



Bachat ka Doosra Naam

Quarterly Report

March 31, 2013
(Unaudited)



Funds Under Management
of
Arif Habib Investments Limited

**MCB
DYNAMIC ALLOCATION FUND**

CONTENTS

Fund's Information	162
Report of the Directors of the Management Company	163
Condensed Interim Statement of Assets and Liabilities	165
Condensed Interim Income Statement (Un-audited)	166
Condensed Interim Distribution Statement (Un-audited)	167
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	168
Condensed Interim Cash Flow Statement (Un-audited)	169
Notes to and forming part of the Condensed Interim Financial Informations (Un-audited)	170

FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive Officer (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member Member Member
Human Resource & Remuneration Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem, ACA	
Chief Financial Officer	Mr. Umair Ahmed, ACA	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited NIB Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Allocation Fund's accounts review for the nine months ended March 31st 2013.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, Mar'13 YoY CPI inflation of 6.57% was lowest since Aug'07, with 9M FY13 average CPI at 7.98%. CPI inflation may dip further in April and remain in the lower range for the next few months. However, with the base effect neutralizing CPI would start rising again expectedly towards the later part of the year. On the other hand, external current account had witnessed significant pressures during the past few months and changed its course during Feb'13 by posting a CA Deficit of US\$ 596 million - taking the 8M FY13 CAB to a deficit of US\$ 700 million. FX reserves continued to remain under pressure amid weaker financial account flows and heavy debt repayments including that of IMF during Mar'13- touching US\$ 12.37 billion mark, as of Mar' 22 2013. On the fiscal front, the government's reliance on domestic sources for fiscal funding has continued with YTD borrowing from banking system stood at an alarming level of PKR 937 billion by Mar'22 2013. With stressing its concerns on the external and fiscal accounts, the State Bank of Pakistan took comfort from declining inflationary trend and lowered its policy discount rate cumulatively by 250 bps to 9.5% during the period under review.

The short term money market rates remained in the higher range during most part of the period owing to relatively tight liquidity position in the system with few exceptions where the market witnessed floors also. SBP continued to inject sizeable amount through Open Market Operations to provide needed liquidity in the market. Given a downward trajectory in YoY CPI inflation coupled with SBP monetary easing stance, the yield curve has adjusted significantly downwards during the period. 1 year PKRV adjusted downwards by 246 bps to 9.51%, while longer tenure 10 year PKRV adjusted downwards by 139 bps to 11.89% during the period under review.

EQUITIES MARKET OVERVIEW

Positive start of stock market at the beginning of FY13 proved to be a sustainable bullish trend which is still prevailing in the market on the back of positive sentiments generated by timely dissolution of assembly and smooth transition of power to the interim set up. KSE 100 index made new historical high of 18185.19 and posted an outstanding return of 30.7% during the period. Improvement in market activity was also observed and average daily volume turnover remained around 170m shares. Foreign investment continued to flow in the market at a regular pace and resulted in a net inflow of around \$227.7m during 9 months.

Major interest during the period remained in Construction & Materials, Consumer, Oil and Gas and Electricity Sectors where strong inherent bottom line growth, healthy payouts and favorable projected impact of fall in interest rates thrived investor interest. Highly levered companies were also remained in the limelight during the period amid aggressive policy rate cut of cumulative 250 bps by the SBP during the period. Fertilizer manufactures also came in strong demand on the resolution of gas supply issue in later part of the period. Strong corporate results as well as healthy payouts by key companies served to keep the positive momentum intact in the market despite of major concerns on macroeconomic imbalances.

FUND PERFORMANCE

The fund posted a return of 15.3% during the period under review while since inception return of fund stood at 18.4%. On the equities front fund changed its overall equity and sector allocations several times in response to varying investment climate. End of the period equity allocation of fund was around 11.3% as compared to beginning of the period allocation of around 17.7%. The fund has remained focused on maintaining a balance between defensive high yielding and growth stocks. During the period under review, the fund mainly reduced its exposure Oil and Gas, Banks, Electricity, Industrial Engineering and Pharma and Biotech while increased its exposure towards Chemicals, Fixed Line Telecommunication and Non Life Insurance sectors.

