

QUARTERLY REPORT

March 31, 2017
(Unaudited)



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

MCB CASH MANAGEMENT OPTIMIZER

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Mohammad 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 Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer & Company Secretary	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdepakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Limited Bank Al-Habib Limited Zarai Taraqiati Bank Limited Habib Bank 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, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned bt PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Cash Management Optimizer** accounts review for the nine months ended March 31, 2017.

ECONOMY AND MONEY MARKET OVERVIEW

Positive trends in domestic economy continued where headline indicators point toward continued recovery. Stable inflation along with investment activities/spending on CPEC related projects provide an enabling environment for economy to build upon a stronger growth phase ahead. Responsiveness until now from various indicators including Large Scale Manufacturing, Credit Offtake and Foreign Direct Investment though has been below expectations however, we believe if the current macroeconomic environment alongwith impetus from CPEC in a stable political environment continues, the lagged indicators would soon start reflecting the expected performance. External Account has again worsened highlighting partly the global trade dynamics and machinery imports for CPEC. Till now chronic weaknesses in the balance of payment account has been funded through borrowing; an unsustainable source to rely on.

Trade deficit increased to USD 15.4 billion in eight months of this fiscal year compared to USD 12.1 billion in same period last year. The subdued trend in exports continued with exports falling by the 2% YoY in 8MFY17. Imports continued their trajectory up increasing by 11.2% YoY in 8MFY17. Oil imports increased by 16% courtesy volumetric growth and increase in oil prices post OPEC's decision to curtail output. The imports of machinery increased by 12% as capital goods for the various infrastructural projects continued to flow in. Remittances decreased marginally by 2% to USD 14.06 billion in 9MFY17 from USD 14.38 billion in same period last year. The cushion to Balance of Payments was provided by financial account of USD 4.5 billion where USD 1.28 billion was contributed from Foreign Direct Investment while the rest was covered through borrowings. Foreign Direct Investment was majorly supported through acquisition of Engro Foods and Dawlance by foreign investors. Overall balance of Balance of Payments stood at negative USD 1.0 billion in 8MFY17 compared to positive USD 1.0 billion in same period last year.

Foreign exchange reserves stood at USD 21.6 billion (31st March, 2017). It is pertinent to note that reserves have decreased by USD 2.5 billion from their peak seen in October, 2016 where deteriorating external account position explaining most of the volatility.

Undergoing appreciation of about 0.08% in 9MFY17, PKR continues to remain resilient against USD which also raises concerns given the relative weakness in other developing economies and also reflected from REER as measured by SBP reaching to a high of 126 depicting significant overvaluation.

Fiscal deficit increased to 2.4% (1HFY17) of GDP as against 2.2% in SPY. Total revenue declined by 1% majorly because of reduction in income from defence services and SBP's profit. Expenses increased by 11% with PSDP (16% increase) and defence expenditure (11% increase).

The LSM growth clocked in at 3.5% during the period of 7MFY17 with contribution to growth coming from automobiles, construction and consumer goods.

Inflation continued its upward trajectory with nine month inflation averaging 4.01% compared to 2.64% for 9MFY16. The withering of low base effect along with inherent increases in food and housing pricing triggered inflationary pressures alongwith increases in petroleum prices.

M2 growth posted year to date growth of 6.09% by the end of the March, 2017. The deposits grew seasonally by PKR 217 billion in a week supported by quarter end efforts of banks to expand balance sheet size. Moreover, the abnormal accumulation in currency in circulation (CIC) last year triggered after imposition of withholding tax on cash withdrawals has normalized with CIC to M2 ratio at 19%. The Net Domestic Assets increased by PKR 1,064 billion supported by net government sector borrowings of PKR 600 billion.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.17% as against its benchmark return of 3.82%, an out performance of 3.35%. WAM stood at 5 days at March end. The WAM was gradually decreased during the period mainly to avail the benefit from discount rate stability which appeared to be near bottom.

The fund was 9.2% invested in TDRs, 90% in cash while 0.3% was invested in T-Bills as at March end. High cash exposure was due to the fact banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at March 31, 2017 stood at Rs. 8,084 million as compared to Rs. 3,958 million as at June 30, 2016 registering an increase of 104.24%.

The Net Asset Value (NAV) per unit as at March 31, 2017 was Rs. 105.7385 as compared to opening NAV of Rs. 100.3368 per unit as at June 30, 2016 registering an increase of Rs. 5.4017 per unit.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

FUTURE OUTLOOK

While government stands committed to achieving its GDP growth target of 5.7%, we expect it to remain short of desired numbers owing to below par manufacturing growth. LSM growth has posted a modest growth of 3.5% during 7MFY17, against the full year target of 5.9%. The misery of export-oriented sectors continues to haunt the manufacturing industry, as Textile and Leather industry continue to grow at dismal pace. Going forward, the recently announced export package is expected to provide some support to the export sector, nevertheless, the overvalued currency as depicted from REER (~25% overvalued as per SBP) remains a stumbling block in the way of competitiveness of the country.

