

Quarterly Report
September 30, 2016
(Unaudited)



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

Rated: AM2++ by PACRA

MCB
PAKISTAN FREQUENT PAYOUT FUND

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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	Chairman 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	MCB Financial Services Limited 4th Floor, Pardesi House 2/1, R-Y-16 Old Queens Road, Karachi, Pakistan.	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited NIB Bank Limited Bank Al-Habib Limited Waseela Micro Finance Bank Limited JS Bank Limited Zarai Taraqiati Bank Limited	
Auditors	A.F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
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, 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 THE QUARTER ENDED SEPTEMBER 30, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Pakistan Frequent Payout Fund's accounts review for the quarter months 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.

EQUITIES MARKET OVERVIEW

The start of the new fiscal year was promising, as the local bourse continued to cherish the inclusion of Pakistan in the MSCI Emerging Market Index. The benchmark as measured by KSE-100 Index gained 7.3% during 1QFY17. While, the Indo-Pak border tension triggered some volatility in the market; overall, the Pakistan Stock Exchange continued its positive momentum, ending at all time high of 40,541 points at the end of September 2016.

Mutual funds and NBFC's were the major buyers during the quarter, buying USD 76 million and 36 million worth of equities respectively. While, foreigners remained net sellers of USD 38 million during the quarter, the selling was specifically limited to certain scrips. Liquidity in the market improved, with average trading volumes going up by 37%, increasing to 310 million shares compared to 226 million shares witnessed during the preceding quarter. A broad based rally in third tier stocks contributed significantly towards this strong volume increase during the end of quarter.

Auto Sector lead the charts during the quarter, gaining a massive 45% as strong demand outlook emanating from renewed interest in auto financing created exuberance. The launch of a new model by Honda also continued to capture investor attention as expectations of robust demand materialized. Alongside, some of the auto manufacturers raised their prices to pass on the earlier impact of yen's appreciation. Oil & Gas Marketing Companies also rallied by 22% during the period, as petroleum sales continued to beat market expectations. The sale of petroleum products broke all the records during the quarter, after they witnessed an increase of 20.6% YoY.

The index heavy weight Commercial Banks also managed to outperform the benchmark by posting a gain of 10%. Foreigners' interest was tilted towards Commercial Banks, after their inclusion in the Emerging Market Index. The performance of cement sector matched the benchmark as local dispatches kept posting growth in double digits. However, the price performance of the sector during the later part of the quarter was partly subdued, owing to skepticism on a wave of expansion announced by a large number of cement companies. Furthermore, potential acquisition of a local cement manufacturer by a Chinese player was viewed negatively by the investors.

On the flip side, Oil & Gas exploration sector underperformed the benchmark, posting a nominal gain of 3%. Underperformance came in after average international crude oil prices retreated by 2% during the quarter to USD 47/BBL. Fertilizer sector also underperformed due to rising urea inventories. ECC's approval for reduction in NFML's imported fertilizer prices also kept the investors interest at bay in the fertilizer sector. Alongside, lower than expected dividend by Engro Corp turned to be a major mood dampener for the sector.

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

FUND PERFORMANCE

During the period under, the fund posted a return of 1.53% compared to the benchmark return of 2.41 %. On the equities front, the overall allocation was increased to 4% from 0.4%. The fund drastically reduced its exposure in PIBs to 1.8% from 47.7% and increased its exposure in T-bills to 45.8 from 6.1%.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 1,134 million as compared to Rs. 796 million as at June 30, 2016. The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs. 100.2367 an increase of Rs. 0.0164 over June 30, 2016.

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.

