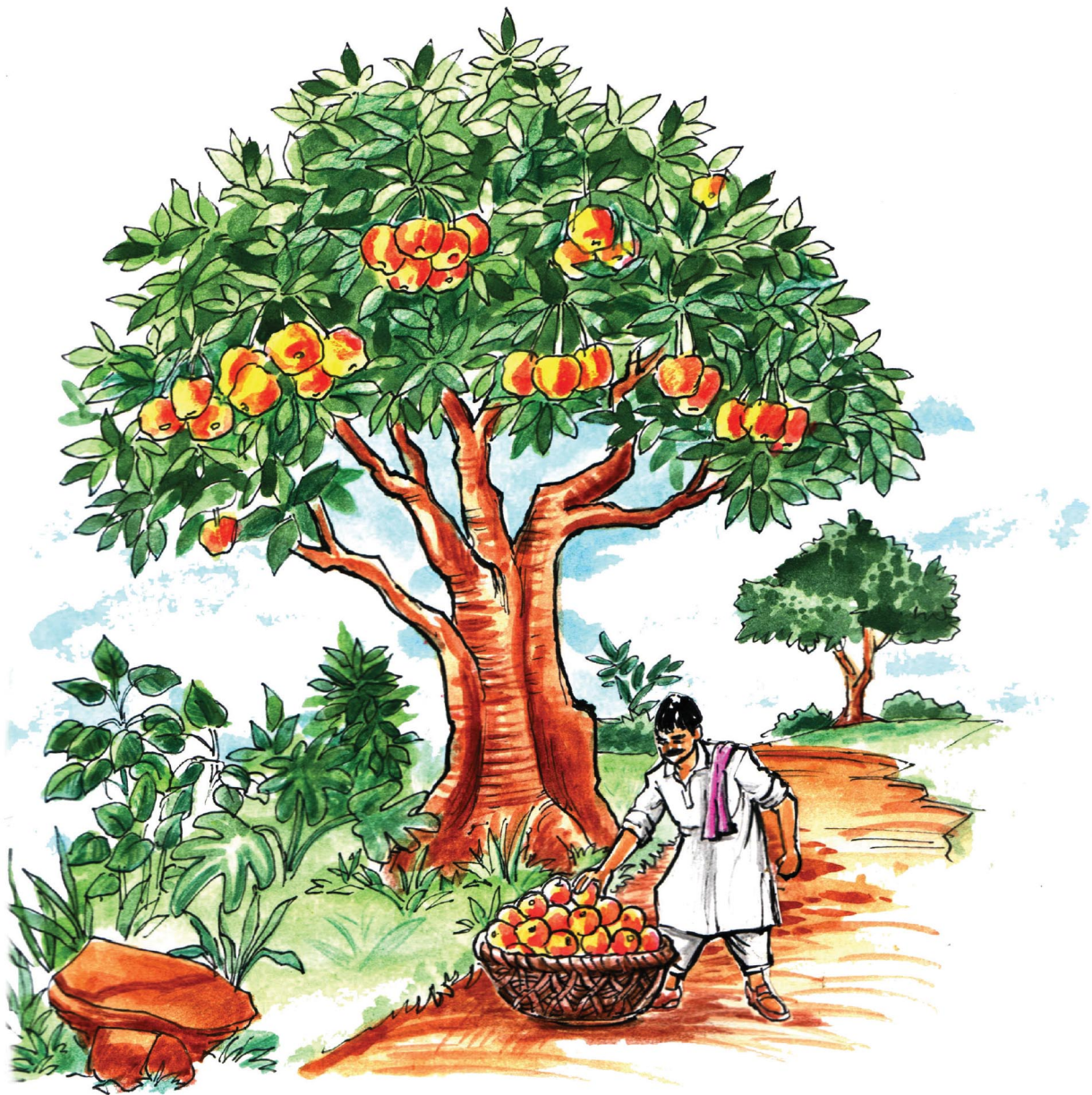


Quarterly Report
March 31, 2016
(Unaudited)



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

PAKISTAN SARMAVA MEHFOOZ FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman 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	Chairman Member Member Member
Company Secretary & Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-75350	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 + Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Sarmaya Mehfooz Fund's accounts review for the nine-month period ended March 31st, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut lead by weaker global demand, increase inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill.

