



**MCB-ARIF HABIB**  
Savings and Investments Limited

# ANNUAL REPORT | 2017

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



# **MCB PAKISTAN STOCK MARKET 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	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
<b>Audit Committee</b>	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Mirza Qamar Beg	Member
	Mr. Nasim Beg	Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
	Mr. Muhammad Saqib Saleem	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>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B' S.M.C.H.S Main Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<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 Standard Chartered Bank of Pakistan Limited Summit Bank Limited JS Bank Limited Habib 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>	AM2++ Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2017

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Stock Market Fund** accounts review for the year ended June 30, 2017.

## EQUITIES MARKET OVERVIEW

Despite taking significant battering in the last one and a half month of FY17, index managed to post a gain of 23.24%. The index declined by 11.94% from its high of 52,876 points witnessed in May, 2017 by end of June, 2017. Increased concerns regarding JIT proceedings and disappointing net foreign flows post MSCI up gradation led to negative returns. Foreigners remained net sellers, liquidating a massive USD 652 million worth of equities with majority of the selling absorbed by mutual funds (USD 575 million). Average volumes increased by ~64% to 340 million shares and value traded increased by ~58 % to PKR 15 billion.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive ~198% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of imposition of regulatory and anti-dumping duties on various steel products provided strong investor's interest in the sector. Furthermore, the share prices started incorporating capacity enhancement projects. Phenomenal return of ~98% made the Auto Sector, second best performer in the market. The outperformance came in due to stream of new model launches, impressive sales volumes and announcement of taxi scheme in the budget. Oil and Gas sector witnessed an astounding growth driven by two factors; one of which is a volumetric growth of ~10% in OMCs while the second is announcement of capital projects worth PKR 110 billion by SNGP which are to be completed by 2018.

On the flip side, Fertilizers remained among the weak performers by losing ~11% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, depressing international fertilizer prices abraded the pricing power of local manufacturers and dampened the potential export margins. Similarly, underperformance of cement sector by ~7% against the benchmark was also witnessed during the period under review, as international coal prices surged by ~30% YoY reaching a peak of \$100 in November, 2016. Furthermore, Cherat Cement's expansion in the North region challenged the dynamics of pricing arrangement, as a result of which cement prices were reduced by 4-5% in the region keeping the stock prices under pressure.

## FUND PERFORMANCE

During the period, PSM generated a return of 29.54% as compared to a return of 23.24% witnessed by the KSE100 Index, outperforming the benchmark by 6.30%. Overall equity exposure stood at 80.6% on June 30, 2017. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. Changes in sector level allocation include decrease in exposure in Oil and Gas Exploration sector, Commercial Banks, Power Generation & Distribution while allocation was increased in Cement.

The Net Assets of the fund as at June 30, 2017 stood at Rs. 11,629 million as compared to Rs. 8,018 million as at June 30, 2016 registering an increase of 45.04%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 102.5017 as compared to opening NAV of Rs. 87.0900 per unit as at June 30, 2016 registering an increase of 15.4117 per unit.

## FUTURE OUTLOOK

The windfall gains that emerged in past couple of years had been a byproduct of subdued oil prices, which painted a rosy picture on external account, CPI, discount rate and even fiscal account in terms of less burden in terms of subsidies. Though international commodity outlook still appear bearish but rising current account deficit is posing a challenging scenario going ahead.

The trade imbalance of USD 27 billion in FY17 could deteriorate further with machinery imports under CPEC and several local capital projects are expected to lead the import bill. Exports on the other hand, are expected to remain under pressure given muted response of government towards the rebates under the textile package and government's resilience to support Pakistani rupee through foreign exchange reserves. With widening trade deficit and little help from remittances, we expect next year current account deficit to reach near USD 15 billion (~4% of GDP) still far from what we have seen in our last

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2017**

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balance of payment crisis, which dragged CAD to ~USD 14 billion (8% of GDP) back in 2008. However widening CAD coupled with interest repayment may create a financing need of USD 18-19bn in FY18, which points towards strong possibility of PKR depreciation.

The Consumer Price Index (CPI) is expected to remain well anchored in FY18. We expect inflation to average around 4.5% in FY18. Currency devaluation and commodity prices though pose risk to estimates, low CPI reading next year is expected to prevent need for near term significant monetary tightening.

Low interest rate environment coupled with support from CPEC related projects, government's GDP target of 6% does not look too lofty, if external account shock and political destabilization does not derail the growth.

The equity market is set to take its cue from the outcome of Panama issue. With almost 13% fall from its peak, the market appears to have incorporated the risk of change in the PM house, however disintegration of PML(N) in aftermath of court judgment and disqualification of Finance Minister could further dent the short term market sentiments, as it would hint a hung parliament in the next election.

Themes of currency depreciation, interest rate rise and economic growth are expected to set the investment tone in the coming fiscal year. Sectors positively linked with currency weakness are expected to garner lime light namely, Commercial Banks, Exploration & Production and Power sector. Select growth plays in Power, Steel, Construction and Consumer space are also expected to add positive contributions to market performance.

We expect fundamentals to reign in over the political noise in the coming months given our market is trading at PER of 9x (a ~30% discount to the Emerging Markets), creating room for re-rating. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. The KSE-100 Index currently trades at an equity risk premium of ~3% and provides a dividend yield of ~5.5%.

### **Corporate Governance**

The Fund is committed to implement the highest standards of corporate governance. With three (3) independent Directors on the Board, as governing body of the Management Company the Board is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management. The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan , provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.

**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2017**

- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- k. All the directors have completed the Directors Training Programme course or are exempt from attending training course due to sufficient working experience.
- l. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2017:

**1. Meeting of the Audit Committee.**

During the year, six (6) meetings of the Audit Committee were held. The attendance of each participant is as follows:

S. No.	Name of Persons	Number of meetings held	Number of meetings		
			Attendance required	Attended	Leave granted
1	Mr. Haroun Rashid	6	6	3	3
2	Mr. Samad A. Habib	6	4	3	1
3	Mr. Ahmed Jahangir	6	6	6	-
4	Mr. Nasim Beg	6	6	6	-
5	Mirza Qamar Beg	6	2	2	-

**2. Meeting of the Human Resource and Remuneration Committee.**

During the year, four (4) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2017**

S. No.	Name of Persons	Number of meetings	Number of meetings		
			Attendance required	Attended	Leave granted
1	Dr. Syed Salman Shah	4	4	4	-
2	Mr. Nasim Beg	4	4	4	-
3	Mr. Ahmed Jahangir	4	4	4	-
4	Mr. Haroun Rashid	4	4	3	1
5	Mr. Muhammad Saqib Saleem	4	4	4	-

- n. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Saqib Saleem	Chief Executive Officer	7,555	7,555	-
2	Muhammad Asif Mehdi Rizvi	Chief Operating Officer	115,455	113,198	-
3	Abdul Basit	Chief Financial Officer and Company Secretary	1,397	569	-
4	Fahad Sultan	Chief Internal Auditor	-	-	-

**External Auditors**

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2018. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2018.

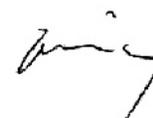
**ACKNOWLEDGMENT**

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
Karachi: August 4, 2017



**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	4	4	4	1. جناب سید سلمان شاہ
-	4	4	4	2. جناب نسیم بیگ
-	4	4	4	3. جناب احمد جہانگیر
1	3	4	4	4. جناب ہارون رشید
-	4	4	4	5. جناب محمد ثاقب سلیم

دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کے شوہرا کی بیوی اور نابالغ بچوں نے فنڈ کے یوٹس کی خرید و فروخت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	رڈ میپشن	ڈیویڈنڈ کی تقسیم
1.	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	7,555	7,555	-
2.	محمد آصف مہدی رضوی	چیف آپریٹنگ آفیسر	115,455	113,198	-
3.	عبدالباسط	چیف فنانشل آفیسر اور کمپنی سیکرٹری	1,397	569	-
4.	فہد سلطان	چیف انٹرنل آڈیٹر	-	-	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2018ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے کے لئے رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2018ء کو ختم ہونے والے سال کے لئے اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

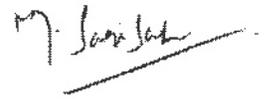
اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
04 اگست 2017ء

## ڈائریکٹرز رپورٹ

فنڈ کی ڈسٹ بکس آف اکاؤنٹس تیار کی گئی ہیں۔

مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔  
مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، Non- بینکنگ فنانس کمپنیز (اسٹامینٹ اور ریگولیشنز) کے ضوابط، 2003ء، Non- بینکنگ فنانس اینڈ نوٹیفائیڈ انٹرنیشنل ریگولیشنز، 2008ء، متعلقہ ٹرسٹ Deeds کی شرائط اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔  
انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور نافذ ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔  
کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔

لسٹنگ قوانین میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔  
کارپوریٹ گورننس کے ضابطہء اخلاق کے مطابق مطلوبہ کلیدی مالیاتی اعداد و شمار کا خلاصہ مالیاتی گوشواروں کے ساتھ ملحق ہے۔  
واجب الاداء ٹیکسسز، ڈیویڈنڈ، محصولات اور چارجز (اگر کوئی ہیں تو) ملحقہ آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔  
پراویڈنٹ فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن میٹجمنٹ کمپنی پر ہوتا ہے، چنانچہ میٹجمنٹ کمپنی کی ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔

تمام ڈائریکٹرز ڈائریکٹرز ٹریننگ پروگرام کورس مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر اس سے مستثنیٰ ہیں۔  
این بی ایف سی کے قواعد و ضوابط اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ مالیاتی گوشواروں کے ساتھ ملحق ہے۔  
بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2017ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی چھ (06) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
3	3	6	6	1. جناب ہارون رشید
1	3	4	6	2. جناب صدائے حبیب
-	6	6	6	3. جناب احمد جہانگیر
-	6	6	6	4. جناب نسیم بیگ
-	2	2	6	5. مرزا قمر بیگ

ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریویژن کمیٹی کی چار (04) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

## ڈائریکٹرز رپورٹ

مستقبل کا منظر

گزشتہ چند برسوں میں حاصل ہونے والے خطیر منافع جات تیل کی قیمتوں میں کمی کے ثمرات ہیں جس کی بدولت خارجی اکاؤنٹ، CPI، ڈسکاؤنٹ کی شرح اور حتیٰ کہ مالیاتی اکاؤنٹ کی بھی صورتحال سبسڈیز کے بوجھ میں کمی کے اعتبار سے بہتر ہوئی۔ بین الاقوامی اشیاء کا مستقبل ابھی تک ناہموار نظر آتا ہے اور کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کے باعث مستقبل کی راہیں مشکلات سے پر نظر آ رہی ہیں۔

مالی سال 2017ء میں 27 بلین ڈالر کا تجارتی خسارہ CPEC کے تحت مشینری کی درآمدات کے باعث مزید بڑھ سکتا ہے اور متعدد مقامی کمپنیاں منسوبے درآمدات کے بل پر غالب ہوں گے۔ دوسری جانب ٹیکسٹائل سیکٹور کے تحت ری بیٹس کے حوالے سے حکومت کی خاموشی اور زرمبادلہ کے ذخائر کے ذریعے پاکستانی روپے کی معاونت کرنے کے لئے حکومتی چلک کے باعث برآمدات متوقع طور پر دباؤ میں رہیں گی۔ بڑھتے ہوئے تجارتی خسارے اور ترسیلات زر کی کمزور صورتحال کی بنیاد پر ہم اگلے سال کرنٹ اکاؤنٹ کے خسارے کو 15 بلین ڈالر (مجموعی ملکی پیداوار کا 4 فیصد) تک پہنچتا دیکھ رہے ہیں، جو 2008ء میں ادا نیکیوں کے توازن کے بحران میں پیدا ہونے والے حالات سے اب بھی بہت دور ہے، جب کرنٹ اکاؤنٹ کا خسارہ 14 بلین ڈالر (مجموعی ملکی پیداوار کا 8 فیصد) تک پہنچ گیا تھا۔ تاہم بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے کے ساتھ ساتھ انٹریسٹ کی ادائیگی کے باعث مالی سال 2018ء میں 18-19 بلین ڈالر کی مالیت کی فراہمی کی ضرورت پیدا ہو سکتی ہے، جس کے باعث پاکستانی روپے کی قدر میں کمی کا واضح امکان ہے۔