On the fixed income side, the fund significantly increased its exposure in Government papers to 51.9% from 14.0% in order to capitalize on the downward adjustments in the yield curve that resulted in sizeable capital gains. Duration of fixed income portfolio was adjusted several times during the period to capitalize on the fluctuating liquidity and interest rates in the market. TFC exposure was reduced from 39.7% to 14.2% during the period.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

The Net Asset of the Fund as at March 31, 2013 stood at Rs.241.09 million as compared to Rs 100.404 million as at June 30, 2012 registering a increase of 140.12%.

The Net Asset Value (NAV) per unit as at March 31, 2013 was Rs. 81.51 as compared to opening NAV of Rs.70.69 per unit as at June 30, 2012 registering a increase of Rs. 10.82 per unit.

FUTURE OUTLOOK

Going forward despite continued lower range of CPI inflation, further rate cut seems a distant possibility given deteriorating fiscal and external accounts, significant IMF repayments ahead and alarming monetary growth - while the potential return to the IMF may result in a cycle of monetary tightening by end of 2Q CY13. Government bond market, which remained active for last few months on the back of soft inflation numbers and expected monetary easing, has started to become relatively less active, especially on the longer end, with the anticipation of no rate cut and possible rate hikes in the next 2-4 months. In this backdrop, the activities are expected to be concentrated at short-end Treasury Bills going forward.

Severe pressure on external account, reversal of monetary expansion cycle resulting in interest rate hike and reduction in subsidies going forward would be challenging and high volatility might be observed in the market. However in short run attractive valuations, positive earnings outlook of major companies, liquidity inflows on both local and foreign fronts are expected to keep the market get going while positive sentiments generated by smooth transfer of power to the new elected Government is expected to provided the much needed support. Prudence requires us to be cautious and extra vigilant to the unfolding macro situation while keep responding to strong fundamentals based stimuli.

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,

Yasir Qadri

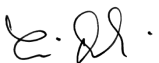
Chief Executive Officer

Dated: April 24, 2013

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2013

	Note	(Unaudited) 31 March 2013	(Audited) 30 June 2012
		(Rupees in '000)	
Assets			
Balance with banks		22,951	22,560
Investments	6	192,861	74,402
Receivable against sale of Investments		21,547	173
Income and dividend Recievables		2,229	-
Prepayments		30	2,164
Security deposits		5,215	4,100
Preliminary expenses		-	707
Total assets		<u>244,833</u>	<u>104,106</u>
Liabilities			
Payable to the Arif Habib Investments Limited - Management Company		362	146
Payable to Central Depository Company of Pakistan Limited - Trustee		61	59
Annual fee payable to Securities and Exchange Commission of Pakistan		156	250
Payable against redemption of units		41	-
Accrued and other liabilities		3,119	3,247
Total liabilities		<u>3,739</u>	<u>3,702</u>
Contingency	7		
Net assets		<u><u>241,094</u></u>	<u><u>100,404</u></u>
Unit holders' fund		<u><u>241,094</u></u>	<u><u>100,404</u></u>
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		<u><u>2,957,732</u></u>	<u><u>1,420,402</u></u>
		(Rupees)	
Net asset value per unit		<u><u>81.51</u></u>	<u><u>70.69</u></u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
Note	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	------(Rupees in '000)-----			
Income				
Capital gain / (loss) on sale of investments - net	23,729	(3,831)	6,527	5,136
Loss from spread transactions	(5,598)	(2,049)	(73)	(2,049)
Dividend income	7,089	14,275	1,170	5,257
Profit on bank deposits	2,669	5,351	742	3,208
Income from Marginal Trading Syste (MTS) transactions	-	30	-	30
Income from government securities	5,921	244	2,009	-
Income from term finance certificates	2,893	8,842	985	2,699
Other income	39	-	32	-
	36,742	22,862	11,392	14,281
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	710	3,979	(1,612)	23,013
Total income	37,452	26,841	9,780	37,294
Expenses				
Remuneration of Arif Habib Investments Limited - Management Company	2,469	3,557	866	1,109
Sindh sales tax on management fee	395	569	138	177
Remuneration of Central Depository Company of Pakistan Limited - Trustee	525	526	172	174
Annual fee to Securities and Exchange Commission of Pakistan	156	225	54	70
Brokerage and settlement charges	1,905	2,624	522	1,240
Amortization of preliminary expenses	707	753	208	248
Auditors' remuneration	518	490	172	168
Other expenses	257	428	133	188
Total operating expenses	6,932	9,172	2,265	3,374
Net operating income for the period	30,520	17,669	7,515	33,920
Net element of income/(loss) and capital gains /(losses) included in prices of units issued less those in units redeemed	1,504	(9,461)	1,858	(9,519)
Net income for the period before taxation	32,024	8,208	9,373	24,401
Taxation	8	-	-	-
Net income for the period after taxation	32,024	8,208	9,373	24,401
OTHER COMPREHENSIVE INCOME				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	32,024	8,208	9,373	24,401
Earnings / (loss) per unit	9			

