

# QUARTERLY REPORT

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March 31, 2017  
(Unaudited)



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

# **MCB PAKISTAN FREQUENT PAYOUT FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	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
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Abdul Basit	
<b>Trustee</b>	<b>MCB Financial Services Limited</b> 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan. Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited NIB Bank Limited Bank Al-Habib Limited Zarai Taraqiati Bank Limited JS Bank Limited Tameer Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited Finca Micro Finance Bank Limited	
<b>Auditors</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++ Asset Manager Rating assigned bt PACRA</b>	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Frequent Payout Fund** 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.

## EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX)'s rally faltered during 3QFY17 as the index posted a meager return of 0.7%, taking the cumulative 9MFY17 return to ~27%. Foreigners' selling remained unabated as they offloaded USD 162 mn worth of equities during the quarter, taking their total selling to USD ~485 mn during 9MFY17. Local liquidity remained robust with mutual funds, insurance and companies buying USD 131 mn, USD 419 mn and USD 152 mn respectively worth of equities.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive 133% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of tariff protection provided to the local manufacturers provided strong investors interest in the sector. With the returns of 76%, Auto Assemblers remained the second best performers in the market. Launch of the new Honda Civic and Ciaz accompanied by expected launch of Honda BR-V, New Cultus and face-lift of Corolla triggered a rally in the sector. OMC sector also gained 63%, primarily on the back of rally in SNGP as the company announced capital projects worth PKR110 billion to be completed by 2018.

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

On the flip side, Fertilizers underperformed the benchmark by 26% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, decline in international urea prices in the latter half of 3QFY17 eroded the pricing power of local manufacturers and dampened the potential export margins. Oil & Gas Exploration sector also underperformed the benchmark by 17% as oil prices declined by 3.8% during 9MFY17 as US inventories piled up along with increasing US rig count data. Alongside, news flows regarding OGDC and Mari's divestment by the government of Pakistan kept the performance under check in the sector.

We expect the positive momentum to continue going forward as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.0x, still at a 11.5% discount to the MSCI EM, reflecting further room for re-rating from here.

Going forward, we believe strong local liquidity is expected to mitigate the impact of adverse foreign flows. However, sooner or later, we can expect improved foreign flows in the market because of inclusion in MSCI in May 2017. We recommend our investors to focus on the long term value offered by the local bourse through our equity funds.

### FUND PERFORMANCE

During the period under review, the fund posted a return of 4.04% compared to the benchmark return of 4.42%. On the equities front, the overall allocation was increased to 10.0% from 0.4%. On the fixed income side, the fund decreased its exposure in PIBs to 30.8% from 47.7% in June 2016.

The Net Assets of the Fund as at March 31, 2017 stood at Rs. 1,055 million as compared to Rs. 796 million as at June 30, 2016 registering an increase of ~32.54%. The Net Asset Value (NAV) per unit as at March 31, 2017 was Rs. 101.2627 as compared to Rs 100.2203 as at June 30, 2016 showing an increase of 1.0424 per unit.

### 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.

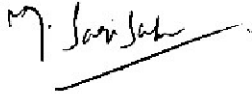
## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

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### **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 پاکستان فریکوئنٹ پے آؤٹ فنڈ کے 31 مارچ 2017ء کو ختم ہونے والی مدت کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار زرکا 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 توقعات 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 سسٹ 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 ختمی 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 سسٹ 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 ہو گئی 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 حصہ قرضوں کے ذریعے پورا کیا گیا۔ غیر ملکی سرمایہ کاروں کے اینگریڈوڈ اور ڈائریکٹس 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 لچکدار رہا، جس سے خدشات بھی پیدا ہوتے ہیں کیونکہ دیگر ترقی پذیر معیشتیں نسبتاً کمزور ہیں، اور اسٹیٹ بینک آف پاکستان کے پیکائش 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 ہو گئی جس کا بڑا 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 صارتی 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 اشیاء خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی فیصد 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 سرمایہ 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 دو ہولڈنگ ٹیکس عائد کرنے کی وجہ سے زبرد گردش روپے (CIC) میں جو غیر معمولی انبار لگ گیا تھا وہ عمومی سطح پر آ گیا 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۔

## ایکویٹیز مارکیٹ کا مجموعی جائزہ

مالی سال 2017ء کی تیسری سہ ماہی کے دوران پاکستان اسٹاک ایکسچینج (PSX) کی کارکردگی میں ضعف رہا جیسا کہ انڈیکس میں 0.7% معمولی اضافے سے ظاہر ہے، اور یوں مالی سال 2017ء کے ابتدائی نو ماہ کا مجموعی منافع 27% ہو گیا۔ غیر ملکیوں کی فروخت بدستور رہے کیونکہ انہوں نے دوران سہ ماہی 162 ملین امریکی ڈالر مالیت کی ایکویٹیز فروخت کیں، جس سے مالی سال 2017ء کے ابتدائی نو ماہ کے دوران مجموعی فروخت 485 ملین امریکی ڈالر تک پہنچ گئی۔ مقامی ایکویٹیڈ بیئر پور رہی اور میوچل فنڈز، انشورنس اور کمپنیوں نے پائرتیب 131 ملین، 419 ملین اور 152 ملین امریکی ڈالر مالیت کی ایکویٹیز خریدیں۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل سیکٹر سب سے آگے رہا۔ اس شعبے نے مقررہ معیار سے 133% بہتر کارکردگی کا مظاہرہ کیا جس کا سبب یہ تھا کہ CPEC کے تحت انفراسٹرکچر کی مستحکم سرگرمیوں کے ساتھ ساتھ مقامی تیار کنندگان کے لئے tariff کے تحفظ کی سازگار حکومتی پالیسیوں نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو بھرپور انداز میں مائل کیا۔ گاڑیوں کے اسمبلر 76% منافع حاصل کر کے مارکیٹ میں دوسرے بہترین کھلاڑی بن گئے۔ نئی ہنڈا سوک اور Ciaz کے متعارف ہونے اور ہنڈا BR-V، نیوکلئس اور Corolla کی face-lift