کنزیومر پرائس انڈیکس (CPI) مالی سال 2018ء میں مناسب حد تک قابو میں رہے گا۔ ہمارے اندازے کے مطابق مالی سال 2018ء میں افراط زر کا اوسط 4.5 فیصد ہوگا۔ اگرچہ روپے کی قدر میں کمی اور اشیاء کی قیمتوں کے باعث تخمینوں کو خطرات لاحق ہیں، لیکن توقع ہے کہ اگلے سال CPI کی پست سطح کے سبب مدت قریب میں مالیاتی تنگی کی ضرورت نہیں پڑے گی۔

انٹریسٹ کی پست شرح کے ماحول کے ساتھ ساتھ CPEC سے منسلک منصوبوں کی بنیاد پر حکومت کا مجموعی ملکی پیداوار کا 6 فیصد ہدف زیادہ بلند نہیں معلوم ہوتا، اگر خارجی اکاؤنٹ کا جھکاؤ اور سیاسی عدم استحکام ترقی کی گاڑی کو پٹری سے اُتار نہ دے۔

ایکویٹی مارکیٹ پانا مسئلے کے نتیجے کی بنیاد پر اپنا اگلا قدم طے کرنے کے لئے تیار ہے۔ مارکیٹ اپنے عروج سے تقریباً 13 فیصد زوال کے بعد بظاہر وزیر اعظم ہاؤس میں تبدیلی کے خطرے کے حوالے سے احتیاطی تدابیر اختیار کر چکی ہے، تاہم عدالتی فیصلے کے نتیجے میں پاکستان مسلم لیگ (ن) کا شیرازہ بکھرنے اور وزیر خزانہ کی نااہلیت سے مختصر المیعاد مارکیٹ کے حالات مزید بگڑ سکتے ہیں کیونکہ یہ اگلے انتخابات میں معلق پارلیمنٹ کے امکانات کا اشارہ ہوگا۔

روپے کی قدر میں کمی، انٹریسٹ کی شرح میں اضافہ اور معاشی ترقی آئندہ مالی سال میں سرمایہ کاری کا رجحان طے کرنے والے عوامل ہوں گے۔ روپے کے ضعف سے مثبت طور پر منسلک شعبے مثلاً کمرشل بینک، ایکسپلوریشن اینڈ پروڈکشن اور بجلی متوقع طور پر شدہ سرخیوں میں آجائیں گے۔ علاوہ ازیں، بجلی، اسٹیل، تعمیرات اور صارفی شعبوں میں ترقیاتی عمل متوقع طور پر مارکیٹ کی کارکردگی میں مثبت کردار ادا کرے گا۔

ہم امید کرتے ہیں کہ آنے والے مہینوں میں اصول سیاسی شور پر غالب ہوں گے، کیونکہ ہماری مارکیٹ 9x کے PER پر تجارت کر رہی ہے (جو اُبھرتی ہوئی مارکیٹس کو 30 فیصد ڈسکاؤنٹ ہے) جس سے شرحوں کے دوبارہ تعین کے لئے حالات سازگار ہوں گے۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں مقررہ آمدنی کے منافعوں کو پست رکھے ہوئے ہیں، جس سے ایکویٹی مارکیٹ کی طرف مزید لیکویڈٹی مائل ہو رہی ہے۔ KSE-100 انڈیکس میں فی الوقت ایکویٹی کے خطرات کے 3 فیصد پر ہیمنڈ پر تجارت ہو رہی ہے اور 5.5 فیصد ڈیویڈنڈ فراہم ہوتا ہے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے۔ بورڈ میں تین (3) خود مختار ڈائریکٹرز ہیں، اور مینجمنٹ کمپنی کی گورننگ باڈی کے طور پر بورڈ عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق میں متعین کردہ بہترین طریقوں سے متعلق شقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے شق، کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کاربند ہے جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو با التفصیل واضح کیا گیا ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی نکات واضح کیے جا رہے ہیں:

مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار  
بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ کے 30 جون 2017ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

### ایکویٹی مارکیٹ کا جائزہ

مالی سال 2017ء کے آخری ڈیڑھ ماہ میں قابل ذکر کمی کے باوجود انڈیکس 23.24 فیصد ترقی کرنے میں کامیاب ہوا۔ انڈیکس مئی 2017ء میں اپنے عروج کی سطح 52,876 پوائنٹس سے جون 2017ء کے اختتام پر 11.94 فیصد کم ہو گیا۔ جے آئی ٹی کے معاملات کے حوالے سے بڑھتی ہوئی تشویش اور MSCI اپ گریڈیشن کے بعد net غیر ملکی آمدات کی مایوس گن صورتحال کے نتیجے میں منافع کی سطح گر گئی۔ Net فروخت کار بدستور غیر ملکی افراد رہے جنہوں نے 652 ملین ڈالر کی خطیر مالیت کی ایکویٹی کو نقد میں تبدیل کیا اور فروخت کا اکثر حصہ میوچل فنڈز نے جذب کیا (575 ملین ڈالر)۔ اوسط حجم 64 فیصد زیادہ ہو کر 340 ملین حصص ہو گئے اور تجارت کردہ قدر 58 فیصد بڑھ کر 15 بلین روپے ہو گئی۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل کا شعبہ مقررہ معیار سے 198 فیصد زیادہ ترقی کر کے سب سے آگے رہا کیونکہ CPEC پروگرام کے تحت انفراسٹرکچر کے ضمن میں متحرک سرگرمیوں اور اسٹیل کی متعدد مصنوعات پر ریگولیٹری اور فضلات کے انتظام کی محصولات عائد کرنے کے حوالے سے حکومت کی موافق پالیسیوں کی بدولت اس شعبے میں سرمایہ کاروں کی بھرپور دلچسپی پیدا ہوئی۔ علاوہ ازیں، حصص کی قیمتوں میں استعداد میں اضافے کے منصوبوں کی عکاسی ہونے لگی۔ آٹو سیکٹر 98 فیصد ترقی کر کے مارکیٹ میں دوسرے نمبر پر بہترین کارکردگی کا حامل شعبہ رہا۔ اس شاندار کامیابی کے اسباب نئے ماڈل، فروخت کے بڑے حجم اور بجٹ میں نیکی اسکیم کا اعلان ہیں۔ تیل اور گیس کے شعبے میں دو عوامل کیے باعث زبردست ترقی ہوئی: OMCs کے حجم میں 10 فیصد اضافہ اور SNGP کی جانب سے 110 بلین روپے مالیت کے کپٹل منصوبوں کا اعلان، جو 2018ء میں مکمل ہوں گے۔

اس کے برعکس کھاد کے شعبے نے 11 فیصد کم ترقی کر کے کمزور کارکردگی کا مظاہرہ کیا کیونکہ انوینٹریز میں اضافے اور یوریا کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے پر منفی اثرات مرتب کئے۔ علاوہ ازیں، کھاد کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی مینوفیکچررز کی قیمت متعین کرنے کی طاقت اور متوقع برآمداتی آمدنی متاثر ہوئی۔ سیمنٹ کے شعبے نے بھی زیر جائزہ مدت کے دوران مقررہ معیار سے 7 فیصد کم ترقی کی کیونکہ کوئلے کی بین الاقوامی قیمتیں 30 فیصد YoY اضافے کا شکار ہو کر نومبر 2016ء میں 100 ڈالر کی بلند ترین سطح تک پہنچ گئیں۔ علاوہ ازیں، چرٹ سیمنٹ کی شمالی خطے میں توسیع کے باعث قیمتوں کے تعین کے نظام کے لئے مشکلات پیدا ہوئیں جس کے نتیجے میں خطے میں سیمنٹ کی قیمتیں 4 سے 5 فیصد کم ہو گئیں اور اسٹاک کی قیمتیں دباؤ میں آ گئیں۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران PSM کا منافع 29.54 فیصد تھا جبکہ KSE100 انڈیکس کا مقررہ معیار 23.24 فیصد تھا، یعنی 6.30 فیصد بہتر کارکردگی۔ 30 جون 2017ء کو ایکویٹی میں مجموعی سرمایہ کاری 80.6 فیصد تھی۔ فنڈ خارجی عوامل کے حوالے سے چونکہ رہا اور سرمایہ کاری کے لائحہ عمل میں بنیادی ترقیاتی پیش رفت کو مد نظر رکھتے ہوئے تبدیلیاں کی گئیں۔ سیکٹر کی سطح پر ایلوکیشن میں تبدیلیوں میں آئل اینڈ گیس ایکسپلوریشن، کمرشل بینک، بجلی کی پیداوار اور تقسیم میں سرمایہ کاری میں کمی شامل ہے، جبکہ سیمنٹ میں ایلوکیشن میں اضافہ کیا گیا۔

30 جون 2017ء کو فنڈ کے net اثاثہ جات 11,629 ملین روپے تھے، جو 30 جون 2016ء کو 8,018 ملین روپے کے مقابلے میں 45.04 فیصد کمی ہے۔

30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) نی یونٹ 102.5017 روپے تھی، جو آغا ز مدت یعنی 30 جون 2016ء کو 87.0900 روپے نی یونٹ کے مقابلے میں 15.4117 روپے نی یونٹ اضافہ ہے۔

## **REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017**

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### **Fund Type and Category**

Pakistan Stock Market Fund PSMF is an Open-End Equity Scheme.

### **Fund Benchmark**

The benchmark for PSMF is KSE 100 Index.

### **Investment Objective**

The objective of the fund is to provide investors long term capital appreciation from its investment in Pakistani equities

### **Investment Strategy**

Pakistan Stock Market Fund (PSM) is an open end equity fund that invests in quality stocks listed in Pakistan. The fund is actively managed and fundamental research drives the investment process. Fundamental outlook of sectors/companies and DCF (discounted cash flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the fund's portfolio is high quality liquid stocks. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments/placements.

### **Manager's Review**

During the period, PSM generated a return of 29.54% as compared to a return of 23.24% witnessed by the KSE100 Index, outperforming the benchmark by 6.30%. Overall equity exposure stood at 80.6% on June 30, 2017. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. Changes in sector level allocation include decrease in exposure in Oil and Gas Exploration sector, Commercial Banks, Power Generation & Distribution while allocation was increased in Cement.

The Net Assets of the fund as at June 30, 2017 stood at Rs. 11,629 million as compared to Rs. 8,018 million as at June 30, 2016 registering an increase of 45.04%.

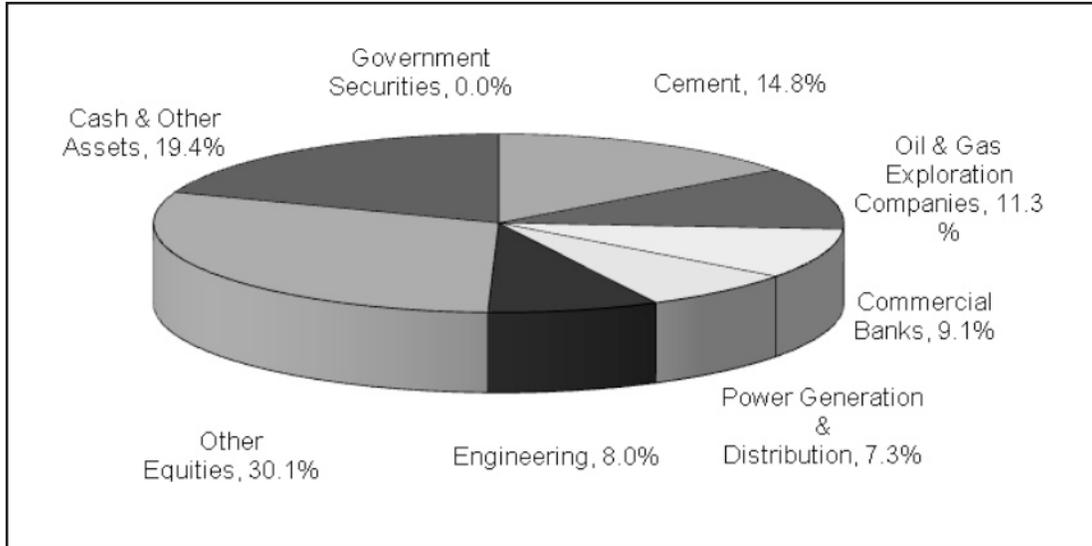
The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 102.5017 as compared to opening NAV of Rs. 87.0900 per unit as at June 30, 2016 registering an increase of 15.4117 per unit.

