



Bachat ka Doosra Naam

Asset Manager Rating (By PACRA): **AM2+** (AM Two Plus)

Quarterly Report March 31, 2015 (Unaudited)



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

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

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MCB
DCF INCOME FUND
(Formerly MCB Dynamic Cash Fund)

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. 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 & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Financial Officer	Mr. Muhammad Saqib Saleem	
Trustee	Central Despository 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 Bank Islami Pakistan Limited Allied Bank Limited Habib Metropolitan Bank Limited United Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidhat Hyder, Progressive Plaza, Beaumont Road, P.O Box 15541 Karachi, Sindh 75530, Pakistan	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5, Clifton, Karachi. Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	Asset Manager: "AM2+" (PACRA) Entity Ratings : "AA-" (PACRA)	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Income Fund (Formerly: MCB Dynamic Cash Fund)** accounts review for the nine months ended March 31st 2015.

ECONOMY AND MONEY MARKET OVERVIEW

In the wake of lower oil prices, macro-environment has stabilized with strengthening outlook. With oil prices hovering around \$55 per barrels at the end of March, 2015 in the international market, the crude has fallen by more than 50% from its peak level of around \$114 per barrel touched in June, 2014, largely benefiting the country in the shape of soft inflation and lower oil import bill.

Hence, on the heels of stable food prices and cut in fuel prices in the domestic market, Consumer Price Inflation averaged around 5.14% during the first nine months of the current fiscal year. If oil prices stabilize below \$60 per barrel, CPI is expected to persist in lower range during the last quarter of the current fiscal year.

While the country's current account deficit summed to \$1.64 billion during the first eight months of the current fiscal year (as per latest available data) as opposed to deficit of \$ 2.4 billion during the corresponding period last year. With trade deficit largely unchanged compared to the previous year, improvement in the current account balance came from larger Collation Support Fund proceeds and higher remittances.

Import bill remained close to the last year's level, as benefit of lower oil bill was eroded by volumetric increase in imports of other segments. Whereas exports have slightly weakened in consideration of lower cotton prices, disruptive power supplies and the loss of competitiveness due to real exchange rate appreciation. With oil imports accounting for one-third of the country's total import bill, trade deficit is forecasted to narrow down in the coming months reflecting significant drop in oil prices.

Workers' Remittances summed to \$ 13.33 billion during the nine months period, marking a growth of 15 percent as compared to the corresponding period last year.

At the same time, financial account registered a surplus of \$ 2.5 billion as compared to a surplus of \$ 0.61 billion recorded during the same period last year. This is mainly due to increase in portfolio investments after the government successfully raised \$ 1 billion through Sukuk auction.

The country's FX reserves got an impetus from multilateral and bilateral disbursements, privatization proceeds, \$ 1 billion Sukuk auction, lower oil bill and SBP interventions. The reserves stood at around \$ 16 billion at the end of March, higher by around \$2 billion since the start of the current fiscal year. Out of total financing of around \$ 2.2 billion scheduled for FY15 under IMF Extended Fund Facility (EFF), the country has received two tranches of around \$ 540 million each during 9MFY15.

Keeping in view lower inflationary pressure along with improving outlook on the balance of payment, the government had announced cut in the discount rate in the monetary policy held in November, January and March, bringing the discount rate to 8 percent from 10 percent at the start of the year.

M2 has expanded by 4.87 percent during the 9MFY15 (till 27th March) as opposed to expansion of 5.21 percent during the same period last year. At the same time, the net borrowing from the banking system increased by Rs 521.62 billion as opposed to Rs 505.86 billion raised during the same period last year.

Money market remained quite active during the 9MFY15, largely due to declining interest rate scenario stemming from sharp decline in oil prices. Participation largely remained concentrated in longer tenure paper causing strain on short term liquidity as the government sold a total of Rs 850 billion worth of PIBs against a target of Rs 600 billion during the first three quarters.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 14.23% as against its benchmark return of 9.45%.