کے متوقع آغاز نے اس شعبے میں بھرپور پلچل پیدا کی۔ OMC سیکٹر نے بھی 63% منافع حاصل کیا جس کا بنیادی سبب SNGP میں ترقی ہے کیونکہ کمپنی نے 110 بلین روپے مالیت کے کمپنٹل پراجیکٹس کا اعلان کیا جن کو 2018ء تک مکمل کر لیا جائے گا۔

دوسری جانب کھاد کے شعبے نے مقررہ معیار سے 26% کم کارکردگی کا مظاہرہ کیا کیونکہ انویسٹرز میں اضافے کے ساتھ ساتھ یورپ کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔ علاوہ ازیں، مالی سال 2017ء کی تیسری سہ ماہی کے نصف آخر میں یورپ کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی تیار کنندگان کی قیمتوں کے تعین کا اختیار بتدریج ناکارہ ہو گیا اور متوقع برآمداتی margins متاثر ہوئے۔ آئل اینڈ گیس ایکسپلوریشن سیکٹر کی کارکردگی بھی مقررہ معیار سے 17% کم رہی جیسا کہ مالی سال 2017ء کے ابتدائی نو ماہ کے دوران تیل کی قیمتوں میں 3.8% کمی سے ظاہر ہے جو امریکی انویسٹرز کا ڈیہرلگ جانے اور امریکی rig کی کتنی کے اعداد و شمار میں اضافے کے باعث ہوئی۔ اس کے ساتھ ساتھ حکومت پاکستان کی طرف سے OGDC اور ماری کی divestment سے متعلق خبروں کی گردش سے سیکٹر میں کارکردگی زبردستی متاثر ہوئی۔

ہم اُمید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں بھی فکسڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے ایکویٹی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.0x کے فارورڈ ملٹپل پر، اور ابھی تک MSCI EM کے 11.5% ڈسکاؤنٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں سے ری-ریٹنگ کی مزید گنجائش ہے۔

علاوہ ازیں، ہم سمجھتے ہیں کہ مضبوط مقامی لیکویڈیٹی سے متوقع طور پر خفیہ غیر ملکی آمدات کا اثر کم ہوگا۔ تاہم مئی 2017ء میں MSCI میں شمولیت کے باعث جلد ہی مالیات خیر مارکیٹ میں بہتر غیر ملکی آمدات کی توقع کی جاسکتی ہے۔ ہم اپنے سرمایہ کاروں کو مشورہ دیتے ہیں کہ ہمارے ایکویٹی فنڈز کے ذریعے مقامی اسٹاک مارکیٹ میں پیش کردہ طویل المیعاد قدر پر توجہ مرکوز رکھیں۔

#### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 4.04% منافع حاصل کیا، جبکہ مقررہ معیار 4.42% ہے۔ ایکویٹی کی جہت میں مجموعی اختصاص کو 0.4% سے بڑھا کر 10.0% کر دیا گیا۔ فکسڈ آمدنی کی جہت میں فنڈ نے پاکستان انویسٹمنٹ بانڈز میں اپنی شمولیت کو 47.7% (جون 2016ء) سے کم کر کے 30.8% کر دیا۔ 31 مارچ 2017ء کو فنڈ کے net اثاثہ جات 1,055 ملین روپے تھے، جو 30 جون 2016ء کو 796 ملین روپے کے مقابلے میں 32.54% اضافہ ہے۔ 31 مارچ 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 101.2627 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 100.2203 روپے فی یونٹ کے مقابلے میں 1.0424 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 سیکٹرز کی مشکلات کے سائے بدستور مینوفیکچرنگ صنعت پر منڈلا رہے ہیں اور ٹیکسٹائل اور چمچے کی صنعت کی ترقی کی رفتار مایوس کن ہے۔

علاوہ ازیں، حالیہ اعلان کردہ برآمداتی پلچے سے برآمدات کے شعبے کو کچھ معاونت متوقع ہے، لیکن بیش قدر کرنسی، جیسا کہ REER سے ظاہر ہے (اسٹیٹ بینک آف پاکستان کے مطابق 25% بیش قدری) ملکی 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 مضبوط ہو گئی ہیں اور اُمید کی جارہی ہے کہ مضبوط رہیں گی، حکومت نے پٹرول کی مصنوعات پر سیکزنگس میں اضافے کے ذریعے پٹرول کی قیمتوں میں اضافہ شروع کر دیا ہے کیونکہ بحال ٹیکس مطلوبہ ہدف سے کم وصول ہوا ہے۔ اسی طرح کرنسی کے مستقبل کا منظر خارجی عناصر 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 درآمدات اور تسلسل ز سے خارجی اکاؤنٹ مزید بگڑ گیا۔ قابل پیش گوئی مستقبل میں کرنسی کی بیش قدری ختم ہونے تک متوقع طور پر یہ رجحان جاری رہے گا۔

