



Har Mausam Phalदार, Cash Milay Baar Baar

MCB

**PAKISTAN FREQUENT PAYOUT
FUND**

MCB-Arif Habib Savings and Investments Limited

Rated: 'AM2++' by PACRA

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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.

COMPANY INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha	Chairman
	Mr. Nasim Beg	Vice Chairman
	Mr. Muhammad Saqib Saleem	Chief Executive Officer
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
	Mr. Nasim Beg	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Company Secretary	Mr. Abdul Basit	
Trustee	MCB Financial Services Limited 4th Floor, Pardesi House, 2/1 R-Y Old Queens Road, Karachi-74200	
Bankers	MCB Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited NIB Bank Limited Waseela Micro-Finance Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75530.	
Legal Advisor	Bawaney & Partners 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, Centrepoint, 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 PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Frequent Payout Fund's** accounts review for the eight months ended June 30th, 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. However, exports kept on falling amid stiff competition and weak demand outlook.

Inflation during the outgoing year continued to remain benign triggered by subdued oil prices and higher base effect of last year. Inflation averaged around 2.85% for the year whereas, average for first half of the year remained close to 2%. Despite the withering of the low base effect from 3QFY16, inflationary pressures remained well anchored supported by dip in oil prices in 3QFY16 and government's decision to defer the increase in prices of petroleum products along with recovery in crude.

Exports continued to remain problematic for balance of payments position over the year decreasing by ~9% relative to last year. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity versus competitors continued to cause worries for the current account position. Adding to trade deficit imports reduced only be about 3.5% as benefit of lower oil prices was offset by higher import of machinery for power while significantly lower cotton production also had to be filled in with imports. Remittances though remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Balance of Payment position however closed on in net surplus of USD 1.05 billion through external borrowings and disbursements from multilateral agencies.

The industrial growth picked up during the year with Large Scale Manufacturing index posting an increase of 3.26% YoY (July-May 2016). The noteworthy contribution came from autos, cement, power and consumer segment.

On the fiscal front, the government managed to contain the fiscal deficit at 4.3% of GDP in the FY16 against 5.3% in FY15. The Government is targeting FY17 deficit of 3.8% of GDP.

The monetary policy committee decreased the policy rate by a cumulative 75 bps during the fiscal year. Status quo was kept after reducing 50 bps in September for 6 months. Despite, the monetary policy board maintaining a cautious view relative to remittances, reversal in oil prices, non-oil imports and foreign market considerations, the monetary policy board decided to reduce policy rate by 25 bps in May.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 23 billion along with strict vigilance of SBP kept the rupee relatively stable during the year.

M2 growth gained traction with FY16 growth of 13.67%. Net Domestic Assets, supported by increase net non-government borrowing of PKR 267 billion, increased by PKR 253 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. 200 Billion) and liquidity pressure after maturity of PIBs worth ~PKR 1.4 trillion.

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index gained 9.8% during FY16, witnessing its weakest performance during last seven years. While the macro environment in general improved significantly, the same wasn't evident in the equity returns as rout in commodities and exodus of foreign investors from local equity market kept the benchmark under pressure. Foreigners selling remained unabated, dumping USD 281 million worth of equities during the year. The selling during the period was primarily absorbed by NBFCs with net buying of USD 187.8 million, while individuals bought USD 127.7 million of equities.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Cement sector led the sector charts, posting a gain of 29.0% during the year, as robust cement dispatches along with the potential growth from CPEC lead activities kept investor interests alive in the sector. Power sector rallied by 19.8% during the period, after 75 bps of cut in discount rate brought the yield plays into limelight. Similarly, pharmaceutical sector gained traction, returning an astounding 43.0% during the period as Drug Regulatory Authority ("DRAP") approved the pricing policy for pharmaceutical companies. On the flip side, the index heavyweight Oil & Gas Exploration sector underperformed the benchmark, losing 5.4% during the year. The sector performance followed the trend in crude oil prices (Arab Light) after it declined by 22.0%, as fears of oversupply resurfaced after the sanctions on Iran were lifted. Commercial Banks also remain laggards, returning a mere 2.5% after the central bank reduced the discount rate by 75 bps during the year. Similarly, fertilizer sector also returned only 2.8%, after concerns on the pricing power of the fertilizer sector emerged as international urea prices went below the local prices for the first time.

Pakistan's reclassification to the Emerging Market index was the headline news during the year, as expectations of upgrade were finally met. Going forward, we believe the market has a strong potential of re-rating owing to expected inflows from Emerging Market Funds. It is expected that net inflow of USD 300-400 million would flow, following Pakistan's reclassification. Thus, we recommend investors to focus on long term value and potential offered by the bourse to build positions in equity funds.

FUND PERFORMANCE

During the period under review (Nov 2015-Jun 2016), the fund posted a return of 3.54% compared to the benchmark return of 4.21%. On the equities front, the overall allocation was decreased to 0.4% from 32.1%. The fund increased its exposure in PIBs to 47.7% from 2.9% in November 2015.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 796 million as compared to Rs. 158 million as at November 30, 2015. The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 100.2203

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 refineries having ample stock piles of petroleum products, increase in rig counts along with recovery in oil prices, 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 along with global uncertainty after Britain exited European Union. 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 5% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the first half to remain well anchored around 4% thus framework remains favorable for a stable monetary policy environment with room for easing subject to stability on external front.

Fiscal deficit is expected to remain controlled and progressive upward economic growth targets appear achievable with enough room for the government to bring required structural changes in the economy. 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 Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year. Risks to external account remain high as the major support in balance of payment account is through flows that are uncertain and self fulfilling as they are also contingent upon favorable external account environment.

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 and steel 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 with stability in interest rates along with growth in advances and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would provide impetus for foreign flows into KSE-100 index and would lead to re-rating of market towards higher multiples.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance and the Board of Directors of Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly the state of affairs, the results of operations, cash flows and changes in unit holders' fund.
- b. Proper books of accounts of the fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report of the Management Company.
- k. During the year Chief Executive Officer has attended the Directors' Training Program organized by the Institute of Chartered Accounts in Pakistan. (All other the directors have completed the course or they are exempted from attending training course due to sufficient working experience.)
- l. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- m. The details of attendance of Board of Directors meeting is disclosed in note 19.3 to the attached financial statements. Below is the details of committee meetings held during the year ended June 30, 2016:

1. Meeting of the Audit Committee.

During the year, four (4) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1 Mr. Haroun Rashid (Chairman)	4	4	4	-
2 Mr. Samad A. Habib	4	4	3	1
3 Mr. Ahmed Jahangir	4	4	4	-
4 Mr. Nasim Beg*	-	-	-	-

- With effect from April 18, 2016, he was added as a member of the Audit Committee after which no meeting of the Audit Committee was held during the year.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

2. Meeting of the Human Resource and Remuneration Committee.

During the year, six (6) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1 Dr. Syed Salman Shah	6	6	6	-
2 Mr. Nasim Beg	6	6	5	1
3 Mr. Ahmed Jahangir	6	6	5	1
4 Mr. Haroun Rashid	6	6	3	3
5 Mr. Yasir Qadri *	2	2	2	-
6 Mr. Muhammad Saqib Saleem **	1	1	1	-

* Resigned from the post of CEO after 2nd meeting.

** Attended 6th meeting as Acting CEO.

- n. No trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer and Company Secretary, Chief Financial Officer and Chief Internal Auditor of the Management Company and their spouses and minor children.

External Auditors

The fund's external auditors, KPMG Taseer Hadi & Co., Chartered Accountants, have retired after the conclusion of audit for current year. Due to code of corporate governance, KPMG has been appointed as an external auditor of Management Company; therefore they are not eligible for reappointment. The audit committee of the Board has recommended appointment of A.F. Ferguson & Co., Chartered Accountants as auditors of the fund for the year ending June 30, 2017.