## REPORT OF THE FUND MANAGER

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### Asset Allocation as on June 30, 2017 (% of total assets)



**Syed Abid Ali**

**Fund Manager**

**Karachi: August 04, 2017**

# TRUSTEE REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2017

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shahr-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



## TRUSTEE REPORT TO THE UNIT HOLDERS

### MCB PAKISTAN STOCK MARKET FUND

#### Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Stock Market Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 08, 2017



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented by the Board of Directors of MCB Arif Habib Savings and Investments Limited, the Management Company of MCB Pakistan Stock Market Fund to comply with the Code of Corporate Governance (the code) contained in regulation # 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

- The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes

Category	Names
Independent Directors	1. Dr. Syed Salman Ali Shah 2. Mr. Haroun Rashid 3. Mr. Mirza Qamar Beg
Executive Directors	1. Mr. Muhammad Saqib Saleem–Chief Executive Officer
Non – Executive Directors	1. Mian Mohammad Mansha-Chairman 2. Mr. Ahmed Jehangir 3. Mr. Samad Habib 4. Mr. Nasim Beg – Vice Chairman

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Code.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- During the period no casual vacancy occurred on the board of the Company.
- The Company has prepared a ‘Code of Conduct’ and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
- Out of the total eight meetings only one meeting of the Board was presided over by the chairman which was held on August 5, 2016. Five meetings were presided over by Mr. Nasim Beg and two meetings were presided by Dr. Syed Salman Ali Shah duly elected by the board for the purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- During the year, one director Mr. Mirza Qamar Beg was included on the Board of Directors and is complied with the Director’s Training Programme. All remaining directors on the board already possess the required training or are exempt on the basis of specified qualification and experience as required by the Code.
- Company Secretary and Head of Internal Audit continued their services and there was no change in these positions during the year. The Chief Financial Officer was appointed during the year on February 02, 2017 and the board has approved the remuneration and terms and conditions of the employment of the CFO.
- The Directors’ Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

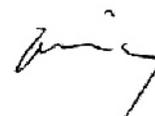
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12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee who is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of five members, of whom four are non-executive directors and one is executive Director and the chairman of the committee is also a non-executive director.
18. The Board has set up an effective internal audit function, the members of which are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Board has formulated a mechanism for an annual evaluation of its own performance. The evaluation has been done in the board meeting held on August 04, 2017.
24. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



**Muhammad Saqib Saleem**  
Chief Executive Officer  
Karachi: August 04, 2017



**Nasim Beg**  
Director / Vice Chairman

# REVIEW REPORT TO UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE



A.F.FERGUSON&Co.

## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

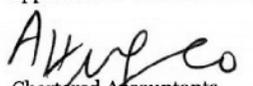
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of MCB-Arif Habib Savings and Investments Limited, the Management Company of **MCB Pakistan Stock Market Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (MCB-Arif Habib Savings and Investments Limited). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

  
Chartered Accountants  
Dated: September 12, 2017  
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2017



A.F. FERGUSON & CO.

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **MCB Pakistan Stock Market Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management Company's responsibility for the financial statements

The Management Company (**MCB-Arif Habib Savings and Investments Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

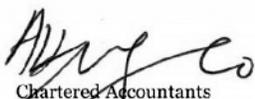
In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

#### Other matters

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated August 05, 2016.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

  
Chartered Accountants  
Engagement Partner: **Rashid A. Jafer**  
Dated: September 12, 2017  
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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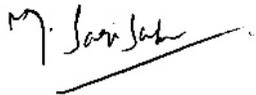
■ KARACHI ■ LAHORE ■ ISLAMABAD

**STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2017**

	Note	2017	2016
		(Rupees in '000)	
<b>ASSETS</b>			
Bank balances	4	2,228,648	711,745
Investments	5	9,809,524	7,476,465
Receivable against sale of investments		98,104	159,109
Dividend and profit receivable	6	25,506	23,678
Advances, deposits and other receivables	7	7,311	7,152
<b>Total assets</b>		12,169,093	8,378,149
 <b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	37,897	17,015
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,192	824
Payable to the Securities and Exchange Commission of Pakistan	10	10,045	6,712
Payable against purchase of investments		335,299	137,105
Accrued expenses and other liabilities	11	154,593	198,221
Payable against redemption of units		897	386
<b>Total liabilities</b>		539,923	360,263
 <b>NET ASSETS</b>		11,629,170	8,017,886
 <b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		11,629,170	8,017,886
 <b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		113,453,480	92,063,013
		(Rupees)	
<b>NET ASSETS VALUE PER UNIT</b>		102.5017	87.0900
<b>FACE VALUE PER UNIT</b>		50.0000	50.0000

The annexed notes from 1 to 25 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



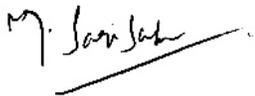
Director

**INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 (Rupees in '000)	2016
<b>INCOME</b>			
Gain on sale of investments - net		2,243,299	160,213
Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net	5.1.1	(176,262)	13,036
Profit / mark-up on:			
- government securities		26,174	13,353
- bank balances		29,639	19,902
Dividend income		422,348	318,025
Reversal of provision against Workers' Welfare Fund	11.2	107,634	-
Other Income		-	672
<b>Total income</b>		<b>2,652,832</b>	<b>525,201</b>
<b>EXPENSES</b>			
Remuneration of Management Company	8.1	211,474	141,307
Sindh Sales tax on remuneration of Management Company	8.2	27,492	22,950
Federal Excise Duty on remuneration of Management Company	11.1	-	22,611
Remuneration of the trustee	9.1	11,574	8,066
Sindh Sales tax on Remuneration of the Trustee	9.2	1,505	1,129
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	10,045	6,712
Allocated expenses and related taxes	8.3	11,947	4,905
Selling and marketing expenses	8.4	13,338	-
Reclassification adjustment relating to impairment of investments classified as available for sale	5.6	-	33,033
Impairment loss for the year on available for sale investments	5.6	40	145,349
Brokerage expense		65,718	17,195
Printing and related charges		383	354
Settlement and bank charges		4,490	2,414
Fees and subscriptions		64	236
Auditors' remuneration	13	878	999
Provision against Sindh Workers' Welfare Fund		57,876	-
Legal and professional charges		60	207
<b>Total expenses</b>		<b>416,884</b>	<b>407,467</b>
<b>Net income for the year before element of income and capital gains included in the prices of units issued less those in units redeemed - net</b>		<b>2,235,948</b>	<b>117,734</b>
Element of income and capital gains included in the prices of units issued less those in units redeemed - net			
- arising from realised / unrealised gains / (losses)		277,064	47,321
- arising from other income		(56,383)	6,368
		220,681	53,689
<b>Net income for the year before taxation</b>		<b>2,456,629</b>	<b>171,423</b>
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>2,456,629</b>	<b>171,423</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



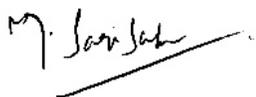
Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 (Rupees in '000)	2016
<b>Net income for the year after taxation</b>		2,456,629	171,423
Other comprehensive income for the year			
<i>Items that are or may be reclassified subsequently to the income statement</i>			
- Unrealised appreciation on re-measurement of investments classified as available-for-sale - net	5.5	192,561	198,300
- Unrealised diminution on re-measurement of investments classified as 'available for sale' transferred to income statement as impairment loss	5.6	-	33,033
		192,561	231,333
<b>Total comprehensive income for the year</b>		2,649,190	402,756

The annexed notes from 1 to 25 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



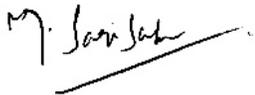
Director

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
<b>Undistributed income brought forward comprises of:</b>		
- Realised gain	3,026,013	2,016,876
- Unrealised (loss) / gain	(35,218)	216,074
<b>Undistributed income brought forward</b>	<b>2,990,795</b>	<b>2,232,950</b>
Net income for the year after taxation	2,456,629	171,423
Element of income and capital gains included in the prices of units issued less those in units redeemed - net	859,678	630,091
Interim Distribution at the rate of Rs 10 (2016: Re 0.50) per unit for the year ended June 30, 2017 [Date of distribution: June 22, 2017 (2016: June 27, 2016)]	(967,094)	(43,669)
<b>Undistributed income carried forward</b>	<b>5,340,008</b>	<b>2,990,795</b>
<b>Represented by:</b>		
- Realised gain	5,996,613	3,026,013
- Unrealised loss	(656,605)	(35,218)
	<b>5,340,008</b>	<b>2,990,795</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



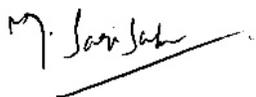
Director

**STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	(Rupees in '000)	
Net assets at beginning of the year	8,017,886	6,075,006
Issue of 128,733,096 units (2016: 82,188,741 units)	13,992,106	6,743,880
Redemption of 107,342,629 units (2016: 63,114,704 units)	(11,842,237)	(5,106,398)
	2,149,869	1,637,482
Element of income and capital gains included in the prices of units issued less those in units redeemed - net		
- transferred to income statement		
- arising from realised / unrealised gains / (losses)	(277,064)	(47,321)
- arising from other income	56,383	(6,368)
- transferred to distribution statement	(859,678)	(630,091)
	(1,080,359)	(683,780)
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net	859,678	630,091
Gain on sale of investments - net	2,243,299	160,213
Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net	(176,262)	13,036
Unrealised appreciation on re-measurement of investments classified as available-for-sale	192,561	198,300
Unrealised diminution on re-measurement of investments classified as 'available for sale' transferred to income statement as impairment loss	-	33,033
Other income (net of expenses)	389,592	(1,826)
	2,649,190	402,756
Interim Distribution at the rate of Rs 10 (2016: Re 0.50) per unit for the year ended June 30, 2017 [Date of distribution: June 22, 2017 (2016: June 27, 2016)]	(967,094)	(43,669)
<b>Net assets at end of the year</b>	<u>11,629,170</u>	<u>8,017,886</u>
Net assets value per unit as at beginning of the year	<u>87.0900</u>	<u>83.2300</u>
Net assets value per unit as at end of the year	<u>102.5017</u>	<u>87.0900</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

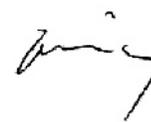
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



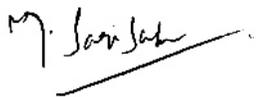
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 (Rupees in '000)	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the year after taxation		2,456,629	171,423
<b>Adjustments for</b>			
Unrealised diminution / (appreciation) in value of investments at fair value through profit or loss - net		176,262	(13,036)
Element of income and capital gains included in prices of units issued less those in units redeemed - net			
- arising from realised / unrealised gains / (losses)		(277,064)	(47,321)
- arising from other income		56,383	(6,368)
Reclassification adjustment relating to impairment of investments classified as available for sale		-	33,033
Impairment loss for the year on available for sale investments		(40)	145,349
		2,412,170	283,080
<b>(Increase) / decrease in assets</b>			
Investments - net		(2,316,720)	(1,460,715)
Receivable against sale of investments		61,005	(98,680)
Dividend and profit receivable		(1,828)	(12,589)
Advances, deposits and other receivables		(159)	525
		(2,257,702)	(1,571,459)
<b>Increase / (decrease) in liabilities</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		20,882	1,791
Payable to Central Depository Company of Pakistan Limited - Trustee		368	233
Payable to the Securities and Exchange Commission of Pakistan		3,333	2,231
Payable against purchase of investments		198,194	(2,948)
Accrued expenses and other liabilities		(43,628)	15,181
Payable against redemption of units		511	(453)
		179,660	16,035
<b>Net cash flows from operating activities</b>		334,128	(1,272,344)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(967,094)	(43,669)
Cash received from units sold		13,992,106	6,743,880
Cash paid on units redeemed		(11,842,237)	(5,106,398)
<b>Net cash flows from financing activities</b>		1,182,775	1,593,813
<b>Net increase in cash and cash equivalents during the year</b>		1,516,903	321,469
Cash and cash equivalents at beginning of the year		711,745	390,276
<b>Cash and cash equivalents at end of the year</b>	4	2,228,648	711,745

The annexed notes from 1 to 25 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-ArifHabib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan.
- 1.3 The Fund has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4 The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2++ dated June 23, 2017 to the Management Company and 4-Star long term & 3-Star short term as performance rating dated June 15, 2017 to the Fund.
- 1.5 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The 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 Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

- 2.3.1 The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IFRS-9 Financial Instruments	January 1, 2018
- IFRS-15 Revenue from contracts with customers	January 1, 2018
- IFRS-16 Leases	January 1, 2019

**2.3.2** The Companies Act, 2017 (the Act) has been enacted on May 30, 2017, superseding the Companies Ordinance, 1984. The Act does not impact the financial statements of the Fund for the year ended June 30, 2017.