توقع ہے کہ مختصر میعاد میں افراط زر کے مضبوط رجحانات کے ساتھ ساتھ reserves کو غیر ملکی قرضوں کے حصول کے ذریعے چلانے پر حکومت کی بڑھتی ہوئی توجہ کی بدولت انٹریسٹ کی شرحیں مضبوط رہیں گی۔ تاہم شرح مبادلہ کی بیش قدری کے علاوہ کمزور خارجی اکاؤنٹ اس بات کی طرف اشارہ کر رہے ہیں کہ ابھرتے ہوئے رجحانات کا باریک بینی کے ساتھ جانچ پڑتال کی جائے، کیونکہ کٹھنہ تصریف کی استعداد مالیاتی گرفت کو ٹھک 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 راہ سے ظاہر ہے۔

سینٹ، اسٹیل اور گاڑیوں کی صنعتیں پہلے ہی متحدہ قومی 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 سبقت 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 میعاد کی مارکیٹ کی کارکردگی کی جانچ ہوتی رہے گی۔ بہر حال، ہم مارکیٹ کے حوالے سے اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہار تفضل

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز 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

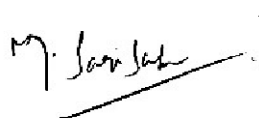
سید ناصر

محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
21 اپریل 2017ء

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

		(Unaudited) March 31, 2017	(Audited) June 30, 2016
	Note	(Rupees in '000)	
<b>Assets</b>			
Balances with banks		246,420	200,594
Investments	5	756,304	573,625
Dividend and profit receivable		3,974	20,691
Advances, deposits and prepayments		5,785	3,173
Preliminary expenses and floatation costs		531	642
Receivable against sale of investments		35,754	-
Receivable from National Clearing Company of Pakistan Limited		15,460	14,798
<b>Total assets</b>		1,064,228	813,523
<b>Liabilities</b>			
Payable to Management Company		1,129	7,172
Payable to MCB Financial Services Limited - Trustee		120	85
Payable to the Securities and Exchange Commission of Pakistan		770	327
Fair value of derivative liability		-	580
Payable against purchase of investments		-	3,469
Accrued expenses and other liabilities	6	7,019	5,688
<b>Total liabilities</b>		9,037	17,321
<b>Net assets</b>		1,055,191	796,202
<b>Unit holders' fund</b>		1,055,191	796,202
<b>Contingencies and commitments</b>	7		
		(Number of units)	
<b>Number of units in issue</b>		10,420,328	7,944,517
		(Rupees)	
<b>Net asset value per unit</b>		101.2627	100.2203

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



Chief Executive Officer

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

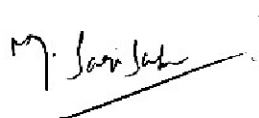


Director

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

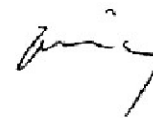
	Nine Months Ended March 31	For the period from 16th November 2015 to March 31	Quarter ended March 31	
	2017	2016	2017	2016
Note	(Rupees in '000)			
<b>Income</b>				
Capital gain on sale of investments - net	10,037	2,292	(5,024)	1,740
Dividend income	5,279	564	2,881	422
Profit on savings and term deposits	19,162	2,442	6,963	1,866
Income from government securities	28,622	11,827	11,393	9,537
Income from spread transaction	1,025	775	449	773
	<b>64,125</b>	<b>17,900</b>	<b>16,662</b>	<b>14,338</b>
Net unrealised diminution in the fair value of future contracts	-	-	-	882
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	<b>(8,028)</b>	<b>(4)</b>	<b>(10,269)</b>	<b>(1,173)</b>
<b>Total income</b>	<b>56,097</b>	<b>17,896</b>	<b>6,393</b>	<b>14,047</b>
<b>Expenses</b>				
Remuneration of the Management Company	8,508	2,446	2,747	1,923
Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	1,106	789	357	621
Remuneration of MCB Financial Services Limited -Trustee	937	233	317	166
Sindh Sales Tax on remuneration of the Trustee	122	33	41	24
Annual fee to the Securities and Exchange Commission of Pakistan	772	172	262	131
Auditors' remuneration	514	138	255	92
Amortisation of preliminary expenses and floatation costs	198	55	124	37
Settlement and bank charges	379	462	321	259
Fees and subscription	2,905	48	685	34
Allocated expenses	918	201	311	157
Selling and Marketing Expenses	93	-	93	-
Printing and related charges	104	77	12	51
<b>Total operating expenses</b>	<b>16,556</b>	<b>4,654</b>	<b>5,525</b>	<b>3,495</b>
<b>Net income from operating activities</b>	<b>39,541</b>	<b>13,242</b>	<b>868</b>	<b>10,552</b>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed:				
- arising from realised / unrealised capital gains	(9,733)	63	(297)	13
- arising from other income	5,767	460	(587)	368
	<b>(3,966)</b>	<b>523</b>	<b>(884)</b>	<b>381</b>
Provision for Sindh Workers' Welfare Fund	1,128	-	1,128	-
<b>Net income / (loss) for the period before taxation</b>	<b>34,447</b>	<b>13,765</b>	<b>(1,144)</b>	<b>10,933</b>
Taxation	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>34,447</b>	<b>13,765</b>	<b>(1,144)</b>	<b>10,933</b>

