

Quarterly Report
September 30, 2016
(Unaudited)



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

Rated: **AM2++** by PACRA

PAKISTAN SARMAVA MEHFOOZ 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	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Bank Al Habib Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shahrah-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 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 **Pakistan Sarmaya Mehfooz Fund'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.

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

The fund posted a return of 2.09% against its benchmark return of 1.66%. The fund was 19.7% allocated in equity investments and 23.9% in Term Deposits.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 656 million while it stood at Rs. 666 million as at June 30, 2016 registering a decrease of 1.5%.

The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs.107.6842 while it stood at Rs.105.4829 as at June 30, 2016 showing an increase of Rs.2.2 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.

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 پاکستان سرمایہ محفوظ فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار 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 سُست 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 دورانِ 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 دورانِ سہ ماہی 30 bps اضافہ ہوا۔ افراط زر کے سبب اکثر مہینوں کے دوران مارکیٹ کی توقعات پوری نہیں ہو سکیں، چنانچہ خم 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 سُستی 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

ڈائریکٹر رپورٹ

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۔

دورانِ سہ ماہی Mutual فنڈز اور 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 آئوٹسکٹر 45% ترقی کر کے سب سے آگے رہا کیونکہ آئوٹسٹنگ میں انٹریسٹ کی تازہ شرحوں نے ایک نئی روح پھونک دی۔ ہنڈانے ایک نیا ماڈل متعارف کرایا جس کی بدولت پختہ مانگ کی توقعات پوری ہوئیں اور سرمایہ کاروں کی توجہ بدستور قائم رہی۔ ساتھ ہی ساتھ کچھ آئوٹسٹنگ فیکچرز 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۔ امرجنگ 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 اخیر کے دوران اس شعبے کی کارکردگی باعتبار قیمت پست رہی۔ مزید برآں، ایک چینی ادارے کے ایک مقامی سینٹ مینوفیکچرر 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، اینگر و کارپوریشن کا متوقع سے کم ڈیویڈنڈ بھی کھاد کے شعبے کی حوصلہ شکنی کا بڑا سبب بنا۔

فنڈ کی کارکردگی

دورانِ مدت فنڈ نے 2.09% منافع حاصل کیا، بالقابل مقررہ معیار 1.66% کے۔ فنڈ 19.7% ایکویٹی سرمایہ کاریوں میں اور 23.9% ٹرم ڈپازٹس میں مختص تھا۔

ڈائریکٹر رپورٹ

30 ستمبر 2016ء کو فنڈ کے net اثاثے 656 ملین روپے تھے، جبکہ 30 جون 2016ء کو 666 ملین روپے تھے، یعنی 1.5% اضافہ ہوا۔

30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 107.6842 روپے تھی، جبکہ 30 جون 2016ء کو 105.4829 روپے تھی، یعنی 2.2 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 پیش 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 ابلی چندہ 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 کرنی 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 پیکر 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 بنارہے 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

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		85,984	288,274
Investments	5	540,597	363,233
Dividend and profit receivable		30,265	23,893
Advances, deposits and prepayments		2,591	2,745
Preliminary expenses and floatation costs		468	1,013
Receivable against sale of investments		9,790	-
Total assets		669,694	679,158
LIABILITIES			
Payable to the Management Company		674	679
Payable to the Central Depository Company of Pakistan Limited - Trustee		80	81
Payable to the Securities and Exchange Commission of Pakistan		126	517
Accrued expenses and other liabilities	6	12,720	12,336
Total liabilities		13,600	13,613
NET ASSETS		656,094	665,545
Unit holders' funds (as per statement attached)		656,094	665,545
Contingencies and commitments	7		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		6,092,756	6,309,503
		(Rupees)	
NET ASSETS VALUE PER UNIT		107.68	105.48