The direction of general inflation is expected to be shaped by the trend in crude oil prices and currency outlook. While crude oil prices have stabilized and are expected to continue to do so, government has started to increase petroleum prices by increasing sales tax on petroleum products as tax collection so far has been below target. Similarly, the outlook of currency remains worrisome given the deterioration in external factors. Thus, from next year onwards, we might foresee inflation to kick above 5.0%, compared to current average of ~4.0%.

External account remains a threat to the stabilizing economy, as recent data showed current account deficit worsened to 2.7% of GDP, against the target of 1.5% for full fiscal year. Rising imports, along with weak exports and remittances contributed to the aggravation of external account. We expect the same trend to continue for the foreseeable future until the overvaluation of currency vanishes.

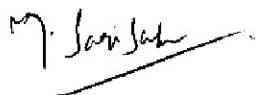
We expect interest rates to remain stable in the short term given stable inflationary trends along with government's increased focus on managing reserves through foreign borrowing. However, exchange rate overvaluation in addition with weak external account suggest a close scrutiny of the emerging trends, as the potential of inflection point remains in a form of monetary tightening.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth. Growing confidence in the economy has led to increase the quantum of investment from initially desired \$46 billion to more than \$60 billion. Local investor confidence has also improved drastically, after a long time, as witnessed by a gush of investment deals announced in the variety of sectors. Cement, Steel and Auto industry have already announced multiple expansion and green field investment plans with more to come from other industries. Given, the expansionary phase, we expect equity markets to outperform alternate asset classes. Inclusion of Pakistan to MSCI Emerging Market Index is expected to further channel liquidity in the local market. The MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President along with political uncertainty due to Panama case would keep the short term market performance in check. However, we reiterate our positive stance on the market.

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.

For and on behalf of Board,



Muhammad Saqib Saleem
Chief Executive Officer
April 21, 2017

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی کیس منجمنٹ آپٹائزر کے 31 مارچ 2017ء کو ختم ہونے والی مدت کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا مجموعی جائزہ

مقامی معیشت میں مثبت رجحانات دیکھنے میں آئے اور اہم معاشی علامات مسلسل بحالی کی طرف اشارہ کر رہی ہیں۔ مستحکم افراط زر کے ساتھ ساتھ سرمایہ کارانہ سرگرمیوں / CPEC پر خرچ سے متعلق پراجیکٹس معیشت کو مضبوط تر ترقی کی راہ پر گامزن رہنے کے لئے معاون ماحول فراہم کر رہے ہیں۔ اگرچہ تاحال مختلف علامات بشمول وسیع پیمانے کی مینوفیکچرنگ، کریڈٹ آف ٹیک اور غیر ملکی براہ راست سرمایہ کاری میں حرکت تو تھکت سے کم ہے لیکن ہم سمجھتے ہیں کہ اگر مستحکم سیاسی ماحول میں کلاں معاشیات کے موجودہ ماحول کے ساتھ ساتھ CPEC کی جانب سے ملنے والی قوت جاری رہی تو سسٹم روی کا مظاہرہ کرنے والی علامات جلد متوقع کارکردگی کی عکاسی کرنے لگیں گی۔ خارجی اکاؤنٹ کی صورتحال دوبارہ خراب ہوگئی ہے جو کچھ حد تک عالمی تجارتی قوتوں اور CPEC کے لئے مشینری کی درآمدات کی غمازی کرتی ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں دیرینہ ضعف کو تاحال قرض کے ذریعے پورا کیا گیا ہے، لیکن اس ذریعے پر ایک محدود حد تک ہی اعتماد کیا جاسکتا ہے۔

تجارتی خسارہ موجودہ مالی سال کے آٹھ ماہ میں بڑھ کر 15.4 بلین امریکی ڈالر تک پہنچ گیا جبکہ گزشتہ سال اسی مدت میں 12.1 بلین امریکی ڈالر تھا۔ برآمدات بدستور سسٹم روی سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 2% YoY کم ہو گئیں۔ درآمدات بدستور سبک رفتاری سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 11.2% YoY زیادہ ہو گئیں۔ تیل کی درآمدات میں 16% اضافہ ہوا جس کا سبب OPEC کے پیداوار کم کرنے کے فیصلے کے بعد حجم میں ترقی اور تیل کی قیمتوں میں اضافہ ہے۔ مشینری کی درآمدات میں 12% اضافہ ہوا جس کا سبب انفراسٹرکچر کے مختلف منصوبوں کے لئے capital goods کی بدستور آمد ہے۔ مالی سال 2017ء کے ابتدائی نو ماہ میں ترسیل زر کم ہو کر 14.06 بلین امریکی ڈالر ہوگئی جو 2% معمولی کمی ہے، جبکہ گزشتہ سال اسی مدت میں 14.38 بلین امریکی ڈالر کی ہوئی تھی۔ ادائیگیوں کے توازن کو 4.5 بلین امریکی ڈالر کے مالیاتی اکاؤنٹ کا سہارا فراہم ہوا جس میں غیر ملکی براہ راست سرمایہ کاری نے 1.28 بلین امریکی ڈالر حصہ ڈالا جبکہ بقیہ قرضوں کے ذریعے پورا کیا گیا۔ غیر ملکی سرمایہ کاروں کے اینگریڈوڈ اور ڈاؤن لینس کے حصول کے ذریعے غیر ملکی براہ راست سرمایہ کاری کو بڑی معاونت حاصل ہوئی۔ مالی سال 2017ء کے ابتدائی آٹھ ماہ میں ادائیگیوں کا مجموعی توازن منفی 1.0 بلین امریکی ڈالر تھا، جبکہ گزشتہ سال اسی مدت میں 1.0 بلین امریکی ڈالر تھا۔