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

For Arif Habib Investment Limited
(Management Company)



Chief Executive Officer



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Nine months ended		Quarter ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Accumulated losses brought forward	(41,637)	(143,654)	(58,470)	(156,569)
Net income for the period after taxation	32,024	8,208	9,373	24,401
Net element of (loss) / income and capital gains / (losses) included in the prices of units issued less those in units redeemed	(45,064)	97,715	(5,580)	94,437
	(13,040)	105,923	3,793	118,838
Accumulated losses carried forward	<u>(54,677)</u>	<u>(37,731)</u>	<u>(54,677)</u>	<u>(37,731)</u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)

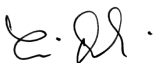


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Nine months ended		Quarter ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	----- (Rupees in '000) -----			
Net assets at beginning of the period	100,404	332,580	218,267	308,798
Issue of 2,785,943 (2012: 33,304) units and 536,767 (2012: 4757) units for the nine months and quarter ended respectively	207,110	2,281	43,106	338
Redemption of 1,248,613 (2012: 3,272,717) units and 346,409 (2012: 3,135,499) units for the nine months and quarter ended respectively	(96,940)	(237,969)	(27,794)	(228,495)
	110,170	(235,688)	15,312	(228,157)
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:				
- amount representing loss / (income) and capital losses / (gains) - transferred to income statement	(1,504)	9,461	(1,858)	9,519
- amount representing loss / (income) and capital losses / (gains) - that form part of unit holders' fund transferred to distribution statement	45,064	(97,715)	5,580	(94,437)
	43,560	(88,254)	3,722	(84,918)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed transferred to distribution statement	(45,064)	97,715	(5,580)	94,437
Net income for the period (excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gains / (loss) on sale of investments)	7,585	8,060	4,458	(3,748)
Capital gain / (loss) on sale of investments - net	23,729	(3,831)	6,527	5,136
Net unrealised appreciation / (diminution) in fair value of investments 'classified as 'at fair value through profit or loss'	710	3,979	(1,612)	23,013
	32,024	8,208	9,373	24,401
Net assets at end of the period	241,094	114,562	241,094	114,562

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	32,024	8,208	9,373	24,401
Adjustments for non-cash and other items:				
Capital Loss (gain) on sale of Investments	(23,729)	3,831	(30,256)	(5,136)
Dividend income	(7,089)	(14,275)	(1,170)	(5,257)
Net unrealised (appreciation) / diminution on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	(710)	(3,979)	1,612	(23,013)
Amortization of preliminary expenses	707	753	208	248
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed	(1,504)	9,461	(1,858)	9,519
	(32,325)	(4,209)	(31,464)	(23,639)
	(301)	3,999	(22,091)	762
(Increase) / decrease in assets				
Investments	(75,861)	47,064	67,452	139,330
Income and dividend Receivables	(1,159)	-	8,841	-
Profit and prepayments	2,134	(7,177)	926	(2,200)
Security deposits	(1,115)	(89)	(931)	32
	(76,001)	39,798	76,288	137,162
Increase / (decrease) in liabilities				
Payable to the Arif Habib Investments Limited - Management	216	(37)	47	(91)
Payable to Central Depository Company of Pakistan Limited - Annual fee payable to Securities and Exchange Commission of	2	8	1	9
Accrued and other liabilities	(94)	(124)	54	70
	(128)	(611)	(119)	33
	(4)	(764)	(17)	21
Dividend income received	6,019	10,442	100	1,397
Net cash (used in) / generated from operating activities	(70,287)	53,475	54,280	139,342
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	207,110	2,281	43,106	338
Payments against redemption of units	(96,899)	(161,935)	(27,753)	(152,461)
Net cash generated from / (used in) financing activities	110,211	(159,654)	15,353	(152,123)
Net decrease in cash and cash equivalents	39,924	(106,179)	69,633	(12,781)
Cash and cash equivalents at beginning of the period	37,173	127,524	7,464	34,126
Cash and cash equivalents at end of the period	77,097	21,345	77,097	21,345