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

ڈائریکٹر رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016ء کو اختتام پذیر ہونے والی مدت کے لئے ایم سی بی پاکستان فریکوئنٹ پے آؤٹ فنڈ 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 نیچے 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 اوپر 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۔

ایکویٹی مارکیٹ کا جائزہ

سال کا آغاز اُمید افزا تھا کیونکہ MSCI امریکن مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت مقامی اسٹاک مارکیٹ کو ہونے والے فوائد کا سلسلہ جاری رہا۔ KSE-100 کا پیمائش کردہ معیار میں مالی سال 2017ء کی پہلی سہ ماہی کے دوران 7.3% اضافہ ہوا۔ اگرچہ پاک بھارت سرحد پر کشیدگی کے باعث مارکیٹ میں تھوڑا بہت عدم استحکام پیدا ہوا لیکن مجموعی طور پر پاکستان اسٹاک ایکسچینج کی مثبت رفتار جاری رہی جو ستمبر 2016ء کے اختتام پر اب تک کے بلند ترین 40,541 پوائنٹس پر ختم ہوئی۔

ڈائریکٹر رپورٹ

دورانِ سہ ماہی Mutual فنڈ زاور NBFCs اہم ترین خریدار تھے جنہوں نے بالترتیب 76 ملین ڈالر اور 36 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ اگرچہ دورانِ سہ ماہی 38 ملین ڈالر کی فروخت کے ساتھ بدستور غیر ملکیوں کے ہاتھوں ہونے والی فروخت کا پلڑا بھاری رہا، لیکن یہ فروخت کچھ خاص scrips تک محدود تھی۔ اوسط تجارتی حجم میں 37% اضافے کی بدولت مارکیٹ میں قابلیت نقد میں بہتری ہوئی، چنانچہ 310 ملین حصص کی خرید و فروخت ہوئی جبکہ گزشتہ سہ ماہی کے دوران 226 ملین حصص کی خرید و فروخت ہوئی تھی۔ دورانِ اختتام سہ ماہی حجم میں اس بھر پور اضافے میں تیسرے درجے کے اسٹاکس میں وسیع پیمانے پر اضافے کا اہم کردار ہے۔

دورانِ سہ ماہی آٹو کیٹر 45% ترقی کر کے سب سے آگے رہا کیونکہ آٹو فنانسنگ میں انٹریسٹ کی تازہ شرحوں نے ایک نئی روح بھونک دی۔ ہنڈا نے ایک نیا ماڈل متعارف کرایا جس کی بدولت پینتہ مانگ کی توقعات پوری ہوئیں اور سرمایہ کاروں کی توجہ بدستور قائم رہی۔ ساتھ ہی ساتھ کچھ آٹو مینوفیکچررز نے yen کی قدر میں اضافے کے سابقہ اثر کو زائل کرنے کے لئے اپنی قیمتوں میں اضافہ کر دیا۔ آئل اینڈ گیس مارکیٹنگ کمپنیز نے بھی دورانِ مدت 22% ترقی کی کیونکہ پٹرولیم کی فروخت مارکیٹ کی توقعات سے کہیں زیادہ ہوئیں۔ پٹرولیم مصنوعات کی فروخت میں دورانِ سہ ماہی 20.6% YoY اضافہ ہوا جس نے تمام ریکارڈ توڑ دیئے۔

بھاری انڈیکس والے کمرشل بینکوں نے 10% ترقی کی، چنانچہ وہ بھی مقررہ معیار سے بہتر کارکردگی کا مظاہرہ کرنے میں کامیاب ہوئے۔ امریکن مارکیٹ انڈیکس میں کمرشل بینکوں کی شمولیت کے بعد غیر ملکیوں کی دلچسپی کمرشل بینکوں کی طرف مائل رہی۔ سینٹ کے شعبے کی کارکردگی مقررہ معیار کے مطابق تھی کیونکہ مقامی ترسیلات کی ترقی کے اعداد و شمار مسلسل بلند رہے۔ تاہم سینٹ کمپنیز کی بڑی تعداد کی اعلان کردہ توسیع کی لہر پر شکوک و شبہات کے باعث سہ ماہی کے اواخر کے دوران اس شعبے کی کارکردگی باعتبار قیمت پست رہی۔ مزید برآں، ایک چینی ادارے کے ایک مقامی سینٹ مینوفیکچر کے متوقع حصول کو سرمایہ کاروں نے منفی نظر سے دیکھا۔

