

Half Year Report
December 31, 2016
(Unaudited)



Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited
Rated: AM2++ by PACRA

PAKISTAN CAPITAL MARKET FUND

CONTENTS

Fund's Information	259
Report of the Directors of the Management Company	260
Trustee Report to the Unit Holders	265
Auditor's Report to the Unit Holder on Review of Condensed Interim Financial Information	266
Condensed Interim Statement of Assets And Liabilities	267
Condensed Interim Income Statement (Un-audited)	268
Condensed Interim Statement of Comprehensive Income (Un-audited)	269
Condensed Interim Distribution Statement (Un-audited)	270
Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	271
Condensed Interim Cash Flow Statement (Un-audited)	272
Notes to and forming part of the Condensed Interim Financial Statements (Unaudited)	273

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Mohammad Mansha Chairman Mr. Nasim Beg Vice Chairman Mr. Muhammad Saqib Saleem Chief Executive Officer Dr. Syed Salman Ali Shah Director Mr. Haroun Rashid Director Mr. Ahmed Jahangir Director Mr. Samad A. Habib Director Mr. Mirza Mahmood Ahmed Director	
Audit Committee	Mr. Haroun Rashid Chairman Mr. Ahmed Jahangir Member Mr. Samad A. Habib Member Mr. Nasim Beg Member	
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Chairman Mr. Nasim Beg Member Mr. Haroun Rashid Member Mr. Ahmed Jahangir Member	
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer & Company Secretary	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited NIB Bank Limited Bank Al-Habib Limited Standard Chartered Bank 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, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned bt PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Capital Market Fund's** accounts review for the half year ended December 31, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Weakness in external account raised concerns in otherwise progressive improvement in headline economic indicators continuing for the last 2 years. Weak trade balance, primarily due to subdued trend in exports and higher imports alongwith weak contribution from services and remittances kept the pressure on overall Current Account balance which widened 92% in 1H FY17 to USD 3.6 billion. It is pertinent to note that partial increase in imports is triggered by machinery imports which have increased by 8.3% alongwith increase in oil import bill which is expected to widen further given recent arrangements from OPEC to support Int'l Crude Oil prices. The cushion to Balance of Payments was bolstered by financial account of USD 3.7 bn where major respite came from the net borrowing of USD 740 million alongwith the inflow materialized in FDI on completion of acquisition of stake in Engro Foods by Freisland Campina. Overall balance of the Balance of Payments stood at USD 225 mn compared to USD 1.5 bn during same period of last year.

Foreign exchange reserves stood at USD 23.2 bn (06th Jan 2017). It is pertinent to note that SBP reserves explain most of the volatility in Forex reserves where government borrowing and retirement of loans has net negative balance in 1H FY17 while closing approx USD 1bn lower from peak seen in Oct 16.

Undergoing appreciation of about 0.4% in 1H FY17, PKR continues to remain resilient against USD which also raises concerns given the relative weakness in other developing economies and also reflected from REER as measured by SBP reaching to a high of 126 depicting significant overvaluation.

Fiscal deficit increased to 1.3 % (1Q FY17) of GDP as against 1.1% in SPLY due to sharp decline in non-tax revenue. On provisional basis, tax authority has managed to collect PKR 1,460 billion during 1H FY17, recording a shortfall of PKR ~127 billion from the desired target. With annual tax collection target of PKR 3.6 trillion; demanding a growth rate of 17% YoY, and higher development spending, fiscal deficit is likely to exceed 4.5% against budgetary target of 3.8%. Focus of government on development spending is however positive for the overall long term direction and thus slippage on this front is not a major concern.

LSM grew by 3.24% YoY in 5M FY17. The growth is driven through consumer, electrical, automobiles and cement manufacturing.

Inflation continued its upward trajectory with first half averaging 3.88% compared to 2.08% for 1H FY16. The withering of low base effect along with inherent increases in food and housing pricing triggered inflationary pressures. The government kept on absorbing the incremental petrol prices which kept the inflation subdued.

M2 growth posted year to date growth of 5.45% by the end of the year. The deposits grew seasonally by PKR 420 bn in a week supported by year end efforts of banks to expand balance sheet size. Thereafter, the M2 growth has normalized to 3.68%. Moreover, the abnormal accumulation in currency in circulation (CIC) last year triggered after imposition of withholding tax on cash withdrawals has normalized though CIC to M2 ratio is still high at 26% against previous average of 22%. The Net Domestic Assets increased by PKR 518 bn supported by net government sector borrowings of PKR 390 bn.

EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX) continued its positive momentum of 1Q FY17 by posting another 16.64% return in 2Q FY16 to conclude the period 26.53% higher (47,807 points). In calendar year 2016, the local bourse remained the best performing market in the region and stood 5th in global ranking with a USD based return of 45%. This was despite an aggressive selling from the foreign investors, who remained net sellers of USD 298mn in 1H FY16, compared to USD 240 mn in the corresponding period last year. This heavy selling was absorbed mostly by Mutual Funds and NBFCs with net buying of USD 307mn and USD 102mn, respectively.

Auto Parts Manufacturers and Auto Assemblers remained the best performing sectors during 1H FY17 with returns of 83% and 77%, respectively. Among the mainstream sectors, Banks outperformed the rest with a 33% return during the period under review, mainly on account of improving advances, rising deposits and bottomed out interest rate outlook. Cements also posted a 30% return during the period under review as strong demand coupled with healthy margins kept the investors' interest alive in the sector. Improving crude oil prices also made a mark on the E&Ps, which posted a healthy 27% return during 1H FY17. Fertilizers on the other hand, underperformed the index by posting a modest 2% return, as rising inventories coupled with discounts on urea prices took their toll on the sector.

We expect the positive momentum to continue going ahead as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.99x, still trading at a 10.5% discount to the MSCI EM, reflecting further room for re-rating from here.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

FUND PERFORMANCE

During the period under review, the fund posted a return of 22.08% compared to the return of 22.23% posted by the benchmark.

On the equities front, the overall allocation was slightly increased to 65.6%. The fund increased its exposure in Oil and Gas sector while decreasing its exposure in Commercial Banks and Fertilizers.

On the fixed income side, the fund had decreased its exposure in T-Bills to 0% and shifted its exposure towards Cash to benefit from attractive rates offered by banks.

The Net Assets of the Fund as at December 31, 2016 stood at Rs. 694 million as compared to Rs. 627 million as at June 30, 2016 registering an increase of 10.69%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 13.05 as compared to opening NAV of Rs. 10.69 per unit as at June 30, 2016 showing an increase of Rs. 2.36 per unit.

FUTURE OUTLOOK

The reversal in crude oil prices is expected to wither of the fiscal space previously available amid growing import bill. The recent decision by government to revise up petroleum prices in its latest fortnightly decision points towards constricting fiscal liberty.

The recently announced textile package is expected to provide support to the export sector. However, the overvalued currency as depicted from REER still remains a blockade for export competitiveness of the country however the same may remain deferred till the government continues to fund the gap through borrowing.

The inflationary pressures are also expected to succumb to expected increments in petroleum prices along with its trickle down impact on food inflation. We expect inflation for the year to average ~4.3%. It is pertinent to note inflation for next half of the year is expected to average around 4.8% with inflation for closing months of the year to exceed 5%.

While, we expect interest rates to remain stable in the short term given the stable inflationary trends, exchange rate overvaluation along with weak external account suggest a close review of emerging trends with potential for inflection on either side though biased in favor of monetary tightening.

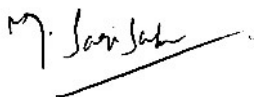
The China Pakistan Economic Corridor is expected to provide much needed impetus to growth with above \$50 billion program expected to spur activity in the construction and power space which would have its trickle down affects. However, the current account is expected to worsen with import bill increasing 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/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 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 MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President and redemption pressures on emerging market funds would keep the short term market performance in check. But we reiterate our positive stance on the market.

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.

