

Quarterly Report

March 31, 2014
(Unaudited)



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

**PAKISTAN
STRATEGIC ALLOCATION 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	Habib Metropolitan Bank Limited MCB Bank Limited Summit Bank Limited Standard Chartered Bank Limited	
Auditors	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	JWAFFS Registrar Services (Private) Limited Kashif Centre, Room No. 505, 5th Floor, Near Hotel Mehran, Main Shahrah-e-Faisal, 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, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Strategic Allocation Fund's** accounts review for the nine months ended March 31th 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

During the period, PSAF underperformed KSE100 index by delivering 25.6% return as compared to KSE100 index return of 29.3%. Overall equity exposure of the fund was decreased by around 5.6% which stood at 70.1% at the end of the period. The fund changed its investment strategy several times during the period to cope with various sector and company level fundamental developments. Major sector level changes include decrease in exposure in Chemicals, Commercial Banks and Oil and Gas and increase in allocation in Construction and Materials and Electricity.

The Net Asset of the Fund as at March 31, 2014 stood at Rs. 366.73 million as compared to Rs.305.79 million as at June 30, 2013 registering a growth of 19.9%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 11.70 as compared to opening NAV of Rs. 11.34 per unit as at June 30, 2013 registering an increase of Rs. 0.36 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

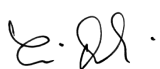
Chief Executive Officer

Karachi: April 21, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2014

		(Un-Audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000') -----	
Assets			
Balances with banks		44,298	21,834
Investments	5	339,723	312,688
Receivable against sale of investments		8,831	400
Profit and other receivable		4,336	219
Advances and security deposits		2,971	2,971
Total assets		400,159	338,112
Liabilities			
Payable to Management Company		728	609
Payable to Central Depository Company of Pakistan Limited - Trustee		63	58
Payable to Securities and Exchange Commission of Pakistan - annual fee		244	311
Unclaimed dividend		12,400	12,405
Accrued expenses and other liabilities	6	19,997	18,944
Total liabilities		33,432	32,327
NET ASSETS		366,727	305,785
UNIT HOLDERS' FUND		366,727	305,785
Contingencies and commitments	7		
(Number of Units)			
Number of units in issue		31,335,087	26,957,076
----- (Rupees) -----			
Net assets value per unit		11.70	11.34

The annexed notes 1 to 13 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 (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

		Nine month ended March 31,		Quarter ended March 31,	
	Note	2014	2013	2014	2013
----- (Rupees in '000') -----					
Income					
Capital gain on sale of investments - net		59,430	54,221	18,633	34,534
Dividend income		13,193	19,181	6,138	8,554
Income from government securities		4,591	3,757	1,744	961
Profit on bank deposits		3,117	2,694	1,082	930
Unrealised appreciation / (diminution) in value of investments 'at fair value through profit or loss' - net	5.3	8,282	4,193	(4,273)	(18,333)
Total Income		88,613	84,046	23,324	26,646
Operating expenses					
Remuneration of Management Company		5,130	4,979	1,781	1,504
Sales Tax and Federal Excise Duty on remuneration of Management Company		1,773	797	615	241
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		531	528	178	173
Annual fee - Securities and Exchange Commission of Pakistan		244	236	85	71
Securities transaction cost		1,646	2,061	488	750
Bank and settlement charges		238	261	77	72
Auditors' remuneration		440	437	143	137
Fees and subscription		216	237	29	115
Printing and related cost		192	180	84	-
Total operating expenses		10,410	9,716	3,480	3,063
		78,203	74,330	19,844	23,583
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed		(1,960)	(13,582)	(430)	(4,510)
Provision for Workers' Welfare Fund	6	(1,525)	-	(388)	-
Net income for the period before taxation		74,718	60,748	19,026	19,073
Taxation	8	-	-	-	-
Net income for the period after taxation		74,718	60,748	19,026	19,073
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		74,718	60,748	19,026	19,073
Earnings per unit	9				

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Chief Executive Officer

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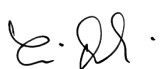


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

	Nine Month ended March 31,		Quarter year ended March 31,	
	2014	2013	2014	2013
	----- (Rupees in '000') -----			
Undistributed Income / (loss) brought forward	36,215	(58,825)	34,464	(2,060)
Final bonus distribution for the period ended June 30, 2013 distributed at Rs. 2.0247 per unit (Declared on July 4, 2013)	(54,580)	-	-	-
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount representing unrealized income	(2,977)	18,458	(114)	3,368
Net income for the period after taxation	74,718	60,748	19,026	19,073
Undistributed income carried forward	53,376	20,381	53,376	20,381

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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 (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

