



Aam key Aam Guthliyon key Daam

PAKISTAN

**INCOME ENHANCEMENT
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.

FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Income Enhancement Fund's** accounts review for the year 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 8.33% as against its benchmark return of 7.52%. Active trading strategies along with updated outlook on macro environment allowed the fund to outperform its benchmark.

At period-end, the fund was 51.1% invested in Cash, 31.4% in PIBs, and 16.3% in TFCs.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 2,463 million as compared to Rs. 969 million as at June 30, 2015 registering an increase of 154.18%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 53.16 as compared to opening NAV of Rs. 53.00 per unit as at June 30, 2015 registering an increase of Rs. 0.16 per unit.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2016

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.

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 what so ever 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.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2016

- 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 24 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.

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.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2016

- n. The trades in the Units of the Fund was 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.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Saqib Saleem	Chief Executive Officer	-	-	-
2	Muhammad Asif Mehdi Rizvi	Chief Financial Officer	27,670	26,742	67
3	Abdul Basit	Company Secretary	-	-	-
4	Fahad Sultan	Chief Internal Auditor	-	-	-

External Auditors

The fund's external auditors, Deloitte Yousuf Adil Chartered Accountants have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2017. The audit committee of the Board has recommended reappointment of Deloitte Yousuf Adil 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

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	Redemption	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
1.	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	-	-	-
2.	محمد آصف مہدی رضوی	چیف فنانشل آفیسر	27,670	26,742	67
3.	عبدالباسط	کمپنی سیکرٹری	-	-	-
4.	فہد سلطان	چیف انٹرنل آڈیٹر	-	-	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ”ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس“ نے 30 جون 2017ء کو ختم ہونے والی مدت کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2017ء کو ختم ہونے والی مدت کے لئے فنڈ کے آڈیٹرز کے طور پر ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی 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 مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

05 اگست 2016ء

ڈائریکٹر رپورٹ

1. آڈٹ کمیٹی کی میٹنگ

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

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 رمیونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ رمیونریشن 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۔

ڈائریکٹر رپورٹ

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

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

b. فنڈ کی درست بکس 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-Bینکنگ فنانس کمپنیز (اسٹابلشمنٹ اور ریگولیشنز) کے ضوابط، 2003ء، Non-Bینکنگ فنانس اینڈ نوٹیفائیڈ انڈسٹریز ریگولیشنز، 2008ء، متعلقہ ٹرسٹ Deeds کی شرائط اور سیکیورٹیز اینڈ ایسچینج 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 ٹیکسسز، ڈیویڈنڈ، محصولات اور چارجز (اگر کوئی ہیں تو) لمحہ 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 ڈائریکٹر رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔

k. دوران سال دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے منعقدہ ڈائریکٹر تربیتی پروگرام میں چیف ایگزیکٹو آفیسر نے شرکت کی۔ (باقی تمام ڈائریکٹر 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 ڈائریکٹر کی میٹنگ میں حاضری کی تفصیلات لمحہ مالیاتی گوشواروں کے نوٹ 24 میں پیش کی گئی ہیں۔ 30 جون 2016ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

ڈائریکٹر رپورٹ

افراط زر 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۔

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 چلک 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 چلّ اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر اُبھرتی 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۔ اُبھرتی 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 جواہدہ 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 بالتفصیل واضح کیا گیا ہے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے منافع کے متعین کردہ معیار 7.52% کے بالمقابل 8.33% سالانہ منافع کمایا۔ خرید و فروخت کے متحرک لائحہ عمل کے ساتھ ساتھ macro ماحول کی تازہ ترین معلومات سے ہم آہنگ نظریے کی بدولت فنڈ اپنے متعین کردہ معیار سے بہتر کارکردگی کا مظاہرہ کر سکا۔

اختتام مدت پر فنڈ کا سرمایہ نقد میں 51.1%، PIBs میں 31.4% اور TFCs میں 16.3% لگا ہوا تھا۔

30 جون 2016ء کو فنڈ کے net اثاثے 2,463 ملین روپے تھے جبکہ 30 جون 2015ء کو 969 ملین روپے تھے، یعنی 154.18% اضافہ ہوا۔

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 53.16 روپے تھی جبکہ 30 جون 2015ء کو ابتدائی NAV فی یونٹ 53.00 روپے تھی، یعنی 0.16 روپے فی یونٹ کا اضافہ ہوا۔

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 قابل 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۔

سال مذکورہ کا اوسط کنزیومر پرائس انڈیکس متوقع طور پر 5% سے کم رہے گا۔ جبکہ تیل قیمتوں اور زر مبادلہ کی شرح میں استحکام کی بدولت

ڈائریکٹر رپورٹ

صنعتی ترقی میں اس سال تیزی آئی جیسا کہ بڑے پیمانے پر مینوفیکچرنگ کے انڈیکس میں YoY 3.26% (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% (بالمقابل 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 زیر مبادلہ 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۔

ختم 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۔

بورڈ آف ڈائریکٹرز کی طرف سے ”پاکستان انکم اینہینسمنٹ 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 پیل 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 ہو جانے کے باوجود افراط زر کے دباؤ قابو میں رہے جس میں تیل کی قیمتوں میں کمی اور پٹرولیم مصنوعات کی قیمتوں میں اضافے کو ملٹوی 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 سست 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 لچکدار رہیں اور ان میں 6% کا اضافہ ہوا۔ تاہم ادائیگیوں کے توازن کی حتمی صورتحال بیرونی قرضوں کے حصول اور کثیر الجہتی ایجنسیوں سے فراہمیوں کے ذریعے 1.05 بلین USD فاضل پر تھی۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

Fund Type and Category

Pakistan Income Enhancement Fund- (PIEF) is an open end fund which comes under aggressive income scheme. This fund may invest in bonds, money market placements, certificates of deposits, certificates of Musharikas, Commercial Papers, TFCs/Sukuks and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities with at least 10% of the net assets shall be invested in cash and/or near cash instruments which include cash in bank account (excluding TDRs), Treasury bills not exceeding 90 days maturity;

Fund Benchmark

The benchmark for 90% KIBOR (1 Year)+ 10% (3 Months) PKRV.

Investment Objective

"The objective of the fund is to deliver return from aggressive investment strategy in debt and fixed income market"

Manager's Review

During the period under review, the fund generated an annualized return of 8.33% as against its benchmark return of 7.52%. Active trading strategies along with updated outlook on macro environment allowed the fund to outperform its benchmark.