For and on behalf of the Board,



Muhammad Saqib Saleem
Chief Executive Officer
February 2, 2017

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان کیپٹل مارکیٹ فنڈ کے 31 دسمبر 2016ء کو ختم ہونے والی پہلی ششماہی کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

خارجی اکاؤنٹ میں کمزوری نے اہم ترین معاشی علامات میں گزشتہ 2 برسوں سے جاری ترقیاتی بہتری میں خدشات پیدا کیے۔ کمزور تجارتی توازن کے باعث، جس کی بنیادی وجوہات برآمدات کا پست رجحان اور پہلے سے زیادہ درآمدات، بشمول سروسز اور ترسیلات زر کی کمزور کارکردگی ہیں، مجموعی کرنٹ اکاؤنٹ بیلنس پر دباؤ رہا جو 2017ء کی پہلی ششماہی میں 92% بڑھ کر 3.6 بلین ڈالر ہو گیا۔ یاد رہے کہ درآمدات میں جزوی اضافے کی محرک مشینری کی درآمدات ہیں جن میں 8.3% اضافہ ہوا، بشمول تیل کی درآمدات میں اضافے کے، جس میں OPEC کے خام تیل کی بین الاقوامی قیمتوں میں معاونت کے حالیہ اقدامات کے پیش نظر مزید اضافہ متوقع ہے۔ ادائیگیوں کے توازن کے تحفظ کی 3.7 بلین ڈالر کے مالیاتی اکاؤنٹ سے حوصلہ افزائی ہوئی، اور اس ضمن میں اہم ترین پیش رفت 740 ملین ڈالر کے قرض، بشمول اینگروڈوڈز میں Freisland Campina کی حصص داری کی تکمیل پر FDI (غیر ملکی براہ راست سرمایہ کاری) میں اضافے سے ہوئی۔ ادائیگیوں کے توازن کا مجموعی بیلنس 225 ملین ڈالر تھا، جبکہ گزشتہ سال کی اسی مدت کے دوران 1.5 بلین ڈالر تھا۔

زیرمبادلہ کے ذخائر 23.2 بلین ڈالر تھے (06 جنوری 2017ء)۔ یاد رہے کہ فوریکس ذخائر میں اتار چڑھاؤ کا سبب SBP (اسٹیٹ بینک آف پاکستان) کے ذخائر ہیں، جہاں 2017ء کی پہلی ششماہی میں حکومت کے قرضوں کے حصول اور قرضوں کی ریٹائرمنٹ کا منفی بیلنس ہے جبکہ اکتوبر 2016ء میں بلند ترین سطح سے تقریباً 1 بلین ڈالر کم پر کلوڑنگ ہوئی۔ پاکستانی روپیہ 2017ء کی پہلی ششماہی میں تقریباً 0.4% ترقی کر کے امریکی ڈالر کے مقابلے میں یکدلار رہا، اور اس سے بھی دیگر ترقی پذیر معیشتوں میں کمزوری کو مد نظر رکھتے ہوئے خدشات پیدا ہوئے جن کا اظہار SBP کے پینالٹس کردہ REER سے ہوا، جو 126 کی بلند سطح پر پہنچا جس سے خطیر اضافے کی عکاسی ہوتی ہے۔

مالیاتی خسارہ (مالی سال 2017ء کی پہلی سہ ماہی میں) غیر ٹیکس آمدنی میں تیزی سے کمی کے باعث GDP (مجموعی غیر ملکی پیداوار) کے 1.3% تک بڑھ گیا، بالمقابل SPLY میں 1.1% کے ٹیکس اتھارٹی 2017ء کی پہلی ششماہی کے دوران عارضی بنیادوں پر 1,460 بلین روپے جمع کر سکی، جو مطلوبہ ہدف سے 127 بلین روپے کم ہے۔ 3.6 ٹریلین روپے سالانہ ٹیکس کے ہدف کے پیش نظر، جو YoY 17% کی ترقیاتی شرح اور ترقیاتی کاموں میں زیادہ خرچ کرنے کا تقاضہ کرتا ہے، مالیاتی خسارے میں بجٹ کے 3.8% کے ہدف کے مقابلے میں 4.5% اضافہ متوقع ہے۔ تاہم ترقیاتی کاموں پر خرچ کرنے پر حکومتی توجہ مجموعی طور پر طویل المیعاد سمت میں مثبت ہے، چنانچہ اس گوشے میں انحطاط بڑا مسئلہ نہیں ہے۔

LSM 5MFY17 میں YoY 3.24% ترقی ہوئی جس کے اسباب کمزور یومر، الیکٹریکل، آٹوموبائلز اور سیمنٹ مینوفیکچرنگ ہیں۔