دوسری جانب آئل اینڈ گیس ایکسپلوریشن کے شعبے نے صرف 3% ترقی کر کے مقررہ معیار سے کم کارکردگی کا مظاہرہ کیا۔ اس ناقص کارکردگی کا آغاز اُس وقت ہوا جب خام تیل کی اوسط قیمتیں 2% کم ہو کر 47/BBL ڈالر ہو گئیں۔ کھاد کے شعبے نے بھی مقررہ معیار سے کم کارکردگی کا مظاہرہ کیا جس کی وجہ یورپ کے تجارتی ذخائر میں اضافہ ہے۔ ECC کی طرف سے NFML کی درآمد شدہ کھاد کی قیمتوں میں کمی کی منظوری کے باعث بھی کھاد کے شعبے میں سرمایہ کاروں کی دلچسپی کم رہی۔ مزید برآں، اینگرو کارپوریشن کا متوقع سے کم ڈیویڈنڈ بھی کھاد کے شعبے کی حوصلہ شکنی کا بڑا سبب بنا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 1.53% منافع حاصل کیا، بالمقابل مقررہ معیار 2.41% کے۔ ایکویٹیز کے میدان میں مجموعی شمولیت کو 0.4% سے بڑھا کر 4% کر دیا گیا۔ فنڈ نے پاکستان انویسٹمنٹ بانڈز (PIBs) میں اپنی شمولیت کو 47.7% سے بڑے پیمانے پر کم کر کے 1.8% کر دیا اور ٹی۔بلز میں اپنی شمولیت کو 6.1% سے بڑھا کر 45.8% کر دیا۔

30 ستمبر 2016ء کو فنڈ کے net اثاثے 1,134 ملین روپے تھے، جبکہ 30 جون 2016ء کو 796 ملین روپے تھے۔ 30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 100.2367 روپے تھی، یعنی 30 جون 2016ء کے بعد 0.0164 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 بناء بجلی کی بہتر صورتحال، کاروباری اعتماد میں اضافہ اور 46 بلین ڈالر کے CPEC پروگرام کے تحت پراجیکٹس کا آغاز ہے۔

ڈائریکٹر رپورٹ

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۔

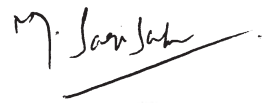
تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر پاکستان انویسٹمنٹ بانڈز (PIBs) کی maturity واضح ہونے کے بعد منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی توجہ مرکوز ہے۔ ابھرتی ہوئی 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۔

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، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 اکتوبر 2016ء

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

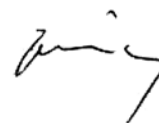
	30 September 2016 (Unaudited)	30 June 2016 (Audited)
Note	(Rupees in '000)	
Assets		
Balances with banks	400,870	200,594
Investments	706,297	503,625
Dividend and profit receivables	2,192	20,568
Advances, deposits and prepayments	4,015	70,000
Receivable against purchase of investment	48,815	14,798
Receivable from National Clearing Company of Pakistan Limited	13,332	3,938
Total assets	1,175,521	813,523
Liabilities		
Payable to the Management Company	8,601	7,172
Payable to MCB Financial Services Limited - Trustee	120	85
Payable to Securities and Exchange Commission of Pakistan	228	327
Fair value of derivative liability	-	580
Payable against purchase of investment	21,030	3,469
Dividend payable	5,582	-
Accrued expenses and other liabilities	6,187	5,688
Total liabilities	41,748	17,321
Net assets	1,133,773	796,202
Unit holders' fund (as per statement attached)	1,133,773	796,202
Contingencies and commitments	7	
	(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)	11,310,964	7,944,517
	(Rupees)	
Net asset value per unit	100.2367	100.2203