زرمبادلہ کے ذخائر 31 مارچ 2017ء کو 21.6 بلین امریکی ڈالر تھے۔ یہاں یہ بات قابل غور ہے کہ ذخائر اکتوبر 2016ء میں اپنے عروج کی سطح سے 2.5 بلین امریکی ڈالر کم ہو گئے، جبکہ خارجی اکاؤنٹ کی گرتی ہوئی صورتحال عدم استحکام کی بڑی وجہ ہے۔

پاکستانی روپے نے مالی سال 2017ء کے ابتدائی نو ماہ میں 0.08% ترقی کی اور امریکی ڈالر کے بالمقابل یکدہار رہا، جس سے خدشات بھی پیدا ہوتے ہیں کیونکہ دیگر ترقی پذیر معیشتیں نسبتاً کمزور ہیں، اور اسٹیٹ بینک آف پاکستان کے پیمائش کردہ REER سے بھی اس کی عکاسی ہوتی ہے جو 126 کی بلند سطح تک پہنچ گیا جس سے بڑے پیمانے پر پیش قدری ظاہر ہوتی ہے۔

مالیاتی خسارہ بڑھ کر مجموعی قومی پیداوار کا 2.4% ہو گیا (1HFY17) جو SPLY میں 2.2% تھا۔ مجموعی آمدنی 1% کم ہوگئی جس کا سبب دفاعی خدمات کی آمدنی اور اسٹیٹ بینک آف پاکستان کے منافع میں کمی ہے۔ اخراجات میں 11% اضافہ ہوا، بشمول PSDP (16% اضافہ) اور دفاعی اخراجات (11% اضافہ)۔

LSM ترقی مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% سے شروع ہوئی، اور اس ترقی میں گاڑیوں، تعمیرات اور صارفی مصنوعات نے کردار ادا کیا۔ افراط زر میں بدستور اضافہ جاری رہا؛ نو ماہ میں افراط زر کا اوسط 4.01% تھا، جبکہ مالی سال 2017ء کے ابتدائی نو ماہ میں 2.64% تھا۔ پہلے سے پست base effect میں بتدریج کمی اور ایشیاء خور و دوخ اور ہاؤسنگ کی قیمتوں میں فی نسبہ اضافہ افراط زر کے دباؤ کے ساتھ ساتھ پیٹرول کی قیمتوں میں اضافے کے متحرک بنے۔

M2 میں مارچ 2017ء کے اختتام تک 6.09% year to date ترقی ہوئی۔ اختتام سہ ماہی پر بینکوں کی بیلنس شیٹ کا حجم وسیع کرنے کی کوششوں کی مدد سے ڈپازٹس میں ایک ہفتے میں 217 بلین روپے موی ترقی ہوئی۔ علاوہ ازیں، گزشتہ سال نقد رقم نکالنے پر وہولڈنگ ٹیکس عائد کرنے کی وجہ سے زبردگرش روپے (CIC) میں جو غیر معمولی انبار لگ گیا تھا وہ عمومی سطح پر آگیا ہے اور CIC کا M2 سے تناسب 19% ہے۔ حکومتی سیکٹر نے 600 بلین روپے net قرضے لیے جس کی مدد سے net مقامی اثاثہ جات میں 1,064 بلین روپے اضافہ ہوا۔

فنڈ کی کارکردگی

دوران جائزہ مدت کے دوران فنڈ نے ایک سال پر محیط منافع 7.17% حاصل کیا، جو مقررہ معیار 3.82% کے بالمقابل 3.35% بہتر کارکردگی ہے۔

مارچ کے اختتام پر WAM پانچ (5) ڈیوں پر تھا۔ WAM کی سطح کو دوران مدت بتدریج کم کیا گیا جس کا بنیادی مقصد ڈس کاؤنٹ کی مستحکم شرح کا فائدہ اٹھانا تھا جو بظاہر تقریباً پست ترین تھا۔ مارچ کے اختتام پر فنڈ کی سرمایہ کاری 9.2% فی ڈی آریس، جبکہ 90% نقد تھی، جبکہ 0.3% فی بلز تھی۔ نقد کے بلند exposure کی وجہ تھی کہ بینک ڈپازٹس پر منافع بخش شرحیں پیش کی گئی تھیں۔

