

Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholders' value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

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MCB DCF INCOME FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan Silk Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB DCF Income Fund** accounts review for the nine months ended March 31, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

The economic scorecard showed a mixed picture with the real side depicting strong growth momentum while external side demanding policy measures.

The policy makers allowed the PKR/USD parity to adjust towards ~115 to support the deteriorating reserves position by arresting the worsening external account. The government at the end of March announced a tax amnesty scheme for undeclared foreign and domestic assets with tax rates ranging from 2%-5%.

The real growth remained strong depicted by Large Scale Manufacturing registering a growth of 6.24% YoY in first eight months of FY18 supported by strong growth in Petroleum Products, Steel and Food & Beverage sectors. The better preliminary crop numbers of cotton, wheat and sugar along with strong LSM growth is expected to keep the growth target of 6% in reach.

The fiscal deficit for the first half of this financial year was recorded at ~2.2% of GDP, despite high tax collection. Tax Authorities managed to collect PKR 2.0 trillion during the period, showing a growth of 17.6% compared to same period last year.

CPI for the nine months of FY18 remained modest averaging 3.78% YoY supported by stable food prices, controlled house rent and higher base effect. However, rising oil prices and depreciating currency indicate upward pressure going forward.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the nine months clocked in at ~USD 10.8 billion (up 50% YoY). Trade deficit for the first nine months of the financial year reached USD 19.7 billion up ~22% YoY. Import registered an increase of ~17% during the half year, propelled by petroleum imports and an expansionary fiscal and monetary policies. On the flip side, the impact of textile package introduced by the government in order to boost exports, started to gain some momentum as textile exports grew by ~8% during the nine months of the financial year, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~3.6 billion, despite USD 2.5 billion bond issuance in international bond markets. PKR also depreciated by ~10% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations, after the recent rupee depreciation, as against all tenors, 3-months Treasury Bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions and banks in auctions.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 4.41% as against its benchmark return of 6.13%. Fund's WAM was recorded at 1.6 YTM because of rising interest rate outlook during the year. The fund allocation remained notably in TFCs and Cash at the end of the period under review. At period-end, the fund was invested 27.8% in TFCs and 40.9% in Cash.

The Net Assets of the Fund as at March 31, 2018 stood at Rs. 4,629 million as compared to Rs. 6,190 million as at June 30 2017 registering a decrease of 25.21%.

The Net Asset Value (NAV) per unit as at March 31, 2018 was Rs.109.9541 as compared to opening NAV of Rs. 106.4294 per unit as at June 30, 2017 registering an increase of Rs.3.5247 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The recent rupee depreciation of ~10% is expected to reflect in the external account numbers going forward. Exports are expected to continue growth trajectory with textile package also providing support. Unnecessary imports are expected to slow down reflecting the higher imported cost. Given our outlook of trade deficit and weak performance on remittances, we expect current account deficit to approach ~USD 16 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion. Next year could fare better, provided oil stays close to current levels, given machinery imports would slow down and impact of recent rupee devaluation would be more visible in proceeding year's numbers.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

The recent tax amnesty scheme announced could be successful as it is followed by some complimentary steps to curb the undeclared money. Additionally, regulations over the world would allow information sharing of residents from September, 2017 and undeclared assets would be difficult to hide. The tax amnesty scheme could bring in much needed foreign inflow of around ~USD 4 bn.

KSE-100 trades at a forward P/E of 10.28x, at a steep discount of 19.5% from its emerging market peer group. Enduring themes that should play out over the medium-term include PKR depreciation and higher interest rates, CPEC and continued GoP support for the export-oriented sector that would encourage exports. The upcoming budget with expectations of removal of tax on bonus shares and rationalization of capital gains tax could propel positive sentiments. The success of the amnesty scheme would also be a positive omen as foreign inflows would allow to control external vulnerabilities and stock market would become a potential investment avenue after whitening of money.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an expected uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
April 19, 2018



Nasim Beg
Vice Chairman / Director

آئندہ بجٹ، جس میں بونس حصص پریکس ختم ہونے اور کیپٹل منافعوں کی rationalization کی متوقع ہے، خوش آئند ثابت ہو سکتا ہے۔ ٹیکس معاف اسکیم کی کامیابی بھی مثبت علامت ہوگی کیونکہ غیر ملکی آمدات سے خارجی خطرات پر قابو پایا جاسکے گا اور اسٹاک مارکیٹ کا لے دھن کی صفائی کے بعد سرمایہ کاری کا اچھا موقع فراہم کرے گی۔

مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رُخ، خاص طور پر ادا بینکیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

اظہار تشکر

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

من جانب بورڈ



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
19 اپریل 2018ء

روپے کی قدر میں حالیہ کمی کے بعد افراط زر میں تمام tenors کے مقابلے میں اضافے کی توقعات بازار زر کے لئے اشارہ تھا۔ سہ ماہانہ ٹریڈری بلز کو سب سے زیادہ ترجیح حاصل رہی، جبکہ طویل المیعاد پاکستان انویسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو مالیاتی اداروں اور auctions میں بینکوں سے بہت محدود پذیرائی حاصل ہوئی۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 4.41% تھا، جو اس کے بچ مارک منافع 6.13% کے مقابلے میں 0.10% بہتر کارکردگی ہے۔ فنڈ کا WAM دوران سال انٹریسٹ کی شرحوں میں اضافے کے پیش نظر 1.6 YTM ریکارڈ کیا گیا۔ زیر جائزہ مدت کے دوران فنڈ کی زیادہ تر سرمایہ کاری ٹرم فنانس سرٹیفکیٹس (TFCs) اور نقد میں رہی۔ اختتام مدت پر فنڈ کی سرمایہ کاری 27.8% ٹرم فنانس سرٹیفکیٹس (TFCs) میں اور 40.9% نقد میں تھی۔

