

QUARTERLY REPORT

March 31, 2017
(Unaudited)



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

PAKISTAN CAPITAL MARKET FUND

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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 Chairman Mr. Nasim Beg Vice Chairman Mr. Muhammad Saqib Saleem Chief Executive Officer Dr. Syed Salman Ali Shah Director Mr. Haroun Rashid Director Mr. Ahmed Jahangir Director Mr. Samad A. Habib Director Mr. Mirza Qamar Beg Director	
Audit Committee	Mr. Haroun Rashid Chairman Mr. Ahmed Jahangir Member Mr. Mirza Qamar Beg Member Mr. Nasim Beg Member	
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Chairman Mr. Nasim Beg Member Mr. Haroun Rashid Member Mr. Ahmed Jahangir Member Mr. Muhammad Saqib Saleem 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 Shahr-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited NIB Bank Limited Bank Al-Habib Limited Standard Chartered Bank Limited Zarai Taraqiati Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahr-e-Faisal, Karachi-75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, 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 by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Capital Market Fund's** 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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 25.54% compared to the return of 17.08% posted by the benchmark.

On the equities front, the overall allocation was slightly decreased to 62.3%. The fund increased its exposure in Cement and Commercial Banks while decreasing its exposure in Oil and Gas, Fertilizers and Power Generation & Distribution.

On the fixed income side, the fund had decreased its exposure in T-Bills to 0% and shifted its exposure towards Cash to benefit from attractive rates offered by banks.

The Net Assets of the Fund as at March 31, 2017 stood at Rs. 688 million as compared to Rs. 627 million as at June 30, 2016 registering an increase of 9.72%.

The Net Asset Value (NAV) per unit as at March 31, 2017 was Rs. 13.42 as compared to opening NAV of Rs. 10.69 per unit as at June 30, 2016 showing an increase of Rs. 2.73 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.

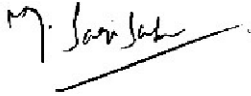
The China Pakistan Economic Corridor is expected to provide much needed impetus to growth. Growing confidence in the economy has led to increase the quantum of investment from initially desired \$46 billion to more than \$60 billion. Local investor confidence has also improved drastically, after a long 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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 پاکستان کپٹل مارکیٹ فنڈ کے 31 مارچ 2017ء کو ختم ہونے والی مدت کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر 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 ایک 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 سست 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 سست روی سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 2% YoY کم ہوئیں۔ 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 حصہ قرضوں کے ذریعے پورا کیا گیا۔ غیر ملکی سرمایہ کاروں کے اینگریڈوڈ اور ڈاؤنلینس 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 پیکش 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 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 اشیائے خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی فیصد اضافہ افراط زر کے دباؤ کے ساتھ ساتھ پیٹرول کی قیمتوں میں اضافے کے ٹھک بے۔

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 زبرد گردش 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۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

مالی سال 2017ء کی تیسری سہ ماہیکہ 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 بے قابو رہی 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 ایکویٹی پر پوروری اور میوچل فنڈز، انشورنس اور کمپنیوں نے بالترتیب 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، نیوگلن 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 کیپٹل 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 یورپا کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔ علاوہ ازیں، مالی سال 2017ء کی تیسری سہ ماہی کے نصف آخر میں یورپا 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 ڈیبرلگ جانے اور امریکی rig کی کٹتی 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 امید 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 کسٹڈ 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 ملٹیپل 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 حریف 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 پائتا 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 25.54% منافع حاصل کیا، جبکہ مقررہ معیار 17.08% ہے۔

ایکویٹیز کی جہت میں مجموعی اختصاص معمولی کمی سے گزر کر 62.3% ہو گیا۔ فنڈ نے سینٹ اور کمرشل بینکوں میں اپنی شمولیت میں اضافہ کیا جبکہ آئل اینڈ گیس، فریلائیڈرز اور پاور جنریشن اینڈ ڈسٹری بیوشن میں اپنی شمولیت کو کم کیا۔

کسٹڈ آمدنی کی جہت میں فنڈ نے نی بلز میں اپنی شمولیت کو کم کر کے 0% کر دیا اور اسے نقد کی طرف منتقل کیا تاکہ بینکوں کی پیش کردہ پیکش شرحوں سے استفادہ کیا جائے۔

31 مارچ 2017ء کو فنڈ کے net اثاثہ جات 688 ملین روپے تھے، جو 30 جون 2016ء کو 627 ملین روپے کے مقابلے میں 9.72% اضافہ ہے۔