31 مارچ 2017ء کو فنڈ کے net اثاثہ جات 8,084 ملین روپے تھے، جو 30 جون 2016ء کو 3,985 ملین روپے کے مقابلے میں 104.24% اضافہ ہے۔

31 مارچ 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 105.7385 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 100.3368 روپے فی یونٹ کے مقابلے میں 5.4017 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

اگرچہ حکومت مجموعی مقامی پیداوار میں 5.7% ترقی کے اپنے ہدف کو حاصل کرنے کے لئے پُر عزم ہے، لیکن ہم سمجھتے ہیں کہ وہ مطلوبہ سے کم مینوفیکچرنگ ترقی کے باعث مذکورہ سطح تک پہنچنے میں ناکام رہے گی۔ LSM ترقی نے مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% معمولی ترقی کی جبکہ پورے سال کا ہدف 5.9% تھا۔ برآمداتی یکٹرز کی مشکلات کے سائے بدستور مینوفیکچرنگ صنعت پر منڈی لار رہے ہیں اور ٹیکسٹائل اور چمڑے کی صنعت کی ترقی کی رفتار مایوس کن ہے۔

علاوہ ازیں، حالیہ اعلان کردہ برآمداتی پیکیج سے برآمدات کے شعبے کو کچھ معاونت متوقع ہے، لیکن پیش قدر کرنسی، جیسا کہ REER سے ظاہر ہے (اسٹیٹ بینک آف پاکستان کے مطابق 25% پیش قدری کمٹک کی مسابقتی اہلیت کی راہ میں بہت بڑی رکاوٹ ہے۔

عمومی افراط زر کی سمت متوقع طور پر خام تیل کی قیمتوں کے رجحان اور کرنسی کے مستقبل کے منظر کے ذریعے طے ہوگی۔ اگرچہ خام تیل کی قیمتیں مستحکم ہو گئی ہیں اور اُمید کی جارہی ہے کہ مستحکم ہی رہیں گی، حکومت نے پٹرول کی مصنوعات پر سیلز ٹیکس میں اضافے کے ذریعے پٹرول کی قیمتوں میں اضافہ شروع کر دیا ہے کیونکہ تاحال ٹیکس مطلوبہ ہدف سے کم وصول ہوا ہے۔ اسی طرح کرنسی کے مستقبل کا منظر خارجی عرصہ میں انحطاط کے باعث بدستور پریشان کن ہے۔ چنانچہ اگلے سال سے افراط زر موجودہ اوسط 4.0% کے مقابلے میں 5.0% سے بلند جاسکتی ہے۔

خارجی اکاؤنٹ استحکام کی راہ پر گامزن معیشت کے لئے بدستور خطرہ بنا ہوا ہے کیونکہ حالیہ اعداد و شمار کے مطابق کرنٹ اکاؤنٹ کا خسارہ بدتر ہو کر مجموعی ملکی پیداوار کا 2.7% ہو گیا، جبکہ مکمل مالی سال کا ہدف 1.5% تھا۔ بڑھتی ہوئی درآمدات کے ساتھ ساتھ کمزور برآمدات اور ترسیلی زر سے خارجی اکاؤنٹ مزید بگڑ گیا۔ قابل پیش گوئی مستقبل میں کرنسی کی پیش قدری ختم ہونے تک متوقع طور پر یہ رجحان جاری رہے گا۔

توقع ہے کہ مختصر معیاد میں افراط زر کے مستحکم رجحانات کے ساتھ ساتھ reserves کو غیر ملکی قرضوں کے حصول کے حصول کے ذریعے چلانے پر حکومت کی بڑھتی ہوئی توجہ کی بدولت انٹریسٹ کی شرحیں مستحکم رہیں گی۔ تاہم شرح مبادلہ کی پیش قدری کے علاوہ کمزور خارجی اکاؤنٹ اس بات کی طرف اشارہ کر رہے ہیں کہ اُبھرتے ہوئے رجحانات کا باریک بینی کے ساتھ جانچ پڑتال کی جائے، کیونکہ نکتہ تصرف کی استعداد مالیاتی گرفت کو تنگ کرنے کی صورت میں برقرار ہے۔