31 مارچ 2018ء کو فنڈ کے net اثاثہ جات 4,629 ملین روپے تھے، جو 30 جون 2017ء کو 6,190 ملین روپے کے مقابلے میں 25.21% کمی ہے۔

31 مارچ 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 109.9541 روپے تھی، جو 30 جون 2017ء کو ابتدائی NAV 106.4294 روپے فی یونٹ کے مقابلے میں 3.5247 روپے فی یونٹ اضافہ ہے۔

بازار اور معیشت - مستقبل کی صورتحال

روپے کی قدر میں حالیہ 10% کمی کی عکاسی متوقع طور پر خارجی اکاؤنٹ کے بلند ہوتے ہوئے اعداد و شمار میں ہوگی۔ برآمدات کی ترقی کا سفر جاری رہنے کی امید ہے، اور ٹیکسٹائل پیکیج بھی پشت پناہی فراہم کرے گا۔ درآمداتی لاگت میں اضافے کے باعث غیر ضروری درآمدات میں کمی متوقع ہے۔ تجارتی خسارے اور ترسیلات زر کی کمزور کارکردگی کے پیش نظر کرنٹ اکاؤنٹ کا خسارہ متوقع طور پر 16 بلین ڈالر تک پہنچ جائے گا، جس کے نتیجے میں ہمارے تخمینے کے مطابق تقریباً 5 بلین ڈالر کی اضافی سرمایہ کاری کی ضرورت ہوگی۔ اگلا برس کافی بہتر ہو سکتا ہے، بشرطیکہ تیل موجودہ سطحوں کے قریب برقرار رہے، مشینری کی موجودہ درآمدات میں کمی ہو، اور روپے کی قدر میں حالیہ کمی کی عکاسی اگلے سال کے اعداد و شمار میں واضح تر ہو۔

حالیہ اعلان کردہ ٹیکس معاف اسکیم کامیاب ہو سکتی ہے کیونکہ اس کے ساتھ ساتھ غیر اعلانیہ رقم پر قابو پانے کے لیے کچھ مفید اقدامات کیے گئے ہیں۔ اس کے علاوہ عالمی سطح کے اصول و ضوابط کے نتیجے میں ستمبر 2017ء سے رہائشیوں کی معلومات ظاہر کرنے کی اجازت ہوگی اور غیر اعلانیہ اثاثہ جات کو پوشیدہ رکھنا مشکل ہو جائے گا۔ ٹیکس معاف اسکیم تقریباً 4 بلین ڈالر کی مطلوب آمد کو بھی یقینی بنا سکتی ہے۔

KSE-100 کی تجارت 10.82x کی فارورڈ P/E پر ہوئی جو اس کے اُبھرتے ہوئے مارکیٹ peer گروپ کے مقابلے میں 19.5% کی بھرپور رعایت ہے۔ مستحکم پیش رفت، جن کا اثر درمیانی مدت تک رہے گا، میں روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور CPEC اور برآمدات پر منحصر شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں۔

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف انکم فنڈ (سابقہ: ایم سی بی ڈائنامک کیش فنڈ) کے 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

معاشی اعداد و شمار میں ملاحظہ جاتا رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ پالیسی کے اقدامات مطالبہ کر رہا ہے۔ پالیسی ساز پاکستانی روپے اور امریکی ڈالر کے مابین برابری کو 115 کی جانب لے گئے تاکہ گھٹتے ہوئے ذخائر کے باعث خارجی اکاؤنٹ کی بگڑتی ہوئی حالت پر قابو پایا جاسکے۔ مارچ کے اختتام پر حکومت نے غیر اعلانیہ ملکی و غیر ملکی اثاثہ جات کے لئے ٹیکس میں رعایت کی پالیسی کا اعلان کیا اور ٹیکس کی شرحوں کو 2% سے 5% کے درمیان لے آئی۔

حقیقی ترقی مستحکم رہی جس کی عکاسی بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مالی سال 2018ء کے پہلے آٹھ ماہ میں 6.24% YoY ترقی سے ہوئی، اور اس کی پشت پناہی پٹرولیم مصنوعات، اسٹیل اور اشیائے خورد و نوش کے شعبے میں مستحکم ترقی نے کی۔ کپاس، گندم اور چینی کی بہتر ابتدائی فصل بشمول مضبوط LSM ترقی کی بدولت 6% ترقی کا ہدف متوقع طور پر قابل حصول ہے۔

موجودہ مالی سال کی پہلی ششماہی میں ٹیکس کے بھرپور حصول کے باوجود مالی خسارہ مجموعی ملکی پیداوار (GDP) کا 2.2% تھا۔ ٹیکس کے اداروں نے دورانِ مدت 2.0 ٹریلین روپے ٹیکس جمع کیا جو سال گزشتہ کی اسی مدت کے مقابلے میں 17.6% زیادہ ہے۔

