

Quarterly Report

March 31, 2014
(Unaudited)



**Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited**
(formerly: Arif Habib Investments Ltd.)

MCB
DYNAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (Formerly: 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 Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource 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	
Chief Financial Officer	Mr. Umair Ahmed	
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	MCB-Arif Habib Savings and Investments Limited (Formerly: 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 31 MARCH 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Dynamic Stock Fund's** accounts review for the nine months ended March 31st 2014.

EQUITIES MARKET OVERVIEW

Stock market started FY14 on a positive note on the back of smooth political transition. Though steep rupee depreciation had kept stock market under pressure during August and September, recovery in foreign reserve balance towards the end of 3QFY14 lifted the benchmark index to 27,159.91 by the end of March, 2014, marking a growth of 29.3% since the start of the current fiscal year.

A combination of improving economic indicators, strong inherent bottom line growth and healthy payouts helped keep the investors' interest alive in the stock market. The rally remained broad based, but interest largely remained in Textile, Construction & Materials, Oil & Gas, Pharmaceuticals and Power Sectors on the heels of success in getting GSP+ status, increase in margins of cement companies, increase in oil production and significant rupee depreciation during the 1HFY14.

Foreigners remained net buyers during the period with a cumulative net inflow of \$ 22.8 million, while the average turnover stood at around 214 million shares during the 9MFY14 as opposed to 170 million shares during the same period last year.

FUND PERFORMANCE

MCB-DSF outperformed its benchmark KSE30 index by delivering 24.61% return while KSE 30 index delivered 18.28% return during the period. Overall equity exposure of the fund was increased from beginning exposure of around 80.1% to around 82.8% at the end of the period. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period under review, the fund mainly reduced its exposure Oil and Gas, Banks, Chemicals, Electricity, and Pharma and Biotech while increased its exposure towards General Industries.

The Net Asset of the Fund as at March 31, 2014 stood at Rs.1.110 billion as compared to Rs 887 million as at June 30, 2013 registering an increase of 25.14%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 121.6781 as compared to opening NAV of Rs.131.3430 per unit as at June 30, 2013 registering a decrease of Rs. 9.66 per unit.

FUTURE OUTLOOK

The government expects reserve position to improve further towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies. The country is scheduled to pay more than \$1.2 billion to external official creditors in the last quarter, while the government is eyeing to raise foreign inflows through Euro bonds, 3G auction, and outstanding payments from Etisalat.

Earnings growth is expected to continue in E&P, Power and Cement sector, while the rupee appreciation bodes well for pharmaceutical and chemical companies. Rupee strengthening after a long slide has contributed towards a change in the outlook. The budgeted implications of a stronger rupee will unfold in the next few months. Going forward, fixed income funds are expected to strengthen on the back of widening gaps between short and mid-term yields.

ACKNOWLEDGMENT

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

For and on behalf of the board



Yasir Qadri

Chief Executive Officer

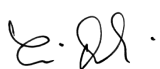
Karachi: April 21, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 MARCH 2014

	<i>Note</i>	31 March 2014 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Assets			
Balances with banks	6.	88,972	56,970
Investments	7.	1,035,171	824,668
Dividend and profit receivables		13,545	662
Receivable against sale of investments		13,042	20,591
Advances and deposits		3,985	3,951
Total assets		1,154,715	906,842
Liabilities			
Payable to Management Company		2,841	2,234
Payable to Central Depository Company of Pakistan Limited - Trustee		179	151
Payable to Securities and Exchange Commission of Pakistan		694	718
Payable against purchase of investments		16,792	-
Accrued expenses and other liabilities	8.	23,819	17,012
Total liabilities		44,325	20,115
Net assets		1,110,390	886,727
Unit holders' funds		1,110,390	886,727
Contingencies and commitments	9.		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		9,125,633	6,751,239
		(Rupees)	
Net asset value per unit		121.6781	131.3429