In order to capitalize on the declining interest rate scenario fund increased its portfolio duration by reducing exposure from short-end papers and staying invested in PIBs. At period-end, the fund was 46.7% invested in PIBs and 10.9% in TFCs.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

The Net Asset of the Fund as at March 31, 2015 stood at Rs.14.017 billion as compared to Rs.11.102 billion as at June 30, 2014 registering an increase of 26.26%.

The Net Asset Value (NAV) per unit as at March 31, 2015 was Rs. 111.9009 as compared to opening NAV of Rs.101.1030 per unit as at June 30, 2014 registering an increase of Rs.10.7979 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 government is eyeing to raise foreign inflows through offloading its stake in HBL and the country is also expected to receive next tranche of US\$ 550 million from IMF in April. Remittances are expected to grow further, however, political distraction in the Middle Eastern region and lower oil prices pose risk to the ongoing northward trend.

Due to subsiding cost pressure, we expect manufacturing sectors, primarily, Auto, Cement and Consumer sectors to outperform the broader market. Moreover, continuation of expansionary environment suggests high-dividend yield companies to stay in the limelight.

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,



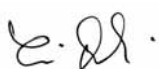
Yasir Qadri
Chief Executive Officer
April 24, 2015.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT MARCH 31, 2015

		(Un-Audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
Assets			
Balances with banks		2,333,526	2,404,638
Investments	6	11,822,600	8,406,950
Profit and other receivables		252,526	377,624
Advance against subscription of term finance certificates		-	77,500
Security deposits and prepayments		3,210	3,301
Total assets		14,411,862	11,270,013
Liabilities			
Payable to Management Company		51,550	26,364
Payable to Trustee		968	767
Payable to Securities and Exchange			
Commission of Pakistan - annual fee		7,005	8,167
Advance against sale of units		62,231	-
Payable against sale of investment		63,029	-
Payable against redemption of units		25,512	-
Accrued expenses and other liabilities	7	184,706	132,730
Total liabilities		395,001	168,028
NET ASSETS		14,016,861	11,101,985
Unit holders' fund (as per statement attached)		14,016,861	11,101,985
----- (Number of Units) -----			
Number of units in issue		125,261,406	109,808,608
----- (Rupees) -----			
Net assets value per unit		111.9009	101.1030

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



Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

		Nine months ended		Quarter ended	
		March 31,		March 31,	
		2015	2014	2015	2014
Note		(Rupees in '000)			
Income					
		773,811	581,884	269,605	208,621
		164,941	160,305	53,526	55,411
		278,236	20,678	265,718	24,302
		82,712	113,624	24,823	37,073
		958	-	958	-
		772	-	292	-
		1,301,430	876,491	614,922	325,407

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

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


Chief Executive Officer


Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	(Rupees in '000)			
Undistributed income brought forward	117,865	398,934	946,092	117,275
Final distribution of bonus units for the year ended June 30, 2013 at Rs.2.6526 per unit (Date of distribution July 04, 2013)	-	(289,686)	-	-
Interim distribution of bonus units for the quarter ended September 30, 2013 at Rs.1.7440 per unit (Date of distribution September 26, 2013)	-	(178,366)	-	-
Interim distribution of bonus units for the half year ended December 31, 2013 at Rs.2.0257 per unit (Date of distribution December 26, 2013)	-	(214,163)	-	-
Interim distribution of bonus units for the nine months and quarter ended March 31, 2014 at Rs.2.6910 per unit (Date of distribution March 26, 2014)	-	(285,224)	-	(285,224)
	-	(967,439)	-	(285,224)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealized income	30,638	186	26,157	230
Total comprehensive income for the period	1,338,983	685,045	515,237	284,445
Undistributed income carried forward	1,487,486	116,726	1,487,486	116,726