Inflation continued to remain on the lower side supported by a dip in transportation charges, with its trickledown effect on food inflation. However, it is pertinent to note that the inflation has started to increase largely induced by withering of low base effect evident from 3QFY16 average of 3.76%, against 1HFY16 average of 2.06%. As the outlook of crude oil prices remains bearish, the inflation is expected to average below 3% for the year.

External account continued to show stability triggered by narrower current account and stable financial flows. Petroleum Group Imports during the 8MFY16 reduced by approximately \$3.5 billion (down 40%) compared to 8mFY15. However, the savings in oil weren't visible in the current account position as it reduced by meager 4.5%. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity vs competitors pushed exports down by 9.9% in 8MFY16. On the other hand, import bill worsened due to higher import of machinery for power and infrastructure while significantly lower cotton production also had to be filled with imports. Remittances remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Overall Balance of payment account however remained in surplus of near USD 1.04 billion due to improved multilateral flows.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 20.5 billion along with strict vigilance of SBP kept the rupee relatively stable.

M2 growth gained traction with FY16TD growth of 5.27%. Net Domestic Assets, supported by continual net government borrowing, increased by PKR 472 billion whereas Net Foreign Assets contributed PKR 114 billion.

State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuk (near Rs. 300 Billion) and potential rollover risk on upcoming maturity of PIBs worth PKR 1.4 trillion.

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index retreated 3.7% during 9MFY16 as it could not bear the brunt of the rout in commodities and exodus of foreign investors from global equities. However, there was a marginal recovery posted by the index during 3QFY16, posting a gain of 1.0%. Foreigners selling remained unabated, dumping USD 99 million worth of equities during the third quarter, which took the net selling for 9MFY16 to USD 340 million. The selling during the period was primarily absorbed by NBFCs (USD 107.7 million), Companies (USD 98.0 million), and Individuals (USD 85.3 million), buying a cumulative USD 291 million worth of equities.

Cement sector outshined during the quarter, posting a gain of 12.5% on the back of robust local demand and ever increasing margins. Furthermore, excitement over the potential growth from CPEC lead activities kept the sector in limelight. FrieslandCampina International intention to acquire Engro Foods was the highlighting point of the quarter, which led to improved investor sentiments in the local bourse. As a result, Engro Foods rallied by 23%, while its parent company (Engro Corporation) gained 13% after the news. However, barring Engro Corporation performance, fertilizer sector remained in doldrums, losing 13% of its market capitalization during the quarter. Concerns on the pricing power of the fertilizer sector emerged after international prices went below the local prices for the first time. Commercial banks also heavily underperformed, losing 7.6% during the period, after concerns emerged on further monetary easing along with slow advances growth, as the central bank asserted on borrowing from foreign sources for CPEC related projects.

The trend of the general market is expected to remain buoyant, as news flow on up-gradation of Pakistani market from Frontier to Emerging status is expected to bring fresh flows to the local market. The KSE-100 index trades at a forward P/E ratio of 9.8x against regional P/E ratio of 14.6x (33% discount) and provides a dividend yield of 6.1%. Possible re-entry into the emerging market index remains a key catalyst and can result in re-rating of the index.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

FUND PERFORMANCE

The fund posted a return of -1.70% against its benchmark return of 0.70%. The fund was 25.8% allocated in equity investments, 44.4% in PIBs and 23.3% in Term Deposits.

The Net Assets of the Fund as at March 31, 2016 stood at Rs. 665 million while it stood at Rs. 741 million as at June 30, 2015 registering a decrease of 10.26%.

