

Half Year Report
December 31, 2015
(Unaudited)



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

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

MCB DCF INCOME FUND
(FORMERLY: MCB DYNAMIC CASH FUND)

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Mohammad Mansha	Chairman
	Mr. Nasim Beg	Executive Vice Chairman
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
Company Secretary & Acting Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Asif Mehdi	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited NIB Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box. 15541, Karachi, Sindh-75530, Pakistan	
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 24 th 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 THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

Dear Investor,

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

ECONOMY AND MONEY MARKET OVERVIEW

Overall economic score card continued to gather stability with the significant drop in Int'l Crude Oil Prices. Inflation continued to soften despite a small portion of recent decline in oil prices is passed through as other commodity prices and overall food sector also contributed to the overall slowdown. Recent drop in crude oil has deferred the earlier anticipated uptick in inflation as the full year FY16 average inflation is now expected to remain below 3%.

External account continued to remain stable where Petroleum Group Imports during the 1H FY16 are lower by approx 39% compared to 1H FY15. However, sizeable increase in imports of food and machinery groups and a significant decline in exports (down 14.5% in 1H FY15 YoY) shaved off approximately the two third of the benefit of drop oil prices. Suffering from weak global demand and relative in-competitiveness the decline was most visible in the other manufacturing sector followed by food and textile sectors. Overall Balance of payment account reported a surplus of near USD 1.5 billion supported by a narrower current account and inflows in financial account. Overall positive external account impact and strong foreign exchange reserves balance of near USD 20.76 Billion alongwith strict vigilance of SBP kept the rupee relatively stable.

M2 growth returned to positive territory on FY16 to date basis (25-Dec) which reflects the seasonal adjustment where Net Domestic Assets continually supported by a net government borrowing of about PKR 95 billion with a contribution from Net Financial Asset of PKR 168 billion. Money markets remained optimistic about further cut in discount rate and its sustainability in later half of the year. Yield Curve has thus recently witnessed a slight increase in slope with longer dated bonds remaining relatively less responsive to the expected change in policy rate.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 6.99% as against its benchmark return of 7.13%. Fund has significantly adjusted its WAM from 2.2 YTM to 1.4 YTM because of stable interest rate outlook during the period. The fund allocation remained notably in PIBs and Cash as at the end of the period under review. At period-end, the fund was 9.6% invested in T-Bills, 36.1% in PIBs, 14.4% in TDRs, 22.1% in Cash and 15.8% in TFCs.

The Net Asset of the Fund as at December 31, 2015 stood at Rs.12,911 million as compared to Rs.11,273 million as at June 30 2015 registering an increase of 14.53%.

The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs.109.3216 as compared to opening NAV of Rs.105.6002 per unit as at June 30, 2015 registering an increase of Rs.3.7214 per unit.

FUTURE OUTLOOK

Crude Oil Prices have created space on fiscal account with lower subsidies and debt servicing burden however major reforms for resolution of circular debt are yet missing which in turn is leaving the chronic issue unresolved. On the other hand, the weak economic outlook of GCC region and Saudi Arabia opens up a potential risk to flow of remittances which contribute more than 60% to the total. Weak exports and potentially weak remittances can be a significant threat to overall stable economic environment and more importantly the exchange rate. Despite real positive interest rates and weak inflationary outlook, we think the emerging risks to current account shall weigh on any considerations for significant monetary easing.

The short term macro stability is expected to provide favorable environment for economic activities to pick up. The average Consumer Price Index is expected to remain around 3% for the year with the second half of fiscal year inflation expected to average around 4%. We expect the inflation to gradually pick up but it is expected to remain well anchored next year assuming oil prices remain at lower levels.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015


Budgeted target for economic growth appear achievable while fiscal deficit may marginally exceed due to challenges in revenue collection despite significant reduction in subsidies.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth with \$46 billion program expected to spur activity in the construction and power space which would have its trickle down affects. However, the current account is expected to worsen with import bill increasing in the short term along with the Foreign Direct Investment inflows. Profit repatriation in the long term would also be a concern for the balance of payments position.