	Nine month ended March 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	(Rupees in '000')			
Net assets at beginning of the period	305,785	351,503	346,137	302,856
Issue of 4,665,690 units (2012: 13,362) units and 3,131,451 units (2012: 7,065) for the nine month and quarter ended respectively	51,709	2,539	35,469	2,414
Issued of bonus units 5,856,222 (2012: Nil) for the nine month ended	54,580	-	-	-
Redemption of 6,143,901 units (2012: 10,553,286 units) and 2,963,608 units (2012: 6,958,955 units) for the nine month and quarter ended respectively	(67,445)	(126,626)	(34,335)	(27,107)
	38,844	(124,087)	1,134	(24,693)
	344,629	227,416	347,271	278,163
Element of loss / (income) and capital (losses) / gains included in prices of units sold less those in units redeemed				
- amount representing accrued loss and realised capital losses lost transferred to the Income Statement	1,960	13,582	430	4,510
- amount representing unrealised capital losses / (gains) transferred to the Distribution Statement	2,977	(18,458)	114	(3,368)
	4,937	(4,876)	544	1,142
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised income	(2,977)	18,458	(114)	3,368
Net income for the period transferred from the distribution statement				
Capital gain on sale of investments	59,430	54,221	18,633	34,534
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	8,282	4,193	(4,273)	(18,333)
Other net income for the period	7,006	2,334	4,666	2,872
Final bonus distribution for the period ended June 30, 2013 distributed at Rs. 2.0247 per unit (Declared on July 4, 2013)	(54,580)	-	-	-
	20,138	60,748	19,026	19,073
Net assets at the end of the period	366,727	301,746	366,727	301,746

The annexed notes 1 to 13 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 (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

	Nine month ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	------(Rupees in '000')-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income before taxation	74,718	60,748	19,026	19,073
Adjustments				
Element of loss and capital losses included in prices of units issued less those in units redeemed	1,960	13,582	430	4,510
Unrealised appreciation in value of investments 'at fair value through profit or loss' - net	(8,282)	(4,193)	4,273	18,333
Dividend income	(13,193)	(19,181)	(6,138)	(8,554)
	55,203	50,956	17,591	33,362
Working capital changes				
<i>(Increase) / decrease in assets</i>				
Investments - net	(18,753)	54,426	(12,917)	(29,809)
Receivable against sale of investments	(8,431)	407	(7,558)	7,060
Profit and other receivable	(4,171)	390	(3,807)	(50)
Advances and security deposits	-	1	-	(46)
	(31,355)	55,224	(24,282)	(22,845)
<i>Increase / (decrease) in liabilities</i>				
Payable to Management Company	62	(74)	51	(33)
Payable to Central Depository Company of Pakistan Limited - Trustee	5	1	4	(1)
Payable to Securities and Exchange Commission of Pakistan - annual fee	(67)	(240)	85	71
Accrued expenses and other liabilities	1,110	(1,667)	719	(1,408)
	1,110	(1,980)	859	(1,371)
	24,958	104,200	(5,832)	9,146
Dividend received	13,247	12,315	6,138	1,503
Net cash generated from operating activities	38,205	116,515	306	10,649
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	51,709	2,539	35,469	2,414
Payments on redemption of units	(67,445)	(126,626)	(34,335)	(27,107)
Cash dividend paid	(5)	(37)	-	(14)
Net cash used in financing activities	(15,741)	(124,124)	1,134	(24,707)
Net increase in cash and cash equivalents during the period	22,464	(7,609)	1,440	(14,058)
Cash and cash equivalents at beginning of the period	21,834	42,371	42,858	48,820
Cash and cash equivalents at end of the period	44,298	34,762	44,298	34,762

The annexed notes 1 to 13 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 AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Strategic Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004.
- 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** Formation of the Fund as a closed-end fund was authorised by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund.
- 1.4** "The Fund is categorised as ""equity scheme"" and is listed on the Karachi stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund."
- 1.5** The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturities.
- 1.6** Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 to the management company and 2-Star as stability rating 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. STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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.
- 2.2** This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the quarters ended March 31, 2014 and March 31, 2013 are un-audited and have been included to facilitate comparison.
- 2.3** This condensed interim financial information is Un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and this condensed interim financial information are being circulated to the unit holders as required under the NBFC Regulations.
- 2.4** This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

- 2.5** The directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

- 3.1** The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2013.

- 3.2** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013.

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

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management policies are consistent with that disclosed in the financial statements of the Fund as at and for the year ended June 30, 2013.