The Net Asset Value (NAV) per unit as at March 31, 2016 was Rs. 105.7933 while it stood at Rs. 107.6262 as at June 30, 2015 registering a decrease of Rs. 1.8329 per unit.

FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with Iran having ample ability to pump more crude, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 3% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.5%-5.0% thus a stable monetary policy environment with potential for slight easing subject to stability in external flows looks likely.

Fiscal deficit is expected to remain within target and economic growth seems achievable with enough room for the government to bring required structural changes in the economy.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year.

Although, remittances have shown resilience but potential threat is present if any trouble of gulf economies is passed on to labor markets. Similarly, the incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
April 18, 2016

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2016

		(Un-audited) March 31, 2016	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		12,674	90,942
Investments	5	640,596	639,121
Dividend and profit receivable		28,088	19,058
Advances, deposits and prepayments		2,706	2,801
Preliminary expenses and floatation costs		1,553	3,182
Total assets		685,617	755,104
LIABILITIES			
Payable to the Management Company		751	5,379
Payable to the Central Depository Company of Pakistan Limited - Trustee		83	79
Payable against Purchase of Equity Securities		10,743	
Payable to the Securities and Exchange Commission of Pakistan		393	283
Accrued expenses and other liabilities	6	8,740	8,387
Total liabilities		20,710	14,128
NET ASSETS		664,907	740,976
Unit holders' funds (as per statement attached)		664,907	740,976
Contingencies and commitments	7		
(Number of units)			
NUMBER OF UNITS IN ISSUE		6,284,962	6,884,713
(Rupees)			
NET ASSETS VALUE PER UNIT		105.79	107.63

The annexed notes from 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, 2016

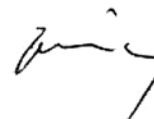
		Nine months ended March 31,	From December 22, 2014 to March 31	Quarter ended March 31,	Quarter ended March 31,
		2016	2015	2016	2015
Note		(Rupees in '000)			
INCOME					
Capital gain / (loss) on sale of investments - net		316	17,432	(4,563)	17,401
Income from government securities		19,234	7,546	7,920	4,488
Profit on bank deposits and term deposit receipts		14,775	6,067	4,380	6,067
Dividend income		8,213	6,822	2,043	6,354
Back end load		1,872	79	244	79
		44,410	37,946	10,024	34,381
Net unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss		-	104	-	104
		44,410	38,050	10,024	34,485
EXPENSES					
Remuneration of the Management Company		5,234	1,948	1,666	1,763
Sindh sales tax and Federal Excise Duty on remuneration of Management Company		1,687	651	537	589
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		692	253	228	229
Sindh sales tax on remuneration of the Trustee	8	84	-	20	-
Securities and Exchange Commission of Pakistan - fee		393	146	125	132
Allocated expenses	9	265	-	190	-
Settlement charges		339	422	84	400
Amortisation of preliminary expenses and floatation costs		1,630	593	540	533
Auditors' remuneration		469	181	141	141
Printing and related costs		262	39	51	11
Other Expenses		2,330	914	1,134	914
		13,385	5,147	4,716	4,712
		31,025	32,903	5,308	29,773
Net element of loss and capital losses included in the prices of units issued less those in units redeemed	3.1				
-Arising from capital gain and unrealised gain		(186)	(7)	(27)	(7)
-Arising from other income		(976)	(13)	(408)	(13)
Provision for Workers' Welfare Fund		-	(658)	-	(595)
Net income for the period before taxation		29,863	32,225	4,873	29,158
Taxation	10	-	-	-	-
Net income for the period after taxation		29,863	32,225	4,873	29,158
Other comprehensive income for the period					
Items that may be reclassified to profit and loss account					
Unrealised (diminution) / appreciation in value of investments classified as 'available for sale' - net	5.4	(42,191)	1,612	(11,791)	(1,250)
Total comprehensive income for the period		(12,328)	33,837	(6,918)	27,908
Earnings per unit	11				

