units: 7,962,798 units (2015: Nil units)	800,000	-
Redemption of units: 7,962,798 units (2015: 15,057,137 units)	800,540	1,509,401
Nishat Mills Limited Employees provident Fund Trust		
Issue of units: Nil units (2015: Nil units)	-	-
Redemption of units: 659,948 units (2015: Nil units)	66,236	-
Silk Bank Limited		
Purchase of Securities - Face Value Nil (2015: Rs. 500,000,000)	-	496,403
Sell of Securities - Face Value 820,000,000 (2015: Rs. 250,000,000)	808,242	242,216

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	-----Unaudited-----	
	Quarter ended	
	30 September	
	2016	2015
	----- (Rupees in '000) -----	
Next Capital Limited-Brokerage House		
Brokerage expense *	1	60
Mandate Under Discretionary Portfolio Services		
Issue of units: 2,060,332 units (Sept 2015: 203,631 units)	208,084	20,481
Redemption of units: 763,653 units (Sept 2015: 829,648 units)	77,450	83,672
Key Management Personnel		
Issue of units: 264,250 units (Sept 2015: Nil units)	26,767	-
	September 30,	June 30
	2016	2016
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
12.2 Amount outstanding as at period end are as follows:		
MCB Bank Limited		
Bank balance	33,464	126,700
Profit receivable on deposit accounts	334	356
MCB-Arif Habib Savings and Investments Limited (Management Company)		
Management fee payable	2,941	2,854
Sindh sales tax payable on management fee	382	400
Payable against allocated expenses	479	393
Legal and profesional Charges Payable	-	2
Units held: 2,767,224 Nil units (June 30, 2016: Nil units)	281,102	-
Central Depository Company of Pakistan Limited-Trustee		
Remuneration payable	479	356
Sindh sales tax payable on trustee fee		50
Arif Habib Limited-Brokerage House *		
Brokerage payable	-	9
Next Capital Limited-Brokerage House *		
Brokerage payable	29	28
Adamjee Life Assurance Comapany Limited - ISF		
Units held: 49,572 units (June 30, 2016: Nil units)	5,036	-
Nishat Mills Limited Employees Provident Fund Trust		
Units held : Nil units (June 30, 2016: 659,949 units)	-	66,218
Mandate Under Discretionary Portfolio Services		
Units held : 5,233,363 units (June 30, 2016: 17,985 units)	531,618	1,805
Key Management Personnel		
Units held : 281,094 units (June 30, 2016: 16,845 units)	28,554	1,690

* The amount disclosed is the amount of brokerage paid or payable to the connected persons and not the purchase and sale value of securities transacted through them. The purchase and sale value can not be treated as transaction with connected persons as the ultimate counter parties are not connected persons.

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

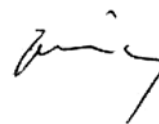
13 DATE OF AUTHORISATION FOR ISSUE

These condensed financial statements were authorised for issue on October 21, 2016 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Director

Please find us on



by typing: **MCB Arif Habib Savings**

MCB-Arif Habib Savings and Investments Limited

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