**2.3.3** The impact of standards, interpretations and amendments to published approved accounting standards that are not yet effective is yet to be determined by the Management Company of the Fund.

## **2.4 Critical accounting estimates and judgments**

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.5)
- Taxation (note 3.6 and 15)

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

## **2.6 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### **3.1 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### **3.2 Financial assets**

#### **3.2.1 Classification**

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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Investments are categorised as follows:

### **a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

### **b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

### **c) Available-for-sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### **3.2.2 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### **3.2.3 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### **3.2.4 Subsequent measurement**

#### **a) Financial assets 'at fair value through profit or loss' and 'available for sale'**

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### **Basis of valuation**

- The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.
- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.

#### **b) Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### **3.2.5 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

### **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### **3.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### **3.4 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

### **3.7 Dividend distribution and appropriations**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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Distributions declared including bonus units are recorded in the period in which they are approved. Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### **3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed**

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed to the extent that is represented by distributable income earned during the year is recognised in the income statement and the element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed represented by distributable income carried forward from prior periods is included in the distribution statement.

### **3.10 Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.11 Revenue recognition**

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as available for sale is included in other comprehensive income in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances, term deposit receipts, debt and government securities is recognised on an accrual basis using the effective interest method.

### **3.12 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis. Allocated expenses (note 8.3) and selling and marketing expenses (note 8.4) are recognised at the rate of 0.1% and 0.4% per annum respectively of the average annual net assets of the Fund.

### **3.13 Earnings per unit**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Note	2017 (Rupees in '000)	2016 (Rupees in '000)
4.1	2,218,493	18,495
4.2	10,155	693,250
	<u>2,228,648</u>	<u>711,745</u>

4.1 These carry profit at rates ranging between 3.75% and 6.18% (2016: 3.75% to 6.95%) per annum and include Rs 2.65 million (2016: Rs 97.97 million) maintained with MCB Bank Limited (a connected person / related party) which carry profit at the rate of 3.75% (2016: 3.75%) per annum.

4.2 This includes balance of Rs 0.63 million (2016: Rs 8.97 million) maintained with MCB Bank Limited, (a connected person / related party).

Note	2017 (Rupees in '000)	2016 (Rupees in '000)
5.1	7,481,528	230,191
5.2	-	230,191
	<u>7,481,528</u>	<u>230,191</u>
5.3	2,327,996	7,246,274
	<u>9,809,524</u>	<u>7,476,465</u>

**5 INVESTMENTS**

**At fair value through profit or loss - held for trading**

Listed equity securities  
Government securities

**Available for sale**

Listed equity securities

**5.1 Listed equity securities - at fair value through profit or loss - held for trading**

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of the investee company	Balance as at June 30, 2017						Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company		
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value				Market value	Unrealised appreciation / (diminution)
<b>Automobile Assembler</b>											
Ghandhara Industries Limited	-	67,600	-	-	67,600	56,622	43,947	(12,675)	0.38%	0.45%	0.32%
Honda Atlas Cars (Pakistan) Limited	-	153,300	-	-	153,300	123,147	133,017	9,870	1.14%	1.36%	0.11%
Indus Motor Company Limited	-	315,080	-	187,100	127,980	231,223	229,545	(1,678)	1.97%	2.34%	0.07%
Pak Suzuki Motor Company Limited	-	347,500	-	74,600	272,900	190,714	212,960	22,246	1.83%	2.17%	0.35%
					<b>601,706</b>	<b>619,469</b>	<b>17,763</b>	<b>17,763</b>	<b>5.32%</b>	<b>6.32%</b>	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Name of the investee company	Number of shares			Balance as at June 30, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company		
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value				Market value	Unrealised appreciation / (diminution)
<b>Automobile Parts and Accessories</b>											
General Tyre and Rubber Company of Pakistan Limited	-	172,400	-	-	172,400	57,372	52,323	(5,049)	0.45%	0.53%	0.29%
Thal Limited (face value of Rs 5 each)	93,600	-	-	93,600	-	-	-	-	-	-	-
						<b>57,372</b>	<b>52,323</b>	<b>(5,049)</b>	<b>0.45%</b>	<b>0.53%</b>	
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	-	6,910,000	-	4,538,500	2,371,500	223,366	261,624	38,258	2.25%	2.67%	0.48%
TPL Trakker Limited	-	1,000,000	-	541,000	459,000	7,769	4,535	(3,234)	0.04%	0.05%	0.21%
						<b>231,135</b>	<b>266,159</b>	<b>35,024</b>	<b>2.29%</b>	<b>2.72%</b>	
<b>Cement</b>											
Dewan Cement Limited	-	6,200,000	-	6,200,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	1,699,800	-	1,699,800	-	-	-	-	-	-	-
D. G. Khan Cement Company Limited *	-	3,387,000	-	1,650,700	1,736,300	387,229	370,110	(17,119)	3.18%	3.77%	0.40%
Power Cement Limited *	-	5,000,000	-	5,000,000	-	-	-	-	-	-	-
Kohat Cement Limited	-	488,000	-	-	488,000	131,423	111,879	(19,544)	0.96%	1.14%	0.32%
Maple Leaf Cement Factory Limited	-	4,816,400	-	2,769,900	2,046,500	259,200	227,898	(31,302)	1.96%	2.32%	0.39%
Fauji Cement Company Limited	-	8,273,000	-	8,270,500	2,500	114	103	(11)	0.00%	0.00%	0.00%
Thatta Cement Company Limited *	-	80,000	-	-	80,000	3,981	3,198	(783)	0.03%	0.03%	0.08%
Cherat Cement Company Limited	-	1,240,500	-	1,062,700	177,800	36,009	31,787	(4,222)	0.27%	0.32%	0.10%
Lucky Cement Limited	-	1,390,900	-	712,450	678,450	581,934	567,361	(14,573)	4.88%	5.78%	0.21%
						<b>1,399,890</b>	<b>1,312,336</b>	<b>(87,554)</b>	<b>11.28%</b>	<b>13.36%</b>	
<b>Chemical</b>											
Archroma Pakistan Limited	-	60,800	-	-	60,800	42,617	43,338	721	0.37%	0.44%	0.18%
Engro Polymer and Chemicals Limited	-	14,353,500	-	7,807,000	6,546,500	208,579	238,947	30,368	2.05%	2.44%	0.99%
						<b>251,196</b>	<b>282,285</b>	<b>31,089</b>	<b>2.42%</b>	<b>2.88%</b>	
<b>Glass and Ceramics</b>											
Shabbir Tiles and Ceramics Limited	-	3,430,000	-	3,430,000	-	-	-	-	-	-	-
Tariq Glass Industries Limited	-	673,900	-	-	673,900	79,721	74,641	(5,080)	0.64%	0.76%	0.92%
						<b>79,721</b>	<b>74,641</b>	<b>(5,080)</b>	<b>0.64%</b>	<b>0.76%</b>	
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited	-	118,900	-	109,100	9,800	12,962	15,441	2,479	0.13%	0.16%	0.01%
Pakistan Oil Fields Limited	-	277,300	-	148,300	129,000	62,991	59,101	(3,890)	0.51%	0.60%	0.05%
Oil and Gas Development Company Limited (note 5.4)	-	3,268,400	-	1,665,900	1,602,500	249,316	225,456	(23,860)	1.94%	2.30%	0.04%
Pakistan Petroleum Limited	32	4,937,100	-	2,313,232	2,623,900	414,833	388,705	(26,128)	3.34%	3.96%	0.13%
						<b>740,102</b>	<b>688,703</b>	<b>(51,399)</b>	<b>5.92%</b>	<b>7.02%</b>	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Name of the investee company	Number of shares						Balance as at June 30, 2017			Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets		
<b>Commercial Banks</b>											
Allied Bank Limited	-	2,375,500	-	2,375,500	-	-	-	-	-	-	-
Askari Bank Limited	-	297,500	-	-	297,500	6,001	27	0.05%	0.06%	0.02%	
Bank Alfalah Limited	-	18,258,500	-	11,402,000	6,856,500	275,631	551	2.37%	2.81%	0.43%	
Faysal Bank Limited	-	12,434,000	-	4,325,000	8,109,000	182,453	(13,499)	1.57%	1.86%	0.61%	
Habib Bank Limited	-	2,463,600	-	2,463,600	-	-	-	-	-	-	
Meezan Bank Limited	-	89,000	-	-	89,000	7,031	1,156	0.06%	0.07%	0.01%	
Bank AL Habib Limited	-	1,833,500	-	-	1,833,500	104,051	403	0.89%	1.06%	0.16%	
Habib Metropolitan Bank Limited	-	1,096,000	-	548,000	548,000	18,111	(169)	0.16%	0.18%	0.05%	
MCB Bank Limited *	-	2,127,000	-	2,127,000	-	-	-	-	-	-	
National Bank of Pakistan	-	2,840,000	-	2,840,000	-	-	-	-	-	-	
United Bank Limited	-	3,724,800	-	2,825,000	899,800	211,921	(11,341)	1.82%	2.16%	0.07%	
						<b>828,071</b>	<b>805,199</b>	<b>6.92%</b>	<b>8.20%</b>		
<b>Engineering</b>											
Aisha Steel Mills Limited *	-	13,365,500	-	10,765,500	2,600,000	66,760	(13,876)	0.45%	0.54%	0.38%	
Crescent Steel and Allied Products Limited	-	914,200	-	647,700	266,500	63,579	517	0.55%	0.65%	0.34%	
International Steels Limited	-	4,819,500	-	3,281,000	1,538,500	232,848	(36,089)	1.69%	2.01%	0.35%	
Mughal Iron and Steel Industries Limited *	-	1,535,000	17,000	-	1,552,000	129,858	(4,565)	1.08%	1.28%	0.62%	
Anreli Steels Limited	-	1,190,000	-	-	1,190,000	120,620	25,691	1.26%	1.49%	0.40%	
International Industries Limited	-	1,244,000	-	264,000	980,000	221,466	139,733	3.11%	3.68%	0.82%	
Ittefaq Iron Industries Limited (note 5.1.2)	-	929,781	-	-	929,781	28,079	-	0.24%	0.29%	-	
						<b>862,693</b>	<b>974,104</b>	<b>8.38%</b>	<b>9.94%</b>		
<b>Fertilizer</b>											
Engro Corporation Limited	51,700	2,724,600	-	665,700	2,110,600	778,204	(90,338)	5.92%	7.01%	0.40%	
Engro Fertilizers Limited	-	8,121,000	-	8,059,500	61,500	3,611	(214)	0.03%	0.03%	0.00%	
Fauji Fertilizer Bin Qasim Limited	-	2,288,000	-	2,288,000	-	-	-	-	-	-	
Fatima Fertilizer Company Limited *	-	1,581,000	-	1,581,000	-	-	-	-	-	-	
Dawood Hercules Corporation Limited	-	61,800	-	61,800	-	-	-	-	-	-	
Fauji Fertilizer Company Limited	-	1,367,400	-	1,367,400	-	-	-	-	-	-	
						<b>781,815</b>	<b>691,263</b>	<b>5.95%</b>	<b>7.04%</b>		
<b>Leasing Companies</b>											
Orix Leasing Pakistan Limited	-	500,000	-	500,000	-	-	-	-	-	-	
						-	-	-	-	-	
<b>Insurance</b>											
IGI Insurance Limited	86,667	-	-	86,667	-	-	-	-	-	-	
Pakistan Reinsurance Company Limited	-	1,926,000	-	-	1,926,000	93,948	60	0.81%	0.96%	0.64%	
Adamjee Insurance Company Limited *	-	1,602,000	-	42,500	1,559,500	123,775	(17,168)	0.92%	1.09%	0.45%	
						<b>217,723</b>	<b>200,615</b>	<b>1.73%</b>	<b>2.05%</b>		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Name of the investee company	Number of shares				Balance as at June 30, 2017				Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company	
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value	Market value	Unrealised appreciation / (diminution)			Market value as a percentage of net assets
<b>Miscellaneous</b>											
TPL Properties Limited	-	2,500,000	-	2,500,000	-	-	-	-	-	-	
Tri-Pack Films Limited	-	189,200	-	189,200	-	-	-	-	-	-	
Synthetic Products Enterprises Limited *	-	605,000	-	-	605,000	45,011	45,647	636	0.39%	0.71%	
						<b>45,011</b>	<b>45,647</b>	<b>636</b>	<b>0.39%</b>	<b>0.47%</b>	
<b>Oil and Gas Marketing Companies</b>											
Hascol Petroleum Limited	-	310,000	-	310,000	-	-	-	-	-	-	
Attock Petroleum Limited	-	77,400	-	75,250	2,150	1,494	1,347	(147)	0.01%	0.00%	
Hi-Tech Lubricants Limited	-	1,020,800	-	858,500	162,300	18,043	17,692	(351)	0.15%	0.14%	
Pakistan State Oil Company Limited	-	623,700	-	623,100	600	266	232	(34)	0.00%	0.00%	
Shell Pakistan Limited	-	22,200	-	-	22,200	13,763	12,773	(990)	0.11%	0.02%	
Sui Northern Gas Pipelines Limited *	-	8,005,000	-	6,102,500	1,902,500	227,139	283,320	56,181	2.44%	0.30%	
Sui Southern Gas Company Limited *	-	6,543,500	-	6,543,500	-	-	-	-	-	-	
						<b>260,705</b>	<b>315,364</b>	<b>54,659</b>	<b>2.71%</b>	<b>3.21%</b>	
<b>Paper and Board</b>											
Packages Limited	-	77,800	-	77,800	-	-	-	-	-	-	
Cherat Packaging Limited	-	301,100	-	-	301,100	84,202	71,596	(12,606)	0.62%	1.02%	
Century Paper and Board Mills Limited	-	792,500	-	792,500	-	-	-	-	-	-	
						<b>84,202</b>	<b>71,596</b>	<b>(12,606)</b>	<b>0.62%</b>	<b>0.73%</b>	
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	-	58,550	-	44,250	14,300	12,050	13,365	1,315	0.11%	0.01%	
GLaxoSmithKline Pakistan Limited	-	930,800	-	898,500	32,300	6,538	6,361	(177)	0.05%	0.01%	
The Searle Company Limited	-	73,700	-	73,700	-	-	-	-	-	-	
						<b>18,588</b>	<b>19,726</b>	<b>1,138</b>	<b>0.16%</b>	<b>0.20%</b>	
<b>Power Generation and Distribution</b>											
Hub Power Company Limited (note 5.4)	-	5,303,400	-	1,161,900	4,141,500	534,001	486,336	(47,665)	4.18%	0.36%	
K-Electric Limited (face value of Rs 3.5 each)	-	15,669,000	-	4,374,000	11,295,000	95,010	77,936	(17,074)	0.67%	0.12%	
Kot Addu Power Company Limited	-	2,457,000	-	2,423,500	33,500	2,588	2,413	(175)	0.02%	0.00%	
Nishat Power Limited *	-	358,500	-	-	358,500	21,754	16,936	(4,818)	0.15%	0.10%	
						<b>653,353</b>	<b>583,621</b>	<b>(69,732)</b>	<b>5.02%</b>	<b>5.94%</b>	
<b>Refinery</b>											
Attock Refinery Limited	-	1,126,800	-	830,700	296,100	138,558	113,282	(25,276)	0.97%	0.35%	
National Refinery Limited	-	320,000	-	320,000	-	-	-	-	-	-	
						<b>138,558</b>	<b>113,282</b>	<b>(25,276)</b>	<b>0.97%</b>	<b>1.15%</b>	
<b>Technology and Communication</b>											
NetSol Technologies Limited	-	1,567,500	-	399,500	1,168,000	80,139	67,545	(12,594)	0.58%	1.30%	
Avanceon Limited	-	203,500	-	203,500	-	-	-	-	-	-	
						<b>80,139</b>	<b>67,545</b>	<b>(12,594)</b>	<b>0.58%</b>	<b>0.69%</b>	