The annexed notes from 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 DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	Nine months ended March 31,	From December 22, 2014 to March 31	Quarter ended March 31,	Quarter ended March 31,
	2016	2015	2016	2015
----- (Rupees in '000') -----				
Undistributed income brought forward	36,470	-	27,544	5,929
Net element of loss and capital losses included in the prices of units issued less those in units redeemed - transferred from unit holder's fund	(3,725)	(52)	(209)	(52)
Total comprehensive income for the period	(12,328)	33,837	(6,918)	27,908
Undistributed income carried forward	20,417	33,785	20,417	33,785

The annexed notes from 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' FUNDS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31,	From December 22, 2014 to March 31	Quarter ended March 31,	Quarter ended March 31,
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net assets at beginning of the period	740,976	-	682,746	686,453
* Issue of 6,507 (2015: 6,805,240) units and Nil (2015: 6,805,240) units for the nine months and quarter ended respectively Redemption of 606,258 (2015: 17,464) units and 107,102 (2015: Nil) units for the nine months and quarter ended respectively	705 (65,608) (64,903)	680,717 (1,818) 678,899	(2) (11,354) (11,356)	193 (1,818) (1,625)
Net element of loss and capital losses included in prices of units issued less those in units redeemed :				
- amount representing accrued loss and capital losses arising from capital loss and unrealised loss on investments transferred to Income Statement	186	7	27	7
- amount representing accrued loss and capital losses arising from other income transferred to Income Statement	976	13	408	13
- amount representing unrealised capital losses and capital losses that form part of the unit holders' fund transferred to Distribution Statement	3,725 4,887	52 72	209 644	52 72
Capital gain / (loss) on sale of investments - net	316	17,432	(4,563)	17,401
Other income for the period - net	29,547	14,793	9,436	11,757
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised income	(3,725)	(52)	(209)	(52)
Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale during the period'	(42,191)	1,612	(11,791)	(1,250)
Total comprehensive income for the period	(16,053)	33,785	(7,127)	27,856
Net assets at end of the period	664,907	712,756	664,907	712,756

* This represents units issued to certain unit holders against the amount of tax erroneously deducted from the amount of dividend paid to them as they were exempt from tax withholding.

The annexed notes from 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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

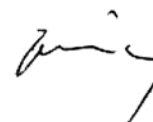
	Nine months ended March 31,	From December 22, 2014 to March 31	Quarter ended March 31,	Quarter ended March 31,
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	29,863	32,225	4,873	29,158
<i>Adjustments for:</i>				
Net element of loss and capital losses included in prices of units issued less those in units redeemed				
-Arising from capital gain and unrealised gain	186	7	27	7
-Arising from other income	976	13	408	13
Amortisation of preliminary expenses and floatation costs	1,630	593	540	533
Provision for Workers' Welfare Fund	-	658	-	595
	32,655	33,496	5,848	30,306
Decrease / (increase) in assets				
Investments - net	(43,667)	(673,450)	(94,055)	(155,432)
Receivable against sale of investments	-	(19,099)	-	(19,099)
Dividend and profit receivable	(9,030)	(14,842)	(1,295)	8,519
Advances, deposits and prepayments	95	(2,869)	49	(269)
Preliminary expenses and floatation costs	-	(4,314)	-	-
	(52,602)	(714,574)	(95,301)	(166,281)
(Decrease) / increase in liabilities				
Payable to the Management Company	(4,628)	7,328	12	191
Payable to the Central Depository Company of Pakistan Limited - Trustee	4	80	(3)	56
Payable to the Securities and Exchange Commission of Pakistan - fee	110	146	125	132
Payable against purchase of investments	10,743	30,784	10,743	(40,002)
Accrued expenses and other liabilities	353	2,172	1,421	(14,674)
	6,582	40,510	12,298	(54,297)
Net cash generated from / (used in) operating activities	A (13,365)	(640,568)	(77,155)	(190,272)
B. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from units sold	705	680,717	(2)	193
Cash paid on units redeemed	(65,608)	(1,818)	(11,354)	(1,818)
Net cash (used in) / generated from financing activities	B (64,903)	678,899	(11,356)	(1,625)
Net increase in cash and cash equivalents during the period	A+B (78,268)	38,331	(88,511)	(191,897)
Cash and cash equivalents at beginning of the period	90,942	-	101,185	230,228
Cash and cash equivalents at end of the period	12,674	38,331	12,674	38,331