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,



Saqib Saleem

Acting Chief Executive Officer

February 04, 2016

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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

MCB DCF INCOME FUND (FORMERLY MCB DYNAMIC CASH FUND)

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB DCF Income 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 six months period ended December 31, 2015 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: February 18, 2016



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim statement of assets and liabilities of MCB DCF Income Fund (Formerly: MCB Dynamic Cash Fund) (the Fund) as at 31 December 2015, the related interim income statement, interim statement of comprehensive income, interim statement of cash flows, interim distribution statement and interim statement of movement in unit holders' fund and notes to the accounts for the half year then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 04 February 2016

Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2015

		(Un-Audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		2,912,246	2,327,525
Investments	5	9,411,671	8,932,479
Profit and other receivables		237,265	374,991
Advance against subscription of term finance certificates		625,000	-
Advances, deposits and prepayments		4,042	3,494
Total assets		13,190,224	11,638,489
LIABILITIES			
Payable to Management Company		22,373	34,095
Payable to Central Depository Company of Pakistan Limited - Trustee		1,056	863
Payable to Securities and Exchange Commission of Pakistan - annual fee		4,881	9,620
Accrued expenses and other liabilities	6	251,323	321,105
Total liabilities		279,633	365,683
NET ASSETS		12,910,591	11,272,806
Unit holders' fund (as per statement attached)		12,910,591	11,272,806
Contingencies and commitments	7		
NUMBER OF UNITS IN ISSUE			
		118,097,373	106,749,897
NET ASSETS VALUE PER UNIT			
		109.32	105.60

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, these condensed interim financial statements have been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Note	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in '000)			
INCOME					
Income from government securities		381,427	504,206	161,086	254,765
Income from term finance certificates		74,594	111,415	36,122	59,490
Capital gain on sale of investments - net		120,392	12,518	41,327	17,771
Profit on bank deposits and term deposit receipts		62,512	57,889	50,015	33,349
Dividend income		4,067	-	297	-
Income from spread transactions	5.2	20,673	-	180	-
Other income		22	480	7	239
Net unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss - held-for-trading'	5.4.3	16,474	162,699	22,300	136,650
Total income		680,160	849,207	311,334	502,265
EXPENSES					
Remuneration of Management Company		97,617	90,102	50,614	46,070
Sales tax and Federal Excise Duty on Remuneration of Management Company		31,471	30,094	16,319	15,387
Expenses allocated by Management Company and related sales tax	8	1,456	-	1,456	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		5,359	5,012	2,556	2,554
Sales tax on Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	750	-	595	-
Annual fee - Securities and Exchange Commission of Pakistan		4,881	4,505	2,531	2,303
Provision against debt securities	5.3 & 5.4	9,869	3,333	6,801	1,667
Brokerage and settlement charges		4,944	888	1,440	378
Auditors' remuneration		474	397	229	218
Legal and professional charges		100	-	-	-
Others		787	1,234	422	1,031
Total expenses		157,708	135,565	82,964	69,608
		522,452	713,642	228,371	432,657
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed					
arising from capital gain and unrealised gain		(2,622)	(2,857)	(7,928)	(3,483)
arising from other income		(4,753)	(3,748)	(19,063)	(13,090)
Provision for Workers' Welfare Fund	6.1	-	(14,141)	-	(8,322)
Net income for the period before taxation		515,077	692,896	201,380	407,762
Taxation	10	-	-	-	-
Net income for the period after taxation		515,077	692,896	201,380	407,762
Earnings per unit	11				

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, these condensed interim financial statements have been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.


**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Note	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
		----- (Rupees in '000) -----			
Net income for the period after taxation		515,077	692,896	201,380	407,762
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to income statement</i>					
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	5.5	40,832	134,052	40,832	134,052
Less: Net unrealised (appreciation) / diminution in value of investment at the beginning of the period	5.5	(115,407)	(3,202)	(72,450)	(33,181)
Total comprehensive income for the period		440,502	823,746	169,762	508,633

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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


Director


Director

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**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----			
Undistributed income brought forward	507,966	117,865	870,593	443,524
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	62,545	4,482	(29,342)	(6,064)
Total comprehensive income for the period	440,502	823,746	169,762	508,633
Undistributed income carried forward	<u>1,011,013</u>	<u>946,093</u>	<u>1,011,013</u>	<u>946,093</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Director



Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, these condensed interim financial statements have been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

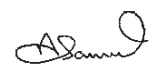
	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----			
Net assets at beginning of the period	11,272,806	11,101,985	13,378,610	12,312,248
Issue of 60,386,426 (2014: 51,231,686) units and 19,326,890 (2014: 30,016,675) units for the half year and quarter ended respectively	6,409,612	5,360,735	2,079,161	3,187,261
Redemption of 49,038,950 (2014: 46,390,811) units and 25,411,244 (2014: 34,022,078) units for the half year and quarter ended respectively	(5,219,704)	(4,878,796)	(2,743,933)	(3,610,439)
	1,189,908	481,939	(664,772)	(423,178)
	12,462,714	11,583,924	12,713,838	11,889,070
Element of loss / (income) and capital (losses) / gains included in prices of units issued less those in units redeemed				
- amount representing realised loss and capital losses transferred to income statement arising from capital gain and unrealised gain arising from other income	2,622 4,753	2,857 3,748	7,928 19,063	3,483 13,090
- amount representing unrealised (income) / loss that forms part of unit holders' fund - transferred to distribution statement	(62,545)	(4,482)	29,342	6,064
	(55,170)	2,123	56,333	22,637
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	62,545	4,482	(29,342)	(6,064)
Net income for the period transferred from the distribution statement				
Capital gain on sale of investments	120,392	12,518	41,327	17,771
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at 'fair value through profit or loss'	16,474	162,699	22,300	136,650
Other net income for the period	303,636	648,530	106,134	354,212
	440,502	823,747	169,762	508,633
Net assets at end of the period	12,910,591	12,414,276	12,910,591	12,414,276

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Director



Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, these condensed interim financial statements have been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

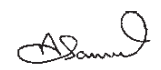
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	515,077	692,896	201,380	407,762
Adjustments for non - cash and other items				
Net unrealised appreciation in the fair value of investments classified as 'held-for-trading'	(16,474)	(162,699)	(22,300)	(136,650)
Reversal of provision against debt securities	9,869	3,333	12,937	1,667
Net element of loss / (income) and capital losses / (gains) in prices of units issued less those in units redeemed arising from capital gain and unrealised gain arising from other income	2,622 4,753	2,857 3,748	7,928 19,063	3,483 13,090
	515,847	540,135	219,007	289,351
(Increase) / decrease in assets				
Investments - net	160,423	16,699	944,776	961,764
Profit and other receivables	137,726	(41,400)	(119,204)	(41,421)
Advance against subscription of term finance certificates	(625,000)	77,500	(625,000)	79,000
Advances, deposits and prepayments	(548)	81	(998)	(127,222)
	(327,399)	52,880	199,575	872,121
(Decrease) / increase in liabilities				
Payable to Management Company	(11,721)	27,068	2,421	25,452
Pakistan Limited - Trustee	193	85	62	(808)
Payable to Securities and Exchange Commission of Pakistan - annual fee	(4,739)	(3,662)	2,531	2,303
Payable against purchase of investments	-	-	(326)	-
Accrued expenses and other liabilities	(69,783)	30,414	(4,075)	14,289
	(86,050)	53,905	613	41,236
Net cash generated from operating activities	102,398	646,920	419,195	1,202,709
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts against issuance of units	6,409,612	5,360,735	2,079,161	3,187,261
Net payments on redemption of units	(5,219,704)	(4,878,796)	(2,743,933)	(3,610,439)
Net cash generated from / (used in) financing activities	1,189,908	481,939	(664,772)	(423,178)
Net increase / (decrease) in cash and cash equivalents during the period	1,292,306	1,128,859	(245,577)	779,531
Cash and cash equivalents at the beginning of period	3,539,259	2,616,575	5,083,278	2,965,902
Cash and cash equivalents at the end of period	4,831,565	3,745,434	4,831,565	3,745,434

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, these condensed interim financial statements have been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (formerly: MCB Dynamic Cash Fund) (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 on December 12, 2006.
- 1.2 Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3 The registered office of the Management Company is currently situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan. With effect from February 08, 2016 the registered office of the Management Company will be changed to 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferrable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited (Formerly: Lahore Stock Exchange Limited).
- 1.5 Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ (positive outlook) dated April 07, 2015 to the Management Company and a stability rating of "A+(f)" dated December 31, 2015 to the Fund.