مالی سال 2018ء کے نو ماہ کے لئے CPI کا اوسط 3.78% YoY کے درمیانے درجے پر تھا جس کی پشت پناہی اشیائے خورد و نوش کی مستحکم قیمتوں، محدود رہائشی کرائے اور پہلے سے زیادہ base effect سے ہوئی۔ تاہم تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر دباؤ میں مزید اضافے کی طرف اشارہ کر رہی ہیں۔

خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے نو ماہ 10.8 بلین ڈالر تھا (50% YoY اضافہ)۔ مالی سال کے پہلے نو ماہ میں تجارتی خسارہ 19.7 ڈالر تک پہنچ گیا، جو 22% YoY اضافہ ہے۔ سال کے نصف اول کے دوران درآمدات میں 17% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب برآمدات کے فروغ کے لئے حکومت کے متعارف کردہ ٹیکسٹائل پیکیج کے اثرات نے کچھ رفتار پکڑی اور مالی سال کے پہلے نو ماہ کے دوران ٹیکسٹائل کی برآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی برآمدات سے پیدا ہونے والی خلیج کو پُر کرنے کے لئے ناکافی تھا۔ نتیجتاً، غیر ملکی زرمبادلہ کے ذخائر میں 3.6 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے بانڈز کا اجراء ہوا۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 10% کمی ہوئی جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		2,067,536	3,458,357
Investments	5	1,841,109	2,962,412
Mark-up and other receivables		29,996	76,016
Derivatives - future contracts		6,429	2,643
Receivable against sale of investments (equity)		276,424	93,884
Receivable against Margin Trading System (MTS)		574,035	69,112
Advance against subscription of sukuk certificates		150,000	-
Advances, deposits and prepayments		104,732	19,392
Total assets		5,050,261	6,681,816
LIABILITIES			
Payable to the Management Company		7,641	8,269
Payable to the Trustee		487	563
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		3,253	5,131
Payable against redemption of units		3,837	18,964
Payable against purchase of investments (equity)		250,239	290,093
Accrued and other liabilities	6	155,495	169,035
Total liabilities		420,952	492,055
NET ASSETS		4,629,309	6,189,761
Unit holders' fund (as per statement attached)		4,629,309	6,189,761
Contingencies and commitments	7		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		42,102,200	58,158,379
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		109.9541	106.4294

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

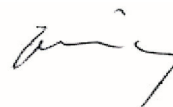
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

		Nine months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note		(Rupees in '000)			
INCOME					
		15,640	74,976	7,446	5,482
		81,274	111,861	24,794	35,380
		(4,243)	77,707	987	82,707
		142,478	118,270	40,473	47,385
		44,344	18,134	11,295	13,817
		45,720	55,612	1,688	13,746
5.2.1		(20,331)	(51,356)	(237)	(29,084)
		6,430	3,993	5,919	27,290

Earnings per unit

9

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

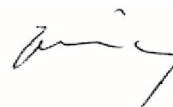
For MCB-Arif Habib Savings and Investments Limited (Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine Months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	187,958	321,195	58,216	147,687
Other comprehensive (loss) / income for the period:				
To be reclassified to profit or loss account in subsequent periods				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	(8)	(6,456)	(3)	8,567
	<u>(8)</u>	<u>(6,456)</u>	<u>(3)</u>	<u>8,567</u>
Total comprehensive income for the period	<u>187,950</u>	<u>314,739</u>	<u>58,213</u>	<u>156,254</u>

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


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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine months period ended				March 31,
	March 31, 2018				2017
	Capital value	Undistributed income	Unrealised appreciation / (diminution) on available-for-sale investments	Total	Total
	(Rupees in '000)				
Net assets at beginning of the period	5,798,921	390,834	6	6,189,761	6,848,672
Issuance of 8,390,974 units (2017: 32,968,048 units)					
- Capital value (at net asset value per unit at the beginning of the period)	893,047	-	-	893,047	-
- Element of income	10,719	-	-	10,719	-
	903,766	-	-	903,766	3,514,169
Redemption of 24,447,153 units (2017: 38,556,184 units)					
- Capital value (at net asset value per unit at the beginning of the period)	(2,601,896)	-	-	(2,601,896)	-
- Amount paid out of element of income					
- Relating to 'Net income for the period after taxation'	-	(46,290)	-	(46,290)	-
- Relating to 'Other comprehensive income for the period'	-	-	-	-	-
- Refund / adjustment on units as element of loss	(3,982)	-	-	(3,982)	-
	(2,605,878)	(46,290)	-	(2,652,168)	(4,136,038)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	29,235
Total comprehensive income for the period	-	187,958	(8)	187,950	314,740
Distribution during the period	-	-	-	-	-
Net income for the period less distribution	-	187,958	(8)	187,950	314,740
Net assets at end of the period	4,096,809	532,502	(2)	4,629,309	6,570,778
Undistributed income brought forward comprising of:					
- Realised gain		392,130			397,428
- Unrealised (loss) / gain		(1,296)			3,461
		390,834			400,889
Accounting income available for distribution:					
- Relating to capital gains		-			
- Excluding capital gains		141,668			
		141,668			
Net Income for the period after taxation		-			321,195
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised loss		-			(33,896)
Distribution during the period		-			-
Undistributed income carried forward		532,502			688,188
Undistributed income carried forward comprising of:					
- Realised gain		531,728			525,691
- Unrealised (loss) / gain		(774)			48,171
		532,502			688,188
				----- (Rupees in '000) -----	
Net assets value per unit at beginning of the period				106.4294	106.0443
Net assets value per unit at end of the period				109.9541	111.3786