The annexed notes 1 to 15 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

	Quarter ended 30 September 2016 (Rupees in '000)
<i>Note</i>	
Income	
Capital loss on sale of investments	(3,459)
Dividend income	579
Profit on bank deposits	3,980
Income from government securities	9,950
Income from spread transaction	522
	11,572
Net unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	(147)
Total Income	11,425
Expenses	
Remuneration of the Management Company	2,342
Sindh Sales tax and Federal Excise Duty on Management Fee	304
Remuneration of MCB Financial Services Limited -Trustee	283
Sindh Sales tax on remuneration of Trustee	37
Annual fee to Securities and Exchange Commission of Pakistan	228
Auditor's remuneration	175
Amortisation of preliminary expenses and floatation costs	37
Settlement and bank charges	543
Fees and subscription	73
Allocated expenses	271
Printing and related charges	67
Total Expenses	4,360
Net income from operating activities	7,065
Net element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed	
- arising from Capital gain and unrealised gain on investments	12,398
- arising from other loss	(15,119)
	(2,721)
Net income for the period before taxation	4,344
Taxation	-
Net income for the period after taxation	4,344
Earnings per unit	

The annexed notes 1 to 15 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 OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Quarter ended 30 September 2016 (Rupees in '000)
Net income for the period after taxation	4,344
Other comprehensive income:	
Unrealised appreciation in investments classified as 'available for sale'	8,112
Total comprehensive income for the period	12,456

The annexed notes 1 to 15 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**

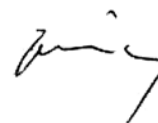
	Quarter ended 30 September 2016 (Rupees in '000)
	<i>Note</i>
Undistributed income brought forward	1,561
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing unrealized appreciation	3,256
Total net income for the period	4,344
Distributions to the unit holders of the Fund:	
Interim distributions during the period - Cash distribution	<i>14</i> (14,783)
Undistributed loss carried forward	<u>(5,622)</u>

The annexed notes 1 to 15 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' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

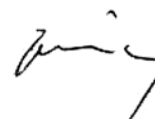
	Quarter ended 30 September 2016 (Rupees in '000)
Net assets at the beginning of the period	796,202
Issue of 4,674,861 units for the period	468,251
Redemption of 1,308,414 units for the period	(131,072)
	337,179
Net element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed	
amount representing income / loss and capital losses -	
- arising from Capital gain and unrealised gain on investments	(12,398)
- arising from other loss	15,119
- amount representing (income) and capital (gains) transferred to distribution statement	(3,256)
	(535)
Element of income and capital gains that forms part of unit holders' fund transferred to distribution statement	3,256
Net income for the period (excluding net unrealized diminution in fair value of investment classified at 'fair value through profit or loss', future contracts and capital gain on sale of investment	7,948
Net unrealised diminution on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	(147)
Net unrealised appreciation on re-measurement of investment classified as 'available for sale'	8,112
Capital loss on sale of investments - net	(3,459)
Total comprehensive income for the period.	12,454
Distributions during the period	(14,783)
Net assets at the end of the period	1,133,773
Net assets value per unit at end of the period	100.2367

The annexed notes 1 to 15 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
Note
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	4,344
Adjustments for non-cash charges and other items:	
Net unrealised appreciation on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	147
Net unrealised diminution in the fair value of future contracts	-
Net element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed	
- arising from Capital gain and unrealised gain on investments	(12,398)
- arising from other loss	15,119
Net cash generated from operations before working capital changes	7,212

(Increase) / decrease in assets

Investments - net	(194,708)
Dividend and profit receivables	18,376
Advances, deposits and prepayments	65,985
Receivable from National Clearing Company of Pakistan Limited	(9,394)
	(153,758)

Increase / (decrease) in liabilities

Payable to the Management Company	1,429
Payable to MCB Financial Services Limited - Trustee	35
Payable to Securities and Exchange Commission of Pakistan	(99)
Payable against purchase of investment	17,561
Dividend payable	5,582
Accrued expenses and other liabilities	499
	24,427

Net cash used in operating activities (122,119)

CASH FLOWS FROM FINANCING ACTIVITIES

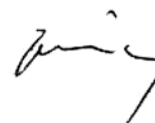
Receipts from issuance of units	468,251
Payments against redemption of units	(131,072)
Distribution during the period	(14,783)
Net cash generated from financing activities	322,396
Net increase in cash and cash equivalents	200,277
Cash and cash equivalents at beginning of the period	200,594
Cash and cash equivalents at end of the period	400,870

The annexed notes 1 to 15 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 INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ("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 16 July 2015. It was constituted under a Trust Deed dated 22 July 2015 between MCB-Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and MCB Financial Services Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC Rules through a certificate of registration issued by the 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 ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange.