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
August 05, 2016

ڈائریکٹرز رپورٹ

فنڈ کے خارجی آڈیٹرز ”KPMG“ تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس،“ موجودہ سال کے آڈٹ کے اختتام کے بعد ریٹائر ہو گئے ہیں۔ کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت KPMG کو اینجمنٹ کمپنی کا خارجی آڈیٹر مقرر کر دیا گیا ہے، چنانچہ وہ دوبارہ تقرری کے اہل نہیں ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2017ء کو ختم ہونے والے سال کے لئے ”اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس“ کو فنڈ کے آڈیٹرز مقرر کرنے کے سفارش کی ہے۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے Trustees کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز اینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

05 اگست 2016ء

ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	4	4	4	1. جناب ہارون رشید (چیرمین)
1	3	4	4	2. جناب صدائے حبیب
-	4	4	4	3. جناب احمد جہانگیر
-	-	-	-	4. جناب نسیم بیگ *

* آپ کو 18 اپریل 2016ء کو آڈٹ کمیٹی کے رکن کی حیثیت سے شامل کیا گیا جس کے بعد آڈٹ کمیٹی کی کوئی میٹنگ نہیں ہوئی۔

2. ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریویژن کمیٹی کی چھ (06) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	6	6	6	1. جناب سید سلمان شاہ
1	5	6	6	2. جناب نسیم بیگ
1	5	6	6	3. جناب احمد جہانگیر
3	3	6	6	4. جناب ہارون رشید
-	2	2	2	5. جناب یاسر قادری *
-	1	1	1	6. جناب محمد ثاقب سلیم **

* دوسری میٹنگ کے بعد سی ای او کے عہدے سے مستعفی ہو گئے۔

** چھٹی میٹنگ میں قائم مقام سی ای او کے طور پر شرکت کی۔

n. دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسرز، چیف آپریننگ آفیسر اور کمپنی سیکرٹری، چیف فنانشل آفیسر اور چیف انٹرنل آڈیٹر اور ان کے شوہر/کی بیوی اور نابالغ بچوں نے فنڈ کے پونٹس کی کوئی خرید و فروخت نہیں کی۔

خارجی آڈیٹرز

ڈائریکٹرز رپورٹ

a. مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور یونٹ ہولڈرز کے فنڈ میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. فنڈ کی درست بگس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، Non-Bank بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اور ریگولیشنز) کے ضوابط، 2003ء، Non-Bank بینکنگ فنانس اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز، 2008ء، متعلقہ ڈیڈس کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور نافذ ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔

f. کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔

g. لسٹنگ قوانین میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔

h. کارپوریٹ گورننس کے ضابطہء اخلاق کے مطابق مطلوبہ کلیدی مالیاتی اعداد و شمار کا خلاصہ مالیاتی گوشواروں کے ساتھ ملحق ہے۔

i. واجب الاداء ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز (اگر کوئی ہیں تو) ملحقہ آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔

j. پراویڈنٹ فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ مینجمنٹ کمپنی کی ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔

k. دوران سال دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے منعقدہ ڈائریکٹرز ٹری بیٹی پروگرام میں چیف ایگزیکٹو آفیسر نے شرکت کی۔ (باقی تمام ڈائریکٹرز یہ تربیتی کورس مکمل کر چکے ہیں، یا خاطر خواہ تجربے کی بنیاد پر اس سے مستثنیٰ ہیں۔)

l. این بی ایف سی کے قواعد و ضوابط اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی pattern مالیاتی گوشواروں کے ساتھ ملحق ہے۔

m. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات ملحقہ مالیاتی گوشواروں کے نوٹ 15.3 میں پیش کی گئی ہیں۔ 30 جون 2016ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

1. آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی چار (04) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

ڈائریکٹرز رپورٹ

مالیاتی خسارہ متوقع طور پر قابو میں رہے گا اور ترقی کے مثبت اہداف قابل حصول نظر آ رہے ہیں، اور حکومت کے پاس معیشت میں ساخت سے متعلق مطلوبہ تبدیلیاں لانے کی گنجائش موجود ہے۔ علاوہ ازیں، بجلی کے شعبے کے لئے حکومت کے ناگزیر متحرک منصوبے درآمداتی بل پر بوجھ ڈالیں گے اور بجلی کی مشینری کی بڑے پیمانے پر درآمد سے کرنٹ اکاؤنٹ قابو میں رہے گا۔

پاکستانی روپیہ متوقع طور پر مزید چمک کا مظاہرہ کرے گا کیونکہ اسے اگلے سال بھر پور غیر ملکی آمدات کی پشت پناہی حاصل ہوگی۔ ایکسٹرنل اکاؤنٹ کے خطرات بدستور بلند ہیں کیونکہ ادائیگیوں کے توازن کے اکاؤنٹ میں بڑی مدد آمدات سے ہوتی ہے، جو غیر یقینی اور ناگزیر ہیں، جس کی ایک وجہ یہ بھی ہے کہ وہ بیرونی اکاؤنٹ کے موافق ماحول پر منحصر ہیں۔

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی چکر اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر ابھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر اور اسٹیل کے شعبے متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنے رہیں گے۔ تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر انٹریسٹ کی شرح میں استحکام اور ایڈوانسز میں اضافے کے سبب منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی نظریں ہیں۔ ابھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے PSX-100 انڈیکس میں تیزی آسکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین اور اس میں اضافے کی راہ ہموار ہوگی۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے، اور مینجمنٹ کمپنی کا بورڈ آف ڈائریکٹرز عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جو ابده ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق کی بہترین طریقوں سے متعلق شقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے شق، کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کاربند ہے جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو با التفصیل واضح کیا گیا ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

ڈائریکٹر رپورٹ

فنڈ کی کارکردگی

زیرِ جائزہ مدت (نومبر 2015ء تا جون 2016ء) کے دوران فنڈ نے منافع کے متعین کردہ معیار 4.21% کے بالمقابل 3.54% سالانہ منافع کمایا۔ ایکویٹیز کے میدان میں مجموعی اختصاص 32.1% سے کم ہو کر 0.4% ہو گیا۔ فنڈ نے PIBs میں اپنی شمولیت کو، جونومبر 2015ء میں 2.9% تھی، بڑھا کر 47.7% کر لیا۔

30 جون 2016ء کو فنڈ کے net اثاثے 796 ملین روپے تھے جبکہ 30 نومبر 2015ء کو 158 ملین روپے تھے۔ 30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 100.2203 روپے تھی۔

مستقبل کی صورتحال

موجودہ عالمی معاشی ماحول کو دیکھتے ہوئے مقامی معاشی صورتحال متوقع طور پر مستحکم رہے گی۔ تیل کی قیمتیں آئل ریفائنریز میں پٹرول کی مصنوعات کے خاطر خواہ اسٹاک، rig کی تعداد میں اضافے اور تیل کی قیمتوں کی وصولی کی وجہ سے متوقع طور پر قابلِ رسائی رہیں گی، اور اس وجہ سے بھی کہ اس بات کی توقع بہت کم ہے کہ بڑے آئل پروڈیوسرز رسد کو کم کرنے کے مقصد سے کوئی معاہدہ کریں گے۔ چین میں مندی سے کمزور عالمی صورتحال کی عکاسی ہوتی ہے، اور بینک آف جاپان اور یورپین سینٹرل بینک کا انٹریسٹ کی منفی شرحیں اختیار کرنا بھی اشیاء کی مارکیٹ کے لئے ایک تشویش ناک امر ہے، اور اس کے ساتھ ساتھ برطانیہ کے یورپی یونین کو خیر باد کہہ دینے کے بعد عالمی سطح پر غیر یقینی صورتحال۔ عالمی سطح پر اشیاء کی کمزور صورتحال کے باعث درآمداتی بل کمزور رہے گا لیکن اس کے نتیجے میں برآمدات کی وصولی بھی تاخیر کا شکار ہو سکتی ہے۔

سالِ مذکورہ کا اوسط کنزیومر پرائس انڈیکس متوقع طور پر 5% سے کم رہے گا۔ جبکہ تیل قیمتوں اور زرِ مبادلہ کی شرح میں استحکام کی بدولت افزائِ زرِ پہلی ششماہی میں تقریباً 4% کی سطح پر قابو میں رہے گی، چنانچہ ایک مستحکم مانیٹری پالیسی کے ماحول کے لئے فریم ورک موافق ہے اور اس میں کسی عنصر کو بیرونی جہت میں مستحکم کرنے کی گنجائش موجود ہے۔

ڈائریکٹرز رپورٹ

ایکویٹیز مارکیٹ کا جائزہ

PSX-100 انڈیکس کے ذریعے پیمائش کردہ مقامی ایکویٹی مارکیٹ نے مالی سال 2016ء کے دوران 9.8% ترقی کی، جو گزشتہ سات برسوں میں اس کی کمزور ترین کارکردگی ہے۔ اگرچہ مجموعی صورتحال میں قابل ذکر بہتری آئی، لیکن ایکویٹی کے منافع میں اس کی عکاسی نہیں ہوئی کیونکہ اشیاء میں کمی اور مقامی مارکیٹ سے غیر ملکی سرمایہ کاروں کے بڑے پیمانے پر خروج نے معیار کو دباؤ میں رکھا۔ غیر ملکیوں کی فروخت میں کوئی کمی نہیں ہوئی جس سے دوران سال 281 ملین ڈالر مالیت کی ایکویٹیز ضائع ہوئیں۔ مذکورہ مدت میں ہونے والی فروخت کا اثر بنیادی طور پر NBFCs نے قبول کیا اور 187.8 ملین ڈالر کی net خریداری ہوئی جبکہ انفرادی طور پر 127.7 ملین ڈالر کی ایکویٹیز خریدی گئیں۔