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Allocation Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2007 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 17 December 2007. It was constituted under a Trust Deed dated 22 November 2007 between MCB Asset Management Company Limited (MCB-AMC) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

Under circular 7 dated 6 March 2009 issued by the SECP, the Fund is categorised as an Asset Allocation Scheme. The Management Company is in the process of making requisite amendments in relation to categorisation, investment objectives and relevant benchmark in the constitutive documents of the Fund.

Based on shareholders' resolutions of MCB-Asset Management Company Limited and Arif Habib Investments Limited the two companies have merged as of 27 June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated 10 June 2011). Arif Habib Investments Limited being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank Limited. However, subsequent to the completion of the merger, the SECP issued an order MCB-AMCL & AHI/348/2011 dated 27 June 2011). Since the merger had already taken place and the MCB-AMCL & AHI/348/2011 dated 27 June 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable Sindh High Court. The honourable Sindh High Court has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

1.1 under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

1.2 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange.

The Fund is an asset allocation fund and is allowed to shift total exposure into debt or equity instruments as per market conditions and the discretion of the Management Company. The objective of the Fund is to provide high return which commensurate the higher risk taken due to pro-active allocation of funds across various asset and debt classes.

1.3 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of 'AM2' (positive outlook) to the Management Company and has assigned a short-term ranking of "4-Star" & long-term of "5-Star" to the Fund.

1.4 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 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirement of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations 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 2012.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

- 2.3** This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees.
- 2.4** The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.
- 2.5** The comparatives in the condensed interim statement of assets and liabilities presented in this condensed interim financial information as at 31 March 2013 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2012, where as the comparative in condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 31 March 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended 30 June 2012.

- 3.1** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not result in change to the Fund's operation or a change in accounting policies of the Fund.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2012.

	(Unaudited) 2013	(Audited) 2012
	(Rupees in '000)	
6. INVESTMENTS		
'at fair value through profit or loss' - held for trading		
- Quoted equity securities	6.1 28,069	18,462
- Term finance certificates - listed	6.2 35,511	41,327
- Government Securities	6.3 129,281	14,613
	<u>192,861</u>	<u>74,402</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