31 مارچ 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 13.42 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 10.6 روپے فی یونٹ کے مقابلے میں 2.73 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 ہر مہم 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 منڈی لار رہے ہیں اور ٹیکسٹائل اور چمچے کی صنعت کی ترقی کی رفتار مایوس کن ہے۔

علاوہ ازیں، حالیہ اعلان کردہ برآمداتی پیکج 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% بیش قدری) منسلک 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 امید کی جارہی ہے کہ مضبوط رہیں گی، حکومت نے پٹرول کی مصنوعات پر ٹیکس ٹیکس 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 اخطا 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 تسلی زر 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 نکتہ انصریف کی استعداد مایاتی 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 ایک طویل عرصے بعد بڑے پیمانے پر اضافہ ہوا ہے، جیسا کہ مختلف شعبوں میں سرمایہ کاریوں کی بھرپور لہر سے ظاہر ہے۔

سینٹ، 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 سبقت کے جائیں گی۔ MSCI ایمرنگ 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 معطر 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 تضرع

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکریہ ادا ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

برائے اورین جانب بورڈ

محمد ثاقب سلیم

محمد ثاقب سلیم

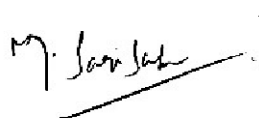
چیف ایگزیکٹو آفیسر

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		
Balances with banks	221,901	80,904
Investments	5 438,607	566,333
Term Deposit Receipts	35,000	-
Dividend and profit receivables	2,856	1,599
Advances, deposits and prepayments	6,007	5,057
Receivable against sale of investment	-	-
Total assets	704,371	653,893
LIABILITIES		
Payable to the Management Company	1,397	1,332
Payable to the Central Depository Company of Pakistan Limited - Trustee	134	119
Payable to the Securities and Exchange Commission of Pakistan	419	647
Payable against purchase of investment	-	-
Payable against redemption of units	216	1,218
Accrued expenses and other liabilities	6 13,926	23,655
Total liabilities	16,092	26,971
NET ASSETS	688,279	626,922
Unit holders' funds	688,279	626,922
Contingencies and commitments	7	
	(Number of units)	
NUMBER OF UNITS IN ISSUE	51,270,276	58,632,774
	(Rupees)	
NET ASSETS VALUE PER UNIT	13.42	10.69

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

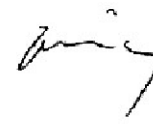
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

		Nine months ended March 31,		Quarter ended March 31,	
		2017	2016	2017	2016
	Note	(Rupees in '000)			
INCOME					
Dividend income		13,341	22,256	2,903	7,973
Income from government securities		7,416	10,269	2,539	3,526
Profit on bank deposits and term deposit receipts		2,345	3,916	843	1,216
Income from term finance certificate		14	632	-	332
Capital gain / (loss) on sale of investments - net		122,743	(23,042)	50,406	(22,699)
Income on NCCPL deposit against exposure margin		8	15	2	4
		145,867	14,046	56,693	(9,648)
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.4	11,224	7,833	(7,619)	(1,974)
Total income		157,091	21,879	49,074	(11,622)
EXPENSES					
Remuneration of the Management Company		9,859	11,817	3,492	3,777
Sindh Sales tax and Federal Excise Duty on remuneration of the Management Company.		1,282	3,810	454	1,218
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		986	1,203	349	398
Sales tax on remuneration of the trustee		128	148	45	35
Securities and Exchange Commission of Pakistan - fee		419	502	148	160
Allocated expense		557	305	198	215
Securities transaction cost		2,354	857	921	339
Settlement and bank charges		504	348	153	106
Fees and subscription		136	185	14	51
Auditors' remuneration		417	483	140	154
Printing and related cost		280	259	77	78
Legal and professional charges		45	96	15	58
Total expenses		16,967	20,013	6,006	6,589
		140,124	1,866	43,068	(18,211)
Element of (loss) / income and capital gains/ (losses) included in prices of units issued less those in units redeemed					
-from realized / unrealized capital gain / (loss)		(4,988)	536	(4,512)	(809)
-from other income		(601)	213	(560)	108
		(5,589)	749	(5,072)	(701)
Provision for Workers' Welfare Fund	6.1	7,330	-	7,330	-
Net income for the period before taxation		141,865	2,615	45,326	(18,912)
Taxation	8.	-	-	-	-
Net income for the period after taxation		141,865	2,615	45,326	(18,912)



