

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.

PAKISTAN SARMAAYA MEHFOOZ FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian 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	
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 24 th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 + Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF 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 **Pakistan Sarmaya Mehfooz Fund's** accounts review for the first half year 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.

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index retreated 4.6% during 1H FY15 as it could not bear the brunt of the rout in commodities and global equities. Even a cut in discount rate could not trigger a boost in investor's confidence, as continuous foreign selling forced the local investors to remain cautious. Foreigners sold US\$ 240 million of equities during the period which were primarily absorbed by Companies (US\$ 64.7 million), NBFCs (US\$ 63.4 million) and Individuals (US\$ 52.0 million).

Oil & Gas and Commercial Banks, with a major weight in the index, remained laggards during the period. The market cap of Oil & Gas sector plunged by 26% during the period after the collapse of crude oil, with regional benchmark Arab Light, falling by 49%. Similarly, Commercial banks lost 5% during the period after the central bank reduced the discount rate by 50 bps while the outlook for inflation continues to remain benign.

On the flip side, Pharmaceuticals and Construction & Material remained top performers. Pharmaceuticals gained 20% during the period, after Drug Regulatory Authority of Pakistan ("DRAP") approved the pricing formula for the sector. Alongside, bumper results posted by the pharmaceutical companies boosted investor's sentiment in the sector. Construction and Materials sector also managed to garner investor attention as local dispatches witnessed double digit growth. Moreover, the outlook for infrastructure plays remains robust as flows from China Pakistan Economic Corridor ("CPEC") materialize. The weak performance of commodity prices has hit the major sectors at the bourse as the effect is not limited to Oil. Spillover of weak inflation on banks may continue to keep the sector performance in check.

FUND PERFORMANCE

The fund posted a return of -0.76% against its benchmark return of -1.45%. The fund was 27.9% allocated in equity investments, 29.7% in PIBs and 23.2% in Term Deposits.

The Net Assets of the Fund as at December 31, 2015 stood at Rs. 683 million while it stood at Rs. 741 million as at June 30, 2015 registering a decrease of 7.83%.

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

The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs. 106.8115 while it stood at Rs. 107.6262 as at June 30, 2015 registering a decrease of Rs. 0.8147 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.

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.

Pakistan being in an economic expansionary cycle amid better positioning due to lower oil prices (oil centric import bill), lower/stable interest rate environment along with growth trigger in the form China Pakistan Economic Corridor would fare better compared to other Emerging Market economies. The \$46 billion program is expected to favour the construction and allied industrial sectors. Banking sector is also expected to be beneficiary of strong advances growth in a stable interest rate environment. The index heavy sectors are expected to gain lime light in second half of the calendar year with the bottoming out of crude oil prices and interest rate easing cycle. However, the volatility in global markets lead by slow down in Chinese economy and redemption pressures on emerging market funds would keep the short term market performance in check. But we reiterate our stance of no fundamental weakness in the market with the market premium over the risk free rate increasingly attractive due to recent underperformance.

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



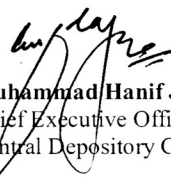
TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN SARMAYA MEHFOOZ 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 Pakistan Sarmaya Mehfooz 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**

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahr-e-Faisal
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**AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Pakistan Sarmaya Mehfooz Fund (the Fund) as at December 31, 2015, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the period ended December 31, 2015. The Management Company (MCB Arif Habib Savings and Investments Limited) 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 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.

Member of
Deloitte Touche Tohmatsu Limited

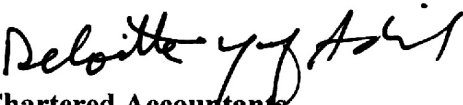
**AUDITORS' REPORT TO THE UNIT HOLDERS ON
REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of December 31, 2015 and for the period ended December 31, 2015 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
Mushtaq Ali Hirani