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


 Chief Executive Officer

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


 Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Note	Nine months ended		Quarter ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
----- (Rupees in '000) -----					
Income					
Capital gain on sale of investments - net		54,079	142,463	18,998	67,924
Dividend income		42,592	50,266	17,047	17,401
Income from government securities		4,163	705	853	139
Profit on bank deposits		5,631	3,480	2,548	1,217
Other income		-	5	-	-
		106,465	196,919	39,446	86,681
Net unrealised appreciation /(diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	7.1	125,101	44,604	37,447	(19,749)
Total income		231,566	241,523	76,893	66,932
Expenses					
Remuneration of Management Company		14,614	11,300	4,946	3,429
Sindh Sales Tax and Federal Excise Duty on Management Fee		5,051	1,808	1,710	548
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,453	1,130	489	343
Annual fee of Securities and Exchange Commission of Pakistan		694	537	235	163
Auditor's remuneration		414	507	123	172
Brokerage expenses		4,649	7,297	1,427	2,591
Other expenses		780	468	247	34
Total operating expenses		27,655	23,047	9,177	7,280
Net operating income for the period		203,911	218,476	67,716	59,652
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		19,797	(53,539)	26,082	(51,069)
Provision for workers' welfare fund	8.2	(4,474)	-	(1,876)	-
Net income for the period before taxation		219,234	164,937	91,922	8,583
Taxation	10	-	-	-	-
Net income for the period after taxation		219,234	164,937	91,922	8,583
OTHER COMPREHENSIVE INCOME					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		219,234	164,937	91,922	8,583
Earnings per unit	11				

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


Chief Executive Officer

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


Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Rupees in '000) -----			
Undistributed income / accumulated (losses) brought forward	211,596	(117,222)	108,590	46,897
Total comprehensive income for the period	219,234	164,937	91,922	8,583
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation	(5,570)	39,682	(2,694)	31,917
Distribution to the unit holders of the Fund:				
Final Distribution at the rate of Rs. 33.6889 (2012: nil) per unit for the year ended 30 June 2013				
Declared on 4 July 2013				
- Bonus distribution 2,329,055 units	(227,442)	-	-	-
	(13,778)	204,619	89,228	40,500
Undistributed income carried forward	197,818	87,397	197,818	87,397

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


 Chief Executive Officer

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


 Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	886,727	725,522	906,325	833,815
Issue of 7,977,351* units (2013: 2,746,058 units) and 2,310,388 units (2013: 1,158,802 units) for the nine months and quarter ended respectively	855,556	283,462	275,373	128,131
Redemption of 5,602,957 units (2013: 5,604,321 units) and 1,162,016 units (2013: 3,458,814 units) for the nine year and quarter ended respectively	(603,888)	(583,073)	(137,148)	(377,211)
	251,668	(299,611)	138,225	(249,080)
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed				
- amount representing loss and capital losses transferred to income statement	(19,797)	53,539	(26,082)	51,069
- amount representing loss / (income) that forms part of unit holder's fund transferred to distribution statement	5,570	(39,682)	2,694	(31,917)
	(14,227)	13,857	(23,388)	19,152
Element of (loss) / income that forms part of unit holder's fund transferred to distribution statement	(5,570)	39,682	(2,694)	31,917
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	125,101	44,604	37,447	(19,749)
Capital gain on sale of investments - net	54,079	142,463	18,998	67,924
Net income / (loss) for the period	40,054	(22,130)	35,477	(39,592)
Total comprehensive income for the period	219,234	164,937	91,922	8,583
Distribution during the period	(227,442)	-	-	-
Net assets at the end of the period	1,110,390	644,387	1,110,390	644,387

* This includes 2,329,055 (2012: nil) units issued as bonus units.