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


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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine months period ended	
	March 31, 2018	March 31, 2017
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	187,958	321,195
Adjustments for:		
Net unrealised loss / (gain) on revaluation of investments 'at fair value through profit or loss - held-for-trading'	15,764	26,450
Provision against debt securities	724	7,701
Element of income and capital gains included in the prices of units sold less those in units redeemed:	-	29,235
	<u>204,446</u>	<u>384,582</u>
(Increase) / decrease in assets		
Investments	319,806	824,027
Mark-up and other receivables	46,020	51,292
Derivatives - future contracts	(3,786)	1,862
Receivable against sale of investments (equity)	(182,540)	(1,260,589)
Receivable against Margin Trading System (MTS)	(504,923)	(87,996)
Advance against subscription of sukuk certificates	(150,000)	-
Advances, deposits and prepayments	(85,339)	(166,778)
	<u>(560,762)</u>	<u>(638,182)</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	(627)	(1,927)
Payable to the Trustee	(76)	(76)
Annual fee payable to SECP	(1,878)	(4,798)
Payable against purchase of investments (equity)	(39,854)	1,315,377
Payable against redemption of units	(15,127)	(9,332)
Accrued and other liabilities	(13,540)	(140,943)
	<u>(71,102)</u>	<u>1,158,302</u>
Net cash (used in) / generated from operating activities	<u>(427,418)</u>	<u>904,701</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	903,766	3,514,169
Payments on redemption of units	(2,652,168)	(4,136,038)
Net cash (used in) / generated from financing activities	<u>(1,748,402)</u>	<u>(621,869)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(2,175,821)</u>	<u>282,832</u>
Cash and cash equivalents at beginning of the period	4,243,357	2,130,877
Cash and cash equivalents at end of the period	<u>10 <u>2,067,536</u></u>	<u>2,413,709</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by SECP as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) on December 12, 2006.
- 1.2 Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Fund is an open ended mutual fund and has been categorised as "income 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 to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.6 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated December 28, 2017 to the Management Company and a stability rating of 'A+(f)' dated July 12, 2017 to the Fund.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
 - International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of the directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of the directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2017.
- 2.3 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2018 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2017, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2017.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

- 2.4 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.5 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.
- 2.6 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

The accounting policies, financial risk management objectives and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in notes 3.1:

- 3.1 The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded in the form of additional units at zero cost in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of loss been recognized as per the previous accounting policy, the income of the Fund would have been lower by Rs.39.545 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

4. TOTAL EXPENSE RATIO

Total expense ratio of the Fund is 1.85% as on March 31, 2018 (March 31, 2017: 1.94%) and this includes 0.29% (March 31, 2017:0.3%) representing government Levy on the Fund such as Sales tax, Sindh Workers' Welfare Fund, SECP fee, etc.

(Un-Audited)	(Audited)
March 31,	June 30,
2018	2017
-----	-----
(Rupees in '000)	

5. INVESTMENTS

Investment by category

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

Government securities	5.1	149,368	249,225
Listed equity securities	5.2	354,157	287,648
Listed debt securities	5.3	735,412	736,400
Unlisted debt securities	5.4	521,451	903,393
		1,760,388	2,176,666

'Available-for-sale'

Government securities	5.7	721	746
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Term Deposit Receipt

Term deposit receipt		-	785,000
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Letter of Placement

Letter of Placement		80,000	-
		1,841,109	2,962,412

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.1 Government securities - 'at fair value through profit or loss - held-for-trading'

Name of security	Note	Date of issue	Face value					Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2017	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2018	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees in '000)												
Treasury bills - 6 months		March 16, 2017	-	250,000	-	250,000	-	-	-	-	-	-
Treasury bills - 6 months		January 19, 2017	250,000	-	-	250,000	-	-	-	-	-	-
Treasury bill - 3 months		February 15, 2018	-	800,000	800,000	-	-	-	-	-	-	-
Treasury bill - 3 months		August 31, 2017	-	250,000	250,000	-	-	-	-	-	-	-
Treasury bill - 3 months		January 18, 2018	-	500,000	500,000	-	-	-	-	-	-	-
Treasury bill - 3 months		January 04, 2018	-	1,375,000	1,375,000	-	-	-	-	-	-	-
Treasury bill - 3 months		February 01, 2018	-	150,000	-	-	150,000	149,338	149,368	30	3.23	8.11
Treasury bill - 3 months		November 09, 2017	-	250,000	250,000	-	-	-	-	-	-	-
Treasury bill - 3 months		December 07, 2017	-	300,000	300,000	-	-	-	-	-	-	-
March 31, 2018			-	250,000	-	250,000	150,000	149,338	149,368	30	322.66%	811.29%
June 30, 2017			715,000	9,819,000	8,734,000	1,550,000	250,000	249,258	249,225	(33)	4.03%	8.41%