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



**Chief Executive Officer**

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

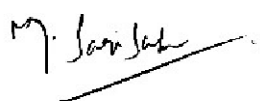


**Director**

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

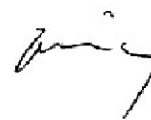
	<b>Nine Months Ended March 31</b>	<b>For the period from 16th November 2015 to March 31</b>	<b>Quarter ended March 31</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>			
<b>Net income / (loss) for the period after taxation</b>	<b>34,447</b>	<b>13,765</b>	<b>(1,144)</b>	<b>10,933</b>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to income statement</i>				
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	<b>5,948</b>	<b>(5,125)</b>	<b>5,798</b>	<b>(4,987)</b>
<b>Total comprehensive income for the period</b>	<b>40,395</b>	<b>8,640</b>	<b>4,654</b>	<b>5,946</b>

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



**Chief Executive Officer**

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

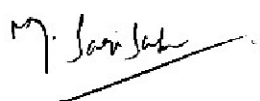


**Director**

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

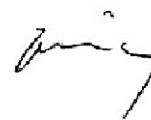
		Nine Months Ended March 31	For the period from 16th November 2015 to March 31	Quarter ended March 31
		2017	2016	2017
		(Rupees in '000)		
	Note			2016
Undistributed income brought forward		1,561	-	15,187
Net income for the period		34,447	13,765	(1,144)
Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred to Distribution Statement		2,608	(291)	(1,041)
Interim cash distributions made during the period	13	(31,595)	(8,225)	(5,981)
Undistributed income carried forward		<u>7,021</u>	<u>5,249</u>	<u>7,021</u>
				<u>5,249</u>

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



**Chief Executive Officer**

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



**Director**

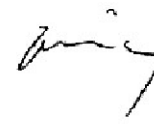
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

	<b>Nine Months Ended March 31</b>	<b>For the period from 16th November 2015 to March 31</b>	<b>Quarter ended March 31</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>			
<b>Net assets at the beginning of the period</b>	796,202	-	1,188,770	475,913
Issue of 8,223,245 units (2016: 9,039,328 units) and 1,580,281 units (2016: 4,140,480 units) for the nine months and quarter ended respectively	826,747	898,724	160,594	414,329
Redemption of 5,747,434 units (2016: 2,039,382 units) and 2,892,390 units (2016: 1,898,531 units) for the nine months and quarter ended respectively	(580,524)	(198,469)	(293,730)	(190,104)
	246,223	700,255	(133,136)	224,225
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed				
- amount transferred to the income statement				
- arising from realised / unrealised capital gains	9,733	(63)	297	(13)
- arising from other income	(5,767)	(460)	587	(368)
- amount transferred to the distribution statement	(2,608)	291	1,041	349
	1,358	(232)	1,925	(32)
Element of income and capital gains that forms part of unit holders' fund transferred to the distribution statement	2,608	(291)	(1,041)	(349)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(8,028)	(4)	(10,269)	(1,173)
Capital gain on sale of investments - net	10,037	2,292	(5,024)	1,740
Other income (net of expenses)	32,438	11,477	14,149	10,366
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	5,948	(5,125)	5,798	(4,987)
Total comprehensive income for the period	40,395	8,640	4,654	5,946
Interim cash distributions made during the period	13 (31,595)	(8,225)	(5,981)	(5,556)
<b>Net assets at the end of the period</b>	<b>1,055,191</b>	<b>700,147</b>	<b>1,055,191</b>	<b>700,147</b>

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

  
\_\_\_\_\_  
**Chief Executive Officer**

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

  
\_\_\_\_\_  
**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

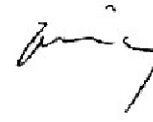
	Nine Months Ended March 31	For the period from 16th November 2015 to March 31	Quarter ended  March 31	
	2017	2016	2017	2016
	(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	34,447	13,765	(1,144)	10,933
<b>Adjustments for non-cash charges and other items:</b>				
Net unrealised diminution in the fair value of future contracts	-	-	-	(882)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	8,028	4	10,269	1,173
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in				
- arising from realised / unrealised capital gains	9,733	(63)	297	(13)
- arising from other income	(5,767)	(460)	587	(368)
<b>Net cash generated from operations before working capital changes</b>	<b>46,441</b>	<b>13,246</b>	<b>10,009</b>	<b>10,843</b>
<b>(Increase) / decrease in assets</b>				
Investments - net	(188,228)	(573,519)	(522,982)	(222,202)
Dividend and profit receivable	16,717	(8,909)	8,683	(2,924)
Advances, deposits and prepayments	(38,255)	(27,267)	(36,200)	(23,840)
Receivable from National Clearing Company of Pakistan Limited	(662)	(2,801)	(6,151)	1,868
	(210,428)	(612,496)	(556,650)	(247,098)
<b>(Decrease) / Increase in liabilities</b>				
Payable to Management Company	(6,043)	8,532	(4,386)	(1,607)
Payable to MCB Financial Services Limited - Trustee	35	81	(9)	29
Payable to the Securities and Exchange Commission of Pakistan	443	171	260	130
Accrued expenses and other liabilities	751	16,028	(148)	12,023
	(4,815)	24,812	(4,284)	10,575
<b>Net cash (used in) / generated from operating activities</b>	<b>(168,802)</b>	<b>(574,438)</b>	<b>(550,925)</b>	<b>(225,680)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net receipts from issuance of units	826,747	898,724	160,594	414,329
Net payments against redemption of units	(580,524)	(198,469)	(293,730)	(190,104)
Cash distributions made during the period	(31,595)	(8,225)	(12,000)	(5,556)
<b>Net cash generated from financing activities</b>	<b>214,628</b>	<b>692,030</b>	<b>(145,136)</b>	<b>218,669</b>
<b>Net increase in cash and cash equivalents</b>	<b>45,826</b>	<b>117,592</b>	<b>(696,061)</b>	<b>(7,011)</b>
Cash and cash equivalents at beginning of the period	200,594	-	942,481	124,603
<b>Cash and cash equivalents at end of the period</b>	<b>246,420</b>	<b>117,592</b>	<b>246,420</b>	<b>117,592</b>