Dated: February 04, 2016
Karachi

Member of
Deloitte Touche Tohmatsu Limited


CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT DECEMBER 31, 2015

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		101,185	90,942
Investments	5	558,333	639,121
Dividend and profit receivable		26,793	19,058
Advances, deposits and prepayments		2,755	2,801
Preliminary expenses and floatation costs		2,092	3,182
Total assets		691,158	755,104
LIABILITIES			
Payable to the Management Company		739	5,379
Payable to the Central Depository Company of Pakistan Limited - Trustee		86	79
Payable to the Securities and Exchange Commission of Pakistan		268	283
Accrued expenses and other liabilities	6	7,319	8,387
Total liabilities		8,412	14,128
NET ASSETS		682,746	740,976
Unit holders' funds (as per statement attached)		682,746	740,976
Contingencies and commitments	7		
(Number of units)			
NUMBER OF UNITS IN ISSUE		6,392,064	6,884,713
(Rupees)			
NET ASSETS VALUE PER UNIT		106.81	107.63

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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, this condensed interim financial information has been signed by two directors authorized 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

	Half year ended December 31,	From December 22, to December 31,	Quarter ended December 31,	From December 22, to December 31,
	2015	2014	2015	2014
Note	(Rupees in '000)			
INCOME				
Capital gain / (loss) on sale of investments - net	4,879	31	(646)	31
Income from government securities	11,314	468	5,655	468
Profit on bank deposits and term deposit receipts	10,395	3,066	5,450	3,066
Dividend income	6,170	-	3,847	-
Back end load	1,628	-	506	-
	34,386	3,565	14,812	3,565
EXPENSES				
Remuneration of the Management Company	3,568	185	1,744	185
Sindh sales tax and Federal Excise Duty on remuneration of Management Company	1,150	62	562	62
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	464	24	221	24
Sindh sales tax on remuneration of the Trustee	64	-	36	-
Securities and Exchange Commission of Pakistan - fee	268	14	131	14
Allocated expenses	75	-	75	-
Settlement and bank charges	255	22	94	22
Fee and subscriptions	180	-	90	-
Zakat	1,016	-	508	-
Amortisation of preliminary expenses and floatation costs	1,090	60	545	60
Auditors' remuneration	328	40	306	40
Printing and related costs	211	28	74	28
	8,669	435	4,386	435
	25,717	3,130	10,426	3,130
Net element of loss and capital losses included in the prices of units issued less those in units redeemed	3.1			
-Arising from capital gain and unrealised gain	(159)	-	(108)	-
-Arising from other income	(568)	-	(405)	-
Provision for Workers' Welfare Fund	-	(63)	-	(63)
Net income for the period before taxation	24,990	3,067	9,913	3,067
Taxation	10	-	-	-
Net income for the period after taxation	24,990	3,067	9,913	3,067
Other comprehensive income for the period				
Items that may be reclassified to profit and loss account				
Unrealised (diminution) / appreciation in value of investments classified as 'available for sale' - net	5.4	(30,400)	2,862	3,610
Total comprehensive income for the period	(5,410)	5,929	13,523	5,929


Earnings per unit

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The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

**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, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.

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

	Half year ended December 31,	From December 22, to December 31,	Quarter ended December 31,	From December 22, to December 31,
	2015	2014	2015	2014
------(Rupees in '000')-----				
Undistributed income brought forward	36,470	-	48,557	-
Net element of loss and capital losses included in the prices of units issued less those in units redeemed - transferred from unit holder's fund	(3,516)	-	(526)	-
Net income for the period	24,990	3,067	9,913	3,067
Undistributed income carried forward	57,944	3,067	57,944	3,067

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.

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


	Half year ended December 31,	From December 22, to December 31,	Quarter ended December 31,	From December 22, to December 31,
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net assets at beginning of the period	740,976	-	685,542	-
* Issue of 6,507 (2014: 6,805,240) units and Nil (2014: 6,805,240) units for the half year and quarter ended respectively	707	680,524	-	680,524
Redemption of 499,156 (2014: Nil) units and 157,524 (2014: Nil) units for the half year and quarter ended respectively	(54,254)	-	(16,832)	-
	(53,547)	680,524	(16,832)	680,524
Net element of loss and capital losses included in prices of units issued less those in units redeemed :				
- amount representing accrued loss and capital losses arising from capital loss and unrealised loss on investments transferred to Income Statement	159	-	108	-
- amount representing accrued loss and capital losses arising from other income transferred to Income Statement	568	-	405	-
- amount representing unrealised capital losses and capital losses that form part of the unit holders' fund transferred to Distribution Statement	3,516	-	526	-
	4,243	-	1,039	-
Capital gain / (loss) on sale of investments - net	4,879	31	(646)	31
Other income for the period - net	20,111	3,036	10,559	3,036
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised income	(3,516)	-	(526)	-
Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale during the period'	(30,400)	2,862	3,610	2,862
Total comprehensive income for the period	(8,926)	5,929	12,997	5,929
Net assets at end of the period	682,746	686,453	682,746	686,453