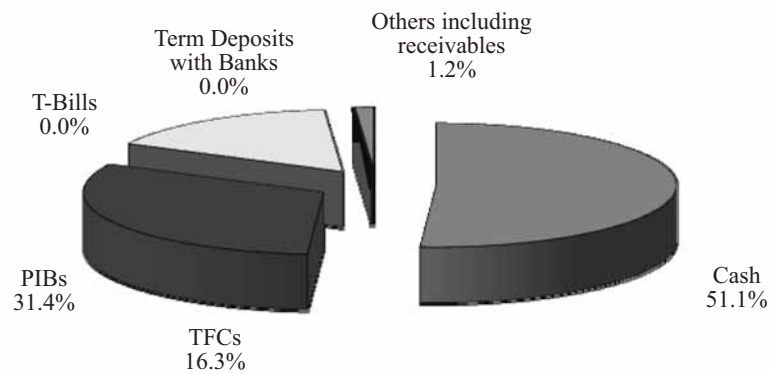
At period-end, the fund was 51.1% invested in Cash, 31.4% in PIBs, and 16.3% in TFCs.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 2,463 million as compared to Rs. 969 million as at June 30, 2015 registering an increase of 154.18%.

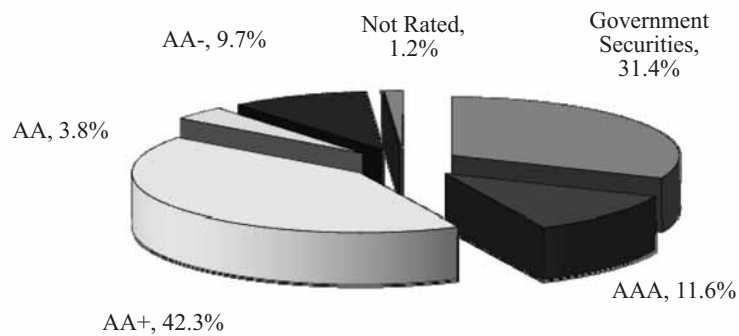
The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 53.16 as compared to opening NAV of Rs. 53.00 per unit as at June 30, 2015 registering an increase of Rs. 0.16 per unit.

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2016

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



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



Saad Ahmed
Fund Manager

Karachi: August 05, 2016

TRUSTEE REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2016

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shahra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



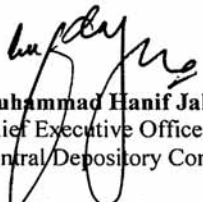
TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME ENHANCEMENT FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Income Enhancement Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi: September 9, 2016



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Management Company) of Pakistan Income Enhancement 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.

Pakistan Income Enhancement 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:

1. 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"> 1. Dr. Salman Shah 2. Mr. Haroun Rashid 3. Mr. Mirza Mehmood
Executive Directors	<ol style="list-style-type: none"> 1. Mr. Muhammad Saqib Saleem - Chief Executive Officer
Non – Executive Directors	<ol style="list-style-type: none"> 1. Mian Mohammad Mansha - Chairman 2. Mr. Nasim Beg - Vice Chairman 3. Mr. Ahmed Jehangir 4. Mr. Samad Habib

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

2. The directors have confirmed that none of them are serving as a director in more than seven listed companies, including the Management Company.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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 YEAR ENDED JUNE 30, 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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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

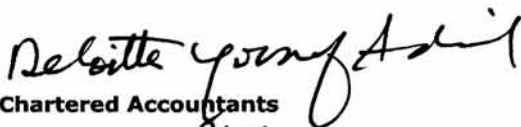
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **MCB-Arif Habib Savings & Investments Limited**, the Management Company (the Company) of **Pakistan Income Enhancement Fund (the Fund)** for the year ended June 30, 2016 to comply with the requirements of clause no. 5.19 of the Listing Regulations 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 Company. 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 Company'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 Company's personnel and review of various documents prepared by the 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 Company's corporate governance procedures and risks.

The Code requires the 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 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 Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.


Chartered Accountants
Date: 05 AUG 2016
Karachi

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2016

Deloitte.

Deloitte Yousuf Adil
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INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Pakistan Income Enhancement Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, distribution statement, statement of movements in unit holder's fund, cash flow statement for the year then ended and a summary of significant accounting policies together and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company (MCB-Arif Habib Savings and Investments Limited) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of 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 International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditors' 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, the auditor considers 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 financial position as at June 30, 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Other matter

The financial statements of the Fund for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who vide their report dated August 07, 2015 issued an unqualified opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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


Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Date: August 05, 2016
Karachi


Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
ASSETS			
Balances with banks	5	1,291,192	114,375
Investments	6	1,205,461	873,759
Profit receivable	7	30,768	24,754
Advances, deposit and prepayments	8	558	637
Total assets		2,527,979	1,013,525
LIABILITIES			
Payable to the Management Company		7,040	2,021
Payable to the Central Depository Company of Pakistan Limited - Trustee		385	156
Payable to the Securities and Exchange Commission of Pakistan		2,425	1,187
Payable against redemption of units		3,108	4,589
Accrued expenses and other liabilities	9	52,469	36,864
Total liabilities		65,427	44,817
NET ASSETS		2,462,552	968,708
Unit holders' fund (as per statement attached)		2,462,552	968,708
Contingencies and Commitments	10		
(Number of units)			
NUMBER OF UNITS IN ISSUE		46,324,787	18,276,832
(Rupees)			
NET ASSET VALUE PER UNIT	4.13	53.16	53.00

The annexed notes from 1 to 29 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 YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in '000)	2015
INCOME			
Income from government securities		231,139	128,387
Income from term finance certificates		27,575	32,477
Profit on bank deposits		19,889	10,091
Capital (loss) / gain on sale of investments - net		(13,413)	72,395
Income from term deposit receipts		10,397	1,933
Other income		227	250
		275,814	245,533
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	6.6	1,288	5,884
Provision reversed / (charged) against non-performing debt securities	6.3 & 6.4	12,046	(3,893)
Total income		289,148	247,524
EXPENSES			
Remuneration of Management Company	11	48,495	23,737
Sales tax and Federal Excise Duty on remuneration of Management Company		15,624	7,928
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12	3,598	2,194
Sindh Sales tax on remuneration of Trustee	13	503	-
Securities and Exchange Commission of Pakistan - annual fee	14	2,425	1,187
Allocated expenses including indirect taxes	15	2,616	-
Securities transaction cost		1,326	920
Fees and subscription		291	260
Auditors' remuneration	16	592	530
Bank charges		341	184
Printing and related costs		147	148
Total expenses		75,958	37,088
Net income from operating activities		213,190	210,436
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed			
- arising from capital gain and unrealised gain		38,454	(17,207)
- arising from other income		(171,590)	(73,167)
		(133,136)	(90,374)
Provision for Workers' Welfare Fund	9.1	-	(2,401)
Net income for the year before taxation		80,054	117,661
Taxation	17	-	-
Net income for the year after taxation		80,054	117,661
Earnings per unit	4.12	-	-

The annexed notes from 1 to 29 form an integral part of these financial statements.