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



Chief Executive Officer

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



Director

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

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
<i>Note</i>	(Rupees in '000)	
INCOME		
Capital (loss) / gain on sale of investments - net	(3,149)	5,525
Income from government securities	2,515	5,659
Profit on bank deposits and term deposit receipts	5,582	4,945
Dividend income	3,195	2,323
Back end load	464	1,122
	<u>8,607</u>	<u>19,574</u>
Net unrealized diminution on re-measurement of investments classified as financial assets at fair value through profit or loss	(8)	-
	<u>8,599</u>	<u>19,574</u>
EXPENSES		
Remuneration of the Management Company	1,681	1,824
Sindh sales tax and Federal Excise Duty on remuneration of Management Company	219	588
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	219	271
Sindh sales tax on remuneration of the Trustee	28	-
Securities and Exchange Commission of Pakistan - fee	126	137
Allocated expenses	190	-
Settlement charges	301	161
Amortisation of preliminary expenses and floatation costs	545	545
Auditors' remuneration	133	137
Printing and related costs	53	22
Other Expenses	2,436	598
	<u>5,931</u>	<u>4,283</u>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed:	2,668	15,291
- arising from capital (loss) and unrealised (loss)	(235)	(51)
- arising from other income / (loss)	201	(163)
	<u>2,634</u>	<u>15,077</u>
Net income for the period before taxation		
Taxation	-	-
	<u>2,634</u>	<u>15,077</u>
Net income for the period after taxation		
Other comprehensive income for the period		
<i>Items that may be reclassified to profit and loss account</i>		
Unrealised appreciation / (diminution) in value of investments classified as 'available for sale' - net	11,085	(34,010)
	<u>13,719</u>	<u>(18,933)</u>
Total comprehensive income for the period		
Earnings per unit		

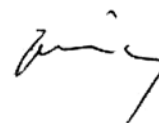
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The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

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

	Quarter ended September 30,	Quarter ended September 30,
	2016	2015
	------(Rupees in '000')-----	
Undistributed income brought forward	33,036	52,504
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - transferred from unit holder's fund	(1,496)	2,990
Net income for the period	2,634	15,077
Undistributed income carried forward	34,174	70,571

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



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016 ----- (Rupees in '000) -----	Quarter ended September 30, 2015 ----- (Rupees in '000) -----
Net assets at beginning of the period	665,545	740,976
Issue of Nil Units (2015: 6,518 units) *	-	707
Redemption of 216,747 Units (2015: 341,632 Units)	(23,203)	(37,422)
	(23,203)	(36,715)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- Amount representing (income) / loss and realised capital (gains) / losses transferred to the income statement:		
- arising from capital (loss) / gain and unrealised (loss) / gain	235	51
- arising from other income	(201)	163
- Amount representing unrealised capital (gains) / losses - transferred to the Distribution Statement	1,496	(2,990)
	1,530	(2,776)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution Statement	(1,496)	2,990
Net income for the period (excluding net unrealised 'appreciation in fair value of investments classified as 'at fair value through 'profit or loss' and capital gains on sale of investments)	5,790	9,552
Capital (loss) / gain on sale of investments - net	(3,149)	5,525
Net unrealised (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	(8)	-
Unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale during the period'	11,085	(34,010)
Total comprehensive income for the period	13,719	(18,933)
Net assets at end of the period	656,094	685,542

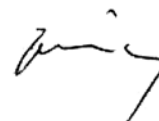
* This represents units issued to certain unit holders against the amount of tax erroneously deducted from the amount of dividend paid to them as they were exempt from tax withholding.

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



Chief Executive Officer

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



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	2,634	15,077
Adjustments for:		
- Amount representing (income) / loss and realised capital (gains) / losses transferred to the income statement:		
- arising from capital (loss) / gain and unrealised (loss) / gain	235	51
- arising from other income	(201)	163
Amortisation of preliminary expenses and floatation costs	545	545
	<u>3,213</u>	<u>15,836</u>
(Increase) / decrease in assets		
Investments - net	(166,280)	23,089
Receivable against sale of investments	(9,790)	(14,354)
Dividend and profit receivable	(6,372)	208
Advances, deposits and prepayments	154	(26)
Preliminary expenses and floatation costs	-	1
	<u>(182,287)</u>	<u>8,918</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	(5)	(4,438)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(1)	5
Payable to the Securities and Exchange Commission of Pakistan - fee	(391)	(146)
Payable against purchase of investments	-	-
Accrued expenses and other liabilities	384	(1,948)
	<u>(13)</u>	<u>(6,527)</u>
Net cash (used in) / generated from operating activities	<u>(179,087)</u>	<u>18,227</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units sold	-	707
Cash paid on units redeemed	(23,203)	(37,422)
Net cash (used in) / generated from financing activities	<u>(23,203)</u>	<u>(36,715)</u>
Net increase in cash and cash equivalents during the period	<u>(202,290)</u>	<u>(18,488)</u>
Cash and cash equivalents at beginning of the period	288,274	90,942
Cash and cash equivalents at end of the period	<u>85,984</u>	<u>72,454</u>