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

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

**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, this condensed interim financial information has been signed by two directors authorized 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 December 31,	From December 22, to December 31,	Quarter ended December 31,	From December 22, to December 31,
	2015	2014	2015	2014
----- (Rupees in '000) -----				
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	24,990	3,067	9,913	3,067
<i>Adjustments for:</i>				
Net element of loss and capital losses included in prices of units issued less those in units redeemed				
-Arising from capital gain and unrealised gain	159		108	
-Arising from other income	568	-	405	-
Amortisation of preliminary expenses and floatation costs	1,090	60	545	60
Provision for Workers' Welfare Fund	-	63	-	63
	<u>26,807</u>	<u>3,190</u>	<u>10,971</u>	<u>3,190</u>
Decrease / (increase) in assets				
Investments - net	50,388	(518,018)	27,299	(518,018)
Receivable against sale of investments	-	-	14,354	-
Dividend and profit receivable	(7,735)	(23,361)	(7,943)	(23,361)
Advances, deposits and prepayments	46	(2,600)	71	(2,600)
Preliminary expenses and floatation costs	-	(4,314)	-	(4,314)
	<u>42,699</u>	<u>(548,293)</u>	<u>33,781</u>	<u>(548,293)</u>
(Decrease) / increase in liabilities				
Payable to the Management Company	(4,640)	7,137	(202)	7,137
Payable to the Central Depository Company of Pakistan Limited - Trustee	7	24	2	24
Payable to the Securities and Exchange Commission of Pakistan - fee	(15)	14	131	14
Payable against purchase of investments	-	70,786	1,948	70,786
Accrued expenses and other liabilities	(1,068)	16,846	(1,068)	16,846
	<u>(5,716)</u>	<u>94,807</u>	<u>811</u>	<u>94,807</u>
Net cash generated from / (used in) operating activities	<u>63,790</u>	<u>(450,296)</u>	<u>45,563</u>	<u>(450,296)</u>
B. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from units sold	707	680,524	-	680,524
Cash paid on units redeemed	(54,254)	-	(16,832)	-
Net cash (used in) / generated from financing activities	<u>(53,547)</u>	<u>680,524</u>	<u>(16,832)</u>	<u>680,524</u>
Net increase in cash and cash equivalents during the period	<u>10,243</u>	<u>230,228</u>	<u>28,731</u>	<u>230,228</u>
Cash and cash equivalents at beginning of the period	90,942	-	72,454	-
Cash and cash equivalents at end of the period	<u>101,185</u>	<u>230,228</u>	<u>101,185</u>	<u>230,228</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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, this condensed interim financial information has been signed by two directors authorized 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 Pakistan Sarmaya Mehfooz Fund (the Fund) was established under a Trust Deed dated, July 21, 2014, executed between MCB-Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as an investment scheme under the Non-Banking Finance Companies and Notified Entities Regulations 2008, on August 13, 2014.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is currently situated at 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.
- 1.3 The Fund is a capital protected open ended mutual fund with the objective to protect the initial investment value of investors at maturity with secondary objective of providing growth over the period. The units of the Fund are redeemable subject to a Back-end Load. The units are listed on the Pakistan Stock Exchange(PSE), formerly listed on Lahore Stock Exchange(LSE).
- 1.4 According to Clause 25.2 of the Trust Deed, the first accounting period of the Fund shall commence from the date on which the trust property is first paid or transferred to the Trustee i.e. December 22, 2014 till June 30, 2015. The duration of the Fund is 2 years starting from the close of initial offering period which was December 19, 2014.
- 1.5 The Fund primarily invests in equity securities while a combination of investments in bank deposits and government securities are used to take fixed-income exposure with a view to provide capital protection.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ dated April 7, 2015 to the Management Company. The Fund has applied for and yet to be rated by PACRA.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.
- 2.2 This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015. Comparative information of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2015 and the period from December 22, 2014 to December 31, 2014 are un-audited and have been included to facilitate comparison.
- 2.3 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and this condensed interim financial information are being circulated to the unit holders as required under the NBFC Regulations.