Under circular 7 dated 6 March 2009 issued by the SECP, the Fund is categorised as an "Asset Allocation Scheme". The Management Company is in the process of making requisite amendments in relation to categorisation, investment objectives and relevant benchmark in the constitutive documents of the Fund.

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. The Fund has applied for and is yet to be rated by PACRA.

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.
- 2.1.2 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.
- 2.1.3 The comparatives in the condensed interim 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 comparative in condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 30 September 2016.
- 2.1.4 The directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements of the Fund for the half year ended 30 September 2016.

3.2 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.

3.3 In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2016.

3.4 The element of income arising on issuance and redemption of units is bifurcated into portion attributable to capital gain / losses (realised and unrealised) and other income appearing in book of accounts of the Fund.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended 30 June 2016.

		30 September 2016 (Unaudited)	30 June 2016 (Audited)
		(Rupees in '000)	
5. INVESTMENTS			
5.1 Held for trading investments (HFT)			
Listed equity securities	5.1.1	-	62,438
Government securities	5.1.2	559,805	70,398
		559,805	132,836
5.2 Available for sale investments (AFS)			
Listed equity securities	5.2.1	46,492	3,526
Government securities	5.2.2	-	367,263
		46,492	370,789
5.3 Loans and receivables			
Term Deposit Receipts	5.3.1	100,000	-
Total Investments		706,297	503,625

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

5.1 Held for trading investments

5.1.1 Listed equity securities

Name of investee company	Balance as at July 01, 2016	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 30 September 2016	Carrying Cost as at 30 September 2016	Market value as at 30 September 2016	Appreciation/ (Diminution) as at 30 September 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
(Number of shares)											
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.											
Oil and Gas Marketing Companies											
Pakistan State Oil Limited	6,000	72,500	-	78,500	-	-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	87,000	61,000	-	148,000	-	-	-	-	-	-	-
Engro Fertilizers Limited	127,500	-	-	127,500	-	-	-	-	-	-	-
Food and Personal Care Products											
Engro Foods Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
Pharmaceutical											
Searle Company Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
Cable and Electrical Goods											
Pak Electron Limited	247,500	-	-	247,500	-	-	-	-	-	-	-
Total - 30 September 2016											
						61,645	62,438	793	7.84%	12.39%	
Total - 30 June 2016											

* Par value of Rs. 1 each

** Par value of Rs. 3.5 each

5.1.1.1 Cost of investment of equity securities is Rs. Nil (30 June 2016: Rs. 49,321 million).

5.1.2 Government Securities

Particulars	Balance as at July 1, 2016	Purchased during the period	Sold during the period	Matured during the period	As at 30 September 2016	Carrying value	Market Value	Appreciation / (diminution)	Investments	
									Market value as a percentage of total	Market value as a percentage of total investments
(Rupees in '000)										
-----Face value-----										
Treasury bills										
Treasury Bills - 3 Months	-	671,000	200,000	-	471,000	467,462	467,429	(33)	66.18%	
Treasury Bills - 6 Months	50,000	50,000	100,000	-	-	-	-	-	0.00%	
Treasury Bills - 1 year	-	788,000	713,000	-	75,000	71,691	71,609	(82)	10.14%	
Total - 30 September 2016						539,153	539,038	(115)	76.32%	
Total - 30 June 2016						49,502	49,505	3	9.83%	

5.1.2.1 These Treasury bills have a cost of Rs. 539.1526 million maturing up to 20 July 2017 and carry effective yield ranging between 5.84% to 5.86% per annum.