Chief Executive Officer

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



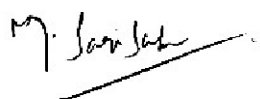
Director

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

	Nine Months ended		Quarter ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Note	(Rupees in '000)			
Other comprehensive income for the period				
Items that may be reclassified to profit and loss account				
Unrealised appreciation / (diminution) in value of investments classified as 'available for sale' - net	770	(25,238)	(29,620)	14,897
Total comprehensive income for the period	142,635	(22,623)	15,706	(4,015)

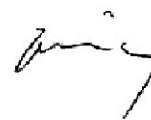
Earnings per unit 9.

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

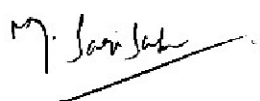


Director

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

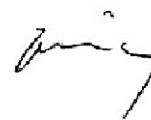
	Nine Months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Undistributed income brought forward	13,284	22,062	104,384	11,786
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - transferred from unit holders' fund	(7,652)	8,967	(2,228)	636
Net income for the period	141,865	(22,622)	45,341	(4,015)
	134,213	(13,655)	43,113	(3,379)
Undistributed income carried forward	147,497	8,407	147,497	8,407

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

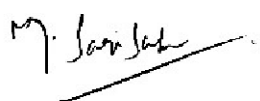


Director

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

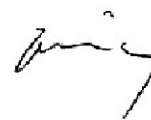
	Nine Months ended March 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	—————(Rupees in '000)—————			
Net assets at beginning of the period	626,922	681,887	693,262	805,325
Issue of 14,648,045 units (2016: 27,115,344 units) and 3,963,311 units (2016: 3,374,440 units) for the nine months and quarter ended respectively	177,146	283,182	52,658	31,480
Redemption of 22,010,543 units (2016: 18,610,250 units) and 5,912,538 units (2016: 8,240,828 units) for the nine months and quarter ended respectively	(264,013)	(188,415)	(79,453)	(80,209)
	(86,867)	94,767	(26,795)	(48,729)
Net element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed				
- amount representing income and capital gains transferred to the Income Statement				
Arising from capital gain and unrealised gain	4,988	(536)	5,464	809
Arising from other income	601	(213)	642	(108)
- amount representing (income)/ loss that form part of unit holders' fund transferred to the Distribution Statement	7,652	(8,967)	2,228	(636)
	13,241	(9,716)	8,334	65
Net element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(7,652)	8,967	(2,228)	636
Capital gain / (loss) on sale of investments - net	122,743	(23,042)	50,406	(22,699)
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	11,224	7,833	(7,619)	(1,974)
Other income for the period - net	7,898	17,824	2,539	5,761
Unrealised appreciation/ (diminution) on re-measurement of investments classified as available for sale - net	770	(25,238)	(29,620)	14,897
Total comprehensive income for the period	142,635	(22,623)	15,706	(4,015)
Net assets at end of the period	688,279	753,282	688,279	753,282

The annexed notes from 1 to 12 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

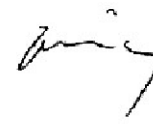
	Nine months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	(Rupees in '000)			
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	141,865	2,615	45,326	(18,912)
Adjustments for:				
Unrealised appreciation in value of investments classified as at fair value through profit or loss - net	(11,224)	(7,833)	7,619	1,974
Net element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed				
Arising from capital gain and unrealised gain	4,988	(536)	5,464	809
Arising from other income	601	(213)	642	(108)
	136,230	(5,967)	59,051	(16,237)
(Increase) / decrease in assets				
Investments	139,720	(242,087)	5,522	80,316
Term Deposit Receipts	(35,000)		(35,000)	
Dividend and profit receivables	(1,257)	(7,246)	(1,901)	(4,890)
Advances, deposits and prepayments	(950)	(40)	(986)	(4)
Receivable against sale of investment	-	(4,352)	15,125	(4,352)
	102,513	(253,725)	(17,240)	71,070
Increase / (decrease) in liabilities				
Payable to the Management Company	65	345	119	(122)
Payable to the Central Depository Company of Pakistan Limited - Trustee	15	50	6	(12)
Payable to the Securities and Exchange Commission of Pakistan	(228)	108	148	160
Payable against purchase of investment	-	21,193	(14,947)	28,796
Payable against redemption of units	(1,002)	-	-	-
Accrued expenses and other liabilities	(9,729)	(3,361)	(8,357)	529
	(10,879)	18,335	(23,031)	29,351
Net cash (used in) / generated from operating activities	A 227,864	(241,357)	18,780	84,184
B. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from units sold	177,146	283,182	52,658	31,480
Cash paid on units redeemed	(264,013)	(188,415)	(79,453)	(80,208)
Net cash generated from financing activities	B (86,867)	94,767	(26,795)	(48,728)
Net (decrease) / increase in cash and cash equivalents during the period	A+B 140,997	(146,591)	(8,015)	39,089
Cash and cash equivalents at beginning of the period	80,904	240,948	229,916	55,268
Cash and cash equivalents at end of the period	221,901	94,357	221,901	94,357