	Un-audited March 31, 2014	Audited June 30, 2013
Note	31, 2014	30, 2013
	Rupees in '000	

5. INVESTMENTS

At fair value through profit or loss

Listed equity securities	5.1	280,449	255,998
Government securities	5.2	59,274	56,690
		<u>339,723</u>	<u>312,688</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

5.1 Listed equity securities 'at fair value through profit or loss'
(Face value of Rs. 10/- each unless stated otherwise)

Name of the Investee Company	As at July 1, 2013	Purchases during the period	Bonus/ rights issue	Sales during the period	As at March 31, 2014	Balance as at March 31, 2014				Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company
						Cost	Market value	Appreciation/(depreciation)	Market value as percentage of net assets		
OIL AND GAS											
Attock Petroleum Limited	26,184	5,600	4,046	30,150	5,680	2,898	3,072	174	0.84	0.90	0.01
National Refinery Limited	9,800	47,500	-	30,300	27,000	6,003	6,178	175	1.68	1.82	0.03
Oil & Gas Development Company Limited	78,776	122,900	-	65,700	135,976	36,547	32,788	(3,759)	8.94	9.65	0.00
Pakistan Oilfield Limited	42,453	76,100	-	55,150	63,403	32,857	34,503	1,646	9.41	10.16	0.03
* Pakistan Petroleum Limited	136,848	218,600	8,409	288,600	75,257	17,398	16,840	(558)	4.59	4.96	0.00
* Pakistan State Oil Company Limited	51,985	86,500	-	111,400	27,085	11,182	11,557	375	3.15	3.40	0.01
						106,885	104,938	(1,947)	28.61	30.89	
CHEMICALS											
Engro Corporation Limited	178,700	112,700	-	188,900	102,500	16,949	19,113	2,164	5.21	5.63	0.02
Engro fertilizer	-	20,250	-	10,000	10,250	601	612	11	0.17	0.18	0.00
Fatima Fertilizer Company Limited	532,200	90,000	-	162,000	460,200	11,545	14,487	2,942	3.95	4.26	0.02
Fauji Fertilizer Bin Qasim Limited	266,400	79,500	-	266,500	79,400	3,381	3,417	36	0.93	1.01	0.01
Fauji Fertilizer Company Limited	169,100	39,700	-	173,200	35,600	3,684	3,946	262	1.08	1.16	0.00
Lotte Chemical Pakistan Limited	125,000	-	-	125,000	-	-	-	-	0.00	0.00	0.00
						36,160	41,575	5,415	11.17	12.24	
CONSTRUCTION AND MATERIALS											
Cherat Cement Company Limited	51,500	201,300	30	252,500	330	18	25	7	0.01	0.01	0.00
D. G. Khan Cement	20,100	163,000	-	153,000	30,100	2,396	2,770	374	0.76	0.82	0.01
Fauji Cement Company Limited	-	319,000	-	319,000	-	-	-	-	0.00	0.00	0.00
Kohat cement Company Limited	89,500	132,000	31,700	215,012	38,188	4,395	4,469	74	1.22	1.32	0.02
Lucky Cement Company Limited	2,619	37,600	-	19,000	21,219	7,093	6,725	(368)	1.83	1.98	0.01
Maple Leaf Cement Company Limited	-	753,500	-	76,000	677,500	14,844	19,939	5,095	5.44	5.87	0.13
						28,746	33,928	5,182	9.26	10.00	
GENERAL INDUSTRIALS											
Packages Limited	-	38,600	-	38,600	-	-	-	-	0.00	0.00	0.00
FOOD PRODUCERS											
Engro Foods Limited	-	106,000	-	31,200	74,800	7,419	8,793	1,374	2.40	2.59	0.01
PERSONAL GOODS											
Nishat Mills Limited	68,300	245,100	-	304,600	8,800	1,105	1,026	(79)	0.28	0.30	0.00

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

Name of the Investee Company	As at July 1, 2013	Purchases during the period	Bonus/ rights issue	Sales during the period	As at March 31, 2014	Balance as at March 31, 2014			Market value as percentage of net assets	Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company										
						Cost	Market value	Appreciation/(diminution)													
Rupees in '000'												%									
9												9		-		0.00		0.00			
FIXED LINE TELECOMMUNICATION																					
Pakistan Telecommunication Company Limited																					
ELECTRICITY																					
Hub Power Company Limited												34,981		30,991		(3,990)		8.45		9.12	
Kot Addu Power Company Limited												15,368		15,286		(82)		4.17		4.50	
Nishat Power Limited												4,586		4,745		159		1.29		1.40	
Pakgen Power Limited												2,971		2,727		(244)		0.74		0.80	
												57,906		53,749		(4,157)		14.65		15.82	
BANKS																					
Allied Bank Limited												942		1,110		168		0.30		0.33	
Askari Bank Limited																				0.00	
Bank Al-Falah Limited												870		884		14		0.24		0.26	
Bank AL-Habib Limited												8,549		8,801		252		2.40		2.59	
MCB Bank Limited												9,618		9,755		137		2.66		2.87	
Meezan Bank Limited												7,293		7,705		412		2.10		2.27	
National Bank Of Pakistan												5,513		6,877		1,364		1.88		2.02	
United Bank Limited																		0.00		0.00	
												32,785		35,132		2,347		9.58		10.34	
NON LIFE INSURANCE																					
Pakistan Reinsurance Company Limited												1,130		1,299		169		0.35		0.38	
March 31, 2014												272,145		280,449		8,304		76.30		82.56	
June 30, 2013												241,075		255,998		14,923		78.84		75.35	