سیمنٹ کا شعبہ مذکورہ مدت میں 29.0% ترقی کے ساتھ سب سے آگے رہا۔ بڑے پیمانے پر سیمنٹ کی فروخت اور اس کے ساتھ ساتھ CPEC کے زیر اہتمام سرگرمیوں سے ہونے والی متوقع ترقی نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو قائم رکھا۔ بجلی کے شعبے نے 19.8% ترقی کی جب ڈسکاؤنٹ کی شرح میں 75 bps کمی سے پیداواری قوتیں منظر عام پر آئیں۔ اسی طرح، ادویات کے شعبے میں بھی تیزی آئی اور مذکورہ مدت میں 43.0% کی شاندار ترقی ہوئی جب ڈرگ ریگلیو لیٹری اتھارٹی پاکستان ("DRAP") نے ادویات کے اداروں کے لئے قیمتوں کے تعین کی پالیسی کی منظوری دے دی۔ دوسری جانب بھاری انڈیکس کا حامل آئل اینڈ گیس ایکسپلوریشن کا شعبہ معیار کے مطابق کام نہیں کر سکا اور اسے دوران سال 5.4% خسارہ ہوا۔ یہی رجحان خام تیل کی قیمتوں (Arab Light) میں بھی رہا اور اس میں 22.0% کا خسارہ ہوا کیونکہ ایران پر عائد پابندیاں اٹھائے جانے کے بعد ضرورت سے زیادہ رسد کا خوف دوبارہ پیدا ہو گیا۔ کمرشل بینک بھی سست روی کا شکار رہے اور صرف 2.5% منافع دیا جبکہ سینٹرل بینک نے دوران سال ڈسکاؤنٹ کی شرح کو 75 bps کم کر دیا تھا۔ اسی طرح کھاد کے شعبے نے بھی صرف 2.8% منافع دیا جب کھاد کے شعبے کی قیمتوں کے تعین کی طاقت پر سوال اٹھے کیونکہ یوریا کی بین الاقوامی قیمتیں پہلی مرتبہ مقامی قیمتوں سے بھی کم ہو گئیں۔

اُبھرتی ہوئی مارکیٹس کے انڈیکس میں پاکستان کی دوبارہ درجہ بندی اس سال کی شہ سُرخ تھی، کیونکہ اس پیش رفت کی توقعات بالآخر پوری ہوئیں۔ آگے بڑھتے ہوئے، ہمیں اعتماد ہے کہ مارکیٹ میں شرحیں دوبارہ طے کرنے کی بھرپور استعداد موجود ہے کیونکہ اُبھرتی ہوئی مارکیٹ کے فنڈز سے آمدات متوقع ہیں۔ اُمید کی جارہی ہے کہ پاکستان کی دوبارہ درجہ بندی کے بعد 300-400 ملین ڈالر کی آمد ہوگی۔ چنانچہ سرمایہ کاروں کو ہمارا مشورہ ہے کہ اسٹاک مارکیٹ کی فراہم کردہ طویل المیعاد قدر اور استعداد پر توجہ مرکوز کریں تاکہ ایکویٹی فنڈز میں جگہ بنائی جاسکے۔

ڈائریکٹرز رپورٹ

صنعتی ترقی میں اس سال تیزی آئی جیسا کہ بڑے پیمانے پر مینوفیکچرنگ کے انڈیکس میں %3.26 YoY (جولائی - مئی 2016ء) اضافے سے ظاہر ہے۔ گاڑیوں، سیمنٹ، بجلی اور صارفین کے شعبوں نے قابل ذکر کردار ادا کیا۔

مالیاتی میدان میں حکومت نے مالی سال 2016ء میں مالیاتی خسارے کو مجموعی ملکی پیداوار (GDP) کے %4.3 (پال مقابل %5.3 برائے مالی سال 2015ء) سے آگے بڑھنے نہیں دیا۔ حکومت کا ہدف ہے کہ مالی سال 2017ء میں یہ خسارہ GDP کے %3.8 تک کم کیا جائے۔

مانیٹری پالیسی کمیٹی نے اس سال پالیسی کی شرح کو مجموعی طور پر 75 bps کم کیا۔ ستمبر میں 6 ماہ کے لئے 50 bps کم کرنے کے بعد موجودہ صورتحال برقرار رکھی گئی۔ اس کے باوجود مانیٹری پالیسی بورڈ نے ترسیل زر، تیل کی قیمتوں میں دوبارہ کمی، تیل کے علاوہ دیگر اشیاء کی درآمدات اور غیر ملکی مارکیٹ کے معاملات سے متعلق محتاط رویہ اختیار کرتے ہوئے مئی میں پالیسی کی شرح کو 25 bps کم کرنے کا فیصلہ کیا۔

غیر ملکی آمدورفت کے مثبت توازن، ایکسٹرنل اکاؤنٹ کی بہتر صورتحال اور تقریباً 23 بلین ڈالر کے زرمبادلہ کے مضبوط ذخائر، اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی کڑی نگرانی نے دوران سال روپے کو مستحکم رکھا۔

مالی سال 2016ء کی %13.67 ترقی کے ساتھ M2 ترقی نے زور پکڑا۔ Net غیر حکومتی قرض کے حصول میں 267 بلین روپے اضافے کی مدد سے Net مقامی اثاثہ جات میں 253 بلین روپے اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان نے طے شدہ کرائے کے طریقے پر مبنی اجارہ سسٹم نیلامی منعقد کی، اور اس کے بعد ہونے والی نیلامیوں میں %6.10 اور %5.59 آمدنی ہوئی جس سے اسلامی مالیاتی صنعت کے لئے نسبتاً منافع بخش راہ ہموار ہوئی۔

نیم پیداوار مزید جھک گیا جس پر بنیادی اثر مالیاتی خسارے کی بہتر صورتحال، بہتر غیر ملکی آمدات، اجارہ سسٹم کے اجراء (تقریباً 200 بلین روپے) اور 1.4 ٹریلین روپے مالیت کی PIBs کی maturity کے بعد liquidity کے دباؤ کا ہے۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ’ایم سی بی پاکستان فریکوینٹ پے آؤٹ فنڈ‘ کے 30 جون 2016ء کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

اس سال ہر گزرتے مہینے کے ساتھ معاشی صورتحال بہتر ہوتی گئی۔ اس پر مزید خوش آئند بات یہ ہوئی کہ تیل کی گرتی ہوئی عالمی مانگ، ایران میں پابندیاں ختم ہونے کے بعد وہاں سے رسد میں اضافے اور shale بنانے والوں کی لچک کے باعث رسد میں غیر ضروری اضافہ ہو گیا اور تیل کی قیمتیں گر گئیں، جس کے سبب افراط زر کے دباؤ اور درآمداتی بل میں بھی کمی ہوئی۔ تاہم کڑی مسابقت اور کمزور مانگ کی وجہ سے برآمدات مسلسل کم ہوتی چلی گئیں۔

تیل کی گری ہوئی قیمتوں اور گزشتہ سال کے بڑھے ہوئے base effect کی وجہ سے افراط زر اس سال بھی موافق رہی۔ افراط زر کا سال بھر کا اوسط تقریباً 2.85% ہے، جبکہ پہلی ششماہی میں تقریباً 2% تھا۔ مالی سال 2016ء کی تیسری سہ ماہی سے پست base effect کے موہوم ہوجانے کے باوجود افراط زر کے دباؤ قابو میں رہے جس میں تیل کی قیمتوں میں کمی اور پٹرولیم مصنوعات کی قیمتوں میں اضافے کو ملاتوی کرنے کے حکومتی فیصلے اور اس کے ساتھ ساتھ خام تیل کی وصولی کی معاونت شامل تھی۔

دوران سال برآمدات میں گزشتہ سال کے مقابلے میں 9% کمی ہوئی اور ادائیگیوں کے توازن کی صورتحال بدستور مشکلات کا شکار رہی۔ عالمی سطح پر اشیاء کی کمزور مانگ، مطلوبہ مارکیٹس میں سُست روی اور حریفوں کے مقابلے میں روپے اور ڈالر کے نسبتاً غیر موافق توازن کے باعث اشیاء کی پست قیمتوں سے کرنٹ اکاؤنٹ کی صورتحال بدستور تشویش ناک رہی۔ درآمدات میں صرف تقریباً 3.5% کمی نے تجارتی خسارے میں اضافہ کیا کیونکہ تیل کی کم قیمتوں کا مثبت اثر بجلی کے لئے مشینری کی درآمد میں اضافے سے زائل ہو گیا جبکہ کپاس کی بہت کم پیداوار کی وجہ سے پیدا ہونے والے خلاء کو بھی درآمدات سے پُر کرنا پڑا۔ تراسیل زر خلیجی معیشتوں کی کمزور معاشی صورتحال کے مطابق چکدار رہیں اور ان میں 6% کا اضافہ ہوا۔ تاہم ادائیگیوں کے توازن کی حتمی صورتحال بیرونی قرضوں کے حصول اور کثیرالجمہتی ایجنسیوں سے فراہمیوں کے ذریعے 1.05 بلین USD فاضل پر تھی۔

REPORT OF THE FUND MANAGER

FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Fund Type and Category

MCB Pakistan Frequent Payout Fund (MCB PFPF) is an Open-End Asset Allocation Scheme.