The annexed notes from 1 to 12 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

- 1.1 Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee on October 27, 2003. The Investment Adviser of PCMF obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on November 5, 2003.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3 During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange formerly, formerly Karachi, Lahore and Islamabad Stock Exchanges.
- 1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned asset manager rating of "AM2++" dated June 8, 2016 to the Management Company and long term stability rating of A1+ and short term rating of AA- to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.
- 2.2 This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016. Comparative information of the condensed interim income statement, condensed interim distribution statement condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended March 31, 2017 and March 31, 2016 are un-audited and have been included to facilitate comparison.

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

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

2.4 The directors of the Management Company declare that this condensed interim financial information give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) March 31, 2017 — (Rupees in '000) —	(Audited) June 30, 2016
5. INVESTMENTS			
<i>At fair value through profit or loss</i>			
Listed equity securities	5.1	351,969	15,113
Government securities	5.2	-	148,962
		<u>351,969</u>	<u>164,075</u>
<i>Available for sale</i>			
Listed equity securities	5.3	86,638	402,258
		<u>438,607</u>	<u>566,333</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 Listed equity securities 'at fair value through profit or loss'

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at March 31, 2017	Rupees in '000'				Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as percentage of total paid up capital of the investee company
						As at March 31, 2017			%			
						Carrying Value	Market value	Appreciation / (diminution)				
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise												
Automobile Assembler												
ATLAS HONDA LTD	-	19,300	-	-	19,300	11,098	10,802	(296)	2	-	-	0.0187
GHANDHARA INDUSTRIES LTD	-	17,500	-	8,000	9,500	7,819	8,177	358	1	-	-	0.0766
HINO PAK MOTORS	-	8,000	-	3,500	4,500	7,105	7,200	95	1	-	-	0.0055
PAK SUZUKI MOTOR CO	-	25,000	-	-	25,000	13,961	15,499	1,538	2	-	-	-
					39,983	41,678	1,695		6	-	-	-
Cable And Electrical Goods												
Pak Elektron Limited	-	203,000	-	134,000	69,000	5,986	6,355	369	1	-	-	0.0139
SUGAR & ALLIED INDUSTRIES												
PARAN SUGAR MILLS LIMITED	-	44,000	-	-	44,000	7,258	6,143	(1,115)	1	-	-	0.0088
Cement												
DEWAN CEMENT	-	180,000	-	180,000	-	-	-	-	-	-	-	-
D.G. KHAN CEMENT	-	58,400	-	58,400	-	-	-	-	-	-	-	-
KOHAT CEMENT LTD	-	48,000	-	4,000	48,000	13,440	12,643	(797)	2	-	-	0.0311
LUCKY CEMENT	-	69,600	-	60,000	65,600	51,031	54,933	3,902	8	1	-	-
MAPLE LEAF CEMENT FACTORY LTD	-	60,000	-	60,000	-	-	-	-	-	-	-	-
PIONEER CEMENT LTD	-	49,000	-	300,000	49,000	7,189	7,007	(182)	1	-	-	0.0152
POWER CEMENT LIMITED	-	300,000	-	-	-	-	-	-	-	-	-	-
THAITA CEMENT	-	100,000	-	-	100,000	3,732	4,460	728	1	-	-	0.1003
					75,392	79,043	3,651		12.01	1.01	-	-
Paper And Board												
CENTURY PAPER & BOARD MILLS	-	175,500	-	90,000	85,500	6,470	6,139	(331)	1	-	-	0.1870
PACKAGIES LIMITED	150	-	-	150	-	-	-	-	-	-	-	-
					6,470	6,139	(331)		1.00	-	-	-
Commercial Banks												
ALLIED BANK LIMITED	-	76,500	-	76,500	200	24	19	(5)	-	-	-	-
BANK AL FALAH LIMITED	-	125,000	-	125,000	-	-	-	-	-	-	-	-
FAYSAL BANK LIMITED	-	204,500	-	204,500	-	-	-	-	-	-	-	-
HABIB BANK LIMITED	-	178,100	-	55,000	123,100	33,063	33,189	126	5	-	-	0.0103
MCB BANK LIMITED	-	88,500	-	-	88,500	21,399	20,125	(1,274)	3	-	-	0.0060
NATIONAL BANK OF PAKISTAN	-	40,000	-	40,000	-	-	-	-	-	-	-	-
UNITED BANK LIMITED	-	182,000	-	30,000	152,000	35,741	34,600	(1,141)	5	-	-	0.0124
					90,227	87,933	(2,294)		13.00	-	-	-
Engineering												
INTERNATIONAL INDUSTRIES	-	55,500	-	-	55,500	11,971	13,458	1,487	2	-	-	0.0463
INTERNATIONAL STEELS LTD	-	255,000	-	255,000	-	-	-	-	-	-	-	-
					11,971	13,458	1,487		2	-	-	-
Fertilizer												
DAWOOD HERCULES CORPORATION	-	23,000	-	23,000	-	-	-	-	-	-	-	-
ENGRO FERTILIZER LIMITED	-	200,000	-	200,000	-	-	-	-	-	-	-	-
ENGRO CORPORATION LIMITED	5,600	-	-	5,600	20,000	7,180	7,360	180	1	-	-	0.0015
FATIMA FERTILIZER COMPANY	-	185,000	-	185,000	-	-	-	-	-	-	-	-
FAUJI FERTILIZER COMPANY LTD	-	40,000	-	40,000	-	-	-	-	-	-	-	-
					7,180	7,360	180		1.00	-	-	-