افراط زر میں بدستور اضافہ ہوتا رہا؛ پہلی ششماہی میں افراط زر کا اوسط 33.8% تھا جبکہ 2016ء کی پہلی ششماہی میں 2.08% تھا۔ پہلے سے پست base effect میں بتدریج کمی اور اشیائے خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی نفسہ اضافے افراط زر کے دباؤ کے محرک بنے۔ حکومت پٹرول کی بڑھتی ہوئی قیمتوں کا اثر جذب کرتی رہی جس کے باعث افراط زر کی سطح پست رہی۔ M2 ترقی میں سال کے اختتام تک 5.45% year to date ترقی ہوئی۔ اختتام سال پر بینکوں کی بیلنس شیٹ کا حجم وسیع کرنے کی کوششوں کی مدد سے ڈپازٹس میں ایک ہفتے میں 420 بلین روپے موسمی ترقی ہوئی۔ اس کے بعد M2 ترقی 3.68% کی عمومی سطح تک پہنچ گئی۔ علاوہ ازیں، گزشتہ سال نقد رقم نکالنے پر وہولڈنگ ٹیکس عائد کرنے کی وجہ سے زیر گردش روپے (CIC) میں جو غیر معمولی انبار لگ گیا تھا وہ عمومی سطح پر آ گیا ہے، اگرچہ CIC کا M2 سے تناسب اب 2.6% ہے جو گزشتہ اوسط 2.2% سے زیادہ ہے۔ حکومتی سیکٹر کی 390 بلین

روپے قرضوں کی net حصول کی مدد سے net مقامی اثاثہ جات میں 518 ملین روپے اضافہ ہوا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

پاکستان اسٹاک ایکسچینج (PSX) نے مالی سال 2016ء کی پہلی سہ ماہی کی مثبت رفتار جاری رکھتے ہوئے مالی سال 2016ء کی دوسری سہ ماہی میں ایک اور 16.64% منافع کمایا اور مدت کی تکمیل 26.53% زیادہ (47,807 پوائنٹس) پر کی۔ امریکی ڈالر پر مبنی 45% منافع کے ساتھ مقامی اسٹاک مارکیٹ کیلنڈر سال 2016ء میں خطے میں بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بنی رہی اور عالمی درجہ بندی میں پانچویں نمبر پر تھی۔ یہ کامیابی غیر ملکی سرمایہ کاروں کی طرف سے جارحانہ فروخت کے باوجود تھی، جو 2016ء کی پہلی ششماہی میں 298 ملین ڈالر کے net فروخت کا رہنے رہے، بالمقابل گزشتہ سال کی پہلی ششماہی میں 240 ملین ڈالر کے۔ اس بھاری فروخت کے اثر کا بڑا حصہ میوچل فنڈز اور NBFCs نے جذب کیا، بالترتیب 307 ملین ڈالر اور 102 ملین ڈالر کی net خریداری کے ساتھ۔

گاڑیوں کے پُرزہ جات کے تیار کنندگان اور گاڑیوں کے اسمبلرز 2017ء کی پہلی ششماہی کے دوران بہترین کارکردگی کا مظاہرہ کرنے والے شعبے بنے رہے، بالترتیب 83% اور 77% منافع کے ساتھ۔ بڑے شعبوں میں سے ٹیکسٹائل نے زیر جائزہ مدت کے دوران 33% منافع کا کرسب سے عمدہ کارکردگی کا مظاہرہ کیا، جس کی بنیادی وجوہات اینڈوائسز میں بہتری، بڑھتے ہوئے ڈپازٹس اور انٹریٹ پست ترین شرحیں ہیں۔ سیمنٹ کے شعبے نے بھی زیر جائزہ مدت کے دوران 30% منافع کمایا کیونکہ بھرپور مانگ اور اس کے ساتھ صحتمند margins نے اس شعبے میں سرمایہ کاروں کی دلچسپی برقرار رکھی۔ خام تیل کی قیمتوں میں بہتری سے بھی E&Ps پر مثبت اثرات مرتب ہوئے جس نے 2017ء کے پہلی ششماہی کے دوران صحتمند 27% منافع کمایا۔ دوسری جانب کھاد کے شعبے نے صرف 2% منافع کا کرسب سے کم کارکردگی کا مظاہرہ کیا، جس کی وجوہات انوینٹریز میں اضافہ اور اس کے ساتھ یورپ کی قیمتوں پر ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔

ہم امید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریٹ کی پست شرحیں بھی فکسڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے ایکویٹی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.99x کے فارورڈ ملٹپل پر، اور ابھی تک MSCI EM کے 10.5% ڈسکاؤنٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں ری-ریٹنگ کی مزید گنجائش ہے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے مقررہ معیار 22.23% کے مقابلے میں 22.08% منافع حاصل کیا۔

ایکویٹیز کے گوشے میں مجموعی شمولیت میں معمولی اضافہ ہوا اور وہ 65.6% کی سطح پر پہنچ گئی۔ فنڈ نے آئل اینڈ گیس سیکٹر میں اپنی شمولیت میں اضافہ کیا اور کمرشل بینکس اور کھاد کے شعبے میں اپنی شمولیت میں کمی کی۔

فکسڈ انکم کے گوشے میں فنڈ نے ٹی بلز میں اپنی شمولیت کو کم کر کے 0% کر دیا اور نقد میں شمولیت میں اضافہ کیا تاکہ بینکوں کی پیش کردہ پُرکشش شرحوں سے فائدہ اٹھایا جاسکے۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 694 ملین روپے تھی، جو 30 جون 2016ء پر 627 ملین روپے مالیت کے مقابلے میں 10.69% زیادہ ہے۔

31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 13.05 روپے تھی، جو 30 جون 2016ء پر 10.69 روپے فی یونٹ قدر کے مقابلے میں 2.36 روپے فی یونٹ کم ہے۔

مستقبل کا منظر

خام تیل کی قیمتوں کی واپسی سے بڑھتے ہوئے درآمداتی بل کے ماحول میں دستیاب مالیاتی غلاء کے بتدریج ختم ہو جانے کا امکان ہے۔ حکومت کے تازہ ترین پندرہ روزہ فیصلہ جاتی نکات میں پٹرول کی قیمتوں پر نظر ثانی کا حالیہ فیصلہ مالیاتی آزادی پر قدغن کی طرف اشارہ کر رہا ہے۔

حالیہ اعلان کردہ ٹیکسٹائل پیکیج سے برآمدات کے شعبے کو معاونت فراہم ہونے کی توقع ہے۔ تاہم مطلوبہ سے زیادہ قدر کا حامل روپیہ، جیسا کہ REER سے ظاہر ہوتا ہے، ابھی تک ملک کی برآمداتی مسابقت کی صلاحیت کے لئے ایک رکاوٹ ہے۔ تاہم ممکن ہے کہ یہ نوبت تب تک نہ آئے جب تک حکومت قرض کی حصول کے ذریعے اس غلج کو پر کرنا جاری رکھے گی۔

پٹرول کی قیمتوں میں اضافوں اور اشیائے خورد و نوش کے افراط زر پر ان کے اثر سے متوقع طور پر افراط زر کے دباؤ کا بھی زور ٹوٹ جائے گا۔ ہماری توقع ہے کہ اس سال کے افراط زر کا اوسط 4.3% ہوگا۔ یہاں یہ بات قابل ذکر ہے کہ دوسری ششماہی میں افراط زر کا اوسط تقریباً 4.8% متوقع ہے، اور سال کے اختتامی مہینوں میں افراط زر 5% سے زیادہ ہوگا۔

اگرچہ ہمیں اُمید ہے کہ افراط زر کے مستحکم رجحانات کے پیش نظر مختصر میعاد میں انٹریسٹ کی شرحیں مستحکم رہیں گی، لیکن زرمبادلہ کی شرح کی مطلوبہ سے زیادہ قدر، اور اس کے ساتھ کمزور خارجی اکاؤنٹ سے مستقبل میں اُبھرنے والے رجحانات کا باریک بین جائزے کا اندازہ ہوتا ہے، وہ رجحانات جو مالیاتی عناصر کو گس دینے کی حمایت کی طرف جھکے ہونے کے باوجود دونوں جانب مرض پھیلا سکتے ہیں۔