The annexed notes from 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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Sarmaya Mehfooz Fund (the Fund) was established under a Trust Deed dated, July 21, 2014, executed between MCB-Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as an investment scheme under the Non-Banking Finance Companies and Notified Entities Regulations 2008, on August 13, 2014.
- 1.2 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 currently situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.
- 1.3 The Fund is a capital protected open ended mutual fund with the objective to protect the initial investment value of investors at maturity with secondary objective of providing growth over the period. The units of the Fund are redeemable subject to a Back-end Load. The units are listed on the Pakistan Stock Exchange(PSE), formerly listed on Lahore Stock Exchange(LSE).
- 1.4 According to Clause 25.2 of the Trust Deed, the first accounting period of the Fund shall commence from the date on which the trust property is first paid or transferred to the Trustee i.e. December 22, 2014 till June 30, 2015. The duration of the Fund is 2 years starting from the close of initial offering period which was December 19, 2014.
- 1.5 The Fund primarily invests in equity securities while a combination of investments in bank deposits and government securities are used to take fixed-income exposure with a view to provide capital protection.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ dated April 7, 2015 to the Management Company and has assigned capital protection rating of CP2+ (CPTwo +).
- 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) shall prevail.
- 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 statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015. Comparative information of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended March 31, 2016 are un-audited and have been included to facilitate comparison.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS ENDED MARCH 31, 2016

- 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 the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.
- 2.5** The directors of the 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 period ended December 31, 2015.

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, 2015.

		(Un-audited) March, 31 2016	(Audited) June, 30 2015
	Notes	------(Rupees in '000)-----	
5. INVESTMENTS			
<i>Available for sale</i>			
Listed equity securities	5.1	176,231	270,659
Government securities	5.2	304,365	208,462
		480,596	479,121
<i>Loans and receivables</i>			
Term deposit receipts	5.3	160,000	160,000
		640,596	639,121