5.1.1 The above includes Market treasury bills with a face value aggregating to Rs.150 Million (June 30, 2017: Rs.100) million pledged with National Clearing Company of Pakistan Limited as security against MTS trades and exposure margin / MTM losses as per Circular No. 11 dated October 23, 2007 issued by SECP.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.2 Listed equity securities - 'at fair value through profit or loss - held-for-trading'

Name of the investee company	As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares as a percentage of total paid-up capital of the investee company
					Carrying value	Market value	Unrealised loss			
(Rupees in '000)										
(Number of shares)										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile Parts & Accessories										
Loads Limited	-	140,500	52,500	88,000	3,547	3,525	(22)	0.08%	0.19%	0.00%
					3,547	3,525	(22)	0.08%	0.19%	0.00%
Cable & Electrical Goods										
Pak Elektron Limited	177,500	10,430,000	6,976,500	3,631,000	169,706	164,158	(5,548)	3.55%	8.92%	0.73%
TPLTrakker Limited	18,000	1,642,500	1,660,500	-	-	-	-	3.55%	0.00%	0.00%
					169,706	164,158	(5,548)	7.10%	8.92%	0.73%
Cement										
Cherat Cement Limited	-	153,000	153,000	-	-	-	-	0.00%	0.00%	0.00%
D.G. Khan Cement Limited**	7,000	4,785,500	4,790,500	2,000	301	326	25	0.01%	0.02%	0.00%
Fauji Cement Co Limited	220,500	1,864,500	2,085,000	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited	-	6,500	6,500	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited	32,000	1,948,500	1,980,500	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	-	278,000	278,000	-	-	-	-	0.00%	0.00%	0.00%
Power Cement Limited**	-	7,000	7,000	-	-	-	-	0.00%	0.00%	0.00%
					301	326	25	0.01%	0.02%	0.00%
Chemicals										
Descon Oxychem Limited	-	1,557,000	1,369,500	187,500	3,524	3,799	275	0.08%	0.21%	0.00%
Engro Polymer & Chemical Limited	-	2,631,000	2,132,500	498,500	15,336	17,772	2,436	0.38%	0.97%	0.08%
Lotte Chemical Pakistan Limited	-	16,003,500	6,482,000	9,521,500	100,731	100,071	(660)	2.16%	5.44%	0.63%
					119,591	121,641	2,050	2.62%	6.61%	0.71%
Commercial Banks										
Askari Bank Limited	-	254,500	254,500	-	-	-	-	0.00%	0.00%	0.00%
Bank Al Falah Limited	-	670,000	539,500	130,500	6,851	6,894	43	0.15%	0.37%	0.01%
Bank Al Habib Limited	-	3,000	3,000	-	-	-	-	0.00%	0.00%	0.00%
Bank Of Punjab Limited	-	223,000	223,000	-	-	-	-	0.00%	0.00%	0.00%
Habib Bank Limited	-	11,500	11,500	-	-	-	-	0.00%	0.00%	0.00%
Habib Metropolitan Bank Limited	-	500	500	-	-	-	-	0.00%	0.00%	0.00%
National Bank Of Pakistan Limited	-	19,500	19,500	-	-	-	-	0.00%	0.00%	0.00%
United Bank Limited	-	122,000	122,000	-	-	-	-	0.00%	0.00%	0.00%
					6,851	6,894	43	0.15%	0.37%	0.01%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Name of the investee company	As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares as a percentage of total paid-up capital of the investee company
					Carrying value	Market value	Unrealised loss			
(Rupees in '000)										
(Number of shares)										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Engineering										
Aisha Steel Limited**	-	1,575,500	1,518,000	57,500	1,200	1,167	(33)	0.03%	0.06%	0.01%
Amrell Steels Limited	-	148,500	148,500	-	-	-	-	0.00%	0.00%	0.00%
Crescent Steel & Allied Product Limited	-	64,500	64,500	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	-	99,500	94,500	5,000	1,493	1,422	(71)	0.03%	0.08%	0.00%
International Steels Limited	86,000	2,148,000	2,234,000	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel Limited**	-	50,500	20,000	30,500	2,273	2,239	(34)	0.05%	0.12%	0.01%
					4,966	4,828	(136)	0.11%	0.26%	0.02%
Fertilizer										
Engro Corporation Limited	89,000	1,559,500	1,648,000	500	151	155	4	0.00%	0.01%	0.00%
Engro Fertilizer Limited	119,500	1,334,500	1,452,000	2,000	138	138	0	0.00%	0.01%	0.00%
Fatima Fertilizer Company Limited**	-	8,500	8,500	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	2,000	913,500	907,000	8,500	336	356	19	0.01%	0.02%	0.00%
Fauji Fertilizer Company Limited	76,000	635,500	696,000	15,500	1,384	1,458	73	0.03%	0.08%	0.00%
					2,009	2,106	97	0.04%	0.11%	0.00%
Food & Personal Care Products										
Engro Foods Limited	42,500	217,000	258,000	1,500	139	153	14	0.00%	0.01%	0.00%
Treet Corporation Limited	-	238,500	238,500	-	-	-	-	0.00%	0.00%	0.00%
					139	153	14	0.00%	0.01%	0.00%
Insurance										
Adamjee Insurance Company Limited**	-	65,000	59,500	5,500	307	319	12	0.01%	0.02%	0.00%
					307	319	12	0.01%	0.02%	0.00%
Oil & Gas Expoloration Companies										
Oil & Gas Development Co Limited	44,500	1,103,000	1,146,500	1,000	167	174	7	0.00%	0.01%	0.00%
Pakistan Oilfields Limited	-	35,000	33,000	2,000	1,233	1,301	68	0.03%	0.07%	0.00%
Pakistan Petroleum Limited	-	189,500	179,000	10,500	2,205	2,235	30	0.05%	0.12%	0.00%
					3,605	3,710	105	0.08%	0.20%	0.00%
Oil And Gas Marketing Companies										
Pakistan State Oil Co Limited	57,500	885,000	942,500	-	-	-	-	0.00%	0.00%	0.00%
Sui Northern Gas Limited	-	405,500	399,000	6,500	758	733	(26)	0.02%	0.04%	0.00%
Sui Southern Gas Limited	-	3,362,000	2,748,000	614,000	22,499	22,386	(113)	0.48%	1.22%	0.07%
					23,258	23,119	(139)	0.50%	1.26%	0.07%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Name of the investee company	As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares as a percentage of total paid-up capital of the investee company
					Carrying value	Market value	Unrealised loss			
(Rupees in '000)										
(Number of shares)										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Pharmaceutical S										
Searle Company	-	138,000	128,500	9,500	3,398	3,340	(58)	0.07%	0.18%	0.01%
					3,398	3,340	(58)	0.07%	0.18%	0.01%
Power Generation & Distribution										
Hub Power Company Limited	3,500	370,500	373,500	500	49	50	1	0.00%	0.00%	0.00%
K-Electric Limited *	3,685,500	34,199,500	37,743,500	141,500	921	992	71	0.02%	0.05%	0.00%
Kot Addu Power Company Limited	2,500	16,500	17,500	1,500	95	97	2	0.00%	0.01%	0.00%
					1,065	1,139	74	0.02%	0.06%	0.00%
Refinery										
Attock Refinery Limited	47,000	1,983,500	2,027,500	3,000	767	749	(17)	0.02%	0.04%	0.00%
Byco Petroleum Pakistan Limited	-	186,500	123,000	63,500	948	928	(20)	0.02%	0.05%	0.00%
National Refinery Limited	-	49,000	49,000	-	-	-	-	0.00%	0.00%	0.00%
					1,714	1,677	(37)	0.04%	0.09%	0.00%
Technology & Communications										
P.T.C.L "A"	-	776,000	724,000	52,000	651	642	(9)	0.01%	0.03%	0.00%
Trg Pakistan Limited	2,544,500	2,614,000	5,158,000	500	18	18	0	0.00%	0.00%	0.00%
Worldcall Telecom Limited	-	5,500	5,500	-	-	-	-	0.00%	0.00%	0.00%
					669	660	(8)	0.01%	0.04%	0.00%
Textile Composite										
Gul Ahmed Textile Limited	-	457,500	457,500	-	-	-	-	0.00%	0.00%	0.00%
Nishat (Chunian) Limited**	252,000	3,723,000	3,971,500	3,500	183	181	(2)	0.00%	0.01%	0.00%
Nishat Mills Limited**	51,500	1,002,000	1,047,000	6,500	1,041	1,032	(10)	0.02%	0.06%	0.00%
					1,225	1,213	(12)	0.02%	0.07%	0.00%
Transport										
Pakistan Intentional Bulk Terminal Limited	-	2,325,500	1,469,000	856,500	15,491	15,347	(144)	0.33%	0.83%	0.06%
					15,491	15,347	(144)	0.33%	0.83%	0.06%
March 31, 2018										
					357,842	354,157	(3,685)			
June 30, 2017										
					293,297	287,648	(5,649)			