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


Chief Executive Officer


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


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	219,234	164,937	91,922	8,583
Adjustments for non-cash and other items:				
Profit on bank deposits	(5,631)	(3,480)	(2,548)	
Capital gain on sale of investments - net	(54,079)	(142,463)	(18,998)	
Dividend income	(42,592)	(50,266)	(17,047)	(17,401)
Net unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	(125,101)	(44,604)	(37,447)	19,749
Net element of loss and capital losses included in prices of units issued less those in units redeemed	(19,797)	53,539	(26,082)	51,069
	(247,200)	(187,274)	(102,122)	53,417
	(27,966)	(22,337)	(10,200)	62,000
Decrease / (increase) in assets				
Investments	(31,323)	290,196	(190,774)	223,724
Receivable against sale of investments	7,549	(3,358)	(13,042)	(3,358)
Security deposits and prepayments	(34)	(35)	37,993	35
	(23,808)	286,803	(165,823)	220,401
Increase / (decrease) in liabilities				
Payable to Management Company	607	(307)	602	(346)
Payable to Central Depository Company of Pakistan Limited - Trustee	28	(16)	21	(31)
Payable to Securities and Exchange Commission of Pakistan	(24)	(112)	235	163
Payable against purchase of investments	16,792	(25,388)	13,092	(7,685)
Accrued expenses and other liabilities	6,807	210	2,891	(342)
	24,210	(25,613)	16,841	(8,241)
Dividend received	30,381	36,198	4,417	3,407
Profit received on bank deposits	4,959	4,149	2,176	(3)
Net cash generated from operating activities	7,776	279,200	(152,589)	277,564
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	628,114	283,462	275,373	128,131
Payments against redemption of units	(603,888)	(583,073)	(137,148)	(377,211)
Net cash used in financing activities	24,226	(299,611)	138,225	(249,080)
Net increase / (decrease) in cash and cash equivalents	32,002	(20,411)	(14,364)	28,484
Cash and cash equivalents at the beginning of the period	56,970	104,347	103,336	55,452
Cash and cash equivalents at the end of the period	88,972	83,936	88,972	83,936

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



Chief Executive Officer

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



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Stock Fund ("The Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and was approved as a collective investment scheme by the Securities and Exchange Commission of Pakistan ("SECP") on 12 December 2006. It was constituted under a Trust Deed dated 10 November 2006 amended by a Supplemental Trust Deed dated 21 January 2007 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited ("CDC") as the Trustee, also incorporated under the Companies Ordinance, 1984.

Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company has been changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited .

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issue by SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

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 and Karachi Stock Exchange.

The Principal activity of the Fund is to make investments in securities listed on stock exchanges. The Fund is an equity fund and its objective is to provide long term capital appreciation.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of "AM2" to the Management Company while the Fund has been assigned a stability short-term and long term rating of 4-star.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the Trustee of the Fund.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

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 2013.

The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2014 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2013, 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 2013.

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 are unaudited.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

2.2 The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

2.3 This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.4 Functional and presentation currency

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in 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 2013.

3.1 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the fund operations and did not resulted in change to the funds operation and did not resulted in change in accounting policy of the fund except for, where applicable, change in presentation and additional disclosures.

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 2013.

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 2013.

		31 March 2014 (Unaudited)	30 June 2013 (Audited)
		(Rupees in '000)	
6. BALANCES WITH BANKS			
Saving accounts	<i>6.1</i>	88,932	56,929
Current account		40	41
		88,972	56,970

6.1 These carry mark-up at rates ranging between 6.5% to 9.25% per annum (30 June 2013: 6% to 11.5% per annum).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

7. INVESTMENTS

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

- Quoted equity securities
- Government securities

	31 March 2014 (Unaudited)	30 June 2013 (Audited)
	(Rupees in '000)	
	7.1	740,171
	7.2	84,497
	956,139	
	79,032	
	1,035,171	824,668