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



**Chief Executive Officer**

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



**Director**



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

## 1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ("the Fund") was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as the Management Company and MCB Financial Services Limited as the Trustee. The Trust Deed was executed on July 22, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 16, 2015.

The Fund is an open-end collective investment scheme categorised as an "asset allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for purchase, redemption, transfer, switching, etc. only during the first five business days of every month. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide regular monthly payments to investors by investing the assets of the Fund in debt and equity instruments.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of "AM2++" with a stable outlook (2015: AM2+ with a stable outlook) to the Management Company on June 8, 2016.

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

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

3.1 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.

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

**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.

**5. INVESTMENTS**

		(Unaudited) March 31, 2017	(Audited) June 30, 2016
		(Rupees in '000)	
<b>At fair value through profit or loss - held for trading</b>			
- Listed equity securities	5.1	106,623	62,438
- Government securities - Market Treasury Bills	5.1.3	121,469	49,505
- Government securities - Pakistan Investment Bonds	5.1.4	-	20,893
		<u>228,092</u>	<u>132,836</u>
<b>Available-for-sale</b>			
- Listed equity securities	5.2.1	-	3,526
- Government securities - Pakistan Investment Bonds	5.2.2	328,212	367,263
		<u>328,212</u>	<u>370,789</u>
<b>Loans and receivables</b>			
Term deposit receipt	5.3	200,000	70,000
		<u>756,304</u>	<u>573,625</u>