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



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	(Rupees in '000)			
Net assets at beginning of the period	11,101,985	11,319,750	12,414,276	11,033,713
Issue of 81,167,522 (2014: 65,225,931) units and 29,935,836 (2014: 24,645,530) units for the nine months and quarter respectively	8,613,117	6,647,634	3,252,382	2,515,179
Redemption of 65,714,724 (2014: 74,618,370) units and 19,323,913 (2014: 27,239,576) units for the nine months and quarter respectively	(6,972,011)	(7,608,191)	(2,093,216)	(2,786,200)
Issue of Nil (2014: 9,578,595) bonus units and Nil (2014: 2,823,996) units for the nine months and quarter respectively	-	967,439	-	285,224
	1,641,106	6,882	1,159,166	14,203
	12,743,091	11,326,632	13,573,442	11,047,916
Element of (income) / loss and capital gains /(losses) included in prices of units issued less those in units redeemed				
- amount representing realised (income) / loss and capital (gains) / losses transferred to income statement	(65,213)	11,921	(71,819)	9,022
- amount representing unrealised (income)/ loss that forms part of unit holders' fund - transferred to distribution statement	(30,638)	(186)	(26,157)	(230)
	(95,851)	11,735	(97,976)	8,792
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised income	30,638	186	26,157	230
Net unrealised appreciation / (diminution) during the period in the market value of investment classified as available-for-sale	195,196	(2,068)	64,347	(2,068)
Net income for the period transferred from the distribution statement				
Capital gain on sale of investments	278,236	20,678	265,718	24,302
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	12,457	10,759	(150,242)	37,694
Other net income for the period	853,094	655,676	335,415	224,517
Distributions made during the period (refer distribution statement)	-	(967,439)	-	(285,224)
	1,143,787	(280,326)	450,891	1,289
Net assets as at end of the period	14,016,861	11,056,159	14,016,861	11,056,159

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

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


Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

		Nine months ended		Quarter ended	
		March 31,		March 31,	
		2015	2014	2015	2014
	Note	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation		1,143,787	687,113	450,891	286,513
Adjustments					
Income from government securities					
Income from term finance certificates					
Profit on bank deposits and term deposit receipts					
Net unrealised (appreciation) / diminution in the fair value of investments classified 'as financial assets at fair value through profit or loss'		(12,457)	(10,759)	150,242	(37,694)
Reversal against debt securities		6,400	(6,450)	3,067	-
Element of (Income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed		(65,213)	11,921	(71,819)	9,022
Net cash flows from operations before working capital changes		1,072,517	681,825	532,382	257,841
Working capital changes					
Decrease / (increase) in assets					
Investments - net		(2,318,809)	53,866	(2,335,507)	(4,173,657)
Profit and other receivables		125,098	36,211	166,498	(3,245)
Advance against subscription of term finance certificates		77,500	(77,500)	-	(15,000)
Security deposits and prepayments		91	(61)	10	(141)
		(2,116,120)	12,516	(2,168,999)	(4,192,043)
Increase / (decrease) in liabilities					
Payable to Management Company		25,186	79	(1,882)	584
Payable to Trustee		201	8	116	23
Payable to Securities and Exchange Commission of Pakistan- annual fee		(1,162)	(909)	2,500	2,063
Payable against redemption of units		25,512	-	25,512	(400)
Payable against purchase of investments		63,029	-	63,029	-
Payable against sale of units		62,231	-	62,231	-
Accrued expenses and other liabilities		51,976	46,476	21,562	9,315
		226,973	45,654	173,068	11,585
Net cash (used in) / generated from operating activities		(816,630)	739,995	(1,463,550)	(3,922,617)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net receipts against issue of units		8,613,117	6,647,634	3,252,382	2,515,179
Net payments on redemption of units		(6,972,011)	(7,608,191)	(2,093,215)	(2,786,200)
Net cash generated from / (used in) financing activities		1,641,106	(960,557)	1,159,167	(271,021)
Net increase in cash and cash equivalents during the period					
Cash and cash equivalents at beginning of the period		824,476	(220,562)	(304,383)	(4,193,638)
		2,616,575	2,668,887	3,745,434	6,641,963
Cash and cash equivalents at end of the period	10	3,441,051	2,448,325	3,441,051	2,448,325