2. BASIS OF PREPARATION

- 2.1 The condensed interim financial statements for the half year ended December 31, 2015, have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.
- 2.3 "These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2015 and December 31, 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors."
- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial statements are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2015, except as follows:

New / revised Standards, Interpretations and Amendments

The Fund has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

The adoption of the above amendments to accounting standards did not have any effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Fund believes that such improvements to the standards do not have any impact on the Fund's financial statements for the period.

- 3.2** The element of income arising on issuance and redemption of units is bifurcated into portion attributable to capital gain / losses (realised and unrealised) and other income appearing in book of accounts of the Fund.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management policies are consistent with those disclosed in the financial statements of the Fund as at and for the year ended June 30, 2015.

		(Un-Audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
'At fair value through profit or loss' - held-for-trading			
Government securities	5.1	1,264,659	993,604
Listed equity securities	5.2	-	-
Debt securities			
- Listed	5.3	423,417	465,449
- Unlisted	5.4	1,037,681	1,071,418
		1,461,098	1,536,867
Available-for-sale			
Government securities	5.5	4,766,595	6,148,787
Loans and receivables			
Term Deposit Receipts	5.6	1,919,319	253,221
		<u>9,411,671</u>	<u>8,932,479</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

5.1 Government securities - 'at fair value through profit or loss - held-for-trading'

Name of investee company	Note	Face value					Balance as at December 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 01, 2015	Purchased during the period	Disposed off during the period	Matured during the year	As at December 31, 2015	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) ----- % -----											
Treasury Bills - 12 months	5.1.1	-	6,282,500	5,545,000	100,000	637,500	634,620	634,570	(50)	4.92	6.74
Treasury Bills - 6 months	5.1.1	-	8,932,000	7,975,000	325,000	632,000	630,145	630,089	(56)	4.88	6.69
Treasury Bills - 3 months	5.1.1	967,500	7,505,000	6,930,000	1,542,500	-	-	-	-	-	-
Treasury Bills - 2 months	5.1.1	-	280,000	280,000	-	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years		35,000	-	-	35,000	-	-	-	-	0.00	0.00
Total as at December 31, 2015		1,002,500	22,999,500	20,730,000	2,002,500	1,269,500	1,264,765	1,264,659	(106)	9.80	13.44
Total as at June 30, 2015		3,014,560	33,917,500	23,040,500	12,889,060	1,002,500	994,263	993,604	(659)	8.81	11.12

5.1.1 These Treasury Bills have a cost of Rs.1,253,007 million (June 30, 2015: Rs.953.153 million) and carry effective yield ranging between 6.20% to 6.92% per annum (June 30, 2015: 6.442% to 6.662% per annum). These will mature latest by February 18, 2016 (June 30, 2015: September 17, 2015).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