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

## 5.1 At fair value through profit or loss - held for trading

### 5.1.1 Listed equity securities

Name of investee company	As at July 1, 2016	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at March 31, 2017	Carrying value As at March 31, 2017	Market value As at March 31, 2017	Unrealised appreciation/ (diminution) As at March 31, 2017	Market value as percentage of net assets	Market value as percentage of total investment	Fair value as percentage of issued capital of the investee company
(Number of shares)					(Rupees in '000)						
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.											
<b>AUTOMOBILE ASSEMBLER</b>											
HONDA ATLAS CARS(PAKISTAN) LIMITED	-	5,000	-	5,000	-	-	-	-	-	-	-
INDUS MOTORS COMPANY LIMITED	-	15,000	-	15,000	-	-	-	-	0.00%	0.00%	-
PAK SUZUKI MOTOR CO	-	15,000	-	5,000	10,000	7,069	6,200	(870)	0.59%	0.00%	0.00%
						<u>7,069</u>	<u>6,200</u>	<u>(870)</u>	<u>0.59%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>CABLE &amp; ELECTRICAL GOODS</b>											
PAK ELEKTRON	247,500	581,500	-	829,000	-	-	-	-	-	-	-
TPL TRAKKER LTD	-	73,000	-	73,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>CEMENT</b>											
D.G. KHAN CEMENT	-	38,500	-	38,500	-	-	-	-	-	-	-
LUCKY CEMENT	-	10,000	-	10,000	-	-	-	-	-	-	-
PIONEER CEMENT LTD	-	21,000	-	21,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>COMMERCIAL BANKS</b>											
ALLIED BANK LIMITED	-	200,000	-	200,000	-	-	-	-	-	-	-
ASKARI BANK LIMITED	-	8,000	-	8,000	-	-	-	-	-	-	-
HABIB BANK LIMITED	-	20,000	-	20,000	-	-	-	-	-	-	-
MCB BANK LIMITED	-	70,000	-	70,000	-	-	-	-	-	-	-
UNITED BANK LIMITED	-	156,900	-	101,900	55,000	13,482	12,520	(962)	1.19	-	-
						<u>13,482</u>	<u>12,520</u>	<u>(962)</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>ENGINEERING</b>											
AISHA STEEL LTD	-	350,000	-	350,000	-	-	-	-	-	-	-
AMRHLI STEELS LIMITED	-	17,500	-	17,500	-	-	-	-	-	-	-
INTERNATIONAL STEELS LTD	-	54,000	-	54,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FERTILIZER</b>											
ENGRO FERTILIZER LIMITED	127,500	1,670,000	-	977,500	820,000	57,885	51,381	(6,504)	4.87	-	-
ENGRO CORPORATION LIMITED	87,000	160,500	-	247,500	-	-	-	-	-	-	-
FAUJI FERTILIZER BIN QASIM LTD	-	128,500	-	128,500	-	-	-	-	-	-	-
FAUJI FERTILIZER COMPANY LTD	-	130,000	-	130,000	-	-	-	-	-	-	-
						<u>57,885</u>	<u>51,381</u>	<u>(6,504)</u>	<u>486.94%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>											
ENGRO FOODS LIMITED	10,000	46,500	-	56,500	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>INSURANCE</b>											
IGI INSURANCE LIMITED	-	10,000	-	10,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LEATHER &amp; TANNERIES</b>											
SERVICE INDUSTRIES	-	12,850	-	12,850	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OIL &amp; GAS EXPOLORATION COMPANIES</b>											
MARI PETROLEUM COMPANY	-	38,900	-	38,900	-	-	-	-	-	-	-
OIL & GAS DEVELOPMENT CO LTD	-	781,600	-	781,600	-	-	-	-	-	-	-
PAKISTAN OILFIELDS LIMITED	-	35,500	-	35,500	-	-	-	-	-	-	-
PAKISTAN PETROLEUM LTD	-	95,000	-	95,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>GLASS &amp; CERAMICS</b>											
TARIQ GLASS INDUSTRIES	-	35,000	-	-	35,000	3,961	4,136	175	-	-	-
						<u>3,961</u>	<u>4,136</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OIL AND GAS MARKETING COMPANIES</b>											
ATTOCK PETROLEUM LIMITED	-	14,250	-	-	14,250	10,103	9,046	(1,057)	0.86	-	-
HASCOL PETROLEUM	-	2,000	-	2,000	-	-	-	-	-	-	-
HI-TECH LUBRICANTS	-	150,000	-	150,000	-	-	-	-	-	-	-
PAKISTAN STATE OIL CO LTD.	6,000	144,100	-	150,100	-	-	-	-	-	-	-
SUI SOUTHERN GAS	-	50,000	-	50,000	-	-	-	-	-	-	-
						<u>10,103</u>	<u>9,046</u>	<u>(1,057)</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>PAPER AND BOARD</b>											
CENTURY PAPER & BOARD MILLS	-	200,000	-	200,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>PHARMACEUTICAL S</b>											
GLAXOSMITHKLINE	-	100,000	-	100,000	-	-	-	-	-	-	-
SEARLE COMPANY	10,000	-	-	10,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
KOT ADDU POWER CO. LTD	-	600,000	-	309,000	291,000	22,137	23,341	1,204	-	-	-
K-ELECTRIC LTD	-	522,500	-	522,500	-	-	-	-	-	-	-
						<u>22,137</u>	<u>23,341</u>	<u>1,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REFINERY</b>											
ATTOCK REFINERY LIMITED	-	161,500	-	161,500	-	-	-	-	-	-	-
NATIONAL REFINERY	-	50,000	-	50,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>											
AVANCEON LIMITED	-	188,500	-	188,500	-	-	-	-	-	-	-
NETSOL TECHNOLOGIES	-	30,000	-	30,000	-	-	-	-	-	-	-
P.T.C.L "A"	-	20,000	-	20,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Name of investee company	As at July 1, 2016	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at March 31, 2017	Carrying value As at March 31, 2017	Market value As at March 31, 2017	Unrealised appreciation/ (diminution) As at March 31, 2017	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
	(Number of shares)					(Rupees in '000)					
<b>TEXTILE COMPOSITE</b>											
KOHINOOR TEXTILE MILLS LTD	-	50,000	-	50,000	-	-	-	-	-	-	-
NISHAT MILLS LTD	-	50,000	-	50,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Total - March 31, 2017</b>						114,637	106,623	(8,014)	573.25%	0.00%	0.00%
<b>Total - June 30, 2016</b>						61,645	62,438	793	7.84%	10.88%	0.09%

\* These denote related parties / connected persons

## 5.1.2 Government securities - Market Treasury Bills

Tenor	Face value				Carrying value as at March 31, 2017	Market value as at March 31, 2017	Unrealised appreciation / (diminution) March 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchased during the period	Sold / matured during the period	As at March 31, 2017					
	(Rupees in 000)								
3 months	-	919,000	871,000	48,000	47,800	47,798	(2)	4.53%	6.32%
6 months	50,000	225,000	275,000	-	-	-	-	-	-
1 year *	-	863,000	788,000	75,000	73,680	73,671	(9)	9.74%	9.74%
Total - March 31, 2017					121,480	121,469	(11)	14.27%	16.06%
Total - June 30, 2016					49,502	49,505	3	6.22%	8.63%

\* These include treasury bills with market value of Rs. 49.114 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

## 5.1.3 Government securities - Pakistan Investment Bonds

Tenor	Face value				Carrying value as at March 31, 2017	Market value as at March 31, 2017	Unrealised appreciation / (diminution) March 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchased during the period	Sold / matured during the period	As at March 31, 2017					
	(Rupees in 000)								
3 years	20,000	20,000	40,000	-	-	-	-	-	-
Total - March 31, 2017					-	-	-	-	-
Total - June 30, 2016					20.878	20.893	(15)	2.62%	3.64%