Fund Benchmark

The benchmark for MCB PFPF is weighted average of 6 month KIBOR and KSE 100 index as per amount invested in equities and fixed income investments including cash & cash equivalents respectively. All weightages shall be calculated as a percentage of net assets and shall be reset at the end of each month.

Investment Objective

The objective of the Fund is to provide investors regular monthly payment by investing Fund's assets in Debt and Equity instruments.

Investment Strategy

MCB Pakistan Frequent Payout Fund is an Open-ended Asset Allocation Scheme which primarily invests in Equity and Debt Securities. The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time. The fund has the investment philosophy that it will invest its major portion i-e 80% of its assets in Fixed Income Securities and up to 20% of its assets in Equity Market.

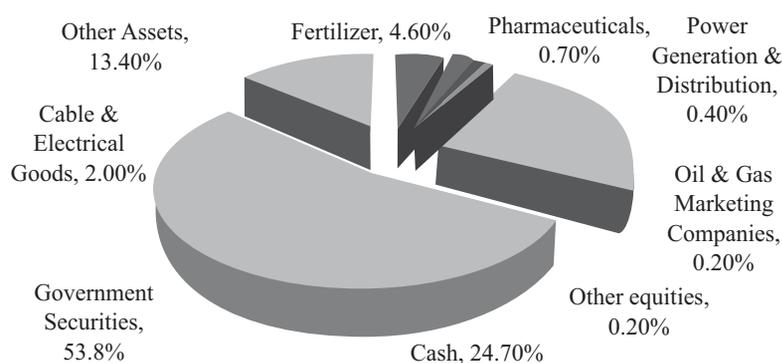
The investment philosophy is to earn optimal profit, in order to make distribution of payment to the unit holders at the end of each month on the basis of units held by them.

Manager's Review

During the period under review (Nov 2015-Jun 2016), the fund posted a return of 3.54% compared to the benchmark return of 4.21%. On the equities front, the overall allocation was decreased to 0.4% from 32.1%. The fund increased its exposure in PIBs to 47.7% from 2.9% in November 2015.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 796 million as compared to Rs. 158 million as at November 30, 2015. The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 100.2203

Asset Allocation as on June 30, 2016 (% of total assets)



Awais Abdul Sattar, CFA
Fund Manager

Karachi: August 05, 2016



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

MCB PAKISTAN FREQUENT PAYOUT FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

MCB Pakistan Frequent Payout Fund, an open-end Scheme established under a Trust Deed executed between MCB-Arif Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee on 22nd July 2015. The scheme was approved by Securities & Exchange Commission of Pakistan on 16th July 2015.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of MCB Pakistan Frequent Payout Fund has, in all material respects, managed MCB Pakistan Frequent Payout Fund during the period from 16 November 2015 to 30th June 2016 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

A handwritten signature in black ink, appearing to read 'Anwar'.

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: August 25, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

This statement is being presented by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Management Company) of MCB Pakistan Frequent Payout Fund ("the fund") to comply with the Code of Corporate Governance contained in clause no. # 5.19.23 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

MCB Pakistan Frequent Payout Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, MCB-Arif Habib Saving and Investment Limited, on behalf of the Fund have applied the principles contained in the Code in the following manner:

- The Management Company encourages representation of independent non-executive directors on its Board of Directors (the Board). At present the Board includes

Category	Names
Independent Directors	<ol style="list-style-type: none"> Dr. Salman Shah Mr. Haroun Rashid Mr. Mirza Mehmood
Executive Directors	<ol style="list-style-type: none"> Mr. Muhammad Saqib Saleem - Chief Executive Officer
Non – Executive Directors	<ol style="list-style-type: none"> Mian Mohammad Mansha - Chairman Mr. Nasim Beg - Vice Chairman Mr. Ahmed Jehangir Mr. Samad Habib

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Code.

- The directors have confirmed that none of them are serving as a director in more than seven listed companies, including the Management Company.
- All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- During the year, a casual vacancy occurring on January 04, 2016 consequent to the resignation of the former Chief Executive Officer of the Company was filled up by the directors the same day through the appointment of Mr. Muhammad Saqib Saleem.
- The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
- The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. The Board has also approved the appointment, remuneration and terms and conditions of appointment of the Chief Executive Officer.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- During the year, the Chief Executive Officer of the Management Company and an independent director attended directors' training programs conducted by the Institute of Chartered Accountants of Pakistan (ICAP). All the remaining directors on the Board already possess the required training or qualification and experience as required by the Code.
- The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
- The Directors' Report of the Management Company for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

12. The financial statements were duly endorsed by the Chief Executive Officer and the Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives of the Management Company do not hold any interest in the units of the fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee for the Management Company. It comprises four members who are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results and as required by the Code. The terms of reference of the Committee have been approved by the Board and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five members, of whom four are non-executive directors including the chairman of the committee, who is also an independent director.
18. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the fund and the Management Company.
19. The Board has formulated a mechanism for an annual evaluation of its own performance. The evaluation has been done by the board in the meeting held on August 05, 2016.
20. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares/units of the Management Company/Fund. The firm and all its partners are also in compliance with International Federation of Accountants guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the net assets value of the fund/market price of the Management Company's shares, was determined and intimated to directors, employees and the stock exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
24. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



Muhammad Saqib Saleem
Chief Executive Officer

Karachi: August 05, 2016

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE



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Review report to the Unit holders of MCB Pakistan Frequent Payout Fund (“the Fund”) on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (“the Management Company”) of the Fund for the period ended 30 June 2016 to comply with the requirements of Clause No. 5.19 of Rule Book of Pakistan Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company’s personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company’s corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the period ended 30 June 2016.

Date: 5 August 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016



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Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

We have audited the accompanying financial statements of **MCB Pakistan Frequent Payout Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2016, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' Fund for the period from 16 November 2015 to 30 June 2016 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2016 and of its financial performance, its cash flows and transactions for the period from 16 November 2015 to 30 June 2016 in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 5 August 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2016**

	<i>Note</i>	30 June 2016 (Rupees in '000)
Assets		
Balance with banks	4	200,594
Investments	5	503,625
Dividend and profits receivable	6	20,568
Term deposit receipt	7	70,000
Receivable from National Clearing Company of Pakistan Limited		14,798
Advances, deposits and prepayments	8	3,938
Total assets		813,523
Liabilities		
Payable to the Management Company	9	7,172
Payable to MCB Financial Services Limited - Trustee	10	85
Payable to Securities and Exchange Commission of Pakistan	11	327
Fair value of derivative liability		580
Payable against purchase of equity securities		3,469
Accrued expenses and other liabilities	12	5,688
Total liabilities		17,321
Net assets		796,202
Unit holders' fund (as per statement attached)		796,202
Contingencies and commitments	13	
		(Number of units)
Number of units in issue (face value of units is Rs. 100 each)		7,944,517
		(Rupees)
Net asset value per unit	3.6	100.2203

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

INCOME STATEMENT
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

	<i>Note</i>	For the period from 16 November 2015 to 30 June 2016 (Rupees in '000)
Income		
Capital gain on sale of investments		5,936
Dividend income		1,224
Profit on bank deposits		4,671
Profit on money market placement		123
Other income		1,343
Income from government securities		15,111
		28,408
Net unrealised diminution in the fair value of future contracts		(580)
Net unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	5.1	781
Total income		28,609
Expenses		
Remuneration of the Management Company	9.1	4,609
Sindh Sales tax and Federal Excise Duty on Management fee	9.2	1,486
Remuneration of MCB Financial Services Limited -Trustee	10	430
Sindh Sales tax on remuneration of MCB Financial Services Limited -Trustee	10	60
Annual fee to Securities and Exchange Commission of Pakistan	11	327
Allocated expenses and related taxes	9.3	388
Brokerage and settlement charges		1,368
Auditors' remuneration	14	230
Other expenses		516
Total operating expenses		9,414
Net income from operating activities		19,195
Element of income and capital gains included in the prices of units issued less those in units redeemed		
-from realized / unrealized capital gain		448
-from other income		1,620
Net income for the period before taxation		21,263
Taxation	15	-
Net income for the period after taxation		21,263
Earnings per unit	16	

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

	<i>Note</i>	For the period from 16 November 2015 to 30 June 2016 (Rupees in '000)
Net income for the period after taxation		21,263
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to income statement</i>		
Unrealised appreciation in investments classified as 'available for sale'	5.2	190
Total comprehensive income for the period		<u>21,453</u>

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

DISTRIBUTION STATEMENT
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

**For the period
from 16
November
2015 to 30
June 2016
(Rupees in '000)**

Net income for the period	21,263
Element of loss and capital losses included in the prices of units issued less those in units redeemed - amount representing unrealized diminution	(1,469)

Distributions to unit holders of the Fund:

Interim distribution at the rate of Rs. 0.2568 per unit declared on 30 November 2015	(404)
Interim distribution at the rate of Rs. 0.4760 per unit declared on 31 December 2015	(2,265)
Interim distribution at the rate of Rs. 0.4806 per unit declared on 31 January 2016	(2,019)
Interim distribution at the rate of Rs. 0.3199 per unit declared on 29 February 2016	(1,919)
Interim distribution at the rate of Rs. 0.2312 per unit declared on 31 March 2016	(1,618)
Interim distribution at the rate of Rs. 0.4932 per unit declared on 30 April 2016	(3,003)
Interim distribution at the rate of Rs. 0.5118 per unit declared on 31 May 2016	(3,032)
Interim distribution at the rate of Rs. 0.50 per unit declared on 27 June 2016	(3,973)
	(18,233)

Undistributed income carried forward	1,561
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Undistributed income carried forward	
- Realised income	1,170
- Unrealised gain	391
	1,561

The annexed notes 1 to 21 form an integral part of these financial statements.