Chief Executive Officer

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


Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in '000)	2015
Net income for the year after taxation		80,054	117,661
<i>Other comprehensive income for the year</i>			
<i>Items that may be classified to profit and loss account</i>			
Unrealised appreciation / (diminution) in value of investments classified as available for sale - net	6.6	8,060	(4,982)
Total comprehensive income for the year		88,114	112,679

The annexed notes from 1 to 29 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 YEAR ENDED JUNE 30, 2016

	2016 (Rupees in '000)	2015
Undistributed income brought forward:		
- Realised gains	7,785	32,802
- Unrealised gain / (losses)	51,475	1,006
	<u>59,260</u>	<u>33,808</u>
Net element of income / (loss) and capital gains / (losses) for the year included in prices of units issued less those in units redeemed	104,865	(10,669)
Net income for the year	80,054	117,661
	184,919	106,992
Distributions		
Interim distribution for the year ended June 30, 2015 at Rs 5.00 per unit (date of distribution: June 22, 2015)	-	(81,540)
Interim distribution for the year ended June 30, 2016 at Rs 4.25 per unit (date of distribution: June 27, 2016)	(101,532)	-
	(101,532)	(81,540)
Undistributed income carried forward	<u>142,647</u>	<u>59,260</u>
Represented by		
- Realised gains	109,834	7,785
- Unrealised gains	32,813	51,475
	<u>142,647</u>	<u>59,260</u>

The annexed notes from 1 to 29 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' FUND FOR THE YEAR ENDED JUNE 30, 2016

	2016 (Rupees in '000)	2015
Net assets at beginning of the year	968,708	1,677,166
Issue of 123,986,475 units (2015: 51,212,473 units) <i>(including 1,670,591 units (2015: 1,381,711 units) reinvested by the unitholders against their dividend entitlement amounting to Rs. 88.02 million (2015: Rs. 73.26 million) - net of tax)</i>	6,785,094	2,832,306
Redemption 95,938,520 of units (2015: 65,791,654 units)	(5,410,968)	(3,662,277)
	1,374,126	(829,971)
Net element of (gain) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed :		
- arising from capital gain and unrealised gain - transferred to the Income Statement	(38,454)	17,207
- arising from other income - transferred to the Income Statement	171,590	73,167
- amount representing (income) / loss and capital gains / losses - transferred to the Distribution Statement	(104,865)	10,669
	28,271	101,043
Net income for the year transferred from the Distribution Statement		
Capital (loss) / gain on sale of investments	(13,413)	72,395
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	1,288	5,884
Other net operating income	92,179	39,382
Net element of gain / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	104,865	(10,669)
	184,919	106,992
Distributions made during the year (refer Distribution Statement)	(101,532)	(81,540)
Unrealised appreciation / (diminution) on re-measurement of investment classified as available for sale - net	8,060	(4,982)
Net assets at end of the year	2,462,552	968,708
	(Number of units)	
NUMBER OF UNITS IN ISSUE	46,324,787	18,276,832
	(Rupees)	
NET ASSET VALUE PER UNIT	53.16	53.00

The annexed notes from 1 to 29 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 YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in '000)	2015
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		80,054	117,661
Adjustments for			
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net		(1,288)	(5,884)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net			
- arising from capital gain and unrealised gain		(38,454)	17,207
- arising from other income		171,590	73,167
Provision for Worker's Welfare Fund		-	2,401
(Reversal) / provision against non-performing investments - net		(12,046)	3,893
		199,856	208,445
(Increase) / decrease in assets			
Investments - net		(310,308)	433,267
Advance against subscription of Term Finance Certificates		-	18,083
Profit receivable		(6,014)	32,886
Advances, deposit and prepayments		79	91
		(316,243)	484,327
Increase / (decrease) in liabilities			
Payable to the Management Company		5,019	(295)
Payable to the Central Depository Company of Pakistan Limited - Trustee		229	(26)
Payable to the Securities and Exchange Commission of Pakistan		1,238	320
Payable against redemption of units		(1,481)	4,024
Accrued expenses and other liabilities		15,605	13,203
		20,610	17,226
Net cash (used in) / generated from operating activities	A	(95,777)	709,998
B. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(101,532)	(81,540)
Cash received from sale of units		6,785,094	2,832,306
Cash paid for redemption of units		(5,410,968)	(3,662,277)
Net cash generated from / (used in) financing activities	B	1,272,594	(911,511)
Net increase / (decrease) in cash and cash equivalents during the year	(A+B)	1,176,817	(201,513)
Cash and cash equivalents at beginning of the year		114,375	315,888
Cash and cash equivalents at end of the year		1,291,192	114,375

The annexed notes from 1 to 29 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 YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 14, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 26, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company has changed to 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in pursuant to Circular 7 of 2009, dated 6 March 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend. The units are listed on Pakistan Stock Exchange (PSX), formerly Islamabad Stock Exchange.
- 1.4 The Fund primarily invests in a mix of listed debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated June 08, 2016 to the Management Company and "A+(f)" as stability rating dated December 31, 2015 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with 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 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), and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.
- 2.2 **New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016**

The following standards are effective for the year ended June 30, 2016. These standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures:

Standards / amendments / interpretations

IAS 27 (Revised 2011) – Separate Financial Statements
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures
IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities

In addition to above standards, IFRS 13 - Fair Value Measurement also became effective in the current year. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

2.3 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Standards / amendments / interpretation

Effective date (accounting period beginning on or after)

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization

January 01, 2016

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants

January 01, 2016

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments' : Recognition and Measurement'.

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies primarily related to classification and valuation of investments and impairment there against (note 4.1 and 4.3).

3.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

4.1 Financial assets

The Fund classifies its financial assets in the following categories:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

a) Financial instruments 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.

Financial instruments 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. All derivatives in a net payable position (negative fair value), are reported as financial liabilities.

b) Available-for-sale

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

c) 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'.

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.