## 5.2 Available-for-sale

### 5.2.1 Listed equity securities

Name of investee company	As at July 1, 2016	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at March 31, 2017	Carrying value As at March 31, 2017	Market value As at March 31, 2017	Unrealised appreciation/ (diminution) As at March 31, 2017	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
	(Number of shares)					(Rupees in '000)					
<b>Automobile Assembler</b>											
Honda Atlas Cars (Pakistan) Limited	-	11,000	-	11,000	-	-	-	-	-	-	-
Indus Motor Company Limited	-	14,600	-	14,600	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	11,000	-	11,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Cement</b>											
Cherat Cement Company Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
Dewan Cement Limited	-	245,000	-	245,000	-	-	-	-	-	-	-
D G Khan Cement Company Limited*	-	152,000	-	152,000	-	-	-	-	-	-	-
Lucky Cement Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	120,000	-	120,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	110,500	-	110,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Chemicals</b>											
Archroma Pakistan Limited	-	23,000	-	23,000	-	-	-	-	-	-	-
						-	-	-	-	-	-

Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.

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

Name of investee company	As at July 1, 2016	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at March 31, 2017	Carrying value As at March 31, 2017	Market value As at March 31, 2017	Unrealised appreciation/ (diminution) As at March 31, 2017	Market value as percentage of net assets	Market value as percentage of total investment	Far value as percentage of issued capital of the investee company
		(Number of shares)				(Rupees in '000)					
<b>Commercial Banks</b>											
Bank Al Habib Limited	-	305,000	-	305,000	-	-	-	-	-	-	-
MCB Bank Limited*	-	70,000	-	70,000	-	-	-	-	-	-	-
Meezan Bank Limited	-	10,500	-	10,500	-	-	-	-	-	-	-
National Bank of Pakistan Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
United Bank Limited	-	225,000	-	225,000	-	-	-	-	-	-	-
<b>Engineering</b>											
Anreli Steels Limited	-	199,000	-	199,000	-	-	-	-	-	-	-
<b>Fertilizer</b>											
Engro Corporation Limited	-	104,600	-	104,600	-	-	-	-	-	-	-
<b>Food and Personal Care Products</b>											
Murree Brewery Company Limited	-	5,500	-	5,500	-	-	-	-	-	-	-
<b>Insurance</b>											
Adamjee Insurance Company Limited*	-	100,000	-	100,000	-	-	-	-	-	-	-
<b>Leather and Tanneries</b>											
Service Industries Limited	-	750	-	750	-	-	-	-	-	-	-
<b>Oil and Gas Exploration Companies</b>											
Oil and Gas Development Company Limited	-	307,500	-	307,500	-	-	-	-	-	-	-
Pakistan Oilfields Limited	-	63,500	-	63,500	-	-	-	-	-	-	-
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited	-	127,900	-	127,900	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited*	-	50,000	-	50,000	-	-	-	-	-	-	-
<b>Paper and Board</b>											
Packages Limited	-	17,700	-	17,700	-	-	-	-	-	-	-
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	400	15,100	-	15,500	-	-	-	-	-	-	-
<b>Power Generation and Distribution</b>											
K- Electric Limited (par value of Rs 3.50 per share)	400,000	760,000	-	1,160,000	-	-	-	-	-	-	-
The Hub Power Company Limited	-	170,000	-	170,000	-	-	-	-	-	-	-
<b>Technology and Communication</b>											
Pakistan Telecommunication Company Limited	-	600,000	-	600,000	-	-	-	-	-	-	-
<b>Textile Composite</b>											
Nishat (Chunian) Limited*	-	455,000	-	455,000	-	-	-	-	-	-	-
Nishat Mills Limited*	-	200,000	-	200,000	-	-	-	-	-	-	-
<b>Total - March 31, 2017</b>											
<b>Total - June 30, 2016</b>						3,503	3,526	23	0.44%	0.70%	-

\* These denote related parties / connected persons

## 5.2.2 Government securities - Pakistan Investment Bonds

Tenor	Face value				Carrying value as at March 31, 2017	Market value as at March 31, 2017	Unrealised appreciation/ (diminution) March 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchased during the period	Sold/matured during the period	As at March 31, 2017					
3 Years	340,000	620,000	640,000	320,000	329,254	328,212	(1,042)	31.10%	43.40%
5 Years	25,000	25,000	50,000	-	-	-	-	-	-
<b>Total - March 31, 2017</b>					329,254	328,212	(1,042)	31.10%	43.40%
<b>Total - June 30, 2016</b>					367,096	367,263	167	46.13%	72.92%

## 5.3 Term Deposit Receipts - Loans and receivables

Name of Financial Institution	Profit / mark-up rate %	Maturity date	Amount (in '000)	Value as a percentage of net assets	Value as a percentage of investment
Zarai Taraqati Bank Limited	6.50%	24-May-2017	100,000	9.48%	0.00001%
JS Bank Limited	6.89%	04-May-2017	100,000	9.48%	0.00001%

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

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		<b>(Rupees in '000)</b>	
Auditors' remuneration payable		302	130
Provision for Workers' Welfare Fund (Net)	6.2	1,128	-
Brokerage payable		139	884
Sales load payable to MCB Bank Limited - related party		68	-
Printing and other charges payable		80	161
Provision for Federal Excise Duty on management fee including related taxes	6.1	841	841
Provision for Federal Excise Duty on sales load including related taxes	6.1	3,625	3,625
Other Payable		836	47
		<u>7,019</u>	<u>5,688</u>

- 6.1** 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. 0.841 million (June 30, 2016: Rs 0.841 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. 0.0807 per unit (June 30, 2016: Rs. 0.1059).