چین پاکستان معاشی راہداری متوقع طور پر ترقی کے لئے بے حد مطلوب تحریک فراہم کرے گی۔ معیشت میں بڑھتے ہوئے اعتماد کی بدولت سرمایہ کاری کا حجم ابتدائی مطلوبہ 46 بلین ڈالر سے بڑھ کر 60 بلین ڈالر سے زائد ہو گیا ہے۔ مقامی سرمایہ کاروں کے اعتماد میں بھی ایک طویل عرصے بعد بڑے پیمانے پر اضافہ ہوا ہے، جیسا کہ مختلف شعبوں میں سرمایہ کاریوں کی بھرپور لہر سے ظاہر ہے۔ سیٹ، اسٹیل اور گاڑیوں کی صنعتیں پہلے ہی متعدد توسیعی اور گرین فیلڈ سرمایہ کاری کے منصوبوں کا اعلان کر چکی ہیں، اور دیگر صنعتوں کی طرف سے بھی ایسے اعلانات متوقع ہیں۔ موجودہ توسیعی دور کو مد نظر رکھتے ہوئے ہم توقع کرتے ہیں کہ ایکویٹی مارکیٹس متبادل اثاثہ جات کے شعبوں سے سہقت کے جائیں گی۔ MSCI ایمرجنگ مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت توقع ہے کہ مقامی مارکیٹ میں مزید لیکویڈیٹی پہنچے گی۔ MSCI مخصوص کمپنیز متوقع طور پر باقاعدہ شمولیت کے قریب منظر عام پر آئیں گی۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں عدم یقینی کی وجہ سے عالمی مارکیٹس میں عدم استحکام، اور اس کے ساتھ ساتھ پانا ما مقدسے کے باعث ہونے والی سیاسی عدم یقینی سے مختصر معیاد کی مارکیٹ کی کارکردگی کی جانچ ہوتی رہے گی۔ بہر حال، ہم مارکیٹ کے حوالے سے اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہارِ تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، بیکپورٹرز اینڈ ایگزیکیوٹو کیمیشن آف پاکستان اور فنڈ کے ڈسٹریبیوٹر 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۔

برائے اور مین جانب بورڈ

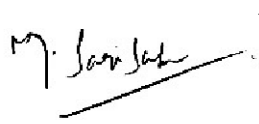
محمد ثاقب سلیم

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
21 اپریل 2017ء

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017**

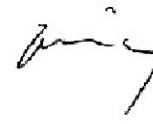
		(Un-audited) March 31, 2017	(Audited) June 30, 2016
	Note	— (Rupees in '000) —	
Assets			
Balance with banks		7,351,358	3,025,336
Investments	5.	25,846	602,430
Term deposit receipts	7.	750,000	500,000
Advances, prepayments and profit receivables		41,350	32,804
Total assets		8,168,554	4,160,570
Liabilities			
Payable to Management Company		5,606	3,649
Payable to Central Depository Company of Pakistan Limited - Trustee		660	406
Payable to Securities and Exchange Commission of Pakistan		3,812	5,391
Accrued expenses and other liabilities	8.	74,256	192,836
Total liabilities		84,334	202,282
Net assets		8,084,220	3,958,288
Unit holders' fund		8,084,220	3,958,288
Contingencies and commitments	9.		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		76,454,847	39,450,036
		(Rupees)	
Net asset value per unit		105.7385	100.3367

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

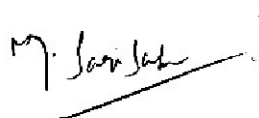


Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

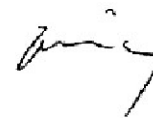
		Nine months ended March 31,		Quarter ended March 31,	
		2017	2016	2017	2016
	Note	(Rupees in '000)			
Income					
Capital (loss) / gain on sale of investments - net		(9,280)	6,495	148	832
Income from government securities		45,005	308,060	2,197	91,279
Profit on term deposit receipts and placements		44,619	73,560	13,222	15,865
Profit on bank deposits		230,129	47,256	101,480	18,922
		310,473	435,371	117,047	126,898
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	6.1	(2)	(1)	2	110
Total income		310,471	435,370	117,049	127,008
Expenses					
Remuneration of the Management Company		31,781	43,248	11,705	12,674
Sindh Sales tax and Federal Excise Duty on the remuneration of Management Company		4,132	13,943	1,522	4,086
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,369	5,040	1,584	1,385
Sindh Sales tax on remuneration of the Trustee Fee		569	706	207	194
Annual fee of Securities and Exchange Commission of Pakistan		3,812	4,491	1,405	1,198
Auditors' remuneration		809	825	237	264
Legal and professional		107	44	60	44
Brokerage expenses		492	742	75	76
Allocated expenses		5,743	2,655	2,116	1,821
Other expenses		566	700	201	208
Total operating expenses		52,380	72,394	19,112	21,950
Net operating income for the period		258,091	362,976	97,937	105,058
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed					
-from realized / unrealized capital gain		(2,917)	(1,574)	(1,959)	(1,063)
-from other income		51,379	(149,963)	56,892	(97,615)
		48,462	(151,537)	54,933	(98,678)
Provision for workers' welfare fund (Net)	8.1	92,672	-	92,672	-
Net income for the period before taxation		399,225	211,439	245,542	6,380
Taxation	10	-	-	-	-
Net income for the period		399,225	211,439	245,542	6,380

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

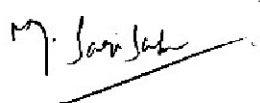


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

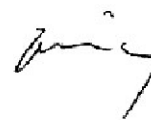
	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income for the period	399,225	211,439	245,542	6,380
Other comprehensive income / (loss):				
To be reclassified to profit or loss				
account in subsequent periods				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	8,317	(21,014)	-	(21,014)
Total comprehensive income for the period	407,542	190,425	245,542	(14,634)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