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

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


Chief Executive Officer


Director

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCBDCF Income Fund (Formerly MCB Dynamic Cash Fund) (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 on December 12, 2006. On March 13, 2015 the fund name has been changed.
- 1.2 Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange.
- 1.5 The Fund primarily invests in money market and other short-term instruments which includes short-term corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the Fund in medium term assets in order to provide higher return to the unit holders.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ dated April 07, 2015 to the Management Company and a rating of "A+(f)" dated March 19, 2015 to the Fund.
- 1.7 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and figures have been rounded off to the nearest thousand Rupees unless otherwise specified.
- 1.8 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 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 2014.
- The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2015 have been extracted from the audited financial statements of 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 month ended 31 March 2014.
- 2.3 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. However, a limited scope review has Code of Corporate Governance.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

- 2.4** The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.
- 2.5** This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.6 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 2014.

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 2014.

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 2014.

		(Un-Audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
6. INVESTMENTS			
Financial assets 'at fair value through profit or loss - held-for-trading'			
Government securities	6.1	3,588,072	3,019,904
Debt securities			
- Listed	6.2	819,594	816,633
- Unlisted	6.3	746,407	663,159
		1,566,001	1,479,792
Listed equity securities	6.4	-	-
Available-for-sale			
Government securities	6.5	6,668,527	3,407,254
		6,668,527	3,407,254
Loans and receivables	6.6	-	500,000
		11,822,600	8,406,950

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

6.1 Government securities

Name of investee company	Face value					Balance as at March 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2014	Purchased during the period	Disposed off during the period	Matured during the year	As at March 31, 2015	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) ----- % -----										
Treasury Bills - 12 months	-	3,787,500	1,187,500	1,100,000	1,500,000	1,487,994	1,488,237	243	-	-
Treasury Bills - 6 months	-	4,754,500	2,637,500	1,167,000	950,000	927,570	928,265	695	-	-
Treasury Bills - 3 months	214,060	11,924,000	4,321,000	6,700,060	1,117,000	1,107,415	1,107,525	109	7.90	9.37
Pakistan Investment Bonds - 10 years	-	662,500	637,500	-	25,000	25,313	28,687	3,374	0.20	0.24
Pakistan Investment Bonds - 05 years	35,000	100,000	100,000	-	35,000	35,445	35,358	(87)	0.25	0.30
Pakistan Investment Bonds - 03 years	2,765,500	3,425,000	6,185,500	5,000	-	-	-	-	0.00	0.00
Total as at March 31, 2015	3,014,560	24,653,500	15,069,000	8,972,060	3,627,000	3,583,737	3,588,072	4,334	8.36	9.91
Total as at June 30, 2014	6,173,050	63,012,785	51,391,040	14,780,235	3,014,560	3,020,103	3,019,904	(199)	27.20	35.92

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

6.2 Debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - Listed

Name of investee company	Number of Certificates				Balance as at March 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at July 01, 2014	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2015	Carrying value	Market value (Rupees in '000)			Appreciation / (diminution)
Commercial banks										
Allied Bank Limited (December 06, 2006)	10,800	-	10,800	-	-	-	-	-	0.00	
Allied Bank Limited (August 28, 2009)	9,000	-	-	-	9,000	43,925	43,925	-	0.31	
Askari Bank Limited (November 18, 2009)	23,000	-	-	-	23,000	111,763	108,005	(3,758)	0.77	
Askari Bank Limited (September 30, 2014)	-	62,000	-	6,000	56,000	279,863	281,344	1,481	2.01	
Bank Alfalah Limited (February 20, 2013)	72,631	-	-	-	72,631	367,670	364,053	(3,617)	2.60	
Faysal Bank Limited (November 12, 2007)	7,515	-	7,515	-	-	-	-	-	0.00	
United Bank Limited (September 08, 2006)	15,000	-	15,000	-	-	-	-	-	0.00	
						803,221	797,327	(5,894)	5.69	
									6.74	
Chemicals and fertilizer										
Engro Chemical Pakistan Limited (November 30, 2007)	50,162	-	-	50,162	-	-	-	-	-	
Engro Fertilizer Limited (December 17, 2009)	-	4,086	-	-	4,086	14,805	14,370	(435)	-	
Financial services										
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 6.2.1)	10,000	-	-	-	10,000	14,102	-	-	-	
Less: Provision						(6,205)	7,897	-	0.07	
Total listed securities						825,923	819,594	(6,329)		