* These have a face value of Rs.3.5 per share.

** These include Transactions with related Parties.

5.2.1 The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income / (loss) due to difference in ready and future stock prices.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.3 Listed debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss - held-for-trading'

Name of investee company	Number of certificates					Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2017	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2018	Carrying value	Market value (Rupees in '000)	Unrealised (loss) / gain		
Commercial banks										
Bank Alfalah Limited-V (February 20, 2013)	72,631	-	-	7,050	65,581	336,591	329,543	(7,048)	7.12%	17.90%
Habib Bank Limited (February 19, 2016) TFC-I	3,500	-	-	3,500	-	-	-	-	-	-
The Bank of Punjab Limited TFC-I *	-	550	-	-	550	54,978	54,080	(898)	1.17%	2.94%
Faysal Bank Limited (December 27, 2010)	10,000	-	10,000	-	-	-	-	-	-	-
						391,569	383,623	(7,946)	8.29%	20.84%
Fertilizer										
Dawood Hercules Limited (November 16, 2017)*	-	3,500	-	-	3,500	350,000	351,789	1,789	7.60%	19.11%
						350,000	351,789	1,789	7.60%	19.11%
Leasing companies										
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 6.6)	10,000	-	-	-	10,000	27,548	-	-	-	-
Less: Provision for impairment						(27,548)	-	-	-	-
						741,569	735,412	(6,156)		
March 31, 2018										
June 30, 2017						732,965	736,400	3,435		

* Nominal value of these term finance certificates is Rs.100,000 per certificate.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.4 Unlisted debt securities - term finance and sukuk certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss - held-for-trading'