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Name of the investee company	Number of shares				Balance as at June 30, 2017			Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of paid-up capital of investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value	Market value			
<b>Textile Composite</b>										
Gul Ahmed Textile Mills Limited	-	5,444,500	541,900	4,556,500	1,429,900	51,276	58,596	7,320	0.50%	0.60%
Kohinoor Textiles Mills Limited	-	250,000	-	-	250,000	26,600	26,283	(317)	0.23%	0.27%
Nishat (Chunian) Limited *	-	3,018,000	-	1,003,500	2,014,500	131,780	103,383	(28,397)	0.89%	1.05%
Nishat Mills Limited *	1,575,000	1,402,700	-	2,977,500	200	33	32	(1)	0.00%	0.00%
						<b>209,689</b>	<b>188,294</b>	<b>(21,395)</b>	<b>1.62%</b>	<b>1.92%</b>
<b>Leather and Tanneries</b>										
Service Industries Limited	-	41,900	-	1,200	40,700	54,659	56,125	1,466	0.48%	0.57%
						<b>54,659</b>	<b>56,125</b>	<b>1,466</b>	<b>0.48%</b>	<b>0.57%</b>
<b>Transport</b>										
Pakistan International Bulk Terminal Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-
<b>Investment Banks / Investment Companies / Securities Companies</b>										
Jahangir Siddiqui and Company Limited	-	1,500,000	-	1,500,000	-	-	-	-	-	-
Arif Habib Limited *	-	662,000	-	-	662,000	61,462	53,231	(8,231)	0.46%	0.54%
						<b>61,462</b>	<b>53,231</b>	<b>(8,231)</b>	<b>0.46%</b>	<b>0.54%</b>
<b>As at June 30, 2017</b>						<b>7,657,790</b>	<b>7,481,528</b>	<b>(176,262)</b>	<b>64.31%</b>	<b>76.24%</b>
<b>As at June 30, 2016</b>						<b>217,155</b>	<b>230,191</b>	<b>13,036</b>	<b>2.87%</b>	<b>3.07%</b>

\* These represent transactions with related parties.

**5.1.1 Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net**

	2017	2016
	(Rupees in '000)	
Market value as at June 30	5.1	7,481,528
Carrying value as at June 30	5.1	(7,657,790)
		<u><u>(176,262)</u></u>
		<u><u>13,036</u></u>

**5.1.2** Shares of the Company were listed on the Pakistan Stock Exchange Limited on June 29, 2017 and its trading started on July 3, 2017 on which date the opening price of the shares was Rs 30.20 per share. The Fund had acquired these through book building process at Rs 30.20 per share.

**5.1.3** The cost of investment in listed equity securities amounted to Rs 8,138.133 million (2016: Rs 265.409 million)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**5.2 Government securities - at fair value through profit or loss - held for trading**

Tenor	Face value			Balance as at June 30, 2017			Market value as percentage of net assets	Market value as percentage of total investments
	As at July 01, 2016	Purchases during the year	Sold / matured during the year	As at June 30, 2017	Cost	Appreciation / (diminution)		
							%	%
12 Months	-	2,075,000	2,075,000	-	-	-	-	-
6 Months	-	695,000	695,000	-	-	-	-	-
3 Months	-	4,895,000	4,895,000	-	-	-	-	-
<b>Total as at June 30, 2017</b>								
<b>Total as at June 30, 2016</b>								

**5.3 Listed equity securities - available for sale**

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of the investee company	Number of shares				Balance as at June 30, 2017				Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	As at June 30, 2017	Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets		
								%	%	%
<b>Automobile Assembler</b>										
Ghandhara Nissan Limited	-	360,000	-	-	-	-	-	-	-	-
Indus Motor Company Limited	-	4,150	-	4,150	6,467	7,443	976	0.06%	0.08%	0.00%
					<b>6,467</b>	<b>7,443</b>	<b>976</b>	<b>0.06%</b>	<b>0.08%</b>	
<b>Automobile Parts and Accessories</b>										
Thal Limited (face value of Rs 5 each)	3,700	-	-	-	-	-	-	-	-	-
<b>Cable and Electrical Goods</b>										
Pak Elektron Limited	3,252,000	2,900,000	-	598,500	40,712	66,027	25,315	0.57%	0.67%	0.12%
					<b>40,712</b>	<b>66,027</b>	<b>25,315</b>	<b>0.57%</b>	<b>0.67%</b>	
<b>Chemical</b>										
Archiroma Pakistan Limited	-	34,900	-	5,050	2,966	3,600	634	0.03%	0.04%	0.01%
Engro Polymer and Chemicals Limited	-	3,926,500	-	-	-	-	-	-	-	-
ICI Pakistan Limited	457,750	-	-	108,800	46,022	119,087	73,065	1.02%	1.21%	0.12%
Ittehad Chemicals Limited	-	600,000	-	-	-	-	-	-	-	-
Linde Pakistan Limited	41,900	-	-	-	-	-	-	-	-	-
					<b>48,988</b>	<b>122,687</b>	<b>73,699</b>	<b>1.05%</b>	<b>1.25%</b>	
<b>Engineering</b>										
Mughal Iron And Steel Industries Limited *	12,000	1,902,500	-	11,760	1,036	949	(87)	0.01%	0.01%	0.00%
Amreli Steels Limited	1,878,500	1,054,000	-	-	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	-	307,000	-	-	-	-	-	-	-	-
					<b>1,036</b>	<b>949</b>	<b>(87)</b>	<b>0.01%</b>	<b>0.01%</b>	