7.1 Quoted equity securities

Name of the investee company	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2014	Carrying value	Market value	Appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
Number of shares											
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.											
Oil and Gas producers											
Attock Petroleum Limited	54,742	32,200	16,588	26,800	76,730	36,423	41,506	5,083	3.74%	4.01%	0.09%
National Refinery Limited	38,000	124,000	-	104,500	57,500	12,992	13,157	165	1.18%	1.27%	0.07%
Oil and Gas Development Company Limited	189,282	500,300	-	346,300	343,282	90,696	82,776	(7,920)	7.45%	8.00%	0.01%
Pakistan Oilfields Limited	144,417	142,650	-	170,150	116,917	59,209	63,624	4,415	5.73%	6.15%	0.05%
Pakistan Petroleum Limited	239,131	493,600	77,626	458,100	352,257	70,429	78,821	8,392	7.10%	7.61%	0.02%
Pakistan State Oil Company Limited	251,800	330,300	-	388,800	193,300	65,305	82,483	17,178	7.43%	7.97%	0.08%
						335,054	362,367	27,313	32.63%	35.01%	0.32%
Chemicals											
Dawood Hercules Corporation Limited	168,500	-	-	168,500	-	-	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	30,000	764,900	-	598,000	196,900	33,098	36,716	3,618	3.31%	3.55%	0.04%
Engro Fertilizer	-	19,690	-	-	19,690	1,138	1,175	37	0.11%	0.11%	0.00%
Fatima Fertilizer Company Limited	1,850,500	978,000	-	1,451,500	1,377,000	36,128	43,348	7,220	3.90%	4.19%	0.07%
Fauji Fertilizer Bin Qasim Limited	379,500	-	-	379,500	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	-	60,000	-	60,000	-	-	-	-	0.00%	0.00%	0.00%
						70,364	81,239	10,875	7.32%	7.85%	0.11%
Industrial Metals and Mining											
Crescent Steel & Allied Products Ltd	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.00%
International Industries	-	410,000	-	-	410,000	20,897	23,493	2,596	2.12%	2.27%	0.34%
						20,897	23,493	2,596	2.12%	2.27%	0.34%
Construction and Materials											
Cherat Cement Company Limited	574,651	0	15,565	419,000	171,216	9,057	12,715	3,658	1.15%	1.23%	0.16%
D. G. Khan Cement Company Limited	71,406	948,500	0	945,406	74,500	6,229	6,855	626	0.62%	0.66%	0.02%
Fauji Cement Company Limited	0	942,500	0	350,000	592,500	8,188	10,126	1,938	0.91%	0.98%	0.04%
Fecto Cement Limited	57,416	0	0	50,000	7,416	356	389	33	0.04%	0.04%	0.01%
Kohat Cement Company Limited	462,333	433,000	129,766	611,500	413,599	32,195	48,399	16,204	4.36%	4.68%	0.27%
Lafarge Pakistan Cement	0	568,000	0	568,000	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement	117,013	88,000	0	176,713	28,300	8,795	8,970	175	0.81%	0.87%	0.01%
Maple Leaf Cement	352,000	1,856,000	0	730,000	1,478,000	38,639	43,498	4,859	3.92%	4.20%	0.28%
Pioneer Cement Limited	150,000	0	0	150,000	-	-	-	-	0.00%	0.00%	0.00%
						103,459	130,952	27,493	11.81%	12.66%	0.79%