 Chief Executive Officer

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



 Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

	For the period from 16 November 2015 to 30 June 2016 (Rupees in '000)
Issue of 12,187,872 units for the period	1,220,254
Redemption of 4,243,355 units for the period	(425,204)
	795,050
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	
- amount representing (income) and capital (gains) transferred to income statement	
-from realized / unrealized capital gain	(448)
-from other income	(1,620)
- amount representing loss and capital losses transferred to distribution statement	1,469
	(599)
Element of loss and capital losses that forms part of unit holders' fund transferred to distribution statement	(1,469)
Net income for the period (excluding net unrealized appreciation in fair value of investment classified at 'fair value through profit or loss', as available for sale, future contracts and capital gain on sale of investment)	15,126
Net unrealised appreciation on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	781
Net unrealised appreciation on re-measurement of investment classified as 'available for sale'	190
Net unrealised diminution in the fair value of future contracts	(580)
Capital gain on sale of investments - net	5,936
Total comprehensive income for the period	21,453
Distribution during the period	(18,233)
Net assets at end of the period	796,202
Net assets value per unit at end of the period	100.2203

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

CASH FLOW STATEMENT
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

	<i>Note</i>	For the period from 16 November 2015 to 30 June 2016 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		21,263
Adjustments for non-cash and other items:		
Net unrealised appreciation on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	5.1	(781)
Net unrealised diminution in the fair value of future contracts		580
Element of income and capital gains included in the prices of units issued less those in units redeemed		(448)
- from realized / unrealized capital gain		(1,620)
- from other income		(1,620)
Net cash generated from operations before working capital changes		18,994
(Increase) / decrease in assets		
Investments - net		(502,654)
Term deposit receipts		(70,000)
Dividend and profit receivables		(20,568)
Advances, deposits and prepayments		(3,938)
Receivable from National Clearing Company of Pakistan Limited		(14,798)
		(611,958)
Increase / (decrease) in liabilities		
Payable to the Management Company		7,172
Payable to MCB Financial Services Limited - Trustee		85
Payable against purchase of equity securities		327
Payable to Securities and Exchange Commission of Pakistan		3,469
Accrued expenses and other liabilities		5,688
		16,741
Net cash used in operating activities		(576,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units		1,220,254
Payments against redemption of units		(425,204)
Distribution during the period		(18,233)
Net cash generated from financing activities		776,817
Net increase in cash and cash equivalents		200,594
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	4	200,594

The annexed notes 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ("the Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 16 July 2015. It was constituted under a Trust Deed dated 22 July 2015 between MCB-Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and MCB Financial Services Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed -e- Millat Expressway, Near K.P.T Interchange, Karachi.

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

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

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (AM two plus plus) dated 8 June 2016 to the Management Company. The Fund has applied for and is yet to be rated by PACRA.

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, 2008 and the said directives shall prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the Fund.

2.2 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention except these financial assets that are maintained at fair value.

2.3 Functional and presentation currency

These Financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amount recognised in the financial statements are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Investments stated at fair value and derivative financial instruments

The management company has determined fair value of certain investments by using quotations from active market valuation done by Mutual Fund Association of Pakistan. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Other assets

Judgement is also involved in assessing the realisability of the assets balances.

2.5 New, amended and revised standards and interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 July 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity.
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Fund's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in preparation of these financial statement. These policies have been consistently applied to all periods presented.

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) Financial instruments as 'at fair value through profit or loss'

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative. Financial instruments as 'at fair value through profit or loss' are measured at fair value and changes therein are recognised in the Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

c) 'Available-for-sale'

'Available for sale' financial assets are non-derivative that are either designated in this category or not classified in any other category.

d) Financial liabilities

Financial liabilities, other than those as 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the financial assets.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not as 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets as 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit Holders' Fund until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Fund are included in the Income Statement. The financial instruments classified as loans and receivables are subsequently measured at amortised cost less provision for impairment, if any.

Fair value measurement principles

The fair value of a security listed on a stock exchange, local or foreign as the case may be, and derivatives is valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security is valued at an amount neither higher than the closing ask price nor lower than the closing bid price.

Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Basis of valuation of debt securities

Investment in debt securities are valued at the rates determined and notified by Mutual Funds Association of Pakistan (MUFAP) as per the methodology prescribed by SECP via Circular 1 of 2009, Circular 33 of 2012 and Circular 35 of 2012. The Circulars also specify criteria for application of discretionary discount to yield of any debt security calculated by MUFAP and contain criteria for the provisioning of non-performing debt securities.

Investment in thinly and non-traded debt securities with maturity up to six months are valued at their amortised cost in accordance with the requirements of Circular 1 of 2009 issued by the SECP.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Basis of valuation of government securities

The fair value of the investments in government securities is determined by reference to the quotations obtained from the PKRV sheet on the Reuters page.

Securities under repurchase/ resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amounts paid under these agreements are recognised as receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the agreement. All reverse repo transactions are accounted for on the settlement date.

Impairment

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss events had an impact on the future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement.

The Board of Directors of the Management Company has formulated a comprehensive policy for making provision against non-performing investments in compliance with Circular 13 of 2009 issued by SECP.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial assets expires or it transfers the financial assets and the transfer qualifies for derecognising in accordance with International Accounting Standard 39: Financial Instruments: Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.2 Preliminary expenses

Preliminary expenses represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from November 16, 2015, as per the requirement of the Trust Deed of the Fund.

3.3 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.4 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income of that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the Fund's unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of second schedule to the Income Tax Ordinance, 2001.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no current tax and deferred tax has been recognized in these financial statements.

3.5 Accrued and other liabilities

Accrued and other liabilities are recognised initially at fair value and subsequently stated at amortised cost.

3.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to income / (losses) held in the Unit Holder's Fund in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.9 Revenue recognition

- Mark-up on term finance certificates, government securities and money market placements are recognised on an accrual basis.
- Realized capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised capital gain/ (losses) arising on re-measurement of investments classified as Financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Profits on bank deposits are recognised on an accrual basis.
- Dividend income on equity securities is recognised when the right to receive dividend is established.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

3.10 Expenses

All expenses including management fee, trustee fee and Securities Exchange Commission of Pakistan fee are recognised in the Income Statement on an accrual basis.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.12 Other assets

Other assets are stated at cost less impairment losses, if any.

3.13 Unit holders' Fund

Unit holders' funds representing the units issued by the Fund, is carried at the net asset value representing the investors' right to a residual interest in the Fund assets.

3.14 Derivatives

Derivative instruments are initially recognised at fair value. Subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.15 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4. BALANCES WITH BANKS

These represent balances in saving accounts and carry mark-up rates ranging from 3.75% to 6.25% per annum.