Name of investee company	Number of certificates				Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2017	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2018	Carrying value	Market value (loss) / gain		
						(Rupees in '000)			%
Commercial banks									
Askari Bank Limited IV - TFC (September 30, 2014)	56,000	15,000	-	36,000	35,000	177,447	(1,993)	3.79%	9.53%
Bank Alfalah Limited (December 02, 2009)	40,250	-	40,250	-	-	-	-	-	-
Bank Alfalah Limited (December 02, 2009) Fixed	18,235	-	18,235	-	-	-	-	-	-
Bank AL Habib Limited (March 17, 2016) TFC-II	43,500	29,000	-	20,000	52,500	264,880	(2,590)	5.67%	14.25%
Standard Chartered Bank (Pakistan) Limited (June 29, 2012)	37,000	-	-	37,000	-	-	-	-	-
						442,327	(4,583)	11.15%	23.77%
Fertilizer									
Engro Fertilizers Limited (July 09, 2014) Sukuk	15,800	-	-	-	15,800	42,993	(1,000)	0.91%	2.28%
						42,993	(1,000)	0.91%	2.28%
Chemical									
Ghani Gases Limited (February 02, 2017) Sukuk*	500	-	-	-	500	42,083	(370)	0.90%	2.27%
						42,083	(370)	0.90%	2.27%
Leasing companies									
Security Leasing Corporation Limited (March 13, 2008) (refer note 6.6)	10,000	-	-	-	10,000	2,299	-	-	-
Less: Provision for impairment						(2,299)	-	-	-
						-	-	-	-
Security Leasing Corporation Limited Sukuk (June 01, 2007) (refer note 6.6)	5,000	-	-	-	5,000	1,136	-	-	-
Less: Provision for impairment						(1,136)	-	-	-
						-	-	-	-
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 6.6)	10,400	-	-	-	10,400	22,337	-	-	-
Less: Provision for impairment						(22,337)	-	-	-
						-	-	-	-
New Allied Electronics Industries (Private) Limited Sukuk (July 25, 2007) (refer note 6.6)	112,000	-	-	-	112,000	35,063	-	-	-
Less: Provision for impairment						(35,063)	-	-	-
						-	-	-	-
March 31, 2018						527,404	521,451		(5,953)
June 30, 2017						902,439	903,393		954

* Nominal value of this sukuk certificate is Rs.100,000 per certificate.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

5.5 Details of non-compliant investments with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at March 31, 2018, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		----- (Rupees in '000) -----		----- % -----		
New Allied Electronics Industries (Private) Limited	Term finance certificates	22,337	(22,337)	-	-	-
New Allied Electronics Industries (Private) Limited	Sukuk certificates	35,063	(35,063)	-	-	-
Security Leasing Corporation Limited	Privately placed term finance certificates	2,299	(2,299)	-	-	-
Security Leasing Corporation Limited	Sukuk certificates	1,136	(1,136)	-	-	-
Saudi Pak Leasing Company Limited	Term finance certificates	27,548	(27,548)	-	-	-

Note	----- (Un-Audited) -----	
	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----	

5.6 Net unrealised (loss) / gain on revaluation of investments 'at fair value through profit or loss - held-for-trading'

Market value of investments	5.1 to	1,760,388	3,580,758
Carrying value of investments	5.4	(1,776,153)	(3,607,208)
		<u>(15,764)</u>	<u>(26,450)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.7 Government securities - 'available-for-sale'

Name of security	Date of issue	Face value -----					Balance as at March 31, 2018			Market value as a percentage of net assets ----- %	Market value as a percentage of total investment ----- %
		As at July 01, 2017	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2018	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) -----											
Pakistan Investment Bond - 05 years	March 26, 2015	500	-	-	-	500	515	518	3	0.01%	0.03%
Pakistan Investment Bond - 05 years	July 18, 2013	200	-	-	-	200	203	203	(1)	0.00%	0.01%
March 31, 2018		700	-	-	-	700	718	721	2	0.01%	0.04%
June 30, 2017							740	746	6		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
6. ACCRUED AND OTHER LIABILITIES	Note	----- (Rupees in '000) -----	
Provision for Sindh Workers' Welfare Fund (SWWF)	6.1	20,560	16,724
Federal Excise Duty payable on management fee	6.2	99,060	99,060
Federal Excise Duty and related taxes payable on sales load		27,933	27,933
Sales load payable to MCB Bank Limited (including sales tax) - a related party		77	239
Auditors' remuneration		579	609
Withholding tax payable		2,665	18,809
Brokerage payable		2,178	3,578
Others		2,443	2,083
		<u>155,495</u>	<u>169,035</u>

6.1 There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 0.49 per unit (June 30, 2017 Re 0.3 per unit).

6.2 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2017. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 2.35 per unit (June 30, 2017: Re.1.7 per unit).

7. CONTINGENCIES AND COMMITMENTS

7.1 CONTINGENCIES

There were no contingencies as at March 31, 2018.