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

2.4 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

2.5 The directors of the Management Company declare that this condensed interim financial information give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Element of Income

The Element of Income arising on issuance and redemption of units is bifurcated in to portion attributable to capital gain / losses (realized and unrealized) and other income appearing in book of accounts of the Funds.

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

3.3 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2015.

4. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) December, 31 2015	(Audited) June, 30 2015
	Notes	----- (Rupees in '000) -----	
5. INVESTMENTS			
<i>Available for sale</i>			
Listed equity securities	5.1	193,177	270,659
Government securities	5.2	205,156	208,462
		398,333	479,121
<i>Loans and receivables</i>			
Term deposit receipts	5.3	160,000	160,000
		558,333	639,121

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 Listed equity securities - Available for sale

Name of the investee company	Number of shares / rights					As at December 31, 2015			Market value as percentage of total paid up capital of the investee company
	As at July 1, 2015	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2015	Cost	Market value	Appreciation/ (diminution)	
									Rupees in '000'
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise									
AUTOMOBILE ASSEMBLER									
Indus Motor Company Limited	12,500	-	-	2,000	10,500	12,185	10,623	(1,562)	1.90
						12,185	10,623	(1,562)	1.90
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	150,000	-	-	150,000	-	-	-	-	-
CEMENT									
* D.G. Khan Cement Company Limited	100,000	-	-	100,000	-	-	-	-	-
Fuji Cement Company Limited	400,000	-	-	400,000	-	-	-	-	-
Lucky Cement Limited	32,000	25,000	-	32,000	25,000	13,292	12,376	(916)	2.22
Maple Leaf Cement Factory Limited	100,000	-	-	100,000	-	-	-	-	-
						13,292	12,376	(916)	1.81
								(916)	2.22
CHEMICALS									
ICI Pakistan Limited	25,000	-	-	-	25,000	9,983	12,101	2,118	2.17
						9,983	12,101	2,118	2.17
COMMERCIAL BANKS									
Habib Bank Limited	679	-	-	-	679	114	136	22	0.02
JS Bank Limited	500,000	-	-	-	500,000	3,654	3,875	221	0.57
United Bank Limited	-	50,000	-	50,000	-	-	-	-	-
						3,768	4,011	243	0.59
								243	0.71
ENGINEERING									
Amreli Steels Limited	-	5,170	-	-	5,170	264	311	47	0.05
Crescent Steel and Allied Products Limited	75,000	-	-	75,000	-	-	-	-	-
						264	311	47	0.05
								47	0.06
FERTILIZERS									
Engro Corporation Limited	4,000	-	-	-	4,000	1,126	1,118	(8)	0.20
Engro Fertilizer Company Limited	-	100,000	-	-	100,000	9,798	8,413	(1,385)	1.51
Fuji Fertilizer Company Limited	163,700	-	-	163,700	-	-	-	-	-
						10,924	9,531	(1,393)	1.39
								(1,393)	1.71
FOOD AND PERSONAL CARE PRODUCTS									
Al-Shabeer Corporation Limited	-	40,000	5,950	23,000	22,950	1,537	1,427	(110)	0.26
Engro Foods Limited	-	38,000	-	-	38,000	5,850	5,571	(279)	0.82
						7,387	6,998	(389)	1.03
								(389)	1.26
GLASS AND CERAMICS									
Ghani Glass Limited	94,500	-	-	16,500	78,000	5,288	6,866	1,578	1.23
*** Ghani Glass Limited (R)	-	54,600	-	-	54,600	-	4,640	4,640	0.81
Tariq Glass Industries Limited	54,000	-	-	-	54,000	3,246	3,772	526	0.55
						8,534	15,278	6,744	2.24
								6,744	2.72
OIL AND GAS EXPLORATION COMPANIES									
** Oil and Gas Development Company Limited	170,000	-	-	-	170,000	31,331	19,948	(11,383)	2.92
Pakistan Oilfields Limited	40,000	-	-	40,000	-	-	-	-	-
** Pakistan Petroleum Limited	87,000	-	-	50,000	37,000	6,116	4,507	(1,609)	0.66
						37,447	24,455	(12,992)	3.58
								(12,992)	4.38

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

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

Rupees in '000'