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

5.1 Listed equity securities - Available for sale

Name of the investee company	Number of shares / rights					As at March 31, 2016				Market value as percentage of total paid up capital of the investee company	
	As at July 1, 2015	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at March 31 2016	Cost	Market value	Appreciation/ (diminution)	Market value as percentage of net assets		Market value as percentage of total investments
Rupees in '000'											
%											
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
AUTOMOBILE ASSEMBLER											
Indus Motor Company Limited	12,500	-	-	3,050	9,450	10,966	8,952	(2,014)	1.35	1.40	0.01
						10,966	8,952	(2,014)	1.35	1.40	
CABLE & ELECTRICAL GOODS											
Pak Elektron Limited	150,000	-	-	150,000	-	-	-	-	-	-	-
CEMENT											
D.G. Khan Cement Company Limited	100,000	-	-	100,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	400,000	-	-	400,000	-	-	-	-	-	-	-
Lucky Cement Limited	32,000	25,000	-	50,300	6,700	3,562	3,605	43	0.54	0.56	0.00
Kohat Cement Limited	-	13,000	-	-	13,000	3,241	3,381	140	0.51	0.53	0.01
Maple Leaf Cement Factory Limited	100,000	-	-	100,000	-	-	-	-	-	-	-
						6,803	6,986	183	1.05	1.09	
CHEMICALS											
ICI Pakistan Limited	25,000	-	-	-	25,000	9,983	10,749	766	1.62	1.68	0.03
						9,983	10,749	766	1.62	1.68	
COMMERCIAL BANKS											
Habib Bank Limited	679	97,000	-	679	97,000	17,671	16,639	(1,032)	2.50	2.60	0.01
JS Bank Limited	500,000	-	-	200,000	300,000	2,192	2,070	(122)	0.31	0.32	0.03
United Bank Limited	-	93,000	-	50,000	43,000	6,506	6,502	(4)	0.98	1.01	0.00
						26,369	25,211	(1,158)	3.79	3.93	
ENGINEERING											
Anmehi Steels Limited	-	5,170	-	5,170	-	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	75,000	-	-	75,000	-	-	-	-	-	-	-
						-	-	-	0.00	0.00	
FERTILIZERS											
Engro Corporation Limited	4,000	33,000	-	4,000	33,000	10,137	10,418	281	1.57	1.63	0.01
Engro Fertilizer Company Limited	-	100,000	-	76,500	23,500	2,303	1,633	(670)	0.25	0.25	0.00
Fauji Fertilizer Company Limited	163,700	-	-	163,700	-	-	-	-	-	-	-
						12,440	12,051	(389)	1.82	1.88	
FOOD AND PERSONAL CARE PRODUCTS											
Al-Shaheer Corporation Limited	-	40,000	5,950	23,000	22,950	1,537	1,227	(310)	0.18	0.19	0.02
Engro Foods Limited	-	38,000	-	38,000	-	-	-	-	-	-	-
						1,537	1,227	(310)	0.18	0.19	
GLASS AND CERAMICS											
Ghani Glass Limited	94,500	-	54,600	16,500	132,600	5,834	12,600	6,766	1.90	1.97	0.11
Ghani Glass Limited (R)	-	-	54,600	54,600	-	-	-	-	-	-	-
Tariq Glass Industries Limited	54,000	17,500	-	-	71,500	4,438	4,040	(398)	0.61	0.63	0.10
						10,272	16,640	6,368	2.51	2.60	
OIL AND GAS EXPLORATION COMPANIES											
Oil and Gas Development Company Limited	170,000	-	-	5,000	165,000	30,409	18,883	(11,526)	2.84	2.95	0.00
Pakistan Oilfields Limited	40,000	-	-	40,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	87,000	-	-	50,000	37,000	6,116	4,740	(1,376)	0.71	0.74	0.00
						36,525	23,623	(12,902)	3.55	3.69	

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

Name of the investee company	Number of shares				As at March 31, 2016				Market value as percentage of total investments	Market value as percentage of capital of the investee company
	As at July 1, 2015	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at March 31, 2016	Cost	Market value	Appreciation/ (diminution)		

Shares of listed companies - fully paid ordinary shares of Rs. 10 each

OIL AND GAS MARKETING COMPANIES

Pakistan State Oil Company Limited	26,000	-	-	12,000	14,000	5,276	4,917	(359)	0.74	0.77
Attock Petroleum Limited	-	25,000	-	-	25,000	10,508	10,771	263	1.62	1.68
Sui Northern Gas Pipelines Limited	-	196,000	-	-	196,000	-	-	-	-	-

PAPER AND BOARD

Cherat Packaging Limited	25,000	-	1,875	9,600	17,275	3,096	4,738	1,642	0.71	0.74
Cherat Packaging Limited (R Packages Limited	-	-	1,875	1,875	2,600	1,460	1,357	(103)	0.20	0.21
	31,200	15,500	-	44,100	60,095	4,556	6,095	1,539	0.91	0.95

POWER GENERATION AND DISTRIBUTION

Hub Power Company Limited	56,000	-	-	50,000	6,000	513	627	114	0.09	0.10
Kot Addu Power Company Limited	-	183,500	-	-	183,500	17,465	14,161	(3,304)	2.13	2.21
Lalpur Power Limited	620,000	-	-	-	620,000	21,553	15,475	(6,078)	2.33	2.42
Pakgen Power Limited	537,000	-	-	-	537,000	17,422	14,488	(2,934)	2.18	2.26

TECHNOLOGY & COMMUNICATIONS

Hum Network Limited (Par value of Rs. 1 each)	-	653,000	-	200,000	453,000	8,158	4,258	(3,900)	0.64	0.66
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Total - March 31, 2016

Total - June 30, 2015

The above include shares with a market value aggregating to Rs. 10,206 million 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 SECP.