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

Name of the investee company	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2014	Carrying value	Market value	Appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
General Industrials											
Packages Limited	-	119,700	-	-	119,700	32,728	41,143	8,415	3.71%	3.97%	0.14%
Thal Limited		3,300			3,300	462	560	98	0.05%	0.05%	0.01%
Tri-Pack Films Ltd.		10,500			10,500	2,541	2,080	(461)	0.19%	0.20%	0.04%
Industrial Engineering											
Al-Ghazi Tractors Limited*	500	-	-	500	-	-	0	-	0.00%	0.00%	0.00%
Automobile and Parts											
Pak Suzuki Motor Company Limited	19,000	-	-	19,000	-	-	0	-	-	-	-
Food Producers											
Engro Foods Limited	-	334,000	-	334,000	-	-	0	-	0.00%	0.00%	0.00%
Personal Goods											
Blessed Textile Limited	37,500	-	-	37,500	-	-	-	-	0.00%	0.00%	0.00%
Elleot Spinning Mills Limited	98,500	-	-	24,500	74,000	4,802	6,577	1,775	0.59%	0.64%	0.68%
Faisal Spinning Mills Limited	31,500	-	-	31,500	-	-	-	-	0.00%	0.00%	0.00%
Gadoon Textile	16,000	46,600	-	39,600	23,000	3,177	4,762	1,585	0.43%	0.46%	0.10%
Kohinoor Textile Mills	-	57,000	-	-	57,000	1,508	1,461	(47)	0.13%	0.14%	0.02%
Nishat Chunian Limited	-	118,500	10,800	128,500	800	44	38	(6)	0.00%	0.00%	0.00%
Nishat Mills Limited	225,500	528,000	-	736,600	16,900	2,270	1,970	(300)	0.18%	0.19%	0.00%
Tobacco											
Pakistan Tobacco Company Limited	11,000	-	-	11,000	-	11,801	14,808	3,007	1.33%	1.43%	0.80%
Pharma and Bio Tech											
Abbot Lab (Pakistan)	-	37,000	-	-	37,000	0	0	-	0.00%	0.00%	0.00%
Fixed Line Telecommunication											
Pakistan Telecommunication	195,000	1,127,000	-	1,322,000	-	15,558	15,506	(52)	1.40%	1.50%	0.04%
						15,558	15,506	(52)	1.40%	1.50%	0.04%
						-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

Name of the investee company	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2014	(Rupees in '000)					Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Appreciation / (diminution)					
Electricity													
The Hub Power Company Limited	1,235,131	734,500	-	1,652,500	317,131	19,581	16,862	(2,719)		1.52%	1.63%	0.03%	
Kot Addu Power Company Limited	70,000	1,503,000	-	1,481,000	92,000	5,179	5,472	293		0.49%	0.53%	0.01%	
Nisbat Chunian Power Limited	0	110,000	-	60,000	50,000	1,763	1,805	42		0.16%	0.17%	0.01%	
Pakgen Power Limited	0	860,000	-	860,000	-	-	-	-		0.00%	0.00%	0.00%	
Banks													
Allied Bank Limited	-	289,500	28,950	-	318,450	24,423	30,867	6,444		2.78%	2.98%	0.03%	
Askari Bank Ltd.	17	-	-	17	-	-	-	-		0.00%	0.00%	0.00%	
Bank AL-Falah Limited	1,813,000	1,419,000	-	1,324,000	1,908,000	37,995	50,982	12,987		4.59%	4.92%	0.14%	
Bank AL-Habib Limited	1,131,531	231,000	95,803	404,500	1,053,834	28,139	39,108	10,969		3.52%	3.78%	0.09%	
BankIslami Pakistan Ltd	100,000	-	-	100,000	-	-	-	-		0.00%	0.00%	0.00%	
Faysal Bank Ltd.	-	2,186,000	-	100,000	2,086,000	26,464	29,287	2,823		2.64%	2.83%	0.20%	
Habib Bank Limited	151,600	-	10,190	49,700	112,090	12,151	19,538	7,387		1.76%	1.89%	0.01%	
Habib Metropolitan Bank	-	651,000	-	70,000	581,000	14,478	15,507	1,029		1.40%	1.50%	0.06%	
MCB Bank Ltd	16,600	150,900	8,880	69,600	106,780	27,781	26,826	(955)		2.42%	2.59%	0.01%	
Meezan Bank Limited	318,025	560,000	-	318,000	560,025	21,329	22,149	820		1.99%	2.14%	0.06%	
National Bank Of Pakistan	-	1,084,000	-	1,084,000	-	-	-	-		0.00%	0.00%	0.00%	
United Bank Limited	246,471	490,400	-	734,400	2,471	312	400	88		0.04%	0.04%	0.00%	
						193,072	234,664	41,592		21.14%	22.67%	0.60%	
Non Life insurance													
Adanjee Insurance Company Limited	-	15,000	-	15,000	-	-	-	-		0.00%	0.00%	0.00%	
Pakistan Reinsurance Company Limited	628,000	130,000	-	-	758,000	18,550	25,188	6,638		2.27%	2.43%	0.25%	
						18,550	25,188	6,638		2.27%	2.43%	0.25%	
Technology Hardware and Equipment													
Avanceon Limited	-	165,000	-	165,000	-	-	0	-		0.00%	0.00%	0.00%	
						-	-	-		0.00%	0.00%	0.00%	
Total - 31 March 2014													
						831,009	956,139	125,130		86.14%	88.60%		
Total - 30 June 2013													
						684,622	740,171	55,549		83.47%	89.75%		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