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 Other Comprehensive Income until derecognised or impaired, when the accumulated adjustments recognised in Other Comprehensive Income 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

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 3 of 2010, Circular 33 of 2012 and Circular 35 of 2012. These Circulars also specify the 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 as amended by Circular 13 of 2009 and Circular 33 of 2012 issued by the SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Market Association of Pakistan, except the Government of Pakistan Ijarah Sukuks, which are valued on the basis of rates announced by Reuters.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement. Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'Other Comprehensive Income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'Other Comprehensive Income' is transferred to the 'Income Statement'.

4.2 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.

4.3 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 and Circular 33 of 2012 issued by SECP.

4.4 Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

4.5 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.

4.6 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortized cost. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to the Management Company and other liabilities. Financial liabilities other than those at 'fair value through profit and loss' are measured at amortised cost using effective interest rate method.

4.7 Accrued expenses and other liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

4.8 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.

4.9 Other assets

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

4.10 Taxation

Current

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. 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.

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 asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund, like in current year, intends to continue availing the tax exemption in future years as well by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealised, to its unit holders every year.

4.11 Earnings per unit

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

4.12 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.

4.13 Unit holders' fund

Unit holders' fund 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.

4.14 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 day. 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 on units for which the distributors receive redemption applications during business hours on that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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

The element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the Income Statement and the remaining portion of element of income / (loss) and capital gains / (losses) is held in separate reserve account and at the end of an accounting period (whether gain or loss) is included in amount available for distribution to the unit holders.

4.16 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income on reverse repurchase transactions and debt securities (including government securities) is recognised on a time proportion basis using effective interest rate method.
- Markup on government securities is recognised on a time proportion basis
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis.
- 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.

4.17 Expenses

All expenses including Management fee, Trustee fee, Securities and Exchange Commission of Pakistan fee and allocated expenses are recognised in the Income Statement on accrual basis.

4.18 Dividend distribution and appropriation

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such distributions are approved.

4.19 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.

	Note	2016 ----- (Rupees in '000) -----	2015
5. BALANCES WITH BANKS			
In current account	5.1	4,183	4,130
In deposit accounts		<u>1,287,009</u>	<u>110,245</u>
		<u>1,291,192</u>	<u>114,375</u>

5.1 These carry mark-up at rates ranging between 3.5% to 7% per annum (2015: 4.5% to 10.35% per annum).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
6. INVESTMENTS			
<i>At fair value through profit or loss</i>			
Government securities	6.1	57,429	67,838
Listed debt securities	6.2	284,553	75,267
Unlisted debt securities	6.3	127,271	112,101
		<u>469,253</u>	<u>255,206</u>
<i>Available for sale</i>			
Government securities	6.4	736,208	468,553
Term deposit receipts		-	150,000
		<u>736,208</u>	<u>618,553</u>
		<u>1,205,461</u>	<u>873,759</u>

6.1 Government securities - at fair value through profit or loss

Issue date	Face value				At June 30, 2016			Market value as a percentage of net assets	Market value as a percentage of total investments
	At July 01, 2015	Purchases during the period	Sales / matured during the period	At June 30, 2016	Carrying value	Market value	Appreciation		
(Rupees in '000)								%	
Treasury bills - 2 months	-	150,000	150,000	-	-	-	-	-	-
Treasury bills - 3 months	-	1,345,100	1,345,100	-	-	-	-	-	-
Treasury bills - 6 months	-	1,563,650	1,563,650	-	-	-	-	-	-
Treasury bills - 12 months	12,500	3,064,330	3,076,830	-	-	-	-	-	-
Pakistan Investment Bonds - 10 Years	50,000	-	50,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 Years	-	100,000	50,000	50,000	57,171	57,429	258	2	5
As at June 30, 2016					57,171	57,429	258		
As at June 30, 2015					62,180	67,838	5,658		

6.2 Listed debt securities

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Market value as at June 30	6.2.1	354,367	139,983
Provision on July 1		(64,716)	(59,618)
Provision (charged) / reversed during the year			
Pace Pakistan Limited			
- Reversal against carrying value matured		9,878	9,878
- Charge against face value receivable		(14,976)	(14,976)
Provision on June 30		(69,814)	(64,716)
Book value as at June 30		<u>284,553</u>	<u>75,267</u>

6.2.1 Listed debt securities - Term Finance Certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					At June 30, 2016			Market value*** as a percentage of net assets	Market value*** as a percentage of total investment
	At July 1, 2015	Purchased during the year	Matured during the year	Disposed off during the year	At June 30, 2016	Carrying value**	Market value	Appreciation / (diminution)		
	(Rupees in '000)								%	%
Commercial Banks										
Askari Bank Limited (23-12-11 issue)*	45	37	-	-	82	82,810	83,080	270	3	7
Askari Bank Limited (30-9-14 issue)*	-	15,000	-	-	15,000	75,517	76,454	937	3	6
Habib Bank Limited (19-02-16 issue)*	-	1,250	-	-	1,250	125,000	125,019	19	5	10
Real Estate investment and services										
Pace Pakistan Limited (15-02-08 issue)	15,000	-	-	-	15,000					
- Redeemable amount						9,878	9,878	-	-	-
- Due but not received						59,936	59,936	-	-	-
						69,814	69,814	-		
As at June 30, 2016						<u>353,141</u>	<u>354,367</u>	<u>1,226</u>		
As at June 30, 2015						<u>142,253</u>	<u>139,983</u>	<u>(2,270)</u>		

* Face value of the investment is Rs. 1 million each

** Carrying value before provision

*** Market value after provision

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

6.3 Unlisted debt securities

Market value as at June 30

Provision on July 1

Provision reversed / (charged) during the year
Pak Electron Limited

- Charge against face value receivable
- Reversal against carrying value matured

Provision on June 30

Book value as at June 30

6.3.1 Unlisted debt securities - Term Finance Certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates				As at June 30, 2016			Market value** as a percentage of net assets	Market value** as a percentage of total investment
	As at July 1, 2015	Purchased during the year	Matured during the year	Disposed during the year	As at June 30, 2016	Carrying value*	Market value	Appreciation / (diminution)	
Commercial Banks									
Bank Al Habib Limited (17-03-16 issue)	-	9,000	-	-	9,000	45,000	44,989	(11)	2
Bank Alfalah Limited - (02-12-09) Floating	9,000	-	-	-	9,000	46,454	45,648	(806)	2
Bank Alfalah Limited (20-02-13 issue)	5,981	1,200	-	-	7,181	36,012	36,633	621	1
Fertilizers									
Engro Fertilizer Limited - (18-03-08 issue)	12,900	-	-	12,900	-	-	-	-	-
Construction and Material									
Eden Housing Limited - Sukuk - (31-03-2008 issue)	10,415	-	-	-	10,415	10,252	10,252	-	-
- Due but not received									
Cable and Electrical Goods									
Pak Electron Limited - Sukuk - (28-09-2007 issue)	8,000	-	8,000	-	-	-	-	-	-
- Due but not received									
Total as at June 30, 2016						137,718	137,522	(196)	
Total as at June 30, 2015						137,000	139,496	2,496	