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

OIL AND GAS MARKETING COMPANIES

Pakistan State Oil Company Limited	26,000	-	-	12,000	14,000	5,275	4,560	(715)	0.67	0.82
Sui Northern Gas Pipelines Limited	-	196,000	-	150,000	46,000	1,638	1,106	(532)	0.16	0.20
						6,913	5,666	(1,247)	0.83	1.02

PAPER AND BOARD

Cherat Packaging Limited	25,000	-	1,875	-	26,875	4,817	8,146	3,329	1.19	1.46
Packages Limited	31,200	15,500	-	3,100	43,600	24,486	25,379	893	3.72	4.55
						29,303	33,525	4,222	4.91	6.01

POWER GENERATION AND DISTRIBUTION

Hub Power Company Limited	56,000	-	-	50,000	6,000	514	616	102	0.09	0.11
Kot Addu Power Company Limited	-	183,500	-	-	183,500	17,464	14,863	(2,601)	2.18	2.66
* Lalpur Power Limited	620,000	-	-	-	620,000	21,553	18,439	(3,114)	2.70	3.30
* Pajgen Power Limited	537,000	-	-	-	537,000	17,422	15,804	(1,618)	2.31	2.83
						56,953	49,722	(7,231)	7.28	8.90

TECHNOLOGY & COMMUNICATIONS

Hum Network Limited (Par value of Re. 1 each)	-	653,000	-	-	653,000	11,760	8,580	(3,180)	1.26	1.54
						11,760	8,580	(3,180)	1.26	1.54

Total - December 31, 2015

Total - June 30, 2015

* These represent transactions with related parties.

**

The above include shares with a market value aggregating to Rs. 10.13 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the SECP.

*** These represent option of 70% right shares announced by Board of Directors of Chami Glass Limited on December 23, 2015 at par value of Rs.10 per share.

5.2 Government securities - Available for sale

Name of investee company	Face value				As at December 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2015	Purchased during the period	Disposed off/ matured during the period	As at December 31, 2015	Cost	Market value	Appreciation		
Rupees in '000'									
Pakistan Investment Bonds -03 years	200,000	-	-	200,000	203,986	205,156	1,170	30.05	36.74
Total - December 31, 2015	200,000	-	-	200,000	203,986	205,156	1,170	30.05	36.74
Total - June 30, 2015					203,986	208,462	4,476		

5.3

Loans and receivables

Particulars	Profit / mark-up rate	Maturity date	Carrying value as at December 31, 2015	Value as a percentage of net assets	Value as a percentage of total investment
Rupees in '000'					
Term deposit receipts	9.50%	December 19, 2016	160,000	23.43	28.66
Total - December 31, 2015			160,000	23.43	28.66
Total - June 30, 2015			160,000		

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

	Note	(Un-audited) December, 31 2015 ------(Rupees in '000)-----	(Audited) June, 30 2015
5.4 Unrealized (diminution) / appreciation on remeasurement of investments classified as available-for-sale - net			
Market value of investments	5.1 & 5.2	398,333	479,121
Cost of investments	5.1 & 5.2	412,699	463,087
		(14,366)	16,034
Less: Net unrealized appreciation in value of investments classified as 'available for sale' at beginning of the year		16,034	-
		<u>(30,400)</u>	<u>16,034</u>

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	6.1	1,192	1,192
Provision for Federal Excise Duty and related tax on:			
- Management fee	6.2	1,347	696
- Sales load		2,307	2,303
Brokerage		88	399
Auditors' remuneration		286	290
Withholding tax on dividend distribution		-	2,444
Printing and related expenses		50	30
Zakat		2,049	1,033
		<u>7,319</u>	<u>8,387</u>

- 6.1** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 were declared unconstitutional and therefore struck down. However in 2013, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity. In 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution.

The finance act 2015 incorporated an amendment in WWF ordinance by excluding CISs from the definition of industrial establishment, and consequently CISs are no more liable to pay contribution to WWF with effect from July 01, 2015. These amendments are applicable for the financial years starting from July 01, 2015. Owing to the fact that the decision of SHC on the applicability of WWF (till June 30 2015) to the CISs is currently pending for adjudication, the Management Company has decided to retain provision of WWF in its books of account and financial statements till June 30, 2015 amounting to Rs. 1.19 million. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.19 per unit.