**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 the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at March 31, 2017	As at March 31, 2017				Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as percentage of total paid up capital of the investee company
						Carrying Value	Market value	Appreciation / (diminution)				
Rupees in '000'												
%												
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise												
Number of shares												
Leather & Tanneries												
BATA PAKISTAN LIMITED	1,240	220	-	910	550	2,313	2,415	102	-	-	-	0.0073
SERVICE INDUSTRIES	-	8,900	-	-	8,900	12,977	13,058	81	2	-	-	0.0740
						15,290	15,473	183	2.00	-	-	
Oil And Gas Exploration Companies												
MARI PETROLEUM COMPANY	-	2,400	-	2,200	200	262	304	42	0.04	0.01	-	-
OIL & GAS DEVELOPMENT CO LTD	-	40,000	-	40,000	-	-	-	-	-	-	-	-
PAKISTAN PETROLEUM LTD	30	-	-	-	30	5	5	-	-	-	-	-
						267	309	42	0.04	0.01	-	-
Oil And Gas Marketing Companies												
ATTOCK PETROLEUM LIMITED	-	5,000	-	5,000	-	-	-	-	-	-	-	-
HASCOL PETROLEUM	-	20,000	-	20,000	-	-	-	-	-	-	-	-
HI-TECH LUBRICANTS	-	70,000	-	70,000	-	-	-	-	-	-	-	-
PAKISTAN STATE OIL CO LTD.	-	42,000	-	42,000	-	-	-	-	-	-	-	-
SUI NORTHERN GAS	-	257,000	-	141,700	115,300	10,205	16,461	6,256	2	1	-	0.0182
SUI SOUTHERN GAS	-	210,000	-	210,000	-	-	-	-	-	-	-	-
						10,205	16,461	6,256	2.00	1.00	-	-
Pharmaceuticals												
GLAXOSMITHKLINE	-	12,000	-	12,000	-	-	-	-	-	-	-	-
SEARLE COMPANY	-	19,000	39	18,606	433	235	274	39	-	-	-	0.0003
						235	274	39	-	-	-	-
Power Generation & Distribution												
HUB POWER COMPANY LTD	-	126,000	-	45,000	81,000	10,541	10,616	75	2	-	-	0.0092
KOT ADDU POWER CO. LTD	-	200,000	-	-	200,000	15,200	16,042	842	2	-	-	0.0227
						25,741	26,658	917	4.00	-	-	-
Refinery												
ATTOCK REFINERY LIMITED	-	27,000	-	27,000	-	-	-	-	-	-	-	-
NATIONAL REFINERY	-	17,500	-	17,500	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
GLASS & CERAMICS												
SHABIR TILES & CERAMICS LTD	-	450,000	-	-	450,000	6,966	7,259	293	1	-	-	0.5276
TARIQ GLASS INDUSTRIES	-	107,500	-	-	107,500	12,058	12,702	644	2	-	-	0.1344
						19,024	19,961	937	3.00	-	-	-
Textile Composite												
NISHAT (CHUNIAN) LIMITED	-	130,000	-	-	130,000	8,409	7,874	(535)	1	-	-	0.1524
NISHAT MILLS LTD	75,000	142,000	-	115,000	102,000	17,107	16,850	(257)	2	-	-	0.1276
						25,516	24,724	(792)	3.00	-	-	-
Total at March 31, 2017												
						340,745	351,969	11,224	51.05	2	-	-
Total at June 30, 2016												
						13,828	15,113	1,285	2.42	2.67	-	-