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



Chief Executive Officer

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



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Sarmaya Mehfooz Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 21, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 13, 2014 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 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 KPT interchange, Karachi, Pakistan.
- 1.3 The Fund is a capital protected open ended mutual fund with the objective to protect the initial investment value of investors at maturity with secondary objective of providing growth over the period. The units of the Fund are redeemable subject to a Back-end Load. The units are listed on the Pakistan Stock Exchange(PSE), formerly listed on Lahore Stock Exchange(LSE).
- 1.4 According to Clause 25.2 of the Trust Deed, the first accounting period of the Fund shall commence from the date on which the trust property is first paid or transferred to the Trustee i.e. December 22, 2014 till June 30, 2015. The duration of the Fund is 2 years starting from the close of initial offering period which was December 19, 2014.
- 1.5 The Fund primarily invests in equity securities while a combination of investments in bank deposits and government securities are used to take fixed-income exposure with a view to provide capital protection.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ dated: June 08, 2016 to the Management Company and capital protection rating CP2+ dated February 19, 2016 to the Fund.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan 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 shall prevail.
- 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 2015.
- 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 INFORMATION (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 in preparation of this financial information are same as those applied in preparation of financial statements of the fund for the period ended June 30, 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.

		(Un-audited) September, 30 2016	(Audited) June, 30 2016
	Notes	----- (Rupees in '000) -----	
5. INVESTMENTS			
<i>Available for sale</i>			
Listed equity securities	5.1	131,975	203,233
<i>Held for trading</i>			
Government Securities	5.2	248,622	-
<i>Loans and receivables</i>			
Term deposit receipts	5.3	160,000	160,000
		540,597	363,233

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

5.1 Listed equity securities - Available for sale

Name of the investee company	Number of shares					As at September 30 2016				Market value as percentage of net assets	Market value as percentage of total investments	Market value as percentage of total paid up capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at September 30 2016	Cost	Market value	Appreciation/ (diminution)				
Rupees in '000'												
----- % -----												
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise												
PHARMACEUTICALS												
ABBOTT LABORATORIES PAKISTAN)	9,000	-	-	-	9,000	6,078.17	7,636.50	1,558	1.16	1.41	0.01	
						6,078.17	7,636.50	1,558	-	-	0.01	
CEMENT												
D.G. KHAN CEMENT*	32,000	135,000	-	167,000	-	-	-	-	-	-	-	
LUCKY CEMENT	27,700	-	-	27,700	-	-	-	-	-	-	-	
MAPLE LEAF CEMENT FACTORY LTD	-	30,000	-	30,000	-	-	-	-	-	-	-	
						-	-	-	-	-	-	
CHEMICALS												
ICI Pakistan Limited	25,000	-	-	25,000	-	-	-	-	-	-	-	
						-	-	-	-	-	-	
COMMERCIAL BANKS												
BANK AL HABIB LIMITED	-	220,000	-	220,000	-	-	-	-	-	-	-	
HABIB BANK LIMITED	81,000	-	-	81,000	-	-	-	-	-	-	-	
MCB BANK LIMITED*	34,500	65,000	-	54,500	45,000	9,374	9,936	562	1.84	1.84	-	
UNITED BANK LIMITED	40,000	35,000	-	35,000	40,000	6,830	7,951	1,121	1.21	1.47	-	
						16,204	17,887	1,683	2.72	3.31	-	
TEXTILE COMPOSITE												
NISHAT (CHUNIAN) LIMITED	-	230,000	-	230,000	-	-	-	-	-	-	-	
NISHAT MILLS LTD*	-	150,000	-	-	150,000	19,766	21,135	1,369	3.22	3.91	0.04	
						19,766	21,135	1,369	3.22	3.91	0.04	
FERTILIZERS												
ENGRO CORPORATION LIMITED	129,600	-	-	129,600	-	-	-	-	-	-	-	
						-	-	-	-	-	-	
FOOD AND PERSONAL CARE PRODUCTS												
AL-SHAHEER CORPORATION LIMITED	500	-	-	-	500	26	32	6	-	0.01	-	
						26	32	6	-	0.01	-	
GLASS AND CERAMICS												
TARIQ GLASS INDUSTRIES LIMITED	49,500	-	-	49,500	-	-	-	-	-	-	-	
						-	-	-	-	-	-	
OIL AND GAS EXPLORATION COMPANIES												
OIL & GAS DEVELOPMENT CO LTD**	142,000	46,000	-	89,000	99,000	15,575	13,982	(1,593)	2.13	2.59	-	
PAKISTAN OILFIELDS LIMITED	69,000	5,000	-	5,000	69,000	24,695	27,690	2,995	4.22	5.12	0.03	
						40,270	41,672	1,402	6.35	7.71	0.03	