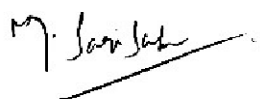


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

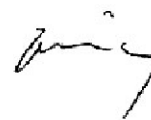
	Nine months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	(Rupees in '000)			
Undistributed income brought forward	12,787	13,784	177,916	212,540
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised diminution	17,908	(3,657)	6,462	2,646
Net income for the period	399,225	211,439	245,542	6,380
	417,133	207,782	252,004	9,026
Undistributed income carried forward	429,920	221,566	429,920	221,566

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

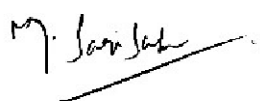


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

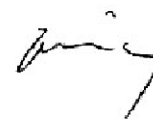
	Nine months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	(Rupees in '000)			
Net assets at the beginning of the period	3,958,288	12,532,647	6,444,580	7,029,434
Issue of 146,518,331 units (2016: 116,879,016 units) and units 49,831,344 (2016: 35,861,132 units) for the nine months and quarter ended respectively	14,543,233	11,933,610	4,834,656	3,709,450
Redemption of units 109,513,520 (2016: 197,168,992 units) and units 35,954,993 (2016: 59,131,416 units) for the nine months and quarter ended respectively	(10,776,381)	(20,117,801)	(3,385,625)	(6,132,511)
	3,766,852	(8,184,191)	1,449,031	(2,423,061)
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:				
- amount representing loss / (income) and capital losses / (gains) transferred to income statement				
-from realized / unrealized capital gain	2,917	1,574	1,959	1,063
-from other income	(51,379)	149,963	(56,892)	97,615
- amount representing loss that forms part of unit holder's fund transferred to distribution statement	(17,908)	3,657	(6,462)	(2,645)
	(66,370)	155,194	(61,395)	96,033
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - transferred to distribution statement	17,908	(3,657)	6,462	2,645
Net income for the period (excluding net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital gains on sale of investments)	408,507	204,945	245,392	5,438
Capital (loss) / gain on sale of investments - net	(9,280)	6,495	148	832
Net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	(2)	(1)	2	111
Surplus on revaluation of available for sale investments transferred to to income statement on disposal	8,317	(21,014)	-	(21,014)
Total comprehensive income for the period	407,542	190,425	245,542	(14,633)
Net assets at end of the period	8,084,220	4,690,418	8,084,220	4,690,418

The annexed notes from 1 to 14 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	399,225	211,439	245,542	6,381
Adjustments for non cash and other items:				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'	2	1	(2)	(111)
Capital gain / (loss) on sale on investments - net	9,280	-	(148)	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed				
-from realized / unrealized capital gain	2,917	1,574	1,959	1,063
-from other income	(51,379)	149,963	(56,892)	97,615
	(39,180)	151,538	(55,083)	98,567
	360,045	362,977	190,459	104,948
Increase / (decrease) in assets				
Investments	575,619	7,234,900	(14,728)	(2,803,119)
Term deposit receipts	(250,000)	-	550,000	3,870,000
Advances, prepayments and profit receivables	(8,546)	(68,650)	10,797	(30,398)
	317,073	7,166,250	546,069	1,036,483
Increase / (decrease) in liabilities				
Payable to Management Company	1,957	978	(2,120)	383
Payable to Central Depository Company of Pakistan Limited - Trustee	254	(71)	15	(116)
Payable to Securities and Exchange Commission of Pakistan	(1,579)	(3,791)	1,405	1,198
Accrued expenses and other liabilities	(118,580)	(5,415)	(99,392)	3,186
	(117,948)	(8,299)	(100,092)	4,651
Net cash flow generated from operating activities	559,170	7,520,928	636,436	1,146,082
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments received against issuance of units	14,543,233	11,933,610	4,834,656	3,709,450
Payments made against redemption of units	(10,776,381)	(20,117,801)	(3,385,625)	(6,132,511)
Net cash used in financing activities	3,766,852	(8,184,191)	1,449,031	(2,423,061)
Net increase in cash and cash equivalents	4,326,022	(663,263)	2,085,467	(1,276,979)
Cash and cash equivalents at beginning of the period	3,025,336	2,398,028	5,265,891	3,011,744
Cash and cash equivalents as at end of the period	7,351,358	1,734,765	7,351,358	1,734,765

The annexed notes from 1 to 14 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 STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2009. It was constituted under a Trust Deed dated July 10, 2009 between MCB Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984, and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed -e- Millat Expressway, near K.P.T Interchange, Karachi.
- 1.3** The Fund is an open end mutual fund and has been categorised as "Money Market Scheme" by the Board of Directors of the Management Company as per the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009, and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on Pakistan Stock Exchange Limited (formerly Lahore Stock Exchange).
- 1.4** The Fund is purely a money market fund and has a policy to invest in short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (AM two plus plus) dated 8 June 2016 to the Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) dated 09 December 2016 to the Fund.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, trustee of the Fund.