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

6.3 Debt securities - Term finance certificates of Rs.5,000 each (unless stated otherwise) - Unlisted

Name of investee company	Number of Certificates				Balance as at March 31, 2015			%		
	As at July 01, 2014	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2015	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
(Rupees in '000)										
Commercial banks										
Askari Bank Limited PPTFC (December 23, 2011) *	95	-	-	-	95	99,790	96,039	(3,751)	0.69	0.81
Bank Alfalah Limited (December 02, 2009)	8,500	11,750	-	-	20,250	104,436	104,584	148	0.75	0.88
Bank Alfalah Limited (December 02, 2009) fixed	18,235	-	-	-	18,235	98,149	101,758	3,609	0.73	0.86
Standard Chartered Bank (Pakistan) Limited (June 29, 2012)	41,000	-	-	-	41,000	205,410	204,369	(1,041)	1.46	1.73
						507,785	506,750	(1,035)	3.62	4.29
Construction and materials										
Maple Leaf Cement Factory Limited (December 03, 2009)	68,000	-	-	-	68,000	119,153	132,705	13,552	0.95	1.12
Chemicals and fertilizer										
Engro Fertilizer Limited (March 18, 2008) PPTFC I	2,419	-	-	-	2,419	11,870	12,035	165	0.09	0.10
Engro Fertilizer Limited (July 09, 2014)	-	15,800	-	-	15,800	77,025	79,245	2,220	0.57	0.67
Engro Fertilizer Limited (March 18, 2008) PPTFC II	-	2,000	-	-	2,000	10,000	9,549	(451)	0.07	0.08
Financial services										
Security Leasing Corporation Limited (March 28, 2010) (refer note 6.3.1)	10,000	-	-	-	10,000	4,860	(762)			
Less: Provision						4,098	4,098	-	0.03	0.03
Security Leasing Corporation Limited - Sukuk (March 18, 2010) (refer note 6.3.1)	5,000	-	-	-	5,000	2,660	(635)			
Less: Provision						2,025	2,025	-	0.01	0.02
Household goods										
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 6.3.1)	10,400	-	-	-	10,400	22,337	(22,337)			
Less: Provision						-	-	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk (July 25, 2007) (refer note 6.3.1)	112,000	-	-	-	112,000	35,063	(35,063)			
Less: Provision						-	-	-	-	-
Total unlisted securities						-	-	-	-	-
						731,956	746,407	14,451		
Total as at March 31, 2015						1,557,879	1,566,001	8,122		
Total as at June 30, 2014						1,502,859	1,538,393	35,534		

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

6.3.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. The Fund has suspended further accrual of mark-up there against.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

6.3.2 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

In accordance with Clause (v) of the investment criteria laid down for 'Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at March 31, 2015, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
----- (Rupees in '000) -----				----- % -----		
New Allied Electronics Industries (Private) Limited	Term finance certificates	22,337	22,337	-	0.00	0.00
New Allied Electronics Industries (Private) Limited	Sukuk certificates	35,063	35,063	-	0.00	0.00
Security Leasing Corporation Limited	Privately placed term finance certificates	4,860	762	4,098	0.03	0.03
Security Leasing Corporation Limited	Sukuk certificates	2,660	635	2,025	0.01	0.01
Saudi Pak Leasing Company Limited	Term finance certificates	14,102	6,205	7,897	0.06	0.05
				(Un-Audited) (Audited) December 31, June 30, 2014 2014		
				----- (Rupees in '000) -----		

6.3.3 Net unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'

Carrying value investments	6.1, 6.2 &	5,141,616	4,522,962
Market value investments	6.3	5,154,073	4,558,297
		<u>12,457</u>	<u>35,335</u>

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

6.5 Government securities - 'available for sale'

Name of investee company	Face value				Balance as at March 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2014	Purchased during the period	Disposed off during the period	Matured during the period	As at March 31, 2015	Carrying value	Market value		