5.2 Investments - 'at fair value through profit or loss - held-for-trading'

Listed Equity Securities

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

Name of investee company	Number of shares					Balance as at December 31, 2015			Market value as a % of net assets of the Fund	% of the paid-up capital of the company
	As at July 01, 2015	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at December 31, 2015	Cost	Market value	Appreciation / (Diminution)		
						(Rupees in '000)			%	%
Oil and gas exploration companies										
Pakistan Petroleum Limited	-	562,500	-	562,500	-	-	-	-	-	-
Oil & Gas Development Company Limited	-	277,500	-	277,500	-	-	-	-	-	-
						-	-	-	-	-
Oil and gas marketing companies										
Pakistan State Oil Company Limited	-	672,500	-	672,500	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	6,903,000	-	6,903,000	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	799,000	-	799,000	-	-	-	-	-	-
						-	-	-	-	-
Fertilizer										
Engro Fertilizers Limited	-	1,811,000	-	1,811,000	-	-	-	-	-	-
Engro Corporation Limited	-	2,461,500	-	2,461,500	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	7,018,000	-	7,018,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	286,500	-	286,500	-	-	-	-	-	-
						-	-	-	-	-
Technology and communication										
Pakistan Telecommunication Company Limited 'A'	-	551,500	-	551,500	-	-	-	-	-	-
Hum Network Limited	-	1,000	-	1,000	-	-	-	-	-	-
						-	-	-	-	-
Power generation and distribution										
K-Electric Limited *	-	20,501,500	-	20,501,500	-	-	-	-	-	-
						-	-	-	-	-
Cement										
D.G. Khan Cement Company Limited - (a related party)	-	427,000	-	427,000	-	-	-	-	-	-
Lucky Cement Limited	-	40,000	-	40,000	-	-	-	-	-	-
Cherat Cement Company Limited	-	418,000	-	418,000	-	-	-	-	-	-
Fauji Cement Company Limited	-	1,574,000	-	1,574,000	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	3,524,500	-	3,524,500	-	-	-	-	-	-
Pakistan Cement Company Limited	-	163,000	-	163,000	-	-	-	-	-	-
Pioneer Cement Limited	-	642,000	-	642,000	-	-	-	-	-	-
						-	-	-	-	-
Food and personal care products										
Engro Foods Limited	-	1,574,500	-	1,574,500	-	-	-	-	-	-
						-	-	-	-	-
Commercial banks										
Askari Bank Limited	-	11,000	-	11,000	-	-	-	-	-	-
National Bank of Pakistan	-	336,500	-	336,500	-	-	-	-	-	-
Bank Alfalah Limited	-	33,500	-	33,500	-	-	-	-	-	-
Bank of Punjab Limited	-	211,000	-	211,000	-	-	-	-	-	-
Faysal Bank Limited	-	8,500	-	8,500	-	-	-	-	-	-
United Bank Limited	-	62,000	-	62,000	-	-	-	-	-	-
						-	-	-	-	-
Cable and electrical goods										
Pak Elektron Limited	-	5,245,500	-	5,245,500	-	-	-	-	-	-
						-	-	-	-	-
Refinery										
Attock Refinery Limited	-	13,000	-	13,000	-	-	-	-	-	-
						-	-	-	-	-
Total as at December 31, 2015						-	-	-	-	-
Total as at June 30, 2015						-	-	-	-	-

* These have a face value of Rs.3.5 per share

5.2.1 The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income due to difference in ready and future stock prices.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

5.3 Debt securities - Term finance certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss - held-for-trading - Listed

Name of investee company	Number of Certificates				Balance as at December 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2015	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2015	Carrying value	Market value (diminution)		
Commercial banks									
Allied Bank Limited (August 28, 2009)	9,000	-	-	9,000	-	-	-	0.00	0.00
Bank Alfalah Limited (February 20, 2013) (refer note 5.3.1)	72,631	-	-	-	72,631	363,336	369,413	2.86	3.93
Faysal Bank Limited (December 27, 2010)	10,000	-	-	-	10,000	51,172	51,022	0.40	0.54
						414,508	420,435	3.26	4.47
Financial services									
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.4.1) Less: Provision charged during the period	10,000	-	-	-	10,000	10,213 (7,231)	2,982	0.02	0.03
Total listed securities									
						417,490	423,417		

5.3.1 These include certificates with market value of Rs.101.148 million (June 30, 2015: Rs.Nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5.4 Debt securities - Term finance certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss - held-for-trading - Unlisted