- 6.2** The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by asset management companies. The Management Company is of the view that since the remuneration and sales load are already subject to provincial sales tax at the rate of 14%, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. In this regard, a Constitutional Petition has been filed by certain Collective Investment Schemes through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of FED on Asset Management Company services after the eighteenth amendment. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending. The management being prudent has decided to retain and continue accruing FED and related additional taxes in the books of accounts amounting to Rs. 1.35 million as at December 31, 2015. In case, the suit is decided against the Fund, the funds would be paid to the Management Company, which will be responsible for submitting these to taxation authorities. Had the said provision of FED and related taxes were not recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.21 per unit as at December 31, 2015.

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

7. CONTINGENCIES AND COMMITMENTS

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

8. SINDH SALES TAX ON REMUNERATION OF THE TRUSTEE

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

9. ALLOCATED EXPENSES

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

10. TAXATION

The Fund'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. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

11. EARNINGS PER UNIT

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

12. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

Half year ended December 31,	From December 22, to December 31,	Quarter ended December 31,	From December 22, to December 31,
2015	2014	2015	2014
----- (Rupees in '000) -----			

12.1 Details of transactions with connected persons are as follows:

MCB-Arif Habib Savings and Investments Limited - Management Company

Remuneration including indirect taxes	4,718	247	2,306	247
Allocated expenses	75	-	75	-

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

	Half year ended December 31,	From December 22, to December 31,	Quarter ended December 31,	From December 22, to December 31,
	2015	2014	2015	2014
----- (Rupees in '000) -----				
Central Depository Company of Pakistan Limited - Trustee				
Remuneration including indirect taxes	528	24	257	24
MCB Bank Limited				
Profit on bank deposits and term deposit receipts	10,395	3,066	5,894	3,066
Bank charges	12	20	8	20
Arif Habib Limited				
Brokerage *	28	54	-	54
Next Capital Limited				
Brokerage *	28	-	-	-
MCB Employees Pension Fund				
Issue of Nil (2014: 500,000) units and Nil (2014: 500,000) units for the six months and quarter ended respectively	-	50,000	-	50,000
Adamjee Insurance Company Limited Employees Provident Fund				
Issue of Nil (2014: 100,000) units and Nil (2014: 100,000) units for the six months and quarter ended respectively	-	10,000	-	10,000
Adamjee Insurance Company Limited Employees Gratuity Fund				
Issue of Nil (2014: 20,425) units and Nil (2014: 20,425) units for the six months and quarter ended respectively	-	2,043	-	2,043

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

(Un-audited)	(Audited)
December, 31	June, 30
2015	2015
----- (Rupees in '000) -----	

12.2 Amount outstanding at period end

MCB-Arif Habib Savings and Investments Limited - Management Company

Remuneration payable	582	611
Sales tax payable on management fee	82	91
Allocated expenses	75	-
Legal and professional charges payable	-	100
Sales load payable including related taxes	-	263
Other payable	-	4,314

**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) December, 31 2015	(Audited) June, 30 2015
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	76	79
Sales tax payable on trustee fee	10	-
MCB Bank Limited		
Bank deposits	1,725	88,005
Term deposit receipts	160,000	160,000
Profit receivable	15,495	8,028
D.G. Khan Cement Company Limited		
Shares held Nil (2015: 100,000 shares)	-	14,277
Lalpir Power Limited		
Shares held 620,000 (2015: 620,000 shares)	18,439	18,910
Pakgen Power Limited		
Shares held 537,000 (2015: 537,000 shares)	15,804	16,115
Arif Habib Limited		
Brokerage payable	-	27
MCB Employees Pension Fund		
Units held 515,450 (2015: 515,450 units)	55,056	55,476
Adamjee Insurance Company Limited Employees Provident Fund		
Units held 103,090 (2015: 103,090 units)	11,011	11,095
Adamjee Life Assurance Company Limited Employees Gratuity Fund		
Units held 21,057 (2015: 21,057 units)	2,249	2,266

13. RECLASSIFICATION

Following reclassification have been made in this condensed interim financial information in order to give a better and more appropriate presentation:


	From	To	June 30, 2015 (Rupees in '000)
Sales load	Accrued expenses and other liabilities	Payable to the Management Company	263

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company held on February 04, 2016

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, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited

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