5. INVESTMENTS

5.1 At fair value through profit and loss - held for trading

**30 June
2016
(Rupees in '000)**

Quoted equity securities	5.1.1	62,438
Government securities	5.1.2	70,398
		132,836

5.2 Available for sale investments

Quoted equity securities	5.2.1	3,526
Government securities	5.2.2	367,263
		370,789
		503,625

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

5.1 At fair value through profit and loss - held for trading

5.1.1 Quoted equity securities

Name of investee company	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 30 June 2016	carrying cost as at 30 June 2016	Market value as at 30 June 2016	Appreciation/ (diminution) as at 30 June 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
----- (Number of shares) -----										
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.										
Refinery										
Attock Refinery Limited	85,000	-	(85,000)	-	-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	314,500	-	(314,500)	-	-	-	-	-	-	-
Pakistan Petroleum Limited	120,000	-	(120,000)	-	-	-	-	-	-	-
Oil and Gas Marketing Companies										
Pakistan State Oil Limited	53,500	-	(47,500)	6,000	2,208	2,253	45	0.28%	0.45%	-
Sui Northern Gas Pipelines Limited	223,000	-	(223,000)	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	4,000	-	(4,000)	-	-	-	-	-	-	-
					2,208	2,253	45	0.28%	0.45%	
Fertilizer										
Engro Corporation Limited	167,000	-	(80,000)	87,000	28,599	28,968	369	3.64%	5.75%	0.02%
Engro Fertilizers Limited	188,500	-	(61,000)	127,500	8,010	8,221	211	1.03%	1.63%	0.01%
Fauji Fertilizer Bin Qasim Limited	251,000	-	(251,000)	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	138,500	-	(138,500)	-	-	-	-	-	-	-
Dawood Hercules Corporation Limited	20,000	-	(20,000)	-	-	-	-	-	-	-
					36,609	37,189	580	4.67%	7.38%	0.03%
Cement										
Cheer Cement Limited	6,000	-	(6,000)	-	-	-	-	-	-	-
D G Khan Cement Company Limited	31,000	-	(31,000)	-	-	-	-	-	-	-
Fauji Cement Company Limited	233,500	-	(233,500)	-	-	-	-	-	-	-
Lucky Cement Limited	1,500	-	(1,500)	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	78,000	-	(78,000)	-	-	-	-	-	-	-
Pioneer Cement Limited	4,500	-	(4,500)	-	-	-	-	-	-	-
Food and Personal Care Products										
Engro Foods Limited	92,500	-	(82,500)	10,000	1,615	1,633	18	0.21%	0.32%	-
					1,615	1,633	18	0.21%	0.32%	
Personal Goods										
Nishat Mills Limited	37,500	-	(37,500)	-	-	-	-	-	-	-
Technology and Communication										
Hum Network Limited*	1,000	-	(1,000)	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited **A	53,000	-	(53,000)	-	-	-	-	-	-	-
Power Generation and Distribution										
K-Electric Limited**	28,000	-	(28,000)	-	-	-	-	-	-	-
Hub Power Company Limited	500	-	(500)	-	-	-	-	-	-	-
Cable and Electrical Goods										
Pak Electron Limited	452,500	-	(205,000)	247,500	15,954	16,001	47	2.01%	3.18%	0.05%
TPL Trakker Limited	25,000	-	(25,000)	-	-	-	-	-	-	-
					15,954	16,001	47	2.01%	3.18%	0.05%

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

Name of investee company	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 30 June 2016	Carrying cost as at 30 June 2016	Market value as at 30 June 2016	Appreciation/ (diminution) as at 30 June 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
Pharmaceutical										
Searle Company Limited	10,000	-	-	10,000	5,259	5,362	103	0.67%	1.06%	0.01%
Commercial Banks										
Askari Bank Limited	10,000	-	(10,000)	-	-	-	-	-	-	-
Bank Alfalah Limited	500	-	(500)	-	-	-	-	-	-	-
Bank of Punjab Limited	12,000	-	(12,000)	-	-	-	-	-	-	-
Faysal Bank Limited	9,000	-	(9,000)	-	-	-	-	-	-	-
Habib Bank Limited	12,500	-	(12,500)	-	-	-	-	-	-	-
National Bank of Pakistan Limited	3,500	-	(3,500)	-	-	-	-	-	-	-
United Bank Limited	3,000	-	(3,000)	-	-	-	-	-	-	-
Total - 30 June 2016					61,645	62,438	793	7.84%	12.39%	0.09%

* Par value of Rs. 1 each

** Par value of Rs. 3.5 each

5.1.1.1 Cost of investment of equity securities is Rs. 64,665 million.

5.1.2 Government securities

Particulars	Purchased during the period	Sold during the period	Matured during the period	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
Treasury bills									
Treasury bills - 3 months	773,500	(773,500)	-	-	-	-	-	-	-
Treasury bills - 6 months	135,000	(85,000)	-	50,000	49,502	49,505	3	6.22%	9.83%
Treasury bills - 1 year	50,000	(50,000)	-	-	-	-	-	-	-
Total - 30 June 2016					49,502	49,505	3	6.22%	9.83%
Pakistan Investment Bond									
PIB - 3 years	20,000	-	-	20,000	20,878	20,893	(15)	2.62%	4.15%
Total - 30 June 2016					20,878	20,893	(15)	2.62%	4.15%
Total investment in Government Securities - 30 June 2016					70,380	70,398	(12)	8.84%	13.99%

5.1.2.1 The treasury bill has a cost of Rs. 49,505 million, maturing up till 1 September 2016 and carry yield at 5.9% per annum.

5.1.2.2 The PIB has a cost of Rs. 20,907 million, maturing up till 26 March 2018 and carry mark-up at 9% per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

5.2 Available for sale investments

5.2.1 Quoted equity securities

Name of investee company	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 30 June 2016	Carrying cost as at 30 June 2016	Market value as at 30 June 2016	Appreciation/ (diminution) as at 30 June 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
	------(Number of shares)-----				------(Rupees in '000)-----					
Oil and Gas Exploration Companies										
Pakistan Petroleum Limited	5,000	-	(5,000)	-	-	-	-	-	-	-
Oil and Gas Development Company Limited	465,000	-	(465,000)	-	-	-	-	-	-	-
Pakistan Oilfields Limited	104,500	-	(104,500)	-	-	-	-	-	-	-
Oil and Gas Marketing Companies										
Pakistan State Oil Limited	50,000	-	(50,000)	-	-	-	-	-	-	-
Attock Petroleum Limited	25,000	-	(25,000)	-	-	-	-	-	-	-
Hascol Petroleum Limited	6,200	-	(6,200)	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	140,000	-	(140,000)	-	-	-	-	-	-	-
Shell Pakistan Limited	10,000	-	(10,000)	-	-	-	-	-	-	-
Cement										
D G Khan Cement Company Limited	7,500	-	(7,500)	-	-	-	-	-	-	-
Fauji Cement Company Limited	15,000	-	(15,000)	-	-	-	-	-	-	-
Lucky Cement Limited	10,000	-	(10,000)	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	10,500	-	(10,500)	-	-	-	-	-	-	-
Cherat Cement Company Limited	50,000	-	(50,000)	-	-	-	-	-	-	-
Kohat Cement Company Limited	13,000	-	(13,000)	-	-	-	-	-	-	-
Pioneer Cement Limited	110,000	-	(110,000)	-	-	-	-	-	-	-
Engineering										
Amreli Steels Limited	10,000	-	(10,000)	-	-	-	-	-	-	-
Crescent Steels and Allied Products Limited	3,000	-	(3,000)	-	-	-	-	-	-	-
Fertilizer										
Dawood Hercules Corporation Limited	60,000	-	(60,000)	-	-	-	-	-	-	-
Engro Fertilizers Limited	300,000	-	(300,000)	-	-	-	-	-	-	-
Engro Corporation Limited	164,100	-	(164,100)	-	-	-	-	-	-	-
Automobile Assembler										
Honda Atlas Cars (Pakistan) Limited	78,000	-	(78,000)	-	-	-	-	-	-	-
Food and Personal Care Products										
Engro Foods Limited	10,000	-	(10,000)	-	-	-	-	-	-	-
Pharmaceutical										
Abbott Laboratories (Pakistan) Limited	10,400	-	(10,000)	400	272	302	30	0.04%	0.06%	-
					272	302	30	0.04%	0.06%	-
Personal Goods										
Nishat Mills Limited	413,000	-	(413,000)	-	-	-	-	-	-	-
Tariq Glass Industries Limited	48,000	-	(48,000)	-	-	-	-	-	-	-
Power Generation and Distribution										
Hub Power Company Limited	461,000	-	(461,000)	-	-	-	-	-	-	-
Kot Addu Power Company Limited	50,000	-	(50,000)	-	-	-	-	-	-	-
K-Electric Limited**	1,740,000	-	(1,340,000)	400,000	3,231	3,224	(7)	0.40%	0.64%	-
					3,231	3,224	(7)	0.40%	0.64%	-
Commercial Banks										
Habib Bank Limited	287,000	-	(287,000)	-	-	-	-	-	-	-
MCB Bank Limited	50,000	-	(50,000)	-	-	-	-	-	-	-
United Bank Limited	187,600	-	(187,600)	-	-	-	-	-	-	-
Total - 30 June 2016					3,503	3,526	23	0.44%	0.70%	-

** Par value of Rs. 3.5 each

5.2.1.1 Cost of investment of equity securities is Rs. 3.507 million.

5.2.2 Government Securities

Particulars	Purchased during the period	Sold during the period	Matured during the period	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
	-----Face value-----				------(Rupees in '000)-----				
Pakistan Investment Bond									
PIB - 3 years	675,000	(335,000)	-	340,000	340,809	340,861	52	42.81%	67.68%
PIB - 5 years	425,000	(400,000)	-	25,000	26,287	26,402	115	3.32%	5.24%
PIB - 10 years	100,000	(100,000)	-	-	-	-	-	-	-
Total - 30 June 2016					367,096	367,263	167	46.13%	72.92%

5.2.2.1 These Pakistan Investment Bonds cost Rs. 374.266 million. These will mature latest by 19 July 2017 and carry interest rate ranging from 11.25% to 11.50% per annum.