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

5.2 Government securities - 'at fair value through profit or loss'

Issue date	Face value				As at Mar 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	Disposed during the period	Matured during the period	As at March 31, 2017	Carrying value	Market value		
———— (Rupees in '000) ———— %									
Treasury bills - 12 months	-	250,000	-	250,000	-	-	-	-	-
Treasury bills - 6 months	50,000	-	15,000	35,000	-	-	-	-	-
Treasury bills - 3 months	100,000	485,000	350,000	235,000	-	-	-	-	-
Total as at March 31, 2016						-	-	-	-
Total as at June 30, 2016						148,933	148,962	29	26.30

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

5.3 Listed equity securities - 'Available for sale'

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at March 31, 2017	As at Mar 31, 2017				Market value as a percentage of total paid up capital of the investee company	
						Cost	Market value	Appreciation / (diminution)	Market value as percentage of net assets		
											Rupees in '000'
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise											
Automobile Assembler											
Ghazdara Nissan Limited	-	27,000	-	27,000	-	-	-	-	-	-	-
Indus Motor Company Limited	-	6,000	-	5,950	50	66	80	14	0.01	0.02	0.0001
						66	80	14	0.01	0.02	
Cable & Electrical Goods											
Pak Elektron Limited	338,625	87,000	-	425,625	-	-	-	-	-	-	-
						-	-	-	-	-	-
Cement											
CHERAT CEMENT	190,000	24,500	-	214,500	-	-	-	-	-	-	-
D.G. KHAN CEMENT	-	187,000	-	187,000	-	-	-	-	-	-	-
DEWAN CEMENT	-	230,000	-	230,000	-	-	-	-	-	-	-
LUCKY CEMENT	45,200	-	-	45,200	-	-	-	-	-	-	-
MAPLE LEAF CEMENT FACTORY LTD	-	100,000	-	100,000	-	-	-	-	-	-	-
PIONEER CEMENT LTD	79,000	24,500	-	103,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
Chemicals											
ARCHROMA PAKISTAN LIMITED	-	8,900	-	8,900	-	-	-	-	-	-	-
ENGRO POLYMER & CHEMICAL	-	200,000	-	200,000	-	-	-	-	-	-	-
ICI PAKISTAN	40,900	-	-	33,400	7,500	3,182	8,369	5,187	1.22	1.91	0.0081
LINDE PAKISTAN	3,000	-	-	3,000	-	-	-	-	-	-	-
						3,182	8,369	5,187	1.21	1.91	
Commercial Banks											
ASKARI BANK LIMITED	-	300,000	-	300,000	-	-	-	-	-	-	-
BANK AL HABIB LIMITED	-	290,000	-	290,000	-	-	-	-	-	-	-
HABIB BANK LIMITED	200,600	55,000	-	230,900	24,700	4,739	6,659	1,920	0.97	1.52	0.0017
HABIB METROPOLITAN BANK	-	205,000	-	205,000	-	-	-	-	-	-	-
MCB BANK LIMITED	25,000	59,000	-	83,900	100	22	23	1	-	0.01	-
MEEZAN BANK LIMITED	-	67,500	-	67,500	-	-	-	-	-	-	-
UNITED BANK LIMITED	174,800	50,000	-	178,600	46,200	7,862	10,517	2,655	1.53	2.40	0.0038
						12,623	17,199	4,576	2.49	3.93	
Engineering											
Amreli Steels Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
Crescent Steel & Allied Products Limited	400	50,000	-	50,400	-	-	-	-	-	-	-
						-	-	-	-	-	-
Fertilizer											
ENGRO CORPORATION LIMITED	142,900	-	-	142,900	-	-	-	-	-	-	-
ENGRO FERTILIZER LIMITED	230,000	206,500	-	436,500	-	-	-	-	-	-	-
FAUJI FERTILIZER COMPANY LTD	-	60,000	-	60,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Food & Personal Care Products											
Al-Shaher Corporation Limited	700	-	105	-	805	43	38	(5)	0.01	0.01	0.0006
Shezan International Limited	2,600	-	-	-	2,600	3,290	1,066	(2,224)	0.16	0.24	0.0326
						3,333	1,104	(2,229)	0.17	0.25	