6.1 Quoted equity securities - 'at fair value through profit and loss'

Name of investee company	Number of shares				As at 31 March 2013	Balance as at 31 March 2013			Market value		Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at 1 July 2012	Purchased during the period	Bonus / rights issue during the period	Sales during the period		Carrying value	Market value	Appreciation / (diminution)	As percentage of net assets	As percentage of total investments	
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.						------(Rupees in '000)-----					
Auto Mobile and Parts											
Indus Motors Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
						-	-	-			
Engineering											
Millat Tractors limited	8,500	-	-	8,500	-	-	-	-	-	-	-
						-	-	-			
Construction & Materials											
D G Khan Cement Company Limited	-	559,500	-	559,000	500	29	35	6	0.01	0.02	0.01
Fauji Cement Company Limited	-	485,000	-	485,000	-	-	-	-	-	-	-
Cherat Cement Limited	-	218,000	-	218,000	-	-	-	-	-	-	-
Fecto Cement Limited	-	49,500	-	49,500	-	-	-	-	-	-	-
Kohat Cement Limited	-	34,500	-	34,500	-	-	-	-	-	-	-
Lafarge Pakistan Cement Limited	200,000	100,000	-	300,000	-	-	-	-	-	-	-
Lucky Cement Limited	-	360,967	-	360,900	67	9	11	2	-	0.01	-
						38	46	8			
Chemicals											
Engro Corporation Limited	-	133,000	-	75,000	58,000	7,324	7,482	158	-	-	-
Clairant Pakistan	-	11,000	-	11,000	-	-	-	-	-	-	-
I.C.I Pakistan Limited	-	129,000	-	129,000	-	-	-	-	-	-	-
Fatima Fertilizer Company Limited	43,246	282,022	-	325,268	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	138,000	-	138,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	366,800	-	365,900	900	102	99	(3)	0.04	0.05	-
						7,426	7,581	155			
Food Producers											
Unilever Pakistan Limited*	-	1,368	-	1,368	-	-	-	-	-	-	-
						-	-	-			
Banks											
Bank Al-Falah Limited	-	490,000	-	490,000	-	-	-	-	-	-	-
MCB Bank Limited	-	22,500	-	22,500	-	-	-	-	-	-	-
National Bank Of Pakistan	-	10,000	-	10,000	-	-	-	-	-	-	-
United Bank Limited	-	71,000	-	71,000	-	-	-	-	-	-	-
Askari Bank Limited	-	695,000	-	605,500	89,500	1,622	1,715	93	0.71	0.89	0.01
Bank Al Habib Limited	-	530,000	-	530,000	-	-	-	-	-	-	-
Meezan Bank Limited	-	145,000	15,950	50,000	110,950	2,999	2,894	(105)	1.20	1.50	0.01
						4,620	4,609	(12)			
Personal goods (Textile)											
Nishat Mills Limited	-	246,500	-	206,500	40,000	2,939	3,372	433	1.40	1.75	0.01
Nishat (Chunian) Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
Blessed Textile	-	11,500	-	11,500	-	-	-	-	-	-	-
						2,939	3,372	433			
Oil and gas											
Attock Petroleum Limited	-	34,000	-	34,000	-	-	-	-	-	-	-
Attock Refinery Limited	-	284,000	-	284,000	-	-	-	-	-	-	-
National Refinery Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Oil & Gas Development Co. Limited	2,500	73,000	-	75,500	-	-	-	-	-	-	-
Pakistan Oil Fields Limited	-	123,605	-	123,600	5	2	2	-	-	-	-
Pakistan Petroleum Limited	19,620	107,000	-	126,620	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	72,400	-	72,400	-	-	-	-	-	-	-
						2	2	-			
General Industries											
Arif Habib Corporation Limited	-	61,500	-	61,500	-	-	-	-	-	-	-
						-	-	-			
Non Life Insurance											
Pakistan Reinsurance Company Limited	-	320,000	-	140,000	180,000	3,946	4,595	649	1.91	2.38	0.06
						3,946	4,595	649			
Electricity											
Hub Power Company Limited	103,243	1,104,500	-	1,139,000	68,743	3,434	3,455	21	1.43	1.79	0.01
Kot Addu Power Company Limited	-	369,000	-	369,000	-	-	-	-	-	-	-
Nishat Chunian Power Limited	453	548,000	-	548,453	-	-	-	-	-	-	-
Nishat Power Limited	22,386	432,541	-	454,927	-	-	-	-	-	-	-
						3,434	3,454	21			
Pharma And Bio Tech											
Glaxosmithkline Pakistan Limited	39,000	25,000	-	64,000	-	-	-	-	-	-	-
Abbott Laboratories Pakistan Limited	10,114	15,000	-	25,114	-	-	-	-	-	-	-
						-	-	-			
Fixed Line Telecommunication											
Wateen Telecom Limited	-	1,050,000	-	-	1,050,000	4,447	4,410	(37)	-	2.29	0.17
Pakistan Telecommunication Company Limited	-	300,500	-	300,500	-	-	-	-	-	-	-
						4,447	4,410	(37)			
Total - 31 March 2013						26,852	28,069	1,217			
Total - 30 June 2012						18,645	18,462	(183)			

* the face value of shares held is Rs. 50 per share

6.1.1 Investments include shares with market value aggregating of Rs. 7.866 million (30 June 2012: 4.5 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