* Carrying value before provision - Provision detail is specified in note 6.5

** Market value after provision

6.4 Government securities - Available for sale

Issue date	Face value				As at June 30, 2016			Market value as a percentage of net assets	Market value as a percentage of total investments
	At July 01, 2015	Purchases during the year	Sales / matured during the year	At June 30, 2016	Cost	Market value	Appreciation / (diminution)		
Pakistan Investment Bond - 3 Years	150,000	3,037,500	2,732,500	455,000	475,017	475,106	89	19	39
Pakistan Investment Bond - 5 Years	172,200	3,843,800	3,961,100	54,900	62,015	62,817	802	3	5
Pakistan Investment Bond - 10 Years	125,000	900,000	875,000	150,000	177,214	179,048	1,834	7	15
Pakistan Investment Bond - 15 Years	-	18,000	-	18,000	18,427	19,237	810	1	2
As at June 30, 2016					732,673	736,208	3,535		
As at June 30, 2015					473,078	468,553	(4,525)		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in '000)	2015
6.5 Net unrealised appreciation in value of investments at fair value through profit or loss			
Market value of investments	6.1, 6.2.1, 6.3.1	549,318	347,317
Carrying value of investments	6.1, 6.2.1, 6.3.1	<u>548,030</u>	<u>341,433</u>
		<u>1,288</u>	<u>5,884</u>
6.6 Net unrealised appreciation in value of investments classified as available for sale			
Market value of investments	6.4	736,208	468,553
Carrying value of investments	6.4	<u>732,673</u>	<u>473,078</u>
		3,535	(4,525)
Less: Net unrealised appreciation / (diminution) in value of investments classified as available for sale at beginning of the year	6.4	<u>(4,525)</u>	457
		<u>8,060</u>	<u>(4,982)</u>
7. PROFIT RECEIVABLE			
Profit / income accrued on:			
Term finance, sukuk certificates		6,917	3,287
Government securities		22,992	19,019
Bank deposits		859	515
Term deposit receipts		-	1,933
		<u>30,768</u>	<u>24,754</u>
8. ADVANCES, DEPOSIT AND PREPAYMENTS			
Advance tax		167	256
Deposits with:			
- National Clearing Company of Pakistan Limited	8.1	52	52
- Central Depository Company of Pakistan Limited	8.2	200	200
Prepayments		<u>139</u>	<u>129</u>
		<u>558</u>	<u>637</u>
8.1	This represents deposit in respect of Bond Automated Trading System (BATS).		
8.2	This represents deposit on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.		
9. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	9.1	18,228	18,228
Provision for federal excise duty and related taxes on	9.2		
- Management fee		16,590	7,755
- Sales load		4,746	1,195
Brokerage		344	184
Withholding tax on dividend and others		9,278	8,281
Capital gain tax		1,667	47
Auditors' remuneration		419	367
Printing and related expenditure		100	101
Zakat		695	695
Other		<u>402</u>	<u>11</u>
		<u>52,469</u>	<u>36,864</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

9.1 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by the CIS through their trustees in the High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

Subsequent to the year ended June 30, 2011, the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment. In view of the afore mentioned developments and uncertainties created by the decision of SHC, management company, as a matter of prudence, has decided to charge the entire provision for WWF in these financial statements.

Furthermore, in the Finance Act 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Management Company, as a matter of prudence, has decided to retain the provision for WWF amounting to Rs. 18.23 million in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognised any further provision there against. During the year ended June 30, 2016, the Fund charged Rs. Nil on account of WWF. Had the said provision of WWF not been recorded in the books of account of the Fund, the Net Asset Value (NAV) of the Fund would have been higher by Rs. 0.39 per unit as at June 30, 2016.

9.2 Federal Excise Duty and related tax payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 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 September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order on the FED. The management is, however, of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not be reversed.

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 .

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs. 21.34 million (2015: Rs. 8.95 million).

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2016 and June 30, 2015 except as disclosed in note 17.2.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in '000)	2015
11. REMUNERATION OF MANAGEMENT COMPANY			
Management fee	11.1	<u>48,495</u>	<u>23,737</u>
11.1	Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration, during the first five years of the Fund of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter, of an amount equal to two percent of such assets of the Fund and, in any case, it shall not exceed the limit prescribed by the NBFC Regulations, 2008. During the year, the Management Company has charged its remuneration at the rate of 1.50% (2015: 1.50%) of the average annual net assets of the Fund. The remuneration is paid to the Management Company on monthly basis in arrears. In 2011, the Provincial Government(Sindh) has levied General Sales Tax at the rate of 14% (2015: 15%) on the remuneration of the Management Company. Further, the Federal Government has levied Federal Excise Duty (FED) at the rate of 16% through the Finance Act 2013 (Refer note 9.2).		
12. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	12.1	<u>3,598</u>	<u>2,194</u>
12.1	The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The following tariff structure as amended by the Trustee of the Fund vide Trust deed dated May 18, 2015, is applicable based on net assets of the Fund.		
Amount of funds under management (Average NAV)		Tariff per annum	
Up to Rs. 1 billion		0.17% p.a. of Net Assets	
Rs. 1 billion to Rs. 5 billion		Rs. 1.7 million plus 0.085% p.a. of Net Assets exceeding Rs. 1 billion	
Over Rs. 5 billion		Rs. 5.1 million plus 0.07% p.a. of Net Assets exceeding Rs. 5 billion	
13. SINDH SALES TAX ON REMUNERATION OF TRUSTEE			
The Sindh Revenue Board through Circular No. SRB-3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services within the purview of Sindh Sales Tax. Accordingly Sindh Sales Tax of 14 % is applicable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill 2010 (amended upto 2015). Accordingly the Fund has made an accrual of Rs. 0.5 million on account of Sindh Sales Tax on services chargeable on custodianship services.			
14. SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE			
Annual fee		<u>2,425</u>	<u>1,187</u>
14.1	Under the provisions of the NBFC Regulations, the Fund is required to pay as an annual fee to the SECP, equal to 0.075 percent of the average annual net assets of the Fund.		
15. ALLOCATED EXPENSES			
Reimbursement of fees and expenses		2,295	-
Sindh Sales tax on allocated expenses		<u>321</u>	<u>-</u>
		<u>2,616</u>	<u>-</u>

SRO 1160 dated November 25, 2015 issued by SECP has amended Clause 60 of NBFC Regulations, 2008. The new regulation has entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Fund has made an accrual of Rs. 2.29 million since November 27, 2015 for such expenses at a rate of 0.1% of average annual net assets which is less than the actual expenses allocable to the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	----- (Rupees in '000) -----	
16. AUDITORS' REMUNERATION		
Annual audit fee	275	250
Half yearly review fee	160	125
Other certifications	100	100
Out of pocket expenses	57	55
	<u>592</u>	<u>530</u>

17. TAXATION

- 17.1** 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 Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements.

18. DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with Clause (v) of the investment criteria laid down for 'Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at June 30, 2016, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

Category of non-compliant investment	Type of Investment / Name of Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
Investment in debt securities	a) Pace Pakistan Limited (note 6.3)	69,814	69,814	-	2.84%	2.76%
	b) Eden Housing Limited (note 6.4)	10,252	10,252	-	0.42%	0.41%

		2016	2015
		----- (Rupees in '000) -----	
19. CASH AND CASH EQUIVALENTS	Note		
In current account		4,183	4,130
In deposit accounts	19.1	<u>1,287,009</u>	<u>110,245</u>
		<u>1,291,192</u>	<u>114,375</u>

20. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being holding company of the Management Company, the Trustee, directors, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

The transactions with connected persons are in the normal course of business and at contracted rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed respectively.

20.1 Details of transactions with connected persons are as follows:

	2016	2015
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	64,119	31,665
Reimbursement of Sindh Sales tax registration charges	-	8
Allocated expenses including indirect taxes	2,616	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration and settlement charges for the year	4,101	2,194
CDS charges	19	12

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	----- (Rupees in '000) -----	
MCB Bank Limited		
Profit on Bank deposits	1,476	1,961
Bank charges	62	44
Purchase of securities - Face value: Rs. 400,000,000 (2015: Rs. 287,500,000)	437,684	267,011
Sale of securities - Face value: Rs. 700,000,000	2,102,498	-
Silk Bank Limited		
Purchase of securities - Face value: Rs. 300,000,000	322,844	-
Sale of securities - Face value: Rs. 150,000,000	161,712	-
Adamjee Life Assurance Company Limited		
Redemption of units (2015: 893 units)	-	52
Adamjee Insurance Company Limited		
Issue of 28,518,214,488 (2015: 22,677,513 units)	1,575,000	1,250,000
Redemption of 28,518,214 units (2015: 32,649,009 units)	1,627,670	1,818,395
Dividend Paid	1,348	
Adamjee Insurance Company Limited - Investment Department	1,238,462	-
Issue of 23,222,104 units (2015: Nil units)	937,982	-
Redemption of 16,812,322 units (2015: Nil units)		
Arif Habib Investment Management Employees Stock Beneficial Ownership Trust		
Dividend Paid	1	
Mandate under dsecriptionary portfolio		
Issue of 246,905 units (2015: Nil units)	13,402	-
Redemption of 246,905 units (2015: Nil units)	13,676	-
Dividend Paid	235	
Arif Habib Limited		
Brokerage*	3	4
Next Capital Limited		
Brokerage*	158	37
Attock Cement Pakistan Limited		
Redemption of Nil units (2015: 4,279,146 units)	-	225,383
Directors and Executives of the Management Company		
Issue of 27,737 units (2015: 58,517 units)	1,504	3,140
Redemption of 26,742 units (2015: 90,229 units)	1,450	4,891
Dividend Paid	4	

*The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them as the ultimate counter parties are not connected persons.

20.2 Amounts outstanding at year end

MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	4,731	1,546
Sale tax payable on remuneration to the Management Company	662	232
Sales load payable	1,167	125
Sindh Sales tax payable on sales load	163	18
Legal and professional charges payable	-	100
Allocated expenses payable excluding related taxes	315	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes payable	338	156
Sindh Sales tax payable on remuneration of Trustee	47	-
Security deposits	200	200
MCB Bank Limited		
Bank balance	169,990	6,717
Profit receivable on bank deposits	169	82
Adamjee Insurance Company Limited - Investment Department		
6,409,782 units held (2015: Nil units)	340,744	-
Arif Habib Limited		
Brokerage	-	4
Next Capital Limited		
Brokerage payable	8	-
Directors and Executives of the Management Company		
995 units held (2015: Nil units)	53	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	18
Mr. Muhammad Asim	Asset Class Specialist - Equities	MBA & CFA	13
Mr. Saad Ahmed	Asset Class Specialist - Fixed Income	MBA	10
Mr. Awais Abdul Sattar	Senior Research Analyst	MBA & CFA	5
Mr. Syed Muhammad Usama	Fund Manager - Fixed Income Fund	B.Com	9

21.1 Mr. Saad Ahmed is the fund manager. Details of the other funds being managed by him are as follows:

- MCB Cash Management Optimizer
- Pakistan Cash Management Fund
- MCB DCF Income Fund
- MCB Pakistan Sovereign Fund

22. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

**2016
(Percentage)**

1	Invest Capital Markets Limited	35.56
2	JS Global Capital Limited	16.04
3	Next Capital Limited	9.83
4	Invest One Markets Private Limited	8.15
5	Invest And Finance Securities Limited	7.46
6	Vector Capital Pvt Limited	4.58
7	BMA Capital Management Limited	4.09
8	Icon Securities Private Limited	3.84
9	Magenta Capital Limited	3.73
10	Elixir Securities Pakistan (Private) Limited	1.56

**2015
(Percentage)**

1	Invest Capital Investment Bank Limited	28.52
2	Invest One Markets Limited	18.79
3	Vector Capital Markets Limited	14.12
4	Invest & Finance Securities (Private) Limited	5.26
5	JS Global Capital Limited	4.94
6	Next Capital Limited	4.78
7	KASB Securities Limited	4.46
8	C & M Management (Private) Limited	3.91
9	Global Securities Pakistan Limited	2.82
10	BMA Capital Management Limited	2.67

23. PATTERN OF UNIT HOLDINGS

	As at June 30, 2016			
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	997	28,831,459	1,532,634	62.24
Retirement funds	17	2,624,072	139,491	5.66
Public Listed Companies	2	6,608,157	351,279	14.26
Others	19	8,261,100	439,147	17.83
	1035	46,324,787	2,462,552	100.00