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Name of the investee company	Number of shares				Balance as at June 30, 2017			Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company		
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value	Market value			Unrealised appreciation / (diminution)	Market value as a percentage of net assets
<b>Cement</b>											
Cherat Cement Company Limited	1,651,500	634,000	-	891,300	1,394,200	153,479	249,255	95,776	2.14%	2.54%	0.79%
Dewan Cement Limited	-	3,494,000	-	3,494,000	-	-	-	-	-	-	-
D. G. Khan Cement Company Limited *	421,000	1,960,000	-	2,381,000	-	-	-	-	-	-	-
Kohat Cement Limited	237,200	-	-	237,200	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	550,000	-	550,000	-	-	-	-	-	-	-
Pioneer Cement Limited	2,936,500	250,000	-	3,186,500	-	-	-	-	-	-	-
Lucky Cement Limited	854,900	100,000	-	664,800	290,100	162,834	242,599	79,765	2.09%	2.47%	0.09%
						<b>316,313</b>	<b>491,854</b>	<b>175,541</b>	<b>4.23%</b>	<b>5.01%</b>	
<b>Commercial Banks</b>											
Bank AL Habib Limited	-	5,169,500	-	5,169,500	-	-	-	-	-	-	-
Habib Bank Limited	3,581,888	490,000	-	4,071,888	-	-	-	-	-	-	-
Habib Metropolitan Bank Limited	-	2,614,000	-	2,614,000	-	-	-	-	-	-	-
MCB Bank Limited *	274,900	1,437,300	-	1,712,200	-	-	-	-	-	-	-
Askari Bank Limited	-	2,200,000	-	2,200,000	-	-	-	-	-	-	-
Meezan Bank Limited	-	2,286,500	-	2,194,500	92,000	4,932	7,268	2,336	0.06%	0.07%	0.01%
National Bank of Pakistan	-	750,000	-	750,000	-	-	-	-	-	-	-
United Bank Limited	2,493,300	2,438,600	-	3,694,800	1,237,100	223,531	291,362	67,831	2.51%	2.97%	0.10%
						<b>228,463</b>	<b>298,630</b>	<b>70,167</b>	<b>2.57%</b>	<b>3.04%</b>	
<b>Food And Personal Care Products</b>											
Al-Shaheer Corporation Limited	9,092	-	1,363	-	10,455	585	419	(166)	0.00%	0.00%	0.01%
Murree Brewery Company Limited	112,000	-	-	112,000	-	-	-	-	-	-	-
						<b>585</b>	<b>419</b>	<b>(166)</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>Fertilizer</b>											
Engro Corporation Limited (note 5.4)	2,108,100	80,000	-	2,188,100	-	-	-	-	-	-	-
Engro Fertilizers Limited	3,505,500	4,262,500	-	7,768,000	-	-	-	-	-	-	-
Fatima Fertilizer Company Limited *	-	185,500	-	185,500	-	-	-	-	-	-	-
Dawood Hercules Corporation Limited	-	662,300	-	662,300	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	850,000	-	850,000	-	-	-	-	-	-	-
<b>Oil and Gas Marketing Companies</b>											
Hascol Petroleum Limited	-	387,000	-	387,000	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	2,060,500	-	-	2,060,500	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	915,700	485,600	-	1,401,300	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited *	-	4,627,000	-	4,627,000	-	-	-	-	-	-	-
Sui Southern Gas Company Limited *	-	1,900,000	-	1,900,000	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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Name of the investee company	Number of shares						Balance as at June 30, 2017				Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company	
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value	Market value	Unrealised appreciation / (diminution)	Rupees in '000'				
									Market value as a percentage of net assets	%			
<b>Oil and Gas Exploration Companies</b>													
Mari Petroleum Company Limited	230,600	184,050	-	198,980	215,670	170,203	339,818	169,615	2.92%	3.46%	0.20%		
Oil and Gas Development Company Limited	4,004,400	605,000	-	3,640,600	968,800	144,649	136,300	(8,349)	1.17%	1.39%	0.02%		
Pakistan Oilfields Limited	1,564,900	205,000	-	1,303,300	466,600	156,706	213,773	57,067	1.84%	2.18%	0.20%		
Pakistan Petroleum Limited	5,168	-	-	5,168	-	-	-	-	-	-	-		
<b>Pharmaceuticals</b>													
Abbott Laboratories (Pakistan) Limited	165,950	102,500	-	160,050	108,400	75,167	101,311	26,144	0.87%	1.03%	0.11%		
The Searle Company Limited	36,402	-	5,515	37,300	4,617	1,250	2,364	1,114	0.02%	0.02%	0.00%		
<b>Glass and Ceramics</b>													
Tariq Glass Industries Limited	1,122,000	-	-	1,122,000	-	-	-	-	-	-	-		
<b>Insurance</b>													
IGI Insurance Limited	271,600	-	-	271,600	-	-	-	-	-	-	-		
<b>Miscellaneous</b>													
Macpac Films Limited	-	457,500	-	457,500	-	-	-	-	-	-	-		
<b>Paper and Board</b>													
Packages Limited	269,750	199,850	-	469,600	-	-	-	-	-	-	-		
<b>Power Generation &amp; Distribution</b>													
Altern Energy Limited	327,000	-	-	-	327,000	11,844	16,265	4,421	0.14%	0.17%	0.09%		
Kot Addu Power Company Limited (note 5.4)	3,393,000	614,000	-	4,007,000	-	-	-	-	-	-	-		
K-Electric Limited (face value of Rs 3.5 each)	26,832,500	7,219,500	-	24,501,500	9,550,500	78,824	65,898	(12,926)	0.57%	0.67%	0.10%		
Laipir Power Limited *	8,399,000	-	-	8,399,000	-	-	-	-	-	-	-		
Pakgen Power Limited (refer note 5.3.1) *	5,667,500	50,000	-	5,702,000	15,500	313	313	-	-	-	0.00%		
Hub Power Company Limited	-	3,116,500	-	1,244,100	1,872,400	232,462	219,876	(12,586)	1.89%	2.24%	0.16%		
						<b>323,443</b>	<b>302,352</b>	<b>(21,091)</b>	<b>2.60%</b>	<b>3.08%</b>			
<b>Refinery</b>													
Attock Refinery Limited	-	250,000	-	250,000	-	-	-	-	-	-	-		
<b>Technology and Communication</b>													
NetSol Technologies Limited	1,520,000	706,000	-	1,555,000	671,000	35,781	38,804	3,023	0.33%	0.40%	0.75%		
Avanceon Limited	-	381,000	-	381,000	-	-	-	-	-	-	-		
Systems Limited	2,362,250	187,000	-	2,548,500	750	39	57	18	0.00%	0.00%	0.00%		
Pakistan Telecommunication Company Limited	-	3,907,000	-	3,907,000	-	-	-	-	-	-	-		
						<b>35,820</b>	<b>38,861</b>	<b>3,041</b>	<b>0.33%</b>	<b>0.40%</b>			

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Name of the investee company	Number of shares					Balance as at June 30, 2017				Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of paid-up capital of investee company
	As at July 01, 2016	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2017	Carrying value	Market value	Unrealised appreciation / (diminution)	%			
<b>Textile Composite</b>												
Gul Ahmed Textile Mills Limited	973,000	-	-	973,000	-	-	-	-	-	-	-	-
Kohinoor Textile Mills Limited	-	1,153,500	-	214,500	939,000	75,490	23,228	0.85%	1.01%	0.33%	0.33%	
Nishat (Chunian) Limited *	-	7,895,500	-	5,820,500	2,075,000	86,635	19,855	0.92%	1.09%	0.86%	0.86%	
Nishat Mills Limited *	4,000	2,041,000	-	2,045,000	-	-	-	-	-	-	-	-
						<b>162,125</b>	<b>205,208</b>	<b>43,083</b>	<b>1.77%</b>	<b>2.10%</b>		
<b>Textile Spinning</b>												
Gadoon Textile Mills Limited	-	147,700	-	147,700	-	-	-	-	-	-	-	-
						<b>1,711,927</b>	<b>2,327,996</b>	<b>616,069</b>	<b>20.01%</b>	<b>23.72%</b>		
<b>As at June 30, 2017</b>												
						<b>6,822,766</b>	<b>7,246,274</b>	<b>423,508</b>	<b>90.37%</b>	<b>96.90%</b>		

\* These represent transactions with related parties.

**5.3.1** These amounts represent carrying value of these securities as at June 30, 2017 after impairment (refer note 5.6).

**5.3.2** The cost of investment in listed equity securities amounted to Rs 1,801.438 million (2016: Rs 7,714.393 million)

**5.4** The above include 1,000,000 shares of Hub Power Company Limited and 1,000,000 shares of Oil and Gas Development Company Limited with a market value of Rs 117.430 million and Rs 140.690 million (2016: 500,000 shares of Engro Corporation Limited and 1,000,000 shares of Kot Addu Power Company Limited amounting to Rs 166.485 million and Rs 89.25 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 SECP.

**5.5 Unrealised appreciation in value of investments classified as available for sale**

Market value of investments

Cost / carrying amount of investments

Less: Unrealised appreciation in value of investments classified as available for sale at beginning of the period - not considered as impaired

	Note	2017	2016
		(Rupees in '000)	
Market value of investments	5.3	2,327,996	7,246,274
Cost / carrying amount of investments	5.3	(1,711,927)	(6,822,766)
		616,069	423,508
		(423,508)	(225,208)
		192,561	198,300

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**5.6 Impairment Loss**

For the year ended June 30, 2017 and June 30, 2016, an impairment loss has been recognised in respect of following investments classified as available for sale, as diminution in the value of these securities is perceived significant reduction under the requirements of IAS 39.

	Weighted average cost	Reclassificatio n of opening reserve on impairment	For the year impairment loss	Carrying amount as at June 30, 2017
	----- (Rupees in '000) -----			
<b>2017</b>				
Pakgen Power Limited	353	-	40	313
<b>2016</b>				
Linde Pakistan Limited	8,524	2,662	1,483	4,379
Lalpir Power Limited	281,561	26,290	83,091	172,180
Pakgen Power Limited	174,163	4,081	41,146	128,936
Netsol Technologies Limited	95,780	-	19,629	76,151
	<u>560,028</u>	<u>33,033</u>	<u>145,349</u>	<u>381,646</u>

	Note	2017 (Rupees in '000)	2016
<b>6 DIVIDEND AND PROFIT RECEIVABLE</b>			
Dividend receivable		22,556	22,474
Profit receivable on bank balances		2,950	1,204
		<u>25,506</u>	<u>23,678</u>
<b>7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Advance tax		3,997	3,896
Security deposits with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposits with Central Depository Company of Pakistan Limited		500	500
Others		314	256
		<u>7,311</u>	<u>7,152</u>
<b>8 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	8.1	19,427	12,793
Sindh sales tax payable on management remuneration	8.2	2,526	1,791
Sales load payable		1,635	1,245
Payable against allocated expenses	8.3	971	641
Payable against marketing and selling expenses	8.4	13,338	-
Other payable		-	545
		<u>37,897</u>	<u>17,015</u>

**8.1** The Management Company has charged remuneration at the rate not exceeding 2 % per annum based on average net assets for the period. The remuneration is paid to the Management Company on a monthly basis in arrears.

**8.2** During the year, Sindh Sales Tax on management fee has been charged at 13% (2016: 14%).

**8.3** In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, with effect from November 27, 2015 the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

8.4 In connection with Regulation 60(3)(v) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Securities and Exchange Commission of Pakistan has issued circular no. 40 of 2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 1, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. The circulars also state that AMCs will only be allowed to charge these expenses on their CISs if they open at least two new branches in cities except Karachi, Lahore, Islamabad and Rawalpindi by June 30, 2017.

The SECP has also provided certain guidelines in the above mentioned circulars for the allocation of expenses to the fund, which prescribe that selling and marketing expenses can only be used in respect of the following:

1. cost pertaining to opening and maintenance of new branches by asset management companies in cities except Karachi, Lahore, Islamabad and Rawalpindi,
2. payment of salaries to sales team posted at new branches,
3. payment of commission to sales team and distributors in all cities of Pakistan, and
4. payment of advertising and publicity of these funds.

In addition, the above circulars also specify that asset management companies which intend to charge the above mentioned expenses to the funds, shall submit their annual plan to their Board of Directors for approval which amongst others, shall state the name of the funds in which such expenses will be charged and nature of expenses that will be charged.

Keeping in view the aforementioned guidelines provided by the SECP, the Board of Directors of the Management Company have approved the plan as required by the above mentioned circular in March 2017 and have approved selling and marketing expenses to be charged to the Fund. Furthermore, in respect of the above, two new branches have been opened in Gujrat and Peshawar before June 30, 2017 in order to comply with the requirements of the above mentioned circulars.