7.2 COMMITMENTS

Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period / year end

<u>276,424</u>	<u>292,559</u>
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Future buy transactions of equity securities entered into by the Fund in respect of which the buy transactions have not been settled as at period / year end

<u>110,244</u>	<u>-</u>
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Margin Trading System (MTS) transactions entered into by the fund which have not been settled as at period / year end:

- Purchase transactions

<u>316,121</u>	<u>110,247</u>
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- Sale transactions

<u>186,768</u>	<u>16,689</u>
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8. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial information.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

9. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

10. CASH AND CASH EQUIVALENTS

Balances with banks
Treasury bills maturing within 3 months
Term deposit receipt

----- (Un-Audited) -----	
March 31, 2018	March 31, 2017
----- (Rupees in '000) -----	
2,067,536	2,413,709
-	-
<u>2,067,536</u>	<u>2,413,709</u>

11. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

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

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

11.1. Unit Holders' Fund

March 31, 2018							
	As at July 01, 2017	Issued for cash	Units	Redeemed	As at March 31, 2018	As at July 01, 2017	Issued for cash
							(Rupees in '000)
Associated companies							
MCB Employees' Provident Fund	1,255,728	-	-	-	1,255,728	133,646	-
MCB Employees' Pension Fund	1,255,728	-	-	-	1,255,728	133,646	-
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	3,777	-	-	-	3,777	402	-
Adamjee Life Assurance Company Limited - Employees' Gratuity Fund	27,549	-	-	-	27,549	2,932	-
Mandate under discretionary portfolio services	331,381	41	41	331,382	40	35,269	4
Key management personnel	-	5	5	5	-	-	575
Unit holders holding 10% or more units	6,667,860	337,914	337,914	2,729,791	4,275,983	709,656	35,999
							470,162
March 31, 2017							
	As at July 01, 2016	Issued for cash	Units	Redeemed	As at March 31, 2017	As at July 01, 2016	Issued for cash
							(Rupees in '000)
Associated companies							
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund	-	1,164,995	-	1,164,995	-	-	125,135
Adamjee Life Assurance Company Limited - Investment Secure Fund	-	1,164,995	-	1,164,995	-	-	125,135
Adamjee Life Assurance Company Limited - Investment Secure Fund II	-	465,998	-	465,998	-	-	50,054
Adamjee Life Assurance Company Limited - Employees' Gratuity Fund	26,342	-	-	-	26,342	2,793.00	-
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	3,560	-	-	-	3,560	377.00	-
MCB Employees' Pension Fund	1,183,412	-	-	-	1,183,412	125,494.00	-
MCB Employees' Provident Fund	1,183,412	-	-	-	1,183,412	125,494.00	-
Mandate under discretionary portfolio services	1,731,152	-	-	1,731,152	-	183,579	-
Key management personnel	177,885	137,641	137,641	307,559	7,967	19,813	14,748
Unit holders holding 10% or more units	-	7,206,457	-	-	7,206,457	-	772,780
Gul Ahmed Energy Limited							802,645

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

----- (Un-Audited) -----	
Nine months period ended	
March 31, 2018	March 31, 2017
----- (Rupees in '000) -----	

11.2 Transactions during the period:

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

Remuneration of the Management Company (including indirect taxes)	73,520	88,457
Expense allocated by the Management Company and related sales tax	4,901	5,897

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

Remuneration (including sales tax)	4,788	5,485
Settlement charges	-	1,612

Group / associated companies

MCB Bank Limited

Mark-up on deposit accounts	75	161
Bank charges	30	18

Silk Bank Limited

Mark-up on deposit accounts	12,502	-
Bank charges	25	-
Purchase of Securities Face Value Nil (2017:100,000,000)	-	105,494
Sale of Securities Face Value Nil (2017: 800,000,000)	-	826,805

Arif Habib Limited

Brokerage expense *	8	23
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Next Capital Limited

Brokerage expense *	215	213
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Nishat (Chunian) Limited

Dividend income	930	8,574
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D.G. Khan Cement Company Limited

Dividend income	18,094	1,536
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Nishat Mills Limited

Dividend income	1,050	1,270
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

(Un-Audited) (Audited)
March 31, June 30,
2018 2017
----- (Rupees in '000) -----

11.3 Balances outstanding at period / year end:

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

Remuneration payable to the Management Company	6,342	6,778
Sales tax payable on management fee	824	881
Sales load payable	46	75
Sales tax payable on sales load	6	10
Expense allocated by the Management Company	423	525

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

Security deposit	200	200
Remuneration payable (including indirect taxes)	487	563

Group / associated companies

MCB Bank Limited

Bank balance	1,614	4,936
Sales load payable	77	239

Silk Bank Limited

Bank balance	1,197,084	-
Profit Recivable	9,303	-

Arif Habib Limited

Brokerage payable *	-	26
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Next Capital Limited

Brokerage payable *	75	79
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Mughal Iron & Steel Limited

30,500 shares held (June 30, 2017: Nil shares)	2,239	-
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Adamjee Insurance Co. Limited

5,500 shares held (June 30, 2017: Nil shares)	319	-
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	(Un-Audited) March 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2017 -----
Nishat (Chunian) Limited		
3,500 shares held (June 30, 2017: 252,000 shares)	181	12,933
D.G. Khan Cement Company Limited		
2,000 shares held (June 30, 2017: 7,000 shares)	326	1,492
Aisha Steel Limited		
57,500 shares held (June 30, 2017: Nil shares)	1,167	-
Nishat Mills Limited		
6,500 shares held (June 30, 2017: 51,500 shares)	1,033	8,172

*The amount disclosed represents the amount of brokerage paid / 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.

12. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policies as disclosed in note 3.1.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 19, 2018 by the Board of Directors of the Management Company.

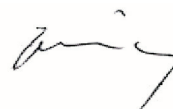
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director