Name of investee company	Number of Certificates				Balance as at December 31, 2015			Market value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2015	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2015	Carrying value	Market value		
(Rupees in '000)									
Number of Certificates									
Commercial banks									%
Askari Bank Limited PPTFC II (December 23, 2011) *	45	-	-	-	45	45,332	45,332	-	0.35
Askari Bank Limited (September 30, 2014)	56,000	-	-	-	56,000	279,362	279,963	601	2.17
Bank Alfalah Limited (December 02, 2009)	40,250	-	-	-	40,250	207,794	203,925	(3,869)	1.58
Bank Alfalah Limited (December 02, 2009) fixed	18,235	-	-	-	18,235	101,844	99,604	(2,240)	0.77
Standard Chartered Bank (Pakistan) Limited (June 29, 2012)	41,000	-	-	-	41,000	202,695	205,316	2,621	1.59
						837,027	834,140	(2,887)	6.46
									8.86
Balance carried forward						837,027	834,140	(2,887)	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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Name of investee company	Number of Certificates				Balance as at December 31, 2015			Market value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2015	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2015	Carrying value	Market value		
									%
									(Rupees in '000)
Balance brought forward						837,027	834,140	(2,887)	
Construction and materials									
Maple Leaf Cement Factory Limited (December 03, 2009)	68,000	-	-	-	68,000	99,277	113,479	14,202	0.88
Chemicals and fertilizer									
Engro Fertilizer Limited (March 18, 2008) PTFC 1	2,419	-	-	2,419	-	-	-	-	0.00
Engro Fertilizer Limited (March 18, 2008) PTFC 2	2,000	-	-	-	2,000	9,210	9,156	(54)	0.07
Engro Fertilizer Limited (July 09, 2014) Sukuk	15,800	-	-	-	15,800	77,771	77,163	(608)	0.60
						86,981	86,319	(662)	0.67
Financial services									
Security Leasing Corporation Limited (March 13, 2008) (refer note 5.4.1)	10,000	-	-	-	10,000	4,155 (2,050)			
Less: Provision charged during the period						2,105	2,105	-	0.02
Security Leasing Corporation Limited - Sukuk (March 18, 2010) (refer note 5.4.1)	5,000	-	-	-	5,000	2,226 (588)			
Less: Provision charged during the period						1,638	1,638	-	0.01
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.4.1)	10,400	-	-	-	10,400	22,337 (22,337)			
Less: Provision held						-	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk (July 25, 2007) (refer note 5.4.1)	112,000	-	-	-	112,000	35,063 (35,063)			
Less: Provision held						-	-	-	-
Total unlisted securities						1,027,028	1,037,681	10,653	
Total as at December 31, 2015						1,444,518	1,461,098	16,580	
Total as at June 30, 2015						1,522,431	1,536,867	14,437	

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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5.4.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. The Fund has suspended further accrual of mark-up there against.

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

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

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		----- (Rupees in '000) -----		----- % -----		
New Allied Electronics Industries (Private) Limited	Term finance certificates	22,337	22,337	-	0.00	0.00
New Allied Electronics Industries (Private) Limited	Sukuk certificates	35,063	35,063	-	0.00	0.00
Security Leasing Corporation Limited	Privately placed term finance certificates	5,171	3,066	2,105	0.02	0.02
Security Leasing Corporation Limited	Sukuk certificates	3,072	1,434	1,638	0.01	0.01
Saudi Pak Leasing Company Limited	Term finance certificates	19,021	16,039	2,982	0.02	0.02
					(Un-Audited) December 31, 2015	(Audited) June 30, 2015
					----- (Rupees in '000) -----	
					Note	

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

Carrying value investments	5.1 & 5.3	2,709,283	2,516,693
Market value investments		2,725,757	2,530,471
		<u>16,474</u>	<u>(13,778)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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5.5 Government securities - 'available for sale'

Name of investee company	Face value					Balance as at December 31, 2015			Market value as a percentage of total investment
	As at July 01, 2015	Purchased during the period	Disposed off during the period	Matured during the year	As at December 31, 2015	Carrying value	Market value	Appreciation / (diminution)	
									0%
									(Rupees in '000)
Pakistan Investment Bonds - 10 years	1,247,900	150,000	1,000,000	-	397,900	400,262	402,640	2,378	3.12
Pakistan Investment Bonds - 05 years	2,132,800	2,350,000	3,491,500	-	991,300	1,025,129	1,032,935	7,806	10.98
Pakistan Investment Bonds - 03 years	2,474,900	5,179,000	4,460,000	-	3,193,900	3,300,372	3,331,020	30,648	35.39
Total as at December 31, 2015	5,855,600	7,679,000	8,951,500	-	4,583,100	4,725,763	4,766,595	40,832	36.92
Total as at June 30, 2015	3,454,000	5,536,700	3,135,100	-	5,855,600	6,033,380	6,148,787	115,407	69.00

5.5.1 These Pakistan Investment Bonds have a cost of Rs.4,763,296 million (June 30, 2015: Rs.6,033,379 million) and carry interest ranging from of 8.75% to 12.00% per annum (June 30, 2015: 9.6% to 12.00% per annum). These will mature latest by March 26, 2025 (June 30, 2015: March 26, 2025).