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended June 30, 2017 are higher than 0.4% per annum of net assets of the Fund, accordingly, with effect from March 24, 2017 the Management Company has charged expenses at the rate of 0.4% per annum of net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

9	Note	2017 (Rupees in '000)	2016
<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	9.1	1,055	723
Sindh Sales Tax Payable on trustee remuneration	9.2	137	101
		1,192	824

9.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the year.

Net Assets Value (NAV)	Tariff per annum
Up to Rs. 1 billion	Rs. 0.7 million or 0.20% per annum of Net Assets, whichever is higher.
On an amount exceeding Rs. 1 billion	Rs. 2 million plus 0.10% per annum of Net Assets, exceeding Rs 1 billion.

9.2 Sindh Sales Tax at 13% (2016: 14%) is charged on Trustee fee.

9.3 The remuneration is paid to the Trustee on monthly basis in arrears.

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10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
	Annual fee payable to SECP	10.1	10,045	6,712
10.1	Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.			
11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
	Federal excise duty and related taxes payable on management remuneration	11.1	54,774	54,774
	Federal excise duty and related taxes payable on sales load	11.1	3,933	3,933
	Provision against Workers' Welfare Fund	11.2	-	107,634
	Provision against Sindh Workers' Welfare Fund	11.2	57,875	-
	Unclaimed dividend		9,838	9,838
	Brokerage		21,266	12,459
	Withholding tax on dividend and others		3,497	7,004
	Auditors' remuneration		579	639
	Printing and related expenditure		334	386
	Zakat		10	580
	Sales load payable		351	-
	Others		2,136	974
			154,593	198,221

- 11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 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 Honourable 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 year ended June 30, 2017, 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 which is 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 made till June 30, 2016 amounting to Rs 58.707 million (2016: Rs 58.707 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.5175 per unit (2016: Re 0.6377 per unit).

- 11.2 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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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, 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 and their CISs 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 CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being 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).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had 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, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

However, the Fund did not have any reversal of WWF provision since the Fund was launched after June 30, 2015 whereas the management has made SWWF provision with effect from the date of inception of the Fund i.e. from November 16, 2015.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.5101 per unit.

### 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017 and June 30, 2016.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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13 AUDITORS' REMUNERATION	2017	2016
	(Rupees in '000)	
Annual audit fee	405	400
Half yearly review fee	275	275
Other certifications and services	125	125
Out of pocket expenses	73	199
	878	999

**14 TOTAL EXPENSE RATIO (TER)**

The total expense ratio of the Fund for the year ended June 30, 2017 is 3.87% which includes 0.93% representing Government levy, Workers' Welfare Fund and SECP fee.

**15 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund 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. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

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

Related parties / connected persons of the Fund include MCB-Arif Habib 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 related parties / connected persons and balances with them at the year end are as follows:

**16.1 Details of transactions with related parties / connected persons during the year**

	2017	2016
	(Rupees in '000)	
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	238,966	186,868
Issue of 3,861,897 units (2016: 933,900 units)	433,776	80,261
Redemption of 3,001,452 units (2016: Nil Units)	340,000	-
Payment of conversion cost	545	1,136
Allocated expenses and related taxes	11,947	4,905
Selling and marketing expenses	13,338	-
Dividend paid	25,575	956
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	13,079	9,195
CDS charges	2,093	6
<b>Arif Habib Capital Limited</b>		
Brokerage	4,420	3,240

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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	2017 (Rupees in '000)	2016
<b>Next Capital Limited</b>		
Brokerage	4,119	1,893
<b>Summit Capital (Private) Limited</b>		
Brokerage	-	101
<b>MCB Bank Limited</b>		
Bank charges	125	127
Profit on bank balances	453	3,907
Dividend income	9,970	3,200
Purchase of securities having face value of Rs 295 million (2016: Nil) for	294,387	-
Sale of securities having face value of Nil (2016: Rs 250 million) for	-	249,578
<b>Silk Bank Limited</b>		
Purchase of securities having face value of Rs 1,350 million (2016: Nil) for	1,332,590	-
<b>Nishat Mills Limited Employees Provident Fund Trust - Retirement benefit scheme of a group company</b>		
Issue of 7,896,292 units (2016: Nil units)	866,719	-
Redemption of 7,896,292 units (2016: Nil units)	900,062	-
Dividend paid	6,118	-
<b>Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of a group company</b>		
Issue of 11,625 units (2016: Nil units)	1,306	-
Dividend paid	106	-
<b>D. G. Khan Cement Company Limited Employees Provident Fund Trust</b>		
Issue of 13,319 units (2016: 769 units)	1,324	66
Dividend paid	1,324	66
<b>D. G. Khan Cement Company Limited</b>		
Dividend income	3,529	60
<b>Nishat Mills Limited</b>		
Dividend income	10,205	-
<b>Lalpir Power Limited</b>		
Dividend income	2,101	16,798
<b>Fatima Fertilizer Company Limited</b>		
Dividend income	232	-
<b>Mughal Iron and Steel Industries Limited</b>		
Dividend income	5,767	784
<b>Pakgen Power Limited</b>		
Dividend income	6,362	11,335
<b>Nishat Chunian Limited</b>		
Dividend income	14,964	-
<b>Adamjee Life Assurance Company Limited - IMF</b>		
Issue of 5,080,535 units (2016: 11,539,036 units)	532,355	932,802
Redemption of 3,774,965 units (2016: Nil units)	406,000	-
Dividend paid	156,977	7,774
<b>Nishat Power Limited</b>		
Dividend income	359	-
<b>Adamjee Life Assurance Company Limited - ISF</b>		
Issue of 412,198 units (2016: Nil units)	42,500	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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	Note	2017	2016
		(Rupees in '000)	
<b>Adamjee Life Assurance Company Limited - ISF II</b>			
Issue of 363,704 units (2016: Nil units)		37,500	-
<b>Adamjee Insurance Company Limited</b>			
Dividend income		-	675
<b>MCB Employees Provident Fund</b>			
Redemption of Nil units (2016: 4,189,296 Units)		-	329,907
<b>Adamjee Life Assurance Company Limited - NUIL</b>			
Issue of 762,995 units (2016: Nil units)		77,189	-
Redemption of 1,510,888 units (2016: Nil units)		160,000	-
Dividend paid		13,930	-
<b>Mandate Under Discretionary Portfolio Services</b>			
Issue of 24,189,060 units (2016: 4,705,546 units)		2,661,528	386,453
Redemption of 24,179,663 units (2016: 6,479,909 units)		2,693,353	509,932
Dividend paid		93,027	11,298
<b>Directors and executives of the Management Company</b>			
Issue of 296,867 units (2016: 273,540 units)		31,694	22,384
Redemption of 287,022 units (2016: 342,030 units)		29,848	27,848
Dividend paid		765	49
<b>Adamjee Insurance Company Limited Employees Gratuity Fund</b>			
Issue of 160,144 units (2016: Nil units)		18,236	-
Redemption of 42,555 units (2016: Nil units)		5,160	-
Dividend paid		1,068	-
<b>Adamjee Insurance Company Limited Employees Provident Fund</b>			
Issue of 523,711 units (2016: Nil units)		60,563	-
Redemption of 297,914 units (2016: Nil units)		35,500	-
Dividend paid		2,052	-
<b>MCB Employees Pension Fund</b>			
Redemption of Nil units (2016: 3,210,370 Units)		-	252,817
<b>16.2 Details of balances with related parties / connected persons as at year end</b>			
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>			
Management remuneration payable		19,427	12,793
Sindh sales tax payable on management remuneration		2,526	1,791
Sales load payable		1,635	1,245
Payable against allocated expenses		971	641
Payable against marketing and selling expenses		13,338	-
Other payable		-	545
Outstanding 2,782,581 (2016: 1,922,136) units	16.4	285,219	167,399
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Security deposit		500	500
Trustee remuneration payable		1,055	723
Sindh Sales Tax Payable on trustee remuneration		137	101
<b>MCB Bank Limited</b>			
Bank balance		3,280	106,946
Profit receivable		51	123
Sales load payable		351	-
<b>Next Capital Limited</b>			
Brokerage payable	16.3	1,523	457
<b>Arif Habib Limited</b>			
Brokerage payable	16.3	1,817	1,418

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	Note	2017 (Rupees in '000)	2016
<b>Adamjee Life Assurance Company Limited - IMF</b> Outstanding 16,932,999 (2016: 15,627,429) units	16.4	1,735,661	1,360,993
<b>Adamjee Life Assurance Company Limited - NUIL</b> Outstanding 1,515,637 (2016: 2,263,530) units	16.4	155,355	197,131
<b>Adamjee Life Assurance Company Limited - ISF</b> Outstanding 412,198 (2016: Nil) units		42,251	-
<b>Adamjee Life Assurance Company Limited - ISF II</b> Outstanding 363,704 (2016: Nil) units		37,280	-
<b>Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of a group company</b> Outstanding 11,625 (2016: Nil) units		1,192	-
<b>Adamjee Insurance Company Limited Employees Gratuity Fund</b> Outstanding 117,589 (2016: Nil) units		12,053	-
<b>Adamjee Insurance Company Limited Employees Provident Fund</b> Outstanding 225,797 (2016: Nil) units		23,145	-
<b>Mandate Under Discretionary Portfolio Services</b> Outstanding 9,807,961 (2016: 9,798,564) units	16.4	1,005,333	351,102
<b>Directors and executives of the Management Company</b> Outstanding 98,640 (2016: 143,025) units	16.4	10,111	12,456
<b>D.G. Khan Cement Company Limited Employees Provident Fund Trust</b> Outstanding 145,730 (2016: 132,411) units	16.4	14,938	11,532

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

**16.4** This reflects the position of related party / connected persons status as at June 30, 2017.

**16.5** The Fund's investment in related parties are disclosed in note 5.

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss or available for sale. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

Particulars	June 30, 2017			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
----- (Rupees in '000) -----				
<b>Financial assets</b>				
Bank balances	2,228,648	-	-	2,228,648
Investments	-	7,481,528	2,327,996	9,809,524
Receivable against sale of investments	98,104	-	-	98,104
Dividend and profit receivable	25,506	-	-	25,506
Deposits and other receivables	3,314	-	-	3,314
	<u>2,355,572</u>	<u>7,481,528</u>	<u>2,327,996</u>	<u>12,165,096</u>

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Particulars	June 30, 2017		
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost	Total

(Ru pees in '000)

**Financial liabilities**

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	35,371	35,371
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,055	1,055
Payable against purchase of investments	-	335,299	335,299
Accrued expenses and other liabilities	-	32,537	32,537
Payable against redemption of units	-	897	897
	<u>-</u>	<u>405,159</u>	<u>405,159</u>

Particulars	June 30, 2016			Total
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	

(Ru pees in '000)

**Financial assets**

Bank balances	711,745	-	-	711,745
Investments	-	230,191	7,246,274	7,476,465
Receivable against sale of investments	159,109	-	-	159,109
Dividend and profit receivable	23,678	-	-	23,678
Deposits and other receivables	3,256	-	-	3,256
	<u>897,788</u>	<u>230,191</u>	<u>7,246,274</u>	<u>8,374,253</u>

Particulars	June 30, 2016			Total
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost		

(Ru pees in '000)

**Financial liabilities**

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	15,224	15,224
Payable to Central Depository Company of Pakistan Limited - Trustee	-	723	723
Payable against purchase of investments	-	137,105	137,105
Accrued expenses and other liabilities	-	24,876	24,876
Payable against redemption of units	-	386	386
	<u>-</u>	<u>178,314</u>	<u>178,314</u>

**18 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

**18.1 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

**18.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

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**18.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

	Note	2017	2016
		-----Rupees-----	
<b>Variable rate instrument (financial asset)</b>			
Bank balance	4	<u>2,218,493</u>	<u>18,495</u>

**a) Sensitivity analysis for variable rate instrument**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 22.18 million (2016: Rs 0.18 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

**b) Fair value sensitivity analysis for fixed rate instruments**

As at reporting date, the Fund does not have any fixed rate instruments.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