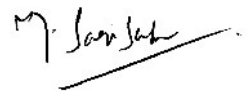
چین پاکستان معاشی راہداری سے ترقی کے لیے بے حد مطلوب قوت حاصل ہونے کا امکان ہے؛ 50 بلین ڈالر سے زائد کا یہ پروگرام متوقع طور پر تعمیرات اور توانائی کی خلاء میں سرگرمیاں پیدا کرنے کا محرک بنے گا اور اس کے اثرات دیگر شعبوں پر بھی مرتب ہوں گے۔ تاہم مختصر میعاد میں درآمداتی بل میں اضافے کے ساتھ غیر ملکی براہ راست سرمایہ کاریوں کی آمدات سے کرنٹ اکاؤنٹ میں مزید انحطاط متوقع ہے۔ طویل میعاد میں منافع کی وطن واپسی بھی ادائیگیوں کے توازن کی صورتحال کے لیے ایک خدشہ ہوگی۔

پاکستان انٹریسٹ کی پست / مستحکم شرح کے ماحول اور اس کے ساتھ چین پاکستان معاشی راہداری کی صورت میں ترقی کے محرک کے باعث بہتر مقام بنانے اور معاشی توسیعی چکر میں ہونے کی وجہ سے اُبھرتی ہوئی مارکیٹ کی دیگر معیشتوں کے مقابلے میں بہتر کارکردگی کا مظاہرہ کرے گا۔ اُمید کی جارہی ہے کہ اس پروگرام سے تعمیرات اور متعلقہ صنعتی شعبوں کو معاونت فراہم ہوگی۔ بیکاری کے شعبے کو بھی ایڈوانسز کی مضبوط ترقی اور انٹریسٹ کی مستحکم شرح کے ماحول سے متوقع طور پر فائدہ ہوگا۔ باقاعدہ شمولیت کے قریب آنے پر MSCI سے مخصوص کمپنیوں کا منظر عام پر آنا متوقع ہے۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں غیر یقینی حالات کے نتیجے میں عالمی مارکیٹس میں عدم استحکام اور اُبھرتی ہوئی مارکیٹ کے فنڈز پر redemption کے دباؤ سے مارکیٹ کی مختصر المیاد کارکردگی متاثر ہوگی۔ لیکن ہم مارکیٹ کے بارے میں اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہار تشکر

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

برائے بورڈ اور بورڈ کی جانب سے



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

02 فروری 2017ء

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 Shahra-e Faisal,
Karachi - 74400, Pakistan.

Tel: (92-21) 111-111-500

Fax: (92-21) 34326020 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET 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 Capital Market 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, 2016 in accordance with the provisions of the following:

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

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 17, 2017



AUDITOR'S 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, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

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 Capital Market Fund (the Fund) as at December 31, 2016, 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 half year ended December 31, 2016. 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. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2016 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

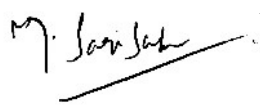
Dated: 02 FEB 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited

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

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		230,950	80,904
Investments	5	481,368	566,333
Dividend and profit receivables		955	1,599
Advances, deposits and prepayments		5,021	5,057
Receivable against sale of investment		15,125	-
Total assets		733,419	653,893
LIABILITIES			
Payable to the Management Company		1,278	1,332
Payable to the Central Depository Company of Pakistan Limited - Trustee		128	119
Payable to the Securities and Exchange Commission of Pakistan		271	647
Payable against purchase of investment		14,947	-
Payable against redemption of units		216	1,218
Accrued expenses and other liabilities	6	22,298	23,655
Total liabilities		39,138	26,971
NET ASSETS		694,281	626,922
Unit holders' funds (as per statement attached)		694,281	626,922
Contingencies and commitments	7		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		53,219,502	58,632,774
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		13.05	10.69

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

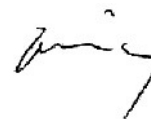
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