7.1.1 Investments include shares with market value aggregating of Rs.70.330 million (30 June 2013: Rs.61.299 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.

7.2 Government securities

Government securities								Market value	
Particulars	As at 1 July 2013	Purchases during the period	Sold / matured during the period	As at 31 March 2014	Cost	Market value	Appreciation / (diminution)	as a percentage of net assets	as a percentage of total investments
-----Face value-----				----- (Rupees in '000) -----					
Treasury Bills									
Treasury bills - 3 months	10,000	300,000	230,000	80,000	79,061	79,032	(29)	7.12%	7.63%
Treasury bills - 12 months	75,000	-	75,000	-	-	-	-	0.00%	0.00%
Total - 31 March 2014					79,061	79,032	(29)		
Total - 30 June 2013					84,477	84,497	20		

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 March 2014 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Auditors' remuneration payable	361	400
Brokerage payable	529	936
Dividend payable	41	41
Provision for Federal Excise Duty	8.1 2,875	163
Provision for Workers' Welfare Fund	8.2 19,554	15,080
Others	459	392
	23,819	17,012

8.1 The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies .In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment . The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in this condensed interim financial information aggregating to Rs. 2.875 million as at March 31, 2014. In case the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes were not recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.315 per unit as at 31 March 2014.

8.2 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. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements till the year ended 30 June 2011.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

On 15 July 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.

During the year ended 30 June 2012, 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 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions filed by institutions other than mutual funds declared that amendments 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 advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment.

As the matter relating to levy of WWF on CISs is currently pending in the SHC, the Management Company has decided to retain and continue with the provision for WWF in its books of account and financial statements aggregating to Rs. 19.554 million as at March 31, 2014. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 2.14 per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2014.

10. 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 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.

11. EARNINGS PER UNIT

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

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related party of the Fund include the Management Company, other collective investment schemes being managed by 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

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

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited)				
Remuneration of Management Company (including indirect taxes)	19,665	13,108	6,656	3,977
MCB Bank Limited				
Profit on bank deposits	3,290	1,179	2,091	464
Dividend income	470	232	310	-
Bank charges	13	21	8	6
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of Trustee	1,453	1,130	489	343
CDC settlement charges	238	105	145	54
Adamjee Insurance Company Limited				
Dividend Income	38	-	-	-
Nishat Chunian Limited				
Dividend income	216	-	-	-
Pakgen Power Limited				
Dividend income	-	110	-	110
Nishat Mills Limited				
Dividend income	46	2,457	-	-
D.G. Khan Cement Company Limited				
Dividend income	1,494	724	-	-
Next Capital Limited				
Brokerage*	125	163	46	58
Arif Habib Limited				
Brokerage*	276	358	69	30