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 the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at March 31, 2016	As at Mar 31, 2016				Market value as a percentage of total invested	Market value as a percentage of capital of the investee company
						Rupees in '000'					
						Cost	Market value	Appreciation / (diminution)	Market value as percentage of net assets		
Number of shares											
Glass & Ceramics	153,000	-	-	153,000	-	-	-	-	-	-	-
Thiq Glass Industries Limited											
Insurance	200	-	-	200	-	-	-	-	-	-	-
IGI Insurance Limited											
Pharmaceuticals	-	25,000	-	14,650	10,350	7,973	9,724	1,751	1.41	2.22	0.0106
Abbot Laboratories (Pakistan) Limited	2,100	-	294	2,394	-	-	-	-	-	-	-
The Searle Company Limited						7,973	9,724	1,751	1.42	2.22	
Oil And Gas	20,000	-	-	4,600	15,400	8,964	23,415	14,451	3.40	5.34	0.0140
MARI PETROLEUM COMPANY	168,600	45,000	-	213,600	-	-	-	-	-	-	-
OIL & GAS DEVELOPMENT CO LTD	72,500	30,000	-	102,500	-	-	-	-	-	-	-
PAKISTAN OILFIELDS LIMITED	-	12,000	-	12,000	-	-	-	-	-	-	-
HASCOL PETROLEUM	15,200	42,500	-	57,700	-	-	-	-	-	-	-
PAKISTAN STATE OIL CO LTD.	-	165,000	-	165,000	-	-	-	-	-	-	-
SUI NORTHERN GAS	-	75,000	-	75,000	-	-	-	-	-	-	-
SUI SOUTHERN GAS						8,964	23,415	14,451	3.40	5.34	
Power Generation & Distribution	-	200,000	-	60,000	140,000	17,440	18,348	908	2.67	4.18	0.0121
HUB POWER COMPANY LTD	1,925,630	-	-	1,925,630	-	-	-	-	-	-	-
K-ELECTRIC LTD	285,000	-	-	285,000	-	-	-	-	-	-	-
KOT ADDU POWER CO. LTD	465,000	-	-	465,000	-	-	-	-	-	-	-
LALPIR POWER	530,000	-	-	530,000	-	-	-	-	-	-	-
PAKGEN POWER LIMITED						17,440	18,348	908	2.67	4.18	
Refinery	-	18,000	-	18,000	-	-	-	-	-	-	-
AITOCK REFINERY LIMITED											
Technology & Communications	190,000	32,000	-	222,000	-	-	-	-	-	-	-
NETSOL TECHNOLOGIES	-	330,000	-	330,000	-	-	-	-	-	-	-
P.T.C.L."A"	165	61,500	-	61,665	-	-	-	-	-	-	-
SYSTEMS LIMITED											
Textile Composite	-	75,000	-	-	75,000	6,030	8,399	2,369	1.22	1.91	0.0266
KOHINOOR TEXTILE MILLS LTD	-	415,000	-	415,000	-	-	-	-	-	-	-
NISHAT (CHUNIAN) LIMITED	16,000	179,500	-	195,500	-	-	-	-	-	-	-
NISHAT MILLS LTD						6,030	8,399	2,369	1.22	1.91	
Textile Spinning	-	79,500	-	79,500	-	-	-	-	-	-	-
Gadon Textile Mills Limited											
Transport	18,600	-	-	18,600	-	-	-	-	-	-	-
Pakistan National Shipping Corporation Limited						59,611	86,638	27,027	12.59	19.76	
Total - Mar 31, 2016											
Total - June 30, 2016						376,001	402,258	26,257	64.18	71.03	

* The above include shares with a market value aggregating to Rs. 28,247 million (June 30, 2016: Rs. 23,875 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