Particulars	Balance as at July 1, 2016	Purchased during the period	Sold during the period	Matured during the period	As at 30 September 2016	Carrying value	Market Value	Appreciation / (diminution)	Market value as a percentage of total
(Rupees in '000)									
-----Face value-----									
Pakistan Investment Bond									
PIB - 3 years	20,000	20,000	20,000	-	20,000	20,795	20,767	(28)	2.94%
Total - 30 September 2016						20,795	20,767	(28)	2.94%
Total - 30 June 2016						20,878	20,893	(15)	4.15%
Total Investment in Government Securities - 30 September 2016						559,948	559,805	(143)	79.26%
Total investment in Government Securities - 30 June 2016						70,380	70,398	(12)	13.98%

5.1.2.2 These Pakistan Investment bond cost Rs. 20,795 million maturing up to 26 March 2018 and carry effective yield 8.75% per annum.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

5.2 Available for sale investments

5.2.1 Listed equity securities

Name of investee company	Balance as at July 01, 2016	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 30 September 2016	Carrying Cost as at 30 September 2016	(Rupees in '000)				Market value as percentage of total investments	Par value as percentage of issued capital of the investee company	
							Market value as at 30 September 2016	Appreciation/ (Diminution) as at 30 September 2016	Market value as percentage of net assets				
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.													
Automobile Assembler													
Indus Motors Company Limited	-	14,600	-	14,600	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Pharmaceutical													
Abbott Laboratories (Pakistan) Limited	400	15,100	-	650	14,850	11,404	12,600	1,196	1.11%	1.78%	2.00%	2.00%	2.00%
Cement													
Cherat Cement	-	150,000	-	150,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Dewan Cement	-	245,000	-	245,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
D G Khan Cement Company Limited*	-	152,000	-	152,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Lucky Cement	-	10,000	-	10,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited	-	120,000	-	120,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Pioneer Cement Limited	-	110,500	-	110,500	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Chemicals													
Archroma Pakistan Limited	-	23,000	-	13,500	9,500	5,250	5,614	364	0.50%	0.79%	3.00%	3.00%	3.00%
Commercial Banks													
Bank Al-Habib Limited	-	305,000	-	305,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
MCB Bank Limited	-	70,000	-	70,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
United Bank Limited	-	200,000	-	200,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Engineering													
Amreli Steels Limited	-	149,000	-	149,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Fertilizer													
Engro Corporation Limited	-	46,000	-	46,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Foods & Personal Care Products													
Murree Brewery Company	-	5,500	-	5,500	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Leather & Tranneries													
Service Industries	-	750	-	-	750	914	959	45	0.08%	0.14%	1.00%	1.00%	1.00%
Oil & Gas Exploration Companies													
Oil & Gas Development Company Limited	-	145,000	-	45,000	100,000	14,125	14,122	(3)	1.25%	2.00%	0.00%	0.00%	0.00%
Pakistan Oilfields Limited	-	50,000	-	50,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Oil & Gas Marketing Companies													
Pakistan Oil State Company Limited	-	127,900	-	127,900	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Technology & Communications													
P.T.C.L. "A"	-	100,000	-	100,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Textile Composite													
Nishat (Chunian) Limited	-	330,000	-	330,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Nishat Mills Limited	-	200,000	-	200,000	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Power Generation & Distribution													
Hub Power Company Limited	-	52,000	-	-	52,000	6,655	6,197	(458)	0.55%	0.88%	0.00%	0.00%	0.00%
K-Electric Limited**	400,000	760,000	-	400,000	760,000	7,022	7,000	(22)	0.62%	0.99%	0.00%	0.00%	0.00%
						13,677	13,197	(480)	1.17%	1.87%	0.00%	0.00%	0.00%
Total - 30 September 2016						45,370	46,492	1,122	4.11%	6.58%			
Total - 30 June 2016						3,503	3,526	23	0.44%	0.70%			