6.6 Loans and receivables

Particulars	Profit / mark-up rate %	Maturity date	Closing balance as at March 31, 2015	Value as a percentage of net assets %	Value as a percentage of investment
(Rs. in '000)					
<hr/>					
<hr/>					
Total - March 31, 2015			-	0.00	0.00
<hr/>					
Total - June 30, 2014			500,000		

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	Note	(Un-Audited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty & other relate taxes	7.1	57,657	31,880
Provision for Workers' Welfare Fund	7.2	121,986	98,643
Auditors' remuneration		531	520
Withholding tax payable		2,156	557
Others		2,376	1,130
		184,706	132,730

7.1 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 Collective Investment Schemes through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of FED on Asset Management 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 prudence, has decided to retain and continue with the provision of FED and related taxes in financial information aggregating to Rs. 57.657 million as at March 31, 2015. 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. 0.46 per unit as at March 31, 2015.

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

However, in 2013, a 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.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.121.986 million (June 30, 2014: Rs.98.643 million) in these condensed interim financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.0.97 per unit (0.88%) (June 30, 2014: Rs.0.90 per unit (0.89%)).

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

8. TAXATION

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

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.

	Note	Nine Months ended		Quarter ended	
		March 31,		March 31,	
		2015	2014	2015	2014
		----- (Rupees in '000) -----			
10. CASH AND CASH EQUIVALENTS					
Bank balances		2,333,526	1,948,325	2,333,526	1,948,325
Treasury bills - 3 months	6.1	1,107,525	-	1,107,525	-
Term deposit receipts		-	500,000	-	500,000
		<u>3,441,051</u>	<u>2,448,325</u>	<u>3,441,051</u>	<u>2,448,325</u>

11. TRANSACTIONS WITH CONNECTED PERSONS

- 11.1** 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.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

11.2 Details of transactions with connected persons are as follows:

	----- Un-audited -----			
	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
MCB Arif Habib Savings and Investments Limited				
Remuneration of Management				
Company including indirect taxes	186,882	164,197	66,686	55,520
Issue of 65,088 units				
(2014: 975,009 units)	7,000	99,175	-	69,175
Redemption of 1,819,710 units				
(2014: 3,074,202 units)	189,000	313,000	7,000	207,000
Distribution of Nil bonus units				
(2014: 346,364 units)	-	34,983	-	9,454
Central Depository Company of Pakistan Limited				
Remuneration for the period	7,739	7,046	2,727	2,320
CDS Charges	50	15	43	5
MCB Bank Limited				
Profit on deposit accounts	5,553	3,989	1,789	1,023
Bank charges	69	12	40	5
MCB Employees Provident Fund				
Distribution of Nil bonus units				
(2014: 85,190 units)	-	8,604	-	2,617
MCB Employees Pension Fund				
Distribution of Nil bonus units				
(2014: 85,190 units)	-	8,604	-	2,617
Adamjee Insurance Company Limited				
Issue of Nil units				
(2014: 9,404,176 units)	-	954,943	-	529,442
Redemption of 4,744,751 units				
(2014: 9,404,176 units)	510,892	954,943	510,892	529,442
Distribution of Nil units				
(2014: 893,845 units)	-	90,278	-	27,455
D.G Khan Cement Company Limited - Employees Provident Fund Trust				
Distribution of Nil bonus units				
(2014: 256 units)	-	26	-	8
Staff Provident Fund of Management Company				
Issue of Nil units (2014: Nil units)	-	-	-	-
Redemption of Nil units				
(2014: 20,186 units)	-	2,051	-	-
Distribution of Nil bonus units				
(2014: 517 units)	-	52	-	-