5.2

Government securities - At Fair Value Through Profit Or Loss - Held For Trading

Name of investee company	Face value				As at March 31, 2016			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2015	Purchased during the period	Disposed off / matured during the period	As at March 31, 2016	Cost	Market value	Appreciation		
	-	100,000							
	-	100,000							
	-	100,000							
	-	100,000							
	-	100,000							
	-	100,000							
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	-	100,000							
	-	100,000							

Treasury Bills - 12 months

Total - March 31, 2016

Total - June 30, 2015

5.3

Government securities - Available for sale

Name of investee company	Face value			As at March 31, 2016			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2015	Purchased during the period	Disposed off / matured during the period	As at March 31, 2016	Cost	Market value		
Pakistan Investment Bonds -03 years	200,000	100,000	-	300,000	306,408	304,365	(2,043)	45,78
	<u>200,000</u>	<u>100,000</u>	<u>-</u>	<u>300,000</u>	<u>306,408</u>	<u>304,365</u>	<u>(2,043)</u>	<u>45,78</u>
Total - March 31, 2016								
Total - June 30, 2015								

Pakistan Investment Bonds -03 years

Total - March 31, 2016

Total - June 30, 2015

5.4

Loans and receivables

Particulars	Profit / mark-up rate	Maturity date	Carrying value as at March 31, 2016	Value as a percentage of net assets	Value as a percentage of investment
Rupees in '000'					
Term deposit receipts	9.50%	December 19, 2016	160,000	24.06	24.98
Total - March 31, 2016			160,000	24.06	24.98
Total - June 30, 2015			160,000		

Term deposit receipts

Total - March 31, 2016

Total - June 30, 2015

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

		(Un-audited) March, 31 2016	(Audited) June, 30 2015
	Note	------(Rupees in '000)-----	
5.4 Unrealized (diminution) / appreciation on remeasurement of investments classified as available-for-sale - net			
Market value of investments	5.1 & 5.2	480,596	479,121
Cost of investments	5.1 & 5.2	506,754	463,087
		(26,157)	16,034
Less: Net unrealized appreciation in value of investments classified as 'available for sale' at beginning of the year		16,034	-
		(42,191)	16,034

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	6.1	1,192	1,192
Provision for Federal Excise Duty and related tax on:			
- Management fee	6.2	1,651	696
- Sales load		2,307	2,303
Brokerage		139	399
Auditors' remuneration		282	290
Withholding tax on dividend distribution		-	2,444
Printing and related expenses		84	30
Zakat		2,552	1,033
Other		533	-
		8,740	8,387

- 6.1** 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 CISs through their trustees in the Honourable 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 were declared unconstitutional and therefore struck down. However in 2013, the Larger Bench of the Sindh High Court (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. In 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution.

The finance act 2015 incorporated an amendment in WWF ordinance by excluding CISs from the definition of industrial establishment, and consequently CISs are no more liable to pay contribution to WWF with effect from July 01, 2015. These amendments are applicable for the financial years starting from July 01, 2015. Owing to the fact that the decision of SHC on the applicability of WWF (till June 30 2015) to the CISs is currently pending for adjudication, the Management Company has decided to retain provision of WWF in its books of account and financial statements till June 30, 2015 amounting to Rs. 1.19 million. 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. 0.19 per unit.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

- 6.2** 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 asset management companies. The Management Company is of the view that since the remuneration and sales load are already subject to provincial sales tax at the rate of 14%, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. 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 Company services after the eighteenth amendment. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending. The management being prudent has decided to retain and continue accruing FED and related additional taxes in the books of accounts amounting to Rs. 1.35 million as at December 31, 2015. In case, the suit is decided against the Fund, the funds would be paid to the Management Company, which will be responsible for submitting these to taxation 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. 0.26 per unit as at March 31, 2016.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2016 and June 30, 2015.