** These represent transactions with related parties.

**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	(Audited) June 30, 2016
	Note	2017	2016
		— (Rupees in '000) —	
5.4 Unrealised appreciation / (diminution) in value of investments at fair value through profit or loss - net			
Market value of investments	5.1	351,969	15,113
Carrying value of investments	5.1	(340,745)	(13,828)
		<u>11,224</u>	<u>1,285</u>
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	6.1	3,401	10,732
Provision for Federal Excise Duty and related tax			
- On management fee	6.2	5,872	5,872
- Sales load		393	393
Legal and professional charges		39	60
Withholding tax payable		225	2,396
Dividend payable		2,784	2,783
Auditors' remuneration		262	419
Zakat		1	125
Brokerage		484	540
Other		465	335
		<u>13,926</u>	<u>23,655</u>

- 6.1** The Finance Act, 2008 had 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 (CISs) / mutual funds 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. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million,

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

is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from the applicability of Sindh WWF.

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

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

Accordingly, the provision for Sindh WWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ 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 (As at June 30, 2016)	10,732
Charge of Sindh WWF	3,401

The cumulative net effect of the above two adjustments if these had not been made on March 31, 2017 would have resulted in a decrease in the net asset value per unit of the Fund by Re. 0.0001.

- 6.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 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. 58.71 million (June 30, 2016: Rs. 58.71million) 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 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. 0.0001 per unit (June 30, 2016: Rs 0.0001).

7. CONTINGENCIES AND COMMITMENTS

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

8. 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.

9. 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.

10. Expense Ratio

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 2.98% which includes 0.67% 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 4% prescribed under the NBFC Regulations, 2008 for a collective investment scheme categorized as "Balanced scheme".

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

Remuneration to the Management Company and the Trustee are determined in accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

11.1 Details of transactions with connected persons are as follows:

	Nine Months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	(Rupees in '000)			
MCB-Arif Habib Savings and Investment Limited				
- Management Company				
Remuneration for the period including indirect taxes	11,141	15,627	3,946	4,995
Allocated expense	493	305	175	215
Arif Habib Limited - Brokerage house				
Brokerage*	109	99	17	57
Next Capital Private Limited - Brokerage House				
Brokerage *	109	112	7	49
MCB Bank Limited				
Bank charges	14	30	3	4
Profit on bank deposit	135	1,034	82	81
Dividend income	355	18	354	9
Nishat (Chunian) Limited				
Dividend income	713	-	-	-
Nishat Mills Limited				
Dividend income	803	-	-	-
D.G. Khan Cement Limited				
Dividend income	288	202	-	-
Lalpir Power Limited				
Dividend income	-	515	-	-

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

PAKGEN Power Limited				
Dividend income	480	530	-	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	1,114	1,351	394	433
CDS charges	122	59	49	20
	Nine Months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
Directors, executives and employees of the Management Company				
Redemption of 73,519 units (2016: 16,362 units) and 57,157 units (2016: Nil units) for the nine months and quarter ended respectively	1,005	170	1,005	-
Issued of 191,721 units (2016: Nil units) and 180,232 units (2016: Nil units) for the nine months and quarter ended respectively	2,596	-	2,446	-

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

(Unaudited) (Audited)
March 31 June 30
2017 2016
—(Rupees in '000)—

11.2 Amounts outstanding as at period / year end:

**MCB-Arif Habib Savings and Investment Limited
- Management Company**

Remuneration payable	1,184	1,043
Sales tax payable on management fee	154	146
Sales load payable	88	91
Allocated expenses payable	59	52

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	119	104
Security deposit	300	300
Sales tax payable on trustee fee	15	15

MCB Bank Limited

Bank balance	3,903	13,170
Profit receivable on bank deposits	45	93
88,600 shares held (June 30, 2016: 25,000)	20,148	5,500

Arif Habib Limited - Brokerage House

Brokerage payable	1	85
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Next Capital Private Limited - Brokerage House

Brokerage payable	2	58
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PAKGEN Power Limited

Nil shares held (June 30, 2015: 530,000 shares)	-	12,746
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Lalpir Power Limited

Nil shares held (June 30, 2015: 465,000 shares)	-	10,091
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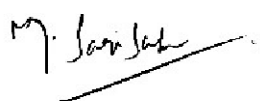
**Directors, executives and employees of the
Management Company**

Units held 118,203 (June 30, 2016: Nil)	1,586	-
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

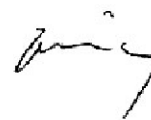
12 DATE OF AUTHORISATION FOR ISSUE

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



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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