2. Basis of Preparation

- 2.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.
- 2.3** These condensed interim financial statements are unaudited.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

2.4 These condensed interim financial statements are presented in Pak rupees, which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

3. ACCOUNTING POLICIES, KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2016. The accounting policies and methods of computation adopted in preparation of this condensed interim financial statements are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2016.

4. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) March 31, 2017 (Rupees in '000)	(Audited) June 30, 2016
5. INVESTMENTS	Note		
At fair value through profit or loss			
Market Treasury Bill	6.1	25,846	99,961
Available for Sale			
Pakistan Investment Bond	6.2	-	502,469
		<u>25,846</u>	<u>602,430</u>

5.1 Market treasury bill 'at fair value through profit or loss'

5.2 Pakistan investments bond 'at available for sale'

MCB Cash Management Optimizer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

6. TERM DEPOSIT RECEIPTS

The term deposit receipt carries interest rate of 6.5% (June 30, 2016: 6.40%) per annum and will mature on May 24, 2017.

		(Un-audited) 31 March 2017	(Audited) 30 June 2016
	Note	(Rupees in '000)	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related taxes			
- Management fee	8.1	54,267	54,267
- Sales Load		19	19
Provision for Workers' Welfare Fund	8.2	10,239	102,911
Withholding tax payable (deducted on dividend distribution and capital gain)		7,963	33,463
Auditors' remuneration		430	690
Brokerage payable		69	279
Legal and professional charges payable		50	595
Others		1,219	612
		74,256	192,836

- 7.1** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs.0.5 million in a tax year were 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 was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP). During the period, the SCP passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Act pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. The Mutual Funds Association of Pakistan (MUFAP) believes that the Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has obtained a legal opinion on these matters and based on such legal advice, has recommended to all its members on January 12, 2017 the following:

- The provision against the Federal WWF held by the Mutual Funds till June 30, 2015 to be reversed on January 12, 2017; and
- Provision against Sindh WWF, on prudent basis, should be made from the date of enactment of the Sindh WWF Act, 2014 (i.e. May 21, 2015) with effect from January 12, 2017.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

The above decisions were communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and SECP vide its letter dated February 01, 2017 advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosure in the financial statements of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017. As on March 31, 2017 the impact of reversal of federal WWF and provision of Sindh WWF are as follows:

	Amount – (Rupees in '000) –
Reversal of Federal WWF (up to June 30, 2015)	102,911
Charge of Sindh WWF	10,239

The cumulative net effect of WWF is Rs. 92.672 million, had the provision of Federal WWF not reversed and Sindh WWF not charged in the books of accounts of the fund the Net Asset value of the Fund would be lower by Re. 1.2121 as at March 31, 2017.

- 7.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the period ended, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan. Thereafter, during the pendency of the present civil petition, the Supreme Court has suspended the operation of the impugned judgment of the SHC. The matter is still pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED amounting to Rs. 54.29 million (June 30, 2016: Rs 54.29 million) made for the period from June 13, 2013 till June 30, 2016 is being retained in the condensed interim financial information of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED and related taxes on management fee not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2017 would have been higher by Rs. 0.7098 per unit (June 30, 2016: Rs. 1.3755).

8. CONTINGENCIES AND COMMITMENTS

8.1 CONTINGENCIES

The appeal filed with the Appellate Tribunal Inland Revenue in respect of the claim of super tax, as reported in note 12 to the annual financial statements of the Fund for the year ended June 30, 2016, has been decided in favor of the Fund which has not been challenged by the Tax Department before the relevant appellate forum till the date of these condensed interim Financial Statements.

8.2 COMMITMENTS

There were no commitments outstanding as at March 31, 2017.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

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. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 0.89% which includes 0.24% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations, 2008 for a collective investment scheme categorized as an "Money Market Scheme".

11. 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.

12. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

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

The details of transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

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

	Unaudited			
	Nine Months ended		Quarter ended	
	31 March		31 March	
	2017	2016	2017	2016
	(Rupees in '000)			
MCB-Arif Habib Savings and Investments Limited				
Remuneration of the Management Company (including indirect taxes)	35,913	57,191	18,581	18,581
Allocated expenses (including indirect taxes)	5,743	2,655	2,116	2,655

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

**Central Depository Company of Pakistan Limited -
Trustee**

Remuneration of the Trustee (including indirect taxes)	<u>4,938</u>	<u>5,746</u>	<u>1,791</u>	<u>1,579</u>
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MCB Bank Limited

Profit on bank deposits	<u>421</u>	<u>2,494</u>	<u>217</u>	<u>555</u>
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Bank Charges	<u>17</u>	<u>69</u>	<u>9</u>	<u>29</u>
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Purchase of Securities - Face Value Nil (2016 Face Value: 500,000,000)	<u>-</u>	<u>483,825</u>	<u>-</u>	<u>-</u>
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Sell of Securities - Face Value 400,000,000	<u>388,892</u>	<u>3,979,436</u>	<u>-</u>	<u>911,185</u>
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Silk Bank Limited