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	----- Un-audited -----			
	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Adamjee Insurance Company Limited - Employees Provident Fund				
Issue of Nil units (2014: Nil units)	-	-	-	-
Redemption of Nil units (2014: 527,359 units)	-	53,990	-	-
Distribution of Nil bonus units (2014: 22,218 units)	-	2,244	-	-
Adamjee Life Assurance Company Limited - Investment Multiplier Fund				
Issue of Nil Units (2014: 64,172 units)	-	6,500	-	-
Redemption of Nil units (2014: 182,226 units)	-	18,545	-	-
Distribution of Nil bonus units (2014: 3,021 units)	-	305	-	-
Adamjee Life Assurance Company Limited - NUIL Fund				
Issue of 778,538 units (2014: 207,180 units)	83,000	21,000	23,000	-
Redemption of Nil units (2014: 946,742 units)	-	96,370	-	-
Distribution of Nil bonus units (2014: 18,926 units)	-	1,912	-	-
Adamjee Life Assurance Company Limited - Investment Secure Fund				
Issue of Nil units (2014: 457,642 units)	-	46,400	-	-
Redemption of Nil units (2014: 1,158,435 units)	-	117,912	-	-
Distribution of Nil bonus units (2014: 17,934 units)	-	1,811	-	-
Adamjee Life Assurance Company Limited ISF - Investment Secure Fund II				
Issue of Nil units (2014: 88,853 units)	-	9,000	-	-
Redemption of Nil units (2014: 577,591 units)	-	58,774	-	-
Distribution of Nil bonus units (2014: 12,507 units)	-	1,263	-	-
Arif Habib Limited				
*Brokerage	5	-	2	-
Mandate under discretionary portfolio services				
Issue of 122,149 units (2014: 694,130 units)		70,304	500	-
Redemption of 232,765 units (2014: 785,863 units)	24,354	79,653	-	29,986
Distribution of Nil bonus units (2014: 38,444 units)	-	3,883	-	736

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	----- Un-audited -----			
	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Key management personnel				
Issue of 97,732 units (2014: 157,773 units)	10,349	16,069	1,512	5,339
Redemption of 152,810 units (2014: 120,383 units)	16,426	12,399	8,518	6,194
Distribution of Nil bonus units (2014: 20,377 units)	-	2,058	-	647
			(Un-Audited) March 31, 2015	(Audited) June 30, 2014
			----- (Rupees in '000) -----	

11.3 Amount outstanding as at period / year end

MCB Arif Habib Savings and Investments Limited

Remuneration payable to Management Company	17,801	13,604
Sales tax payable on management fee	2,670	2,177
Front end load payable	31,079	10,583
830,175 units held as at March 31, 2015 (June 30, 2014: 2,584,796)	92,897	261,331

Central Depository Company of Pakistan Limited - Trustee

Security deposit	200	200
Remuneration and settlement charges payable	968	767

MCB Bank Limited

Bank balance	63,106	164,712
Profit receivable on deposit accounts	313	303

MCB Employees Provident Fund

1,037,174 units held as at March 31, 2015 (June 30, 2014: 1,037,174 units)	116,061	104,861
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MCB Employees Pension Fund

1,037,174 units held as at March 31, 2015 (June 30, 2014: 1,037,174 units)	116,061	104,861
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Adamjee Insurance Company Limited

6,137,613 units held as at March 31, 2015 (June 30, 2014: 10,882,364 units)	686,804	1,100,240
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**D.G Khan Cement Company Limited -
Employees Provident Fund Trust**

3,120 units held as at March 31, 2015 (June 30, 2014: 3,120 units)	349	315
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NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	(Un-Audited) March 31, 2014	(Audited) June 30, 2014
	----- (Rupees in '000) -----	
Adamjee Life Assurance Company Limited - NUIL Fund		
778,538 units held as at March 31, 2015		
(June 30, 2014: Nil units)	87,119	-
Mandate under discretionary portfolio services		
91,563 units held as at March 31, 2015		
(June 30, 2014: 79,214 units)	10,246	8,009
Key management personnel		
51,429 units held as at March 31, 2015		
(June 30, 2014: 105,210 units)	5,755	10,637

* 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 was authorized for issue on April 24, 2015 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.

For MCB-Arif Habib Savings and 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

8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH), 111-468378 (111-INVEST)

Bachat Center: 0800-622-24 (0800-MCB-AH), Fax: (+92-21) 32276898, 32276908

URL: www.mcbah.com, Email: info@mcbah.com