	As at June 30, 2015			
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	599	16,350,432	866,605	89.46
Retirement funds	18	1,713,880	90,839	9.38
Public Listed Companies	2	1,943	103	0.01
Others	6	210,577	11,161	1.15
	625	18,276,832	968,708	100.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

24. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year, 118th, 119th, 120th, 121st, 122nd, 123rd, 124th and 125th Board meetings were held on August 07, 2015, October 16, 2015, January 04, 2016, February 04, 2016, April 18, 2016, May 27, 2016, June 21, 2016 and June 27, 2016 respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of persons attending the meetings	No. of meetings held	Number of Meetings			Meeting not attended
		Attendance required	Attended	Leave granted	
1 Mr. Mian Mohammad Mansha	8	8	-	8	118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th
2 Mr. Nasim Beg	8	8	7	1	119th
3 Mr. Yasir Qadri *	8	3	3	-	-
4 Dr. Syed Salman Ali Shah	8	8	8	-	-
5 Mr. Haroon Rashid	8	8	8	-	-
6 Mr. Ahmed Jahangir	8	8	7	1	122nd
7 Mr. Samad A. Habib	8	8	6	2	119th, 125th
8 Mr. Mirza Mehmood Ahmed	8	8	-	8	118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th
9 Mr. Muhammad Saqib Saleem (Chief Executive Officer) **	8	5	5	-	-

* Mr. Yasir Qadri (Chief Executive Officer) resigned on January 04, 2016

** Mr. Muhammad Saqib Saleem appointed as an acting Chief Executive Officer on January 04, 2016 and confirmed by the board on April 18, 2016

25. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund primarily invests in a portfolio of money market investments such as investment grade debt securities, government securities and investments in other money market instruments.

25.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the Securities and Exchange Commission of Pakistan and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), The Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).

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

25.1.1 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 Rupees.

25.1.2 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. The Fund holds fixed as well as floating rate debt securities that expose the Fund to cash flow and fair value interest rate risk due to fluctuation in prevailing levels of market interest rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

As at June 30, 2016, the investment in debt securities exposed to interest rate is detailed in Note 6.3 and 6.4 to these financial statements.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing term finance certificates and sukukus exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these term finance certificates and sukukus, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 1.35 million (2015: Rs. 0.335 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2016, the Fund holds government securities which are classified as at 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 Financial Market Association of Pakistan (FMAP) on June 30, 2016, with all other variables held constant, total comprehensive income for the year and net assets would be higher by Rs. 18.38 million (2015: higher by Rs. 4.89 million).

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

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

June 30, 2016

	Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total
Rupees in '000						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	3.5% to 7%	1,291,192	-	-	-	1,291,192
Investments						
at fair value through profit and loss - net						
- Government securities	11.5%	-	-	57,429	-	57,429
- Listed debt securities	6.86% to 8.68%	-	-	284,553	-	284,553
- Unlisted debt securities	7.02% to 10.54%	-	-	127,271	-	127,271
Available for sale						
- Government securities	8.75% to 12%	-	5,013	731,195	-	736,208
		-	5,013	1,200,448	-	1,205,461
Profit receivable		-	-	-	30,768	30,768
Security deposits		-	-	-	252	252
		1,291,192	5,013	1,200,448	31,020	2,527,673
Financial Liabilities						
Payable to the Management Company		-	-	-	7,040	7,040
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	385	385
Payable on redemption of units		-	-	-	3,108	3,108
Accrued expenses and other liabilities		-	-	-	1,265	1,265
		-	-	-	11,798	11,798
On-balance sheet gap		1,291,192	5,013	1,200,448	19,222	2,515,875
Off-balance sheet financial instruments						
		-	-	-	-	-

June 30, 2015

	Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total
Rupees in '000						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	4.5% to 10.35%	114,375	-	-	-	114,375
Investments						
at fair value through profit and loss - net						
- Government securities	12.00%	-	67,838	-	-	67,838
- Listed debt securities	8% to 12.64%	-	133,098	-	-	133,098
- Unlisted debt securities	11.78% to 12.67%	-	112,101	-	-	112,101
Available for sale						
- Government securities	11.25%	-	-	468,553	-	468,553
- Term deposit receipts	8.25%	150,000	-	-	-	150,000
		150,000	313,037	468,553	-	781,590
Profit receivable		-	-	-	24,754	24,754
Security deposits		-	-	-	252	252
		264,375	313,037	468,553	25,006	920,971
Financial Liabilities						
Payable to the management company		-	-	-	2,021	2,021
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	156	156
Payable on redemption of units		-	-	-	4,589	4,589
Accrued expenses and other liabilities		-	-	-	663	663
		-	-	-	7,429	7,429
On-balance sheet gap		264,375	313,037	468,553	17,577	913,542
Off-balance sheet financial instruments						
		-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

25.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The fund is exposed to Price risk because of Term Finance Certificates (TFCs) held by it and classified at 'Fair value through Profit and Loss'.

25.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on investment in term finance certificates and sukuk, loans and receivables, and balances with bank. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Treasury bills and Pakistan Investment Bonds are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk related to receivables is the carrying amounts of following financial assets.

	2016	2015
	----- (Rupees in '000) -----	
Balances with banks	1,291,192	114,375
Investments	1,205,461	873,759
Profit receivable	30,768	24,754
Security deposits	252	252
	<u>2,527,673</u>	<u>1,013,140</u>

The analysis below summarizes the credit rating quality of the Fund's financial assets.

Bank Balances by rating category

	2016	2015
	----- % -----	
AAA / A1+	13.17	5.87
AA+ / A1+	82.82	11.30
AA / A1+	3.85	1.57
AA- / A1+	0.16	81.26
	<u>100</u>	<u>100</u>

The analysis below summarizes the credit quality of the Fund's investment in term finance certificates and sukuk, term deposit receipts and government securities.

Investments by rating category

	2016	2015
	----- % -----	
Government Securities	65.84	74.11
AA, AA-, AA+	34.16	25.89
	<u>100</u>	<u>100</u>

Investment in fixed income securities

Investment in treasury bills do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investments.

Security deposits

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all securities deposited with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to such parties.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

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 counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

25.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. During the current year, the Fund did not avail any borrowing. As per NBFC regulation the maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund and bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to 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 Fund did not withhold any redemptions during the year.

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.