6.2 Term finance certificates listed - ' at fair value through profit and loss'

Name of investee company	Profit / Mark-up percentage	Number of certificates				Balance as at 31 March 2013			Market value		Percentage in relation to the size of the issue
		As at 1 July 2012	Purchased during the period	Sold/ Matured during the period	As at 31 March 2013	Carrying value	Market value	Appreciation/ (Diminution)	As a percentage of net assets	As a percentage of total investments	
						----- (Rupees in '000) -----					
Certificates having a face value of Rs. 5,000 each unless stated otherwise											
Askari Bank Limited-III	11.99	5,000	-	2,002	2,998	15,830	15,536	(294)	6.44	8.06	0.50
NIB Bank Limited	10.64	2,000	2,000	2,000	2,000	10,030	9,975	(55)	4.14	5.17	0.33
United Bank Limited-I	8.45	1,000	-	1,000	-	-	-	-	-	-	-
Bank Alfalah Limited-II	13.50	2,000	-	2,000	-	-	-	-	-	-	-
Bank Alfalah Limited-V	10.69	-	2,000	-	2,000	10,000	10,000	-	4.15	5.19	0.33
Total - 31 March 2013						35,860	35,511	(349)			
Total - 30 June 2012						40,511	41,327	816			

6.3 Government securities - ' at fair value through profit and loss'

	Face value				Balance as at 31 March 2013			Market value	
	As at 1 July 2012	Purchased during the period	Sold / Matured during the period	As at 31 March 2013	Carrying value	Market Value	Appreciation / (diminution)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) -----									
Market Treasury Bills									
Treasury Bills - 1 year	-	162,500	83,500	79,000	75,286	75,135	(151)	31.16	38.96
Treasury Bills - 3 month	15,000	955,000	915,000	55,000	54,153	54,146	(7)	22.46	28.08
Total - 31 March 2013					129,439	129,281	(158)		
Total - 30 June 2012					14,605	14,613	8		

	Face value				Balance as at 31 March 2013			Market value	
	As at 1 July 2012	Purchased during the period	Sold / Matured during the period	As at 31 March 2013	Carrying value	Market Value	Appreciation / (diminution)	As a percentage of	As a percentage of
----- (Rupees in '000) -----									
Pakistan Investment Bonds									
PIB - 3 year	-	175,000	175,000	-	-	-	-	-	-
PIB- 5 years	-	185,000	185,000	-	-	-	-	-	-
PIB- 10 years	-	75,000	75,000	-	-	-	-	-	-
Total - 31 March 2013					-	-	-		
Total - 30 June 2012					-	-	-		

7. CONTINGENCY

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been 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 is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal council who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

Subsequent to the year ended 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of Sindh High Court (SHC) in various constitutional petitions declared that amendment brought in the WWF, Ordinance, 1971 Through the Finance Act, 2006 and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per our legal counsel the stay granted to Collective Investments Scheme (CIS) remains intact and the constitutional petitions filed by the CIS to challenge the Workers Welfare Contribution have not been affected by SHC judgment and hence provisioning against WWF amounting to Rs.0.802 million including 0.64 million for the current period as at 31 March 2013 has not been recognised by the Management Company in this condensed interim financial information. However, as a matter of abundant caution, the Management Company has not reversed the existing provision of Rs.2.357 million (Nav per unit Rs.0.271)

8. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule of 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. 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. The management of the Fund intends to distribute at least 90% of the income earned by the Fund by the year end to the unit holders. 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. Accordingly, no provision for taxation has been made in this condensed interim financial information.

9. EARNINGS / (LOSS) 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.

10. Cash and cash equivalent

	2013 (Unaudited) (Rupees in '000)	2012 (Audited)
Bank balances	22,951	22,560
Treasury Bills having maturity of three months or less	54,146	14,613
	<u>77,097</u>	<u>37,173</u>