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

Name of the investee company	Number of shares				As at September 30 2016				Market value as percentage of net assets	Market value as percentage of total investments	Market value as percentage of total paid up capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at September 30 2016	Cost	Market value	Appreciation/ (diminution)			
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
PAPER AND BOARD											
Cherat Packaging Limited	298	-	-	-	298	54	115	61	0.02	0.02	-
						54	115	61	0.02	0.02	-
POWER GENERATION AND DISTRIBUTION											
HUB POWER COMPANY LTD	-	150,000	-	-	150,000	18,909	17,876	(1,033)	2.72	3.31	0.01
KOT ADDU POWER CO. LTD	153,500	-	-	-	153,500	14,609	12,846	(1,762)	1.96	2.38	0.02
LALPIR POWER*	620,000	-	-	620,000	-	-	-	-	-	-	-
PAKGEN POWER LIMITED*	537,000	-	-	-	537,000	17,422	12,775	(4,647)	1.95	2.36	0.14
						50,940	43,497	(7,443)	6.63	8.05	0.17
Total - September 30, 2016						133,339	131,975	(1,365)	18.94	23.01	0.26
Total - June 30, 2016						201,634	203,233	1,599			

*These represent transactions with related parties.

**The above include shares with a market value aggregating to Rs. 4.9 million (June 2016: Rs. 19 906 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the SECP.

5.2 Government securities - At Fair Value Through Profit Or Loss - Held For Trading

Issue Date	Face value			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 off/ matured during the period	As at September 30 2016	Cost	Market value			Appreciation
Rupees in '000'									
	-	350,000	100,000	250,000	248,630	248,622	(8)	37.89	45.99
Treasury Bills - 3 months	-	150,000	150,000	-	-	-	-	-	-
Treasury Bills - 6 months	-	350,000	350,000	-	-	-	-	-	-
Treasury Bills - 12 months	-	850,000	600,000	250,000	248,630	248,622	(8)	37.89	45.99
Total - September 30, 2016									
Total - June 30, 2016									

5.3 Loans and receivables

Particulars	Profit / mark-up rate	Maturity date	Carrying value as at September 30, 2016	Rupees in '000'	
				Value as a percentage of net assets	Value as a percentage of investment
Term deposit receipts	9.50%	December 19, 2016	160,000	24.39	29.60
Total - September 30, 2016			160,000	24.39	29.60
Total - June 30, 2016			160,000	24.04	44.05

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

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	6.1	1,192	1,192
Provision for Federal Excise Duty and related tax on:	6.2		
- Management fee		1,947	1,947
- Sales load		2,307	2,307
Brokerage		712	489
Auditors' remuneration		203	419
Withholding tax		29	1,949
Printing and related expenses		186	133
Zakat		5,991	3,652
Other		152	248
		12,720	12,336

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 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 the Court.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment. In view of the afore mentioned developments and uncertainties created by the decision of SHC, 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 July 01, 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 prudence, has decided to retain the provision for WWF amounting to Rs. 1.19 million in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognised any further provision there against. During the quarter ended September 30, 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 Net Asset Value (NAV) of the Fund would have been higher by Rs. 0.20 per unit as at September 30, 2016.