5.6 Term Deposit Receipts - Loans and receivables

Name of Financial institution	Profit / mark-up rate %	Maturity date	Closing balance as at December 31, 2015	Value as a percentage of net assets	Value as a percentage of investment
					%
			(Rs. in '000)		
JS Bank Limited	7.10%	February 2, 2016	202,256	1.57	2.15
NIB Bank Limited	7.00%	January 11, 2016	556,751	4.31	5.92
Bank Alfalah Limited	6.80%	January 13, 2016	1,009,129	7.82	10.72
JS Bank Limited	7.38%	February 19, 2016	151,183	1.17	1.61
Total as at December 31, 2015			1,919,319		
Total as at June 30, 2015			253,221		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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		(Un-Audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	6.1	121,190	121,190
Federal Excise Duty and other related taxes payable on management fee	6.2	85,085	67,281
Federal Excise Duty and other related taxes payable on sales load	6.2	27,617	24,672
Auditors' remuneration		409	525
Withholding tax payable		1,731	79,812
Payable against redemption of units		13,821	25,844
Others		1,471	1,781
		<u>251,323</u>	<u>321,105</u>

6.1 Provision for Workers' Welfare Fund

There is no change in the status of the petition pending with the Honourable Sindh High Court (SHC) as reported in note 9.1 to the annual financial statements of the Fund for the year ended June 30, 2015.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.121.190 million (June 30, 2015: Rs.121.190 million) in these condensed interim financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.1.03 per unit (0.94%) (June 30, 2015: Rs.1.13 per unit (1.08%)).

6.2 Federal excise duty on Remuneration of Management Company

There is no change in the status of petition with SHC as reported in note 9.2 to the annual financial statements of the Fund for the year ended June 30, 2015. Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Re.0.72 per unit as at December 31, 2015 (June 30, 2015: Re.0.63 per unit).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2015.

8. EXPENSES ALLOCATED BY MANAGEMENT COMPANY AND RELATED SALES TAX

The SECP via SRO 1160 dated November 25, 2015 amended clause 60 of NBFC Regulations, 2008. The said clause entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less.

9. SINDH SALES TAX ON REMUNERATION OF THE 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 custodianship services as well. Accordingly, Sindh Sales Tax of 14% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill, 2010 amended upto 2015.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

10. TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed in cash amongst the unit holders. The Management Company intends to distribute not less than 90% of its annual accounting income in cash, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended December 31, 2015.

11. EARNINGS PER UNIT

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

Half year ended		Quarter ended	
December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- (Rupees in '000) -----			

12. CASH AND CASH EQUIVALENTS

Bank balances	2,912,246	4,631	2,912,246	4,631
Treasury bills - 3 months	-	2,630,802	-	2,630,802
Term deposit receipts	1,919,319	1,110,000	1,919,319	1,110,000
	<u>4,831,565</u>	<u>3,745,434</u>	<u>4,831,565</u>	<u>3,745,434</u>

13. TRANSACTIONS WITH CONNECTED PERSONS

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

----- Un-audited -----			
Half year ended		Quarter ended	
December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- (Rupees in '000) -----			

Transactions during the period:

MCB Arif Habib Savings and Investments Limited - Management Company

Remuneration of Management				
Company including indirect taxes	129,088	120,196	66,933	61,457
Expense allocated by Management				
Company and related sales tax	1,456	-	1,456	-
Legal and professional charges	100	-	100	-
Issue of Nil units (2014: 65,088 units) and Nil (2014: 65,088 units) for the half year and quarter ended respectively	-	7,000,000	-	7,000,000
Redemption of Nil units (2014: 1,755,774 units) and Nil (2014: 1,755,774 units) for the half year and quarter ended respectively	-	182,000	-	67,000