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

		Unaudited			
	Note	Nine Months ended		Quarter ended	
		31 March		31 March	
		2013	2012	2013	2012
		------(Rupees in '000)-----			
Arif Habib Investments Limited					
Remuneration of the Management Company		<u>2,469</u>	<u>3,557</u>	<u>866</u>	<u>1,109</u>
Sales tax on remuneration of Management Company		<u>395</u>	<u>569</u>	<u>138</u>	<u>177</u>
Central Depository Company of Pakistan Limited					
Remuneration of the Trustee		<u>525</u>	<u>526</u>	<u>172</u>	<u>174</u>
CDC settlement charges		<u>20</u>	<u>41</u>	<u>4</u>	<u>23</u>
MCB Bank Limited					
Dividend received		<u>90</u>	<u>75</u>	<u>-</u>	<u>12</u>
Profit during the period		<u>123</u>	<u>90</u>	<u>109</u>	<u>22</u>
Bank Charges		<u>12</u>	<u>-</u>	<u>4</u>	<u>-</u>
Trustee Karachi Electric provident Fund					
Redemption of units (2012: 2,030,698 units)		<u>-</u>	<u>147,212</u>	<u>-</u>	<u>-</u>
Capital Development Authority					
Redemption of units (2012: 1,023,207 units)		<u>-</u>	<u>75,480</u>	<u>-</u>	<u>-</u>
D.G Khan Cement					
Dividend received		<u>436</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nishat Chunian Power Limited					
Dividend received		<u>516</u>	<u>148</u>	<u>-</u>	<u>148</u>
Nishat Mills Limited					
Dividend received		<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Arif Habib limited					
Brokerage	11.4	<u>63</u>	<u>-</u>	<u>21</u>	<u>-</u>
Next Capital limited					
Brokerage	11.4	<u>42</u>	<u>-</u>	<u>6</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

11.2 Balance outstanding as at the period / year end are as follows:

	<i>Note</i>	31-Mar 2013 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
Arif Habib Investments Limited			
Remuneration payable to the Management Company		<u>312</u>	<u>126</u>
Sales tax payable on remuneration of Management Company		<u>50</u>	<u>20</u>
Sales load payable		<u>-</u>	<u>2</u>
Central Depository Company of Pakistan Limited			
Remuneration payable to the Trustee		<u>61</u>	<u>57</u>
CDC settlement charges		<u>-</u>	<u>2</u>
Security Deposits		<u>100</u>	<u>100</u>
MCB Bank Limited			
Bank deposits		<u>3,170</u>	<u>1,868</u>
Profit receivable		<u>65</u>	<u>3</u>
Nishat Power Limited			
nil shares held by the Fund (2012: 22,386 shares)		<u>-</u>	<u>329</u>
D.G Khan Cement Limited			
500 shares held by the Fund (2012: nil shares)		<u>35</u>	<u>-</u>
Fatima Fertilizer Limited			
Dividend receivable		<u>138</u>	<u>-</u>
nil shares by the fund (2012 : 43,246 shares)		<u>-</u>	<u>1,067</u>
Nishat (Chunain) Power Limited			
nil shares held by the Fund (2012: 453 shares)		<u>-</u>	<u>7</u>
Nishat Mills Limited			
40,000 shares held by the Fund (2012: nil shares)		<u>3,372</u>	<u>-</u>
Arif Habib Limited			
Brokerage Payable	<i>11.4</i>	<u>2</u>	<u>19</u>
Next Capital limited			
Brokerage Payable	<i>11.4</i>	<u>9</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

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

	Unaudited			
	Nine Months ended 31 March 2013		Nine months ended 31 March 2012	
	Units	(Rupees in 000)	Units	(Rupees in 000)
Units sold to:				
Arif Habib Investments Limited	1,406,839	103,000	-	-
key management Personnel	1,264	103	-	-
Units redeemed by:				
Arif Habib Investments Limited	653,153	50,000	-	-
Capital Development Authority	-	-	1,023,327	75,480
	31 March 2013	30 June 2012	31 March 2013	30 June 2012
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	----- Units -----		(Rupees in '000)	
Units held by:				
key management Personnel	1,264		103	-
Arif Habib Investments Limited	753,686	-	61,433	-
D. G Khan Cement Company Limited				
Employees Provident Fund Trust	22,285	22,285	1,816	1,575
SSG Non-executive Staff				
Provident Fund	-	145,517	-	10,285

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

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on April 24, 2013.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

Arif Habib Investments Limited

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