*These represent transactions with related parties

**Face value Rs. 35

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

5.2.2 Government Securities

Particulars	Balance as at July 1, 2016	Purchased during the period	Sold during the period	Matured during the period	As at 30 September 2016	Carrying value	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
Pakistan Investment Bond										
PIB - 3 years	365,000	25,000	390,000	-	-	-	-	-	0.00%	0.00%
PIB - 5 years	-	-	-	-	-	-	-	-	-	-
Total - 30 September 2016									0.00%	0.00%
Total - 30 June 2016						367,096	367,263	167	46.13%	72.92%
Total Investment in Government Securities - 30 September 2016									0.00%	0.00%
Total Investment in Government Securities - 30 June 2016						367,096	367,263	167	46.13%	72.92%

5.3 Term Deposit Receipts - Loans and receivables

5.3.1 These Term Deposit Receipts face value Rs 100 million.. These will mature latest by 7 March 2017 and carry interest at the rate of 6.5% per annum.

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

		30 September 2016 (Unaudited) (Rupees in '000)	30 June 2016 (Audited)
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related taxes			
on management fee	6.1	841	841
Provision for Federal Excise Duty on sales load		3,625	3,625
Auditors' remuneration payable		143	130
Brokerage payable		1,347	884
Printing charges and other payable		231	208
		6,187	5,688

6.1 Federal excise duty on Remuneration of Management Company

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the 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 September 04, 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. The management is however of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not be reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non banking finance companies from charge of FED on their services.

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs. 4.46 million.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 September 2016 & 30 June, 2016.

8. SINDH SALES TAX ON RENUMERATION OF TRUSTEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13th, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 13% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill 2010 amended up to 2015.

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

9. EXPENSES ALLOCATED BY MANAGEMENT COMPANY AND RELATED SALES TAX

The SECP via SRO 1160 dated November 25, 2015 amended clause 60 of NBFC Regulations, 2008. The said clause entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less.

10. TAXATION

10.1 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.

10.2 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.

11. 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 earnings per unit is not practicable.

12. TOTAL EXPENSE RATIO

"The Total Expense Ratio (TER) of the fund including government levies as on September 30, 2016 is 0.46%. Total expense for the period includes 0.06% representing Government levies.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustees, directors and key management personnel and other associated undertakings.

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.

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

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

	Quarter ended '30 September 2016 (Unaudited) (Rupees in '000)
MCB-Arif Habib Savings and Investments Limited	
Remuneration of the Management Company (including indirect taxes)	2,646
Allocated expenses (including indirect taxes)	271
MCB Financial Services - Limited	
Remuneration of trustees (including indirect taxes)	320
Central Depository Company of Pakistan Limited	
CDC settlement charges	39
MCB Bank Limited	
Profit on bank deposits	96
Bank charges	6
Arif Habib Limited	
Brokerage expense*	89

13.2 Balance outstanding as at the period / year end

	30 September 2016 (Unaudited) (Rupees in '000)	30 June 2016 (Audited)
MCB-Arif Habib Savings and Investments Limited		
Remuneration payable to the Management Company	825	781
Sales tax payable on remuneration of Management	107	109
Sales load payable	3,525	2,354
Sales tax payable on sales load	458	330
Payable against allocated expenses	150	62
Other payable	3,536	3,536
D.G. Khan Cement Company Limited		
NIL shares held by the Fund	-	-
MCB Financial Services - Limited		
Remuneration payable to the Trustee	106	75
Sales tax payable on trustee fees	14	10
Central Depository Company of Pakistan Limited		
Security deposits	100	100
MCB Bank Limited		
Bank deposits	5,680	1,436
Profit receivable	24	53
Arif Habib Limited		
Brokerage *	20	43

* 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 INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

14. INTERIM DISTRIBUTIONS

	Rate per unit	Declaration date	Bonus Distribution		Cash Distribution (Rupees in '000)	Total
			Units	Amount		
For the month ended July 2016	Rs. 0.5096	31 July 2016	-	-	4,159	4,159
For the month ended August 2016	Rs. 0.5096	31 August 2016	-	-	5,042	5,042
For the month ended September 2016	Rs. 0.4935	30 September 2016	-	-	5,582	5,582
			-	-	14,783	14,783

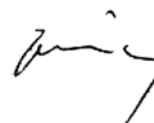
15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim 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**

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