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period (including sales tax)	6,109	5,012	3,151	2,554
Settlement charges	331	7	116	3

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	----- Un-audited -----			
	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----			
Group / Associated Companies				
MCB Bank Limited				
Profit on deposit accounts	1,539	3,764	407	1,599
Bank charges	58	29	23	21
Arif Habib Limited *				
Brokerage expense	43	-	2	-
Next Capital Limited *				
Brokerage expense	271	-	80	-
Summit Capital (Pvt.) Limited *				
Brokerage expense	5	-	5	-
Adamjee Life Assurance Company Limited - Non Unlisted Investment Linked Fund				
Issue of 367,926 units (2014: 572, 895 units) and 367,926 units (2014: 572, 895 units) for the half year and quarter ended respectively	40,000	60,000	40,000	60,000
Redemption of 45,760 units (2014: Nil units) and 45,760 units (2014: Nil units) for the half year and quarter ended respectively	5,000	-	5,000	-
Mandate under Discretionary Portfolio Services				
Issue of 161,691 units (2014: 117,680 units) and 161,691 units (2014: Nil units) for the half year year and quarter ended respectively	17,597	12,165	17,597	-
Redemption of Nil units (2014: 232,764 units) and Nil units (2014: 156,978 units) for the half year and quarter ended respectively	-	24,354	-	16,688
Key management personnel				
Issue of 43,520 units (2014: 83,912 units) and 13,799 units (2014: 64,654 units) for the half year and quarter ended respectively	4,660	8,837	1,500	6,856
Redemption of 53,280 units (2014: 75,497 units) and 465 units (2014: 50,519 units) for the half year and quarter ended respectively	5,681	7,908	51	5,349

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	(Un-Audited) December 31, 2015 ----- (Rupees in '000) -----	(Audited) June 30, 2015
Amount outstanding as at period / year end:		
MCB Arif Habib Savings and Investments Limited		
- Management Company		
Remuneration payable to Management Company	16,924	15,655
Sales tax payable on management fee	2,369	2,348
Sales load payable including related taxes	1,624	16,092
Expense allocated by Management		
Company and related sales tax	1,456	-
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	200	200
Remuneration payable	926	863
Sales tax payable on Trustee fee	130	-
Group / Associated Companies		
MCB Bank Limited		
Bank balance	135,090	720,343
Profit receivable on deposit accounts	252	816
MCB Employees Provident Fund		
1,118,478 units held as at December 31, 2015 (June 30, 2015: 1,118,478 units)	122,274	118,112
MCB Employees Pension Fund		
1,118,478 units held as at December 31, 2015 (June 30, 2015: 1,118,478 units)	122,274	118,112
D.G Khan Cement Company Limited - Employees Provident Fund Trust		
3,364 units held as at December 31, 2015 (June 30, 2015: 3,364 units)	368	355
Adamjee Life Assurance Company Limited - Non Unlisted Investment Linked Fund		
426,332 units held as at December 31, 2015 (June 30, 2015: 104,166 units)	46,607	11,000
Arif Habib Limited *		
Brokerage payable	2	3
Next Capital Limited *		
Brokerage payable	72	19
Mandate under discretionary portfolio services		
161,691 units held as at December 31, 2015 (June 30, 2015: Nil units)	17,676	-
Key management personnel		
69,277 units held as at December 31, 2015 (June 30, 2015: 79,037 units)	7,574	8,346

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

----- As at December 31, 2015 -----				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Held-for-trading	-	2,725,757	-	2,725,757
Available-for-sale	-	4,766,595	-	4,766,595
	-	7,492,352	-	7,492,352

----- As at June 30, 2015 -----				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Held-for-trading	-	2,530,471	-	2,530,471
Available-for-sale	-	6,148,787	-	6,148,787
	-	8,679,258	-	8,679,258

15. DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements were authorised for issue on February 04, 2016 by the Board of Directors of the Management Company.

16. GENERAL

Certain prior year's / period's figures have been reclassified for the purpose of comparison. However, there were no material reclassifications to report.

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


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, these condensed interim financial statements have been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

Please find us on



by typing: **Bachat Ka Doosra Naam**

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