- 6.2** The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, no provision for Federal WWF has been made in the books of the fund.

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.

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

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 to reverse all Federal WWF held by the Fund and on prudent basis to provide Sindh Workers Welfare Fund from the enactment of the Sindh WWF Act, 2014 (May 21, 2015).

The provision made for SWWF amounted to Rs. 1.128 million. Had the said provision 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 Re. 0.1082 per unit.

### 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 March 2017.

### 8 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 1.60% which includes 0.25% representing government levies on the Fund such as federal excise duties and sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 1.60% which includes 0.25% representing government levies on the Fund such as federal excise duties and sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

### 9 MARKETING AND SELLING EXPENSE

The Securities and Exchange Commission of Pakistan "the Commission", in exercise of its power through Circular No. 40 of 2016 amended through Circular No. 05 of 2017 prescribed the conditions for asset management companies for permissibility of charging selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum of 0.4% per annum of net assets of the fund or actual, whichever is lower, from January 1, 2017 to December 31, 2019, an initially allowed period of three years.

Management after approval of their Board of Directors and fulfillment of the criteria prescribed by the Commission has accordingly made an accrual of Rs. 0.093 million since March 24, 2017 at the maximum rate of 0.4% per annum of net assets of the fund being less than the actual expenses allocable to the Fund.

### 10 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.

### 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.

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

**12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Related parties / connected persons of the Fund include MCB-ArifHabib Savings and Investments Limited (being the Management Company) and its related entities, MCB Financial Services 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 / related parties and balances with them at the period / year end are as follows:

	<b>Nine months ended March 31, 2017</b>	<b>For the period from November 16, 2015 to March 31, 2017</b>
	<b>(Rupees in '000)</b>	
<b>12.1 Transactions during the period</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company	8,508	2,838
Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	1,106	397
Allocated expenses	918	201
Marketing and Selling Expenses	93	
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration of MCB Financial Services Limited -Trustee	937	233
Sindh Sales Tax on remuneration of the Trustee	122	33
<b>MCB Bank Limited - Holding Company of the Management Company</b>		
Profit on bank deposits	227	176
Bank charges	8	22
<b>Arif Habib Limited - Group company of the Management Company*</b>		
Brokerage expense	198	4
<b>Next Capital Limited - Group company of the Management Company*</b>		
Brokerage expense	64	107
<b>Mandate under Discretionary Portfolio Services</b>		
Issuance of 155,950 units (2016: Nil units) for the nine months and 155,950 units (2016: Nil units) for the quarter ended respectively	15,629	-
Redemption of 155,950 units (2016: Nil units) for the nine months and 155,950 units (2016: Nil units) for the quarter ended respectively	15,620	-



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

	(Unaudited) March 31, 2017 (Rupees in '000)	(Audited) June 30, 2016
<b>12.2 Balance outstanding as at the period end</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management fee payable	762	781
Sindh sales tax payable on management fee	99	109
Sales load payable	-	2,354
Selling and Marketing Expenses Payable	93	
Payable against allocated expenses	175	62
Preliminary expenses and floatation costs incurred	-	3,536
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration payable to the Trustee	106	75
Sales tax payable on trustee fees	14	10
<b>MCB Bank Limited - Holding Company of the Management Company</b>		
Balances in saving accounts	3,380	1,436
Profit receivable	13	53
Sale load payable	68	-
<b>Arif Habib Limited - Group company of the Management Company*</b>		
Brokerage payable	2	43

\* Trading in securities through these connected persons has not been treated as transactions entered into with connected persons / related parties as these are not the ultimate counter parties.

**13 INTERIM DISTRIBUTIONS MADE DURING THE PERIOD**

	Rate per unit	Declaration date	Bonus Distribution Units	Amount	Cash Distribution
				— (Rupees in '000) —	
For the month ended July 2016	Re. 0.5096	July 31, 2016	-	-	4,159
For the month ended August 2016	Re. 0.5096	August 31, 2016	-	-	5,042
For the month ended September 2016	Re. 0.4935	September 30, 2016	-	-	5,582
For the month ended November 2016	Re. 0.4119	November 30, 2016	-	-	4,812
For the month ended December 2016	Re. 0.5130	December 31, 2016	-	-	6,019
For the month ended January 2017	Re. 0.5130	January 31, 2017			5,981
			-	-	31,595

As per the distribution policy contained in the offering document, the Fund is required to ensure monthly streams of cash flows to the unit holders. In case, where the Fund suffers losses in the month due to equity portion loss, the monthly payment is required to be made by redeeming the appropriate number of units of the unit holders on the basis of previous 6 months average rate of dividend distribution per unit. Accordingly, the Fund has made redemptions in the month of October 2016, February 2017 and March 2017 to comply with this requirement.

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

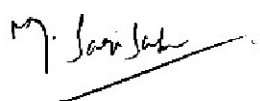
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**14 DATE OF AUTHORISATION FOR ISSUE**

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

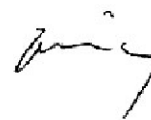
**15 GENERAL**

- 15.1** 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**

24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-4686-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)