Purchase of Securities - Face Value 684,000,000 (2016 Face Value: 1,500,000,000)	<u>672,440</u>	<u>1,468,472</u>	<u>672,440</u>	<u>1,468,472</u>
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Sell of Securities - Face Value 820,000,000 (2016 Face Value: 750,000,000) and Face Value (2016 Face Value: 500,000,000) for nine months and Quarter ended respectively	<u>808,242</u>	<u>732,703</u>	<u>-</u>	<u>490,487</u>
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Arif Habib Limited - Brokerage House

Brokerage expense*	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
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Next Capital Limited - Brokerage House

Brokerage expense*	<u>5</u>	<u>73</u>	<u>4</u>	<u>13</u>
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12.2. Balance outstanding as at the period / year end are as follows:

	31 March 2017 (Unaudited) (Rupees in '000)	30 June 2016 (Audited)
MCB-Arif Habib Savings and Investments Limited		
Management fee payable	<u>4,348</u>	<u>2,854</u>
Sindh sales tax payable on management fee	<u>565</u>	<u>400</u>
Allocated expenses payable	<u>692</u>	<u>393</u>
Legal and professional charges payable	<u>-</u>	<u>2</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>583</u>	<u>356</u>
Sindh sales tax payable on trustee fee	<u>77</u>	<u>50</u>
MCB Bank Limited		
Bank deposits	<u>6,160</u>	<u>126,700</u>
Profit receivable on bank deposits	<u>367</u>	<u>356</u>
Arif Habib Limited - Brokerage House		
Brokerage payable*	<u>2</u>	<u>9</u>
Next Capital Limited - Brokerage House		
Brokerage payable*	<u>-</u>	<u>28</u>

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

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

	Unaudited			
	Nine Months ended		Nine Months ended	
	31 March 2017		31 March 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
MCB-Arif Habib Savings and Investments Limited	10,632,309	1,087,157	2,458,593	249,740
Pakistan Petroleum Limited	-	-	9,776,355	985,000
Gul Ahmed Energy Limited	-	-	2,630,253	264,921
Telenor Pakistan (Pvt) Limited	-	-	6,104,719	636,000
Nishat Mills Limited Employees Provident Fund Trust	4,742,497	491,020	-	-
Adamjee Life Assurance Co. Ltd.-Nuil Fund	147,413	15,000	-	-
Mcb Financial Sevcies Limited	500,347	52,898	-	-
Adamjee Life Assurance Co.Ltd.(ISF)	49,572	5,000	-	-
Adamjee Life Assurance Co.Ltd.ISF-II	1,138,601	114,999	-	-
D.G. Khan Cement Company Ltd	7,962,798	800,000	-	-
Key management personnel	519,723	53,047	11,963	1,198
Mandate Under Discretionary Portfolio Services	27,827,778	2,868,367	1,041,067	87,514
Units redeemed by:				
MCB-Arif Habib Savings and Investments Limited	6,694,520	687,191	2,838,472	288,502
Adamjee Insurance Company Limited	-	-	8,655,218	870,529
Adamjee Insurance Company Limited - Investment Dept	-	-	19,131,871	1,924,255
Gul Ahmed Energy Limited	-	-	9,049,827	912,256
Pakistan Petroleum Limited	-	-	3,156,233	329,000
Nishat Mills Limited Employees Provident Fund Trust	4,291,233	444,836	-	-
Adamjee Life Assurance Co. Ltd.-Nuil Fund	147,413	15,049	-	-
Adamjee Life Assurance Co.Ltd.(ISF)	49,572	5,045	-	-
Adamjee Life Assurance Co.Ltd.ISF-II	1,138,601	115,292	-	-
D.G. Khan Cement Company Ltd	7,962,798	800,540	15,057,137	1,509,401
Key management personnel	488,616	50,272	316	32
Mandate Under Discretionary Portfolio Services	28,419,588	2,940,997	1,175,028	101,600
	31 March 2017	30 June 2016	31 March 2017	30 June 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Units)		(Rupees in '000)	
Units held by:				
MCB-Arif Habib Savings and Investments Limited	3,937,788	-	416,376	-
Mcb Financial Sevcies Limited	500,347	-	52,906	-
Key management personnel	48,032	16,925	5,079	1,698
Mandate Under Discretionary Portfolio Services	6,976,704	7,568,513	737,706	759,400
Nishat Mills Limited Employees Provident Fund Trust	1,111,213	659,949	117,498	66,217

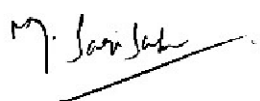
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

13. DATE OF AUTHORISATION

- 13.1** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 21, 2017.

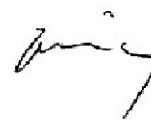
14. GENERAL

- 14.1.** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.



Chief Executive Officer

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



Director

MCB-Arif Habib Savings and Investments Limited

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