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6. DIVIDEND AND PROFITS RECEIVABLE	30 June 2016 (Rupees in '000)
Dividend receivable	446
Profit receivable on government securities	19,095
Profit receivable on saving deposits	1,027
	20,568

7. TERM DEPOSIT RECEIPT

This carries interest rate at 6.40% per annum (2015: Nil). This will mature latest by 19 August 2016.

8. ADVANCES, DEPOSITS AND PREPAYMENTS	30 June 2016 (Rupees in '000)
Security deposits with	
- National Clearing Company of Pakistan Limited	2,500
- Central Depository Company of Pakistan Limited	100
Formation cost	642
Others	696
	3,938

9. PAYABLE TO THE MANAGEMENT COMPANY

Management fee payable	9.1	781
Sindh sales tax payable on management fee	9.2	109
Sales load payable		2,684
Payable against allocated expenses	9.3	62
Other payable	9.4	3,536
		7,172

9.1 The Management Company has charged remuneration at a rate of 15% of daily gross income subject to a minimum of 0.25% of average annual net assets and maximum of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

9.2 During the year, Sindh Sales Tax on management fee at 14% (till 30 June 2015: 15%) has been levied by the Government of Sindh.

9.3 As a result of amendments in Non - Banking Finance Companies and Notified Entities Regulations, wide statutory notification (S.R.O. No. 1160 (I)/2015 dated 25 November 2015), the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme. Accordingly, such expenses have been charged effective from 27 November 2015.

9.4 This includes deposit of Central Depository Company of Pakistan Limited and National Clearing Company of Pakistan Limited and formation cost paid to Securities and Exchange Commission of Pakistan amounting to Rs. 0.1 million, Rs. 1 million and Rs. 2.5 million. These amounts were paid by the management company on behalf of the Fund.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of the trustee fee for the period ended 30 June 2016 is as follows:

Net Assets	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.5 million or 0.12% p.a. of Net Assets, whichever is higher
On an amount exceeding Rs. 1,000 million upto Rs. 5,000 million	Rs. 1.2 million plus 0.075% p.a. of Net Assets exceeding Rs. 1,000 million
On an amount exceeding Rs. 5,000 million	Rs. 4.2 million plus 0.06% p.a. of Net Assets exceeding Rs. 5,000 million

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

The remuneration is paid to the Trustee on monthly basis in arrears.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2016 (Rupees in '000)
Provision for Federal Excise Duty and related taxes on management fee	12.1 841
Provision for Federal Excise Duty on sales load	12.1 3,625
Auditors' remuneration payable	130
Brokerage payable	884
Others	208
	<hr/> <hr/> 5,688

12.1. The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On 4 September 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED. The SHC vide its Order dated 16 July 2016 has disposed of the petition by referring its judgment dated 2 June 2016 whereby it rendered the FED on certain services to be 'ultra vires' in the presence of Sindh Sales Tax Act 2011. Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Management is however of the view that since the Federal government still has the right to appeal against the Order of the SHC, the previous balance of FED cannot be reversed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from 16 November 2015 to 30 June 2016 aggregating to Rs. 4.46 million.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2016.

14. AUDITORS' REMUNERATION

	30 June 2016 (Rupees in '000)
Annual audit fee	100
Half yearly review fee	40
Other certification and services	60
Out of pocket expenses	30
	<u>230</u>

15. TAXATION

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

16. EARNINGS PER UNIT

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

17. 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, the Trustees, directors and key management personnel and other associated undertakings and unit holders holding more than 10% units of the Fund.

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	For the period from 16 November 2015 to 30 June 2016 (Rupees in '000)
MCB-Arif Habib Savings and Investments Limited	
Remuneration of the Management Company (including indirect taxes)	6,095
Allocated expenses and related taxes	388
MCB Financial Services Limited - Trustee	
Remuneration of the Trustee (including indirect taxes)	490
MCB Bank Limited	
Profit on bank deposits	293
Bank charges	30
Arif Habib Limited - Brokerage House	
Brokerage expense	133
17.2 Balance outstanding as at the period end	
MCB-Arif Habib Savings and Investments Limited	
Remuneration payable to the Management Company	781
Sales tax payable on remuneration of Management	109
Sales load payable	2,354
Sales tax payable on sales load	330
Other payable	3,536
Payable against allocated expenses	62
MCB Financial Services Limited - Trustee	
Remuneration payable to the Trustee	75
Sales tax payable on trustee fees	10
Central Depository Company of Pakistan Limited	
Security deposits	100
MCB Bank Limited	
Bank deposits	1,436
Profit receivable	53
Arif Habib Limited - Brokerage House	
Brokerage *	43

* 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.

18. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

The Fund's activities expose it to a variety of financial risks such as:

- Market risk
- Credit risk and
- Liquidity risk

18.1 Market risk

Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupee.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Sensitivity analysis for fixed rate instruments

As at 30 June 2016, the Fund holds Market Treasury Bills which are classified as fair value through profit or loss, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on 30 June 2016, the net income for the period and net assets would be lower by Rs. 0.053 million. In case of 100 basis points decrease in rates announced by the Financial Market Association on 30 June 2016, the net income for the period and net assets would be higher by Rs. 0.182 million.

As at 30 June 2016, the Fund holds Pakistan Investment Bonds which are classified as fair value through profit or loss, and available for sale exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on 30 June 2016, the net income for the period and net assets would be lower by Rs. 0.771 million. In case of 100 basis points decrease in rates announced by the Financial Market Association on 30 June 2016, the net income for the period and net assets would be higher by Rs. 0.782 million.

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2016 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Other price risk

Other price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of Pakistan Stock Exchange (PSX) and other respective market indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities. This arises from investments held by the Fund for which prices in the future are uncertain. The Fund's policy is to manage price risk through diversification within specified limits set by internal risk management guidelines.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets at fair value through profit or loss and available for sale. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the trust deed. The Fund's constitutive document / NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 25% of net assets.

A summary analysis of local investments by industry sector, the percentage in relation to Fund's own net assets and the issued capital of the investee company is presented in note 5.1.1 & 5.2.1 .

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The table below summarises the sensitivity of the Fund's net assets attributable to unit holders to equity price movements as at 30 June 2016. The analysis is based on the assumption that KSE-100 index increased by 5% and decreased by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years.

At 30 June, the fair value of equity securities exposed to price risk is disclosed in note 5.1.1 & 5.2.1.

The impact below arises from the reasonable possible change in the fair value of listed equity securities.

	30 June 2016 (Rupees in '000)
Effect on income statement, net assets attributable to unit holders and equity investments due to increase / decrease in the KSE-100 index	2,607

The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2016 and the historical correlation of the securities comprising the portfolio to the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE and other respective market indices, is expected to change over time. Accordingly, the sensitivity analysis prepared as at 30 June 2016 is not necessarily indicative of the effect on the Fund's net assets attributed to unit holders of future movements in the level of the KSE and other respective market indices.

18.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of reverse re-purchase transactions or other arrangements to fulfil their obligations resulting in financial loss to the Fund. These credit exposures exist within financing relationships, derivatives and other transactions. There is also a risk of default by participants and of failure of the financial markets / stock exchanges, the depositories, the settlements or the central clearing system etc.

The credit risk of the Fund mainly arises from its investment in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, deposits and other receivable balances.

Credit risk management

It is the Fund's policy to enter into financial contracts with reputable, diverse and creditworthy counterparties and wherever possible or deemed necessary obtain collaterals in accordance with internal risk management policies and investment guidelines designed for credit risk management. The Investment Committee closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June was as follows:

	30 June 2016	
	Statement of assets and liabilities	Maximum exposure
	(Rupees in '000)	
Balances with banks	200,594	200,594
Investments	503,625	-
Dividend and profits receivable	20,568	1,027
Receivable from National Clearing Company of Pakistan Limited	14,798	14,798
Advances, deposits and prepayments	3,938	2,600
	743,523	219,019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016

Difference in the balance as per Statement of Assets and Liabilities and maximum exposure in investment, dividend and profit receivable and advances, deposits and prepayments is due to investment in equity and government securities of Rs. 503.625 million, related dividend and profit receivable to these investments amounting to Rs. 19.541 million and advances, deposits and prepayments amounting to Rs. 1.342 million.

As on 30 June 2016, none of the financial assets were considered to be past due or impaired.

Details of credit rating of balance with banks and deposits as at 30 June 2016 are as follows:

	30 June 2016 Percentage holding
AAA	0.72%
AA+	1.35%
AA	96.47%
AA-	1.46%
	100.00%

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Details of the Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2016	
	(Rupees in '000)	Percentage
Commercial banks	200,594	91.59%
Others	18,425	8.41%
	219,019	100.00%

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

18.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

The Fund's policy to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units as and when due, without incurring undue losses or risking damage to the Fund's reputation.