8. SINDH SALES TAX ON REMUNERATION OF THE TRUSTEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13th, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 14% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill 2010 amended upto 2015. Accordingly, the Fund has made an accrual of Rs. 0.064 million on account of Sindh Sales Tax on services chargeable on custodianship services.

9. ALLOCATED EXPENSES

The SECP via SRO 1160 dated November 25, 2015 amended Clause 60 of NBFC Regulations, 2008 entitling the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Fund has made an accrual of Rs. 0.075 million since November 27, 2015 at the maximum rate of 0.1% of average annual net assets as the information related to actual expenses allocable to the Fund was not available at that time.

10. TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial statement.

11. 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.

12. TRANSACTIONS WITH CONNECTED PERSONS / OTHER 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 and unit holders holding more than 10% units of the fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in normal course of business and are carried out on agreed terms.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Nine month ended March 31,	Nine month ended March 31,	Quarter ended March 31,	Quarter ended March 31,
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
12.1 Details of transactions with connected persons are as follows:				
MCB-Arif Habib Savings and Investments Limited - Management Company				
Remuneration including indirect taxes	6,921	2,599	2,203	2,599
Allocated expenses	265	-	190	-
	Nine month ended March 31,	Nine month ended March 31,	Quarter ended March 31,	Quarter ended March 31,
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Central Depository Company of Pakistan Limited - Trustee				
Remuneration including indirect taxes	776	253	248	253
MCB Bank Limited				
Profit on bank deposits and term deposit receipts	19,282	7,152	8,887	7,152
Bank charges	11	30	(1)	30
Arif Habib Limited				
Brokerage *	28	79	-	79
Next Capital Limited				
Brokerage *	42	62	14	62
MCB Employees Pension Fund				
Issue of Nil (2015: 500,000) units and Nil (2015: 500,000) units for the nine months and quarter ended respectively	-	50,000	-	50,000
Adamjee Insurance Company Limited Employees Provident Fund				
Issue of Nil (2015: 100,000) units and Nil (2015: 100,000) units for the nine months and quarter ended respectively	-	10,000	-	10,000
Adamjee Insurance Company Limited Employees Gratuity Fund				
Issue of Nil (2015: 20,425) units and Nil (2015: 20,425) units for the nine months and quarter ended respectively	-	2,043	-	2,043

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

* 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 the connected persons.

	(Un-audited) March, 31 2016 ------(Rupees in '000)-----	(Audited) June, 30 2015
12.2 Amount outstanding at period end		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	563	611
Sales tax payable on management fee	79	91
Allocated expenses	109	-
Legal and professional charges payable	-	100
Sales load payable including related taxes	-	263
Other payable	-	4,314
	(Un-audited) March, 31 2016 ------(Rupees in '000)-----	(Audited) June, 30 2015
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	73	79
Sales tax payable on trustee fee	10	-
MCB Bank Limited		
Bank deposits	1,974	88,005
Term deposit receipts	160,000	160,000
Profit receivable	43	8,028
D.G. Khan Cement Company Limited		
Shares held Nil (2015: 100,000 shares)	-	14,277
Lalpir Power Limited		
Shares held 620,000 (2015: 620,000 shares)	15,475	18,910
Pakgen Power Limited		
Shares held 537,000 (2015: 537,000 shares)	14,488	16,115
Next Capital Limited		
Brokerage payable	17	-
Arif Habib Limited		
Brokerage payable	-	27
MCB Employees Pension Fund		
Units held 515,450 (2015: 515,450 units)	54,531	55,476
Adamjee Insurance Company Limited Employees Provident Fund		
Units held 103,090 (2015: 103,090 units)	10,906	11,095
Adamjee Life Assurance Company Limited Employees Gratuity Fund		
Units held 21,057 (2015: 21,057 units)	2,228	2,266

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company held on April 18, 2016.



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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