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

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

	31 March 2014 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited)		
Remuneration payable to the Management Company	1,791	1,459
Sales tax payable on remuneration of Management	287	233
Sales load payable	763	542
Central Depository Company of Pakistan Limited - Trustee		
Payable to Trustee	175	146
CDC Settlement charges payable	4	5
Security deposit	200	200
MCB Bank Limited		
Bank balances	76,278	20,033
Profit receivable on bank balances	547	41
106,780 shares held by the Fund (30 June 2013: 16,600 shares)	26,826	4,027
D. G. Khan Cement Company Limited		
74,500 shares held by the Fund (30 June 2013: 71,406 shares)	6,855	5,976
Fatima Fertilizer Company Limited		
1,377,000 shares held by the Fund (30 June 2013: 1,850,500 shares)	43,348	45,948
Nishat Mills Limited		
16,900 shares held by the Fund (30 June 2013: 225,500)	1,970	21,244
Nishat Chunain Limited		
800 shares held by the Fund (30 June 2013: 225,500)	38	-
Arif Habib Limited		
Brokerage *	60	96
Next Capital		
Brokerage *	1	22

* 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.

	(Unaudited)			
	Nine months ended 31 March 2014		Nine months ended 31 March 2013	
	Units	(Rupees in '000)	Units	(Rupees in '000)
Units sold to:				
Adamjee Life Assurance Company Limited	627,430	71,100	539,636	59,910
Key management personnel	55,931	6,201	32,267	3,709
Mandate Under Discretionary Portfolio Services	314,704	36,536	9,851	1,017
MCB-Arif Habib Savings And Investments Limited	264,676	31,000	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

Bonus units issued to :

MCB Employees Provident Fund	489,481	47,800	-	-
MCB Employees Pension Fund	375,103	36,630	-	-
D.G. Khan Cement Company Limited Employees Provident Fund	8,287	809	-	-
Adamjee Life Insurance Company Limited (Income Multiplier Fund)	311,458	30,415	-	-
Key Management personnel	8,395	820	-	-
Mandate Under Discretionary Portfolio Services	63,106	6,163	-	-

Units redeemed by:

Adamjee Life Assurance Company Limited	1,338,600	140,000	17,668	2,000
Bank of Punjab Limited	-	-	-	-
Key management personnel	46,574	5,073	20,543	2,223
Mandate Under Discretionary Portfolio Services	409,899	45,984	3,481	340
MCB-Arif Habib Savings And Investments Limited	264,676	31,194	-	-

	Nine months ended		Nine months ended	
	31 March 2014 (Unaudited)	30 June 2013 (Audited)	31 March 2014 (Unaudited)	30 June 2013 (Audited)
	Units		(Rupees in '000)	
Units held by:				
MCB Employees Provident Fund	1,908,342	1,418,860	232,203	186,353
MCB Employees Pension Fund	1,462,414	1,087,311	177,944	142,807
D.G. Khan Cement Company Limited - Employees Provident Fund	32,310	24,023	3,931	3,155
Adamjee Life Insurance Company Limited (Income Multiplier Fund)	503,112	902,823	61,218	118,577
Key management personnel	42,085	24,333	5,121	2,999
Mandate Under Discretionary Portfolio Services	150,839	182,927	18,354	24,026

13. SUBSEQUENT EVENT

The Board of Directors of MCB- Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited) have decided to merge MCB Dynamic Stock Fund and Pakistan Premier Fund with and into Pakistan Stock Market Fund. In this respect a meeting of Unit Holders was convened on 13 January 2014 for approval of merger in terms of circular 20 of 2009. However, the requirement of resolution for approving of merger to be passed by majority of Unit Holders representing three fourth in value of total outstanding units was not achieved. The Management Company have approached Securities and Exchange Commission of Pakistan (SECP), as authorized by Unit Holders present in the meeting for relaxation of the requirement of circular 20 of 2009. The response from the Securities and Exchange Commission of Pakistan (SECP) is currently awaited.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on **April 21, 2014** by the Board of Directors of the Management Company.

15. GENERAL

Corresponding figures have been rearranged and reclassified wherever necessary, for the purposes of comparison and better presentation. No significant changes to corresponding figures have been made during the period.

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


Chief Executive Officer


Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)

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