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The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with a condition of repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

The liquidity position of the Fund is monitored by Fund Manager and Risk and Compliance Department on daily basis.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2016			
	Up to three months	More than three months and up to one year	More than one year	Total
	(Rupees in '000)			
Derivatives financial liabilities				
Fair value of derivative liability	580	-	-	580
Non-derivatives financial liabilities				
Payable to the Management Company	7,172	-	-	7,172
Payable to MCB Financial Services Limited - Trustee	85	-	-	85
Payable against purchase of equity securities	3,469	-	-	-
Accrued and other liabilities	1,222	-	-	1,222
	11,948	-	-	8,479

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

18.4 Financial instruments by category

As at 30 June 2016, all the financial assets and liabilities are categorised either as 'loans and receivables' or financial assets 'at fair value through profit or loss' or 'available for sale'. All the financial liabilities carried on the Statement of Assets and Liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

	As at 30 June 2016			
	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available for sale	Total
	(Rupees in '000)			
Non- derivative financial assets				
Balances with banks	200,594	-	-	200,594
Investments	-	132,836	370,789	503,625
Dividend and profit receivables	20,568	-	-	20,568
Receivable from National Clearing Company of Pakistan Limited	14,798	-	-	14,798
Term deposit receipts	70,000	-	-	70,000
Security deposits	2,600	-	-	2,600
	308,560	132,836	370,789	812,185

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	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- (Rupees in '000) -----			
Derivatives financial liabilities			
Fair value of derivative liability	-	580	580
Non-derivatives financial liabilities			
Payable to the Management Company	-	7,172	7,172
Payable to MCB Financial Services Limited - Trustee	-	85	85
Payable against purchase of equity securities	-	3,469	3,469
Accrued expenses and other liabilities	-	1,222	1,222
	-	11,948	11,948
	-	11,948	11,948

18.5 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, 2008, to maintain minimum fund size to Rs. 100 million to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

On-balance sheet financial instruments

30 June 2016

	Fair value through profit and loss	Carrying amount			Fair value				
		Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Listed equity securities	62,438	3,526	-	-	65,964	-	-	-	65,964
Government securities	70,398	367,263	-	-	437,661	437,661	-	-	437,661
	132,836	370,789	-	-	503,625	437,661	-	-	503,625

Financial assets not measured at fair value

19.1

Bank balances	-	-	200,594	-	200,594	-	-	-	-
Dividend and profits receivable	-	-	20,568	-	20,568	-	-	-	-
Term deposit receipt	-	-	70,000	-	70,000	-	-	-	-
Receivable from National Clearing Company of Pakistan Limited	-	-	14,798	-	14,798	-	-	-	-
Advances, deposits and prepayments	-	-	3,938	-	3,938	-	-	-	-
	-	-	309,898	-	309,898	-	-	-	-

Financial liability measured at fair value

Fair value of derivative liability	580	-	-	-	580	-	-	-	580
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Financial liabilities not measured at fair value

19.1

Payable to the Management Company	-	-	-	7,172	7,172	-	-	-	-
Payable to MCB Financial Services Limited - Trustee	-	-	-	85	85	-	-	-	-
Payable against purchase of equity securities	-	-	-	3,469	3,469	-	-	-	-
Accrued expenses and other liabilities	-	-	-	1,222	1,222	-	-	-	-
	-	-	-	11,948	11,948	-	-	-	-

19.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

20. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers, meetings of the Board of Directors of the management company and members of the Investment Committee are as follows:

20.1 Pattern of unit holding

Details of pattern of unit holding as at 30 June:

	30 June 2016		
	Number of unit	Investment Amount	Percentage Investment
	(Rupees in '000)		
Individuals	249	795,704	99.94%
Retirement funds	1	501	0.06%
	250	796,205	100.00%

20.2 Top ten brokers / dealers by percentage of commission paid

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

	30 June 2016
1 Adam Securities Private Limited	10.21%
2 Next Capital Limited	9.76%
3 Foundation Securities Limited	8.41%
4 Arif Habib Limited	7.78%
5 Invest And Finance Securities Limited	7.55%
6 JS Global Capital Limited	6.75%
7 Top Line Securities Private Limited	6.70%
8 Optimas Capital Management Private Limited	5.94%
9 Nael Capital Private Limited	5.25%
10 Taurus Securities Limited	5.15%

20.3 Attendance at meetings of the Board of Directors

During the year 118th, 119th, 120th, 121st, 122nd, 123rd, 124th and 125th Board meetings were held on 07 August 2015, 16 October 2015, 04 January 2016, 4 February 2016, 18 April 2016, 27 May 2016, 21 June 2016 and 27 June 2016 respectively.

Information in respect of attendance by Directors in the meetings is given below:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

Name of Director	Number of Meetings				Meetings not attended
	Held	Attendance Required	Attended	Leave granted	
Mr. Mian Mohammad Mansha	8	8	-	8	118th, 119th, 120th, 121st, 122nd, 123rd, 124th and 125th
Mr. Nasim Beg	8	8	7	1	119th
Mr. Yasir Qadri (Chief Executive Officer)*	8	3	3	-	
Dr. Syed Salman Ali Shah	8	8	8	-	
Mr. Haroun Rashid	8	8	8	-	
Mr. Ahmed Jahangir	8	8	7	1	122nd
Mr. Samad A. Habib	8	8	6	2	119th and 125th
Mr. Mirza Mehmood Ahmed	8	8	-	8	118th, 119th, 120th, 121st, 122nd, 123rd, 124th and 125th
Mr. M. Saqib Saleem (Chief Executive Officer)**	8	5	5	-	

* Mr. Yasir Qadri (Chief Executive Officer) resigned on 4 January 2016

** Mr. Muhammad Saqib Saleem appointed as a acting Chief Executive Officer on 4 January 2016 and confirmed by the board on 18 April 2016

20.4 Particulars of investment committee and fund manager

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	18 years
Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	13 years
Mr. Awais Abdul Sattar	Senior Research Analyst	MBA & CFA	5 years
Mr. Saad Ahmed	Senior Manager - Fixed Income	MBA	10 years
Mr. Aitazaz Farooqi	Research Analyst	MBA & CFA Level II	2.5 years

20.5 Other funds managed by the fund manager

Mr. Awais Abdul Sattar

Mr. Awais Abdul Sattar is the Manager of the Fund as at period end. He has obtained a Masters degree in Business Administration and CFA. Other funds being managed by him are as follows:

- Pakistan International Element Islamic Asset Allocation Fund
- MCB Pakistan Islamic Stock Fund
- Pakistan Islamic Pension Fund

21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 05, 2016.

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


Chief Executive Officer


Director

**PATTERN OF HOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

Category	No.of Unit Holders	Units
Associated Companies, undertakings and related Parties	-	-
Mutual Funds	-	-
Directors and their spuse (s) and minor children	-	-
Executives	-	-
Public sector companies and corporations	1	5,000
Banks, Development Finance Institutios, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and Pension Funds	-	-
Unitholders holding 5 percent or more Voting interest in the listed company	-	-
Others	249	7,939,517
	250	7,944,517

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

No. of Unit Holder	Unit holdings	Total Units Held
117	1-10000	581,371
122	10001-100000	4,829,185
11	100001-1000000	2,533,961
	1000001 onwards	
250		7,944,517

PERFORMANCE TABLE

Performance Information	2016
Total Net Assets Value – Rs. in million	796.202
Net Assets value per unit – Rupees	100.2203
Closing Offer Price	104.3605
Closing Repurchase Price	100.2203
Highest offer price per unit	104.7581
Lowest offer price per unit	100.0000
Highest Redemption price per unit	100.6021
Lowest Redemption price per unit	100.0000
Distribution per unit – Rs. *	3.2695
Average Annual Return - %	
One year (inception date Nov 16, 2015)	3.54
Two year	N/a
Three year	N/a
Net Income / (loss) for the period – Rs. in million	21.26
Distribution made during the year – Rs. in million	18.23
Accumulated Capital Growth – Rs. in million	3.03

*** Date of Distribution**

2016	
Date	Rate
November 30, 2015	0.2568
December 31, 2015	0.4760
January 31, 2016	0.4806
February 29, 2016	0.3199
March 31, 2016	0.2312
April 30, 2016	0.4932
May 31, 2016	0.5118
June 27, 2016	0.5000

Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

**PROXY ISSUED BY FUND
FOR THE PERIOD ENDED FROM 16 NOVEMBER 2015 TO 30 JUNE 2016**

The Board of Directors of MCB - Arif Habib Savings and Investment Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website (www.mcbah.com). During the period, the Management Company on behalf of the fund did not participate in 3 shareholders meeting nor has issued any proxy.



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