6.2 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.

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

On September 4, 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 on the FED. 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. 4.25 million (2016: Rs. 4.25 million).

7. CONTINGENCIES AND COMMITMENTS

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

8. ALLOCATED EXPENSES

In the current period a statutory notification (S.R.O. No 1160 (1) /2015 dated 25 November 2015 was issued by the Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non -Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services related to Collective Investment Scheme (CIS) upto maximum of 0.1% of average annual net assets of the scheme. Accordingly, such expenses have been charged effective from 27 November 2015.

9. TAXATION

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

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

10. EARNINGS PER UNIT

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

11. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the fund including government levies as on September 30, 2016 is 0.89%. Total expense for the period includes 0.06% representing Government levies.

12. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other Funds managed by the Management Company and Directors, Key Management Personnel and Officers of the Management Company, and Unit Holders having more than 10% holding in the Fund.

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

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations, 2008 and the Trust Deed respectively.

		(Un-audited)	
		September, 30 2016	September, 30 2015
		----- (Rupees in '000) -----	
12.1	Details of transactions with connected persons are as follows:		
	MCB-Arif Habib Savings and Investments Limited - Management Company		
	Remuneration including indirect taxes	1,900	2,412
	Allocated expenses	190	-
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration including indirect taxes	247	271
	MCB Bank Limited		
	Profit on bank deposits and term deposit receipts	26,903	4,501
	Bank charges	5	4
	Dividend Income	200	0
	Arif Habib Limited		
	Brokerage *	86	28
	Next Capital Limited		
	Brokerage *	25	28
	Pakgen Power Limited	537	-
	Dividend Income		

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

		(Un-audited) September, 30 2016	(Audited) June, 30 2016
		----- (Rupees in '000) -----	
12.2	Amount outstanding at period end		
	MCB-Arif Habib Savings and Investments Limited - Management Company		
	Remuneration payable	547	548
	Sales tax payable on management fee	71	77
	Allocated expenses	56	55
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	71	71
	Sales tax payable on trustee fee	9	10

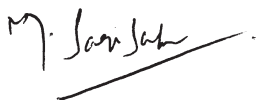
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	(Un-audited) September, 30 2016 ------(Rupees in '000)-----	(Audited) June, 30 2016
MCB Bank Limited		
Bank deposits	2,301	3,111
Term deposit receipts	160,000	160,000
Profit receivable	43	23,072
Shares held 45,000(2016: 34,500 shares)	9,936	7,591
Nishat Mills Limited		
Shares held 150,000 (2016: Nil Shares)	21,135	-
D.G. Khan Cement Company Limited		
Shares held Nil (2016: 32,000 shares)	-	6,096
Lalpir Power Limited		
Shares held Nil (2016: 620,000 shares)	-	13,454
Pakgen Power Limited		
Shares held 537,000 (2016: 537,000 shares)	12,775	12,914
Next Capital Limited*		
Brokerage payable	-	52
Arif Habib Limited*		
Brokerage payable	136	88
MCB Employees Pension Fund		
Units held 530,198(2016: 530,199 units)	57,094	55,927
Adamjee Insurance Company Limited Employees Provident Fund		
Units held 106,040 (2016: 106,040 units)	11,419	11,185
Adamjee Life Assurance Company Limited Employees Gratuity Fund		
21,509 Units held (2016 :21,509 units held)	2,316	2,269

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

13. GENERAL

- 13.1** Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. The effect of rearrangement / reclassification is not considered to be material.
- 13.2** This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on October 21, 2016.



Chief Executive Officer

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



Director

Please find us on



by typing: **MCB Arif Habib Savings**

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