Particulars	As at June 30, 2017					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%	(Rupees in '000)				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	3.75% and 6.18%	2,218,493	-	-	10,155	2,228,648
Investments		-	-	-	9,809,524	9,809,524
Receivable against sale of investments		-	-	-	98,104	98,104
Dividend and profit receivable		-	-	-	25,506	25,506
Deposits and other receivables		-	-	-	3,314	3,314
<b>Sub total</b>		<u>2,218,493</u>	<u>-</u>	<u>-</u>	<u>9,946,603</u>	<u>12,165,096</u>
<b>Financial liabilities</b>						
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	35,371	35,371
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,055	1,055
Payable against purchase of investments		-	-	-	335,299	335,299
Accrued expenses and other liabilities		-	-	-	32,537	32,537
Payable against redemption of units		-	-	-	897	897
<b>Sub total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>405,159</u>	<u>405,159</u>
<b>On-balance sheet gap</b>		<u>2,218,493</u>	<u>-</u>	<u>-</u>	<u>9,541,444</u>	<u>11,759,937</u>
<b>Total interest rate sensitivity gap</b>		<u>2,218,493</u>	<u>-</u>	<u>-</u>	<u>9,541,444</u>	<u>11,759,937</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>2,218,493</u>	<u>2,218,493</u>	<u>2,218,493</u>		

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Particulars	As at June 30, 2016					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	3.75% to 6.95%	18,495	-	-	693,250	711,745
Investments		-	-	-	7,476,465	7,476,465
Receivable against sale of investments		-	-	-	159,109	159,109
Dividend and profit receivable		-	-	-	23,678	23,678
Deposits and other receivables		-	-	-	3,256	3,256
<b>Sub total</b>		<b>18,495</b>	<b>-</b>	<b>-</b>	<b>8,355,758</b>	<b>8,374,253</b>
<b>Financial liabilities</b>						
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	15,224	15,224
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	723	723
Payable against purchase of investments		-	-	-	137,105	137,105
Accrued expenses and other liabilities		-	-	-	24,876	24,876
Payable against redemption of units		-	-	-	386	386
<b>Sub Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>178,314</b>	<b>178,314</b>
<b>On-balance sheet gap</b>		<b>18,495</b>	<b>-</b>	<b>-</b>	<b>8,177,444</b>	<b>8,195,939</b>
<b>Total interest rate sensitivity gap</b>		<b>18,495</b>	<b>-</b>	<b>-</b>	<b>8,177,444</b>	<b>8,195,939</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>18,495</b>	<b>18,495</b>	<b>18,495</b>		

**18.1.3 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 490.48 million (2016: Rs 373.82 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

**18.2 Credit risk**

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**18.2.1 Exposure to credit risk**

The maximum exposure to credit risk as at June 30, 2017 was as follows:

	2017		2016	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	----- (Rupees in '000) -----			
Bank balances	2,228,648	2,228,648	711,745	711,745
Investments	9,809,524	-	7,476,465	-
Receivable against sale of investments	98,104	98,104	159,109	159,109
Dividend and profit receivable	25,506	25,506	23,678	23,678
Deposits and other receivables	3,314	3,314	3,256	3,256
	12,165,096	2,355,572	8,374,253	897,788

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities of Rs 9,809.524 million (2016: Rs 7,476.465 million) is not exposed to credit risk.

**18.2.2 Bank balances**

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

Rating	2017		2016	
	Rupees in '000	%	Rupees in '000	%
AAA	10,235	0.46%	112,060	15.74%
AA+	2,211,456	99.23%	264,627	37.18%
AA-	2	0.00%	5	0.00%
AA	3,441	0.15%	331,494	46.58%
A-	3,514	0.16%	46	0.01%
A	-	-	3,513	0.49%
	2,228,648	100.00%	711,745	100.00%

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

**18.2.3 Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Details of the Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2017		2016	
	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit receivable)	2,231,598	94.74%	712,949	79.41%
Dividend receivable	22,556	0.96%	22,474	2.50%
National Clearing Company of Pakistan Limited (receivable against sale of investments and security deposit)	100,918	4.28%	161,865	18.03%
Central Depository Company of Pakistan Limited (security deposit)	500	0.02%	500	0.06%
	2,355,572	100.00%	897,788	100.00%

**18.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

2017	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees in '000 -----					
<b>Financial assets</b>					
Bank balances	2,228,648	-	-	-	2,228,648
Investments	9,809,524	-	-	-	9,809,524
Receivable against sale of investments	98,104	-	-	-	98,104
Dividend and profit receivable	25,506	-	-	-	25,506
Deposits and other receivables	3,314	-	-	-	3,314
	12,165,096	-	-	-	12,165,096

2017	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees in '000 -----					
<b>Financial liabilities</b>					
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	35,371	-	-	-	35,371
Payable to Central Depository Company of Pakistan Limited - Trustee	1,055	-	-	-	1,055
Payable against purchase of investments	335,299	-	-	-	335,299
Accrued expenses and other liabilities	32,537	-	-	-	32,537
Payable against redemption of units	897	-	-	-	897
	405,159	-	-	-	405,159
<b>Net assets</b>	<b>11,759,937</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,759,937</b>

2016	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees in '000 -----					
<b>Financial assets</b>					
Bank balances	711,745	-	-	-	711,745
Investments	7,476,465	-	-	-	7,476,465
Receivable against sale of investments	159,109	-	-	-	159,109
Dividend and profit receivable	23,678	-	-	-	23,678
Deposits and other receivables	3,256	-	-	-	3,256
	8,374,253	-	-	-	8,374,253
<b>Financial liabilities</b>					
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	15,224	-	-	-	15,224
Payable to Central Depository Company of Pakistan Limited - Trustee	723	-	-	-	723
Payable against purchase of investments	137,105	-	-	-	137,105
Accrued expenses and other liabilities	24,876	-	-	-	24,876
Payable against redemption of units	386	-	-	-	386
	178,314	-	-	-	178,314
<b>Net assets</b>	<b>8,195,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,195,939</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 18.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2.4 to these financial statements.

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
<b>At fair value through profit or loss - held for trading</b>				
- Listed equity securities	7,481,528	-	-	7,481,528
<b>Available-for-sale</b>				
- Listed equity securities	2,327,996	-	-	2,327,996
	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
<b>At fair value through profit or loss - held for trading</b>				
- Listed equity securities	230,191	-	-	230,191
<b>Available-for-sale</b>				
- Listed equity securities	7,246,274	-	-	7,246,274

### 18.5 Unit Holders' Fund risk management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Category	As at June 30, 2016			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
				(Rupees in '000)
Individuals	6,766	40,983,984	3,569,348	44.52%
Insurance companies	8	1,953,382	170,122	2.12%
Banks / DFIs	4	4,100,317	357,102	4.45%
Non Banking Finance Companies (NBFCs)	12	39,808	3,467	0.04%
Retirement funds	82	12,572,919	1,094,992	13.66%
Non Profit Organisations	15	3,311,383	288,392	3.60%
Other companies	70	7,045,197	613,575	7.65%
Associated companies	4	19,945,506	1,737,080	21.67%
Directors	5	55,620	4,844	0.06%
Others	13	2,054,897	178,964	2.23%
	6,979	92,063,013	8,017,886	100.00%

**22 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The 126th, 127th, 128th, 129th, 130th, 131st, 132nd and 133rd meeting of the Board of Directors were held on July 12, 2016, August 05, 2016, August 15, 2016, October 21, 2016, February 02, 2017, March 20, 2017, April 21, 2017 and May 12, 2017 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No.	Name	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
<b>Directors</b>					
1	Mian Muhammad Mansha	8	1	7	126th, 128th, 129th, 130th, 131st, 132nd, 133rd
2	Nasim Beg	8	6	2	127th, 130th
3	Salman Shah	8	7	1	126th
4	Ahmed Jahangir	8	8	-	-
5	Haroun Rashid	8	2	6	126th, 127th, 128th, 130th, 131st, 132nd
6	Mirza Mehmood	5*	1	4	130th, 131st, 132nd, 133rd
7	Mirza Qamar Beg	3*	3	-	-
8	Samad A Habib	8	5	3	128th, 129th, 131st
9	Muhammad Saqib Saleem	8	8	-	-

\* These directors were appointed during the year, therefore the number of meetings held in respect of these directors is less than the total number of meetings held during the year.

**23 CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

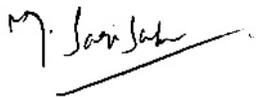
**24 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**25 DATE OF AUTHORISATION FOR ISSUE**

These Financial statements were authorised for issue on August 04, 2017 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF HOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

Category	No.of Unit Holders	Units
<b>Associated Companies, undertakings and related Parties</b>		
ADAMJEE LIFE ASSURANCE COMPANY LIMITED-IMF	1	16,932,999
ADAMJEE LIFE ASSURANCE COMPANY LIMITED-NUIL	1	1,515,637
ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF	1	412,198
ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF II	1	363,704
Adamjee Insurance Company Limited Employees Gratuity Fund	1	117,589
Adamjee Insurance Company Limited Employees Provident Fund	1	225,797
MCB Arif Habib Savings and Investments Limited	1	2,782,581
D.G. KHAN CEMENT COMPANY LTD EMPLOYEES PROVIDENT FUND TRUST	1	145,730
<b>Mutual Funds</b>	-	-
<b>Directors and their spouse (s) and minor children</b>		
<b>Executives</b>	21	98,640
<b>Public sector companies and corporations</b>	70	9,276,168
<b>Banks, Development Finance Instituitios, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and Pension Funds</b>	119	26,245,729
<b>Unitholders holding 5 percent or more Voting interest in the listed company</b>	-	-
<b>Others</b>	7,939	55,336,708
	<b>8,157</b>	<b>113,453,480</b>

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>No. of Unit Holder</b>	<b>Unit holdings</b>	<b>Total Units Held</b>
7,079	1-10000	9,911,013
927	10001-100000	25,940,359
142	100001-1000000	38,522,324
9	1000001 onwards	39,079,784
<b>8,157</b>		<b>113,453,480</b>

**PERFORMANCE TABLE  
FOR THE YEAR ENDED JUNE 30, 2017**

Performance Information	2017	2016	2015	2014
Total Net Assets Value – Rs. in million	11,629	8,018	6,075	3,730
Net Assets value per unit – Rupees	102.5017	87.09	83.23	62.56
Closing Offer Price	105.9765	90.69	85.51	64.29
Closing Repurchase Price	102.5017	87.09	83.23	62.56
Highest offer price per unit	130.9362	93.98	91.70	82.47
Lowest offer price per unit	90.7800	76.67	61.04	61.28
Highest Redemption price per unit	126.6430	90.25	89.25	80.25
Lowest Redemption price per unit	87.7000	73.63	59.41	59.63
Distribution per unit – Rs. *	10.00	0.50	4.00	16.71
<b>Average Annual Return - %</b>				
One year	29.54	5.25	39.35	34.78
Two year	17.40	22.30	37.06	42.10
Three year	24.71	26.46	41.18	42.10
Net Income for the year – Rs. in million	2,456.63	171.42	1,570.73	484.09
Distribution made during the year – Rs. in million	967.09	43.67	273.04	754.42
Accumulated Capital Growth – Rs. in million	1,489.54	127.75	1,297.69	(270.33)

**\* Date of Distribution**

2017	
Date	Rate
June 22, 2017	10

2015	
Date	Rate
June 22, 2015	4.00

2016	
Date	Rate
June 27, 2016	0.5

2013	
Date	Rate
July 04, 2013	18.61

2014	
Date	Rate
June 27, 2014	16.71

**Disclaimer**

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

**PROXY ISSUED BY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

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The Board of Directors of MCB - Arif Habib Savings and Investment Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website ([www.mcbah.com](http://www.mcbah.com)). During the financial year, the Management Company on behalf of the Fund did not participate in 33 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Reason for Abstaining</b>
Number	28	28	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of the Fund will be provided without any charges on request of unit holders.

## **MCB-Arif Habib Savings and Investments Limited**

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