* The above include shares with a market value aggregating to Rs. 15,951 thousand (June 2013: Rs. 66,419 thousand) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

Tenor	Face Value			Balance as at March 31, 2014			Market value as % of net assets	Market value as % of total investments
	As at July 01, 2013	Purchases during the period	Sales / matured during the period	As at March 31, 2014	Carrying value	Market value		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

		(Un-Audited) March 31 2014	(Audited) June 30 2013
	Note	----(Rupees in '000')----	
5.3 Net unrealised appreciation in value of investments at fair value through profit or loss			
Market value of investments	5.1 & 5.2	339,723	312,688
Less: Cost of investments	5.1 & 5.2	331,441	(297,755)
		8,282	14,933

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Federal Excise Duty on remuneration of Management Company	6.1	1,009	57
Conversion cost payable		3,603	5,123
Provision for worker's welfare fund	6.2	14,190	12,666
Auditor's remuneration		306	400
Legal and professional		188	150
Brokerage		321	158
Others		380	390
		19,997	18,944

6.1 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

"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. 1.009 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. 0.03 per unit as at 31 March 2014.

6.2 PROVISION FOR WORKER'S WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds 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 Collective Investment Schemes (CISs) through their trustees in the Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby

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the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

Subsequent to the year ended June 30, 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, 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 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 in 2013, the Larger Bench of the SHC issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

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. 14.1905 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 Re. 0.45 per unit.

7. CONTINGENCIES AND COMMITMENTS

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

8 TAXATION

The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) 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. 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 Ordinance as the management intends to distribute at least 90% of income earned during current year to the unit holders therefore, no provision for taxation has been recorded in this condensed interim financial information.

9. EARNINGS PER UNIT

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

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

10.1 Details of transactions with connected persons are as follows:

	----- Un-audited -----			
	Nine month ended		Quarter ended	
	March 31		March 31	
	2014	2013	2014	2013
	----- (Rupees in '000') -----			
MCB Arif Habib Savings and Investments (formerly: Arif Habib Investments Limited)				
Remuneration of management company including indirect taxes	6,903	4,979	2,397	1,504
Central Depository Company - Trustee				
Remuneration	531	528	178	173
CDC charges for conversion	43	208	17	142
Annual Fee	68	68	-	-
Arif Habib Limited - Brokerage house				
Brokerage *	81	55	35	-
MCB Bank Limited				
Mark up income during the period	2,345	1,397	840	748
Bank charges	7	7	3	2
Directors and executives of the Management Company				
Issued of 26,224 units (2013: nil units) and 26,224 units (2013:nil units) for the nine months and quarter ended	300	-	300	-
Redemption of 26,224 units (2013: 46,617 units) and nil units (2013: nil units) for the Nine month and quarter ended	301	423	-	-
Nishat Mills Limited				
Issue Bonus 126,591 (2013: Nil units)	1,180	-	-	-
Dividend Income	423	-	-	-
Next Capital				
Brokerage*	30	101	7	67
MCB Bank LTD				
Dividend Income	231	-	124	-
DG Khan Cement Limited				
Dividend Income	248	154	-	-
Nishat Power Limited				
Dividend Income	150	1,520	150	-

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*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.

	Un-audited March 31, 2014	Audited June 30, 2013
10.2 Amount outstanding as at period / year end		
MCB Arif Habib Savings and Investments (formerly: Arif Habib Investments Limited)		
Remuneration payable	628	525
Sales tax payment on management fee	100	84
Conversion cost payable	3,603	5,123
Front end load	18	-
Trustee		
Remuneration payable	63	703
Security deposit	300	300
Arif Habib Limited - Brokerage house		
Brokerage payable	22	-
Summit Bank Limited		
Balance with bank	-	5,109
MCB Bank Limited		
Balances with Bank	12,838	8,041
Accured mark-up	216	33
38,830 shares held by the Fund (2013: Nil shares)	9,755	-
Fatima Fertilizer Company Limited		
460,200 shares held by the Fund (2013: 532,200 shares)	14,487	13,215
D. G. Khan Cement		
30,200 shares held by the Fund (2013: 20,100 shares)	2,770	1,682
Nishat Power Limited		
150,100 shares held by the Fund (2013: 100 shares)	4,745	3
Nishat Mills Limited		
709,307 units held as at March 31, 2014 (2013: 582,716)	8,299	-
8,800 shares held by the Fund (2013: 68,300 shares)	1,026	6,435

12. DATE OF AUTHORISATION FOR ISSUE

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

13 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.



Chief Executive Officer

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



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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