	June 30, 2016			
	Up to three months	More than three months and up to one year	More than one year	Total
	(Rupees in '000)			
Payable to the Management Company	7,040	-	-	7,040
Payable to the Central Depository Company of Pakistan Limited - Trustee	385	-	-	385
Payable on redemption of units	3,108	-	-	3,108
Accrued expenses and other liabilities	1,265	-	-	1,265
	<u>11,798</u>	<u>-</u>	<u>-</u>	<u>11,798</u>
	June 30, 2015			
	Up to three months	More than three months and up to one year	More than one year	Total
	(Rupees in '000)			
Payable to the Management Company	2,021	-	-	2,021
Payable to the Central Depository Company of Pakistan Limited - Trustee	156	-	-	156
Payable on redemption of units	4,589	-	-	4,589
Accrued expenses and other liabilities	663	-	-	663
	<u>6,661</u>	<u>-</u>	<u>-</u>	<u>7,429</u>

25.4 Financial instruments by category

	June 30, 2016			
	Loans and receivables	Assets classified as Available for sale	Assets classified at fair value through profit and loss	Total
	(Rupees in '000)			
Financial Assets				
Balances with banks	1,291,192	-	-	1,291,192
Investments	-	736,208	469,253	1,205,461
Receivable against sale of investments	-	-	-	-
Profit receivable	30,768	-	-	30,768
Security deposits	252	-	-	252
	<u>1,322,212</u>	<u>736,208</u>	<u>469,253</u>	<u>2,527,673</u>
	June 30, 2016			
	Liabilities at fair value through profit and loss	Other financial liabilities		Total
	(Rupees in '000)			
Financial Liabilities				
Payable to the Management Company	-	7,040		7,040
Payable to the Central Depository Company of Pakistan Limited- Trustee	-	385		385
Payable against redemption of units	-	3,108		3,108
Accrued expenses and other liabilities	-	1,265		1,265
	<u>-</u>	<u>11,798</u>		<u>11,798</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Financial Assets

Balances with banks
Receivable against sale of investments
Investments
Profit receivable
Advances, deposit and prepayments

June 30, 2015			
Loans and receivables	Assets classified as Available for sale	Assets classified at fair value through profit and loss	Total
(Rupees in '000)			
114,375	-	-	114,375
-	-	-	-
-	468,553	255,206	723,759
24,754	-	-	24,754
252	-	-	252
139,381	468,553	255,206	863,140

Financial Liabilities

Payable to Management Company
Payable to Central Depository Company of Pakistan Limited- Trustee
Payable against redemption of units
Accrued expenses and other liabilities

June 30, 2015		
Liabilities at fair value through profit and loss	Other financial liabilities	Total
(Rupees in '000)		
-	2,021	2,021
-	156	156
-	4,589	4,589
-	663	663
-	7,429	7,429

25.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7, Financial Instruments : Disclosure requires an entity shall 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:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

ASSETS

Investments classified at fair value through profit and loss
Investments classified as Available for sale

June 30, 2016			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
284,553	184,700	-	469,253
-	736,208	-	736,208
284,553	920,908	-	1,205,461

Investments classified at fair value through profit and loss
Investments classified as Available for sale

June 30, 2015			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
75,267	179,939	-	255,206
-	468,553	150,000	618,553
75,267	648,492	150,000	873,759

26. UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holder's Fund is represented by redeemable units. They are entitled to distribution and to payment of a proportionate share based on the Fund's net asset value per share on the redemption date. The relevant movements are shown on the statement of movement of unit holder's fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the fund.

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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

27. RECLASSIFICATION

Following reclassification have been made in these financial statements in order to give a better and more appropriate presentation:


	From	To	June 30, 2015 Rupees in '000
Sales tax on FED payable on management fee	Federal excise duty and related tax payable	Federal excise duty on sales load	1,195

28. GENERAL

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

29. DATE OF AUTHORIZATION FOR ISSUE

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



Chief Executive Officer

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



Director

**PATTERN OF HOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Category	No.of Unit Holders	Units
Associated Companies, undertakings and related Parties		
Adamjee Insurance Company Limited - Investment Department	1	6,409,782
Mutual Funds		
Directors and their spouse(s) and minor children	-	-
Executives	1	995
Public sector companies and corporations	2	6,608,157
Banks, Development Finance Institutiios, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and Pension Funds	2	1,170,761
Unitholders holding 5 percent or more Voting interest in the listed company	-	-
Others	1029	32,135,092
	1,035	46,324,787

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2016**

No. of Unit Holder	Unit holdings	Total Units Held
617	1-10000	2,022,994
348	10001-100000	11,045,886
65	100001-1000000	15,489,436
5	1000001 onwards	17,766,471
1,035		46,324,787

PERFORMANCE TABLE

Performance Information	2016	2015	2014	2013
Total Net Assets Value – Rs. in million	2,463	969	1,677	1,319
Net Assets value per unit – Rupees	53.16	53.00	51.05	51.86
Closing Offer Price	54.60	54.45	52.46	53.29
Closing Repurchase Price	53.16	53.00	51.05	51.86
Highest offer price per unit	58.76	60.30	53.02	53.28
Lowest offer price per unit	54.45	52.46	51.56	51.50
Highest Redemption price per unit	57.21	58.69	51.59	51.85
Lowest Redemption price per unit	53.01	51.06	50.79	50.80
Distribution per unit – Rs. *	4.25	5.00	3.80	3.55
Average Annual Return - %				
One year	13.63	8.73	7.20	8.90
Two year	11.18	7.97	8.05	10.66
Three year	9.853	8.277	9.507	11.860
Net Income for the year – Rs. in million	80.05	117.66	98.30	53.96
Distribution made during the year – Rs. in million	102	82	98.30	53.96
Accumulated Capital Growth – Rs. in million	(21.48)	36.12	-	-
Weighted average Portfolio Duration (years)	2.20	3.50	1.9	1.6

* Date of Distribution

2016	
Date	Rate
June 25, 2016	4.25

2015	
Date	Rate
June 22, 2015	5.00

2014	
Date	Rate
July 25, 2013	0.29
August 23, 2013	0.30
September 25, 2013	0.32
October 25, 2013	0.32
November 25, 2013	0.33
December 24, 2013	0.30
January 24, 2014	0.39
February 25, 2014	0.35
March 25, 2014	0.36
April 25, 2014	0.42
May 25, 2014	0.42

2013	
Date	Rate
July 25, 2012	0.30
August 25, 2012	0.26
September 25, 2012	0.13
October 25, 2012	0.13
November 25, 2012	0.45
December 24, 2012	0.37
January 25, 2013	0.51
February 25, 2013	0.30
March 25, 2013	0.34
April 25, 2013	0.40
May 25, 2013	0.35

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.





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