		Half year ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
	Note	----- (Rupees in '000) -----			
INCOME					
Dividend income		10,438	14,283	6,414	7,129
Income from government securities		4,877	6,743	2,389	3,036
Profit on bank deposits		1,502	2,700	709	1,555
Income from term finance certificate		-	300	-	150
Capital gain / (loss) on sale of investments - net		72,337	(343)	50,433	(5,273)
Income on NCCPL deposit against exposure margin		6	11	1	4
		89,160	23,694	59,946	6,601
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.4	18,843	9,807	18,936	10,360
Total income		108,003	33,501	78,882	16,961
EXPENSES					
Remuneration of the Management Company		6,367	8,040	3,225	4,124
Sindh Sales tax and Federal Excise Duty on remuneration of the Management Company.		869	2,592	460	1,329
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		637	805	323	413
Sales tax on remuneration of the trustee	8	83	113	42	57
Securities and Exchange Commission of Pakistan - fee		271	342	137	175
Allocated expense	9	318	90	140	90
Securities transaction cost		1,433	518	970	259
Settlement and bank charges		352	242	183	125
Fees and subscription		122	134	56	73
Auditors' remuneration		277	329	144	161
Printing and related cost		203	181	124	115
Legal and professional charges		30	38	15	38
Total expenses		10,962	13,424	5,819	6,959
		97,041	20,077	73,063	10,002
Element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed					
-from realized / unrealized capital gain / (loss)		(476)	1,345	330	1,270
-from other income		(41)	105	(54)	(725)
		(517)	1,450	276	545
Provision for Workers' Welfare Fund	5.1	-	-	-	-
Net income for the period before taxation		96,524	21,527	73,339	10,547
Taxation	12.	-	-	-	-
Net income for the period after taxation		96,524	21,527	73,339	10,547



Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

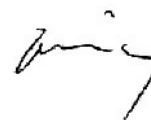
	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note	----- (Rupees in '000) -----			
Other comprehensive income for the period				
<i>Items that may be reclassified to profit and loss account</i>				
Unrealised appreciation / (diminution) in value of investments classified as 'available for sale' - net	30,390	(40,134)	16,098	9,584
Total comprehensive income for the period	126,914	(18,607)	89,437	20,131
Earnings per unit	13			

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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




Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

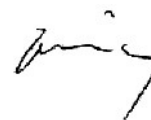
	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Undistributed income brought forward	13,284	22,062	30,392	40,153
Net element of (loss / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - transferred from unit holders' fund	(5,424)	8,331	651	1,220
Net income for the period	96,524	21,527	73,341	10,547
	91,100	29,858	73,992	11,767
Undistributed income carried forward	104,384	51,920	104,384	51,920

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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




Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

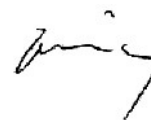
	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
----- (Rupees in '000) -----				
Net assets at beginning of the period	626,922	681,887	603,089	759,557
Issue of 10,685,657 units (2015: 23,740,905 units) and 7,464,094 units (2015: 9,832,591 units) for the half year and quarter ended respectively	124,488	251,702	88,706	103,388
Redemption of 16,098,929 units (2015: 10,369,422 units) and 7,353,146 units (2015: 7,405,435 units) for the half year and quarter ended respectively	(184,560)	(108,207)	(86,675)	(77,206)
	(60,072)	143,495	2,031	26,182
Net element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed				
- amount representing income and capital gains transferred to the Income Statement				
Arising from capital gain and unrealised gain	476	(1,345)	(330)	(1,270)
Arising from other income	41	(105)	54	725
- amount representing (income)/ loss that form part of unit holders' fund transferred to the Distribution Statement	5,424	(8,331)	(651)	(1,220)
	5,941	(9,781)	(927)	(1,765)
Net element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(5,424)	8,331	651	1,220
Capital (loss) / gain on sale of investments - net	72,337	(343)	50,433	(5,273)
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	18,843	9,807	18,936	10,360
Other income for the period - net	5,344	12,063	3,970	5,460
Unrealised appreciation/ (diminution) on re-measurement of investments classified as available for sale - net	30,390	(40,134)	16,098	9,584
Total comprehensive income for the period	126,914	(18,607)	89,437	20,131
Net assets at end of the period	694,281	805,325	694,281	805,325

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

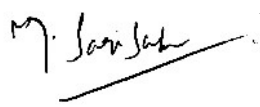


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

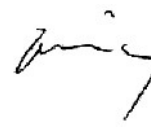
	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	96,524	21,527	73,339	10,547
<i>Adjustments for:</i>				
Unrealised appreciation in value of investments classified as at fair value through profit or loss - net	(18,843)	(9,807)	(18,936)	(10,360)
Net element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed				
Arising from capital gain and unrealised gain	476	(1,345)	(330)	(1,270)
Arising from other income	41	(105)	54	725
	<u>78,198</u>	<u>10,270</u>	<u>54,127</u>	<u>(358)</u>
(Increase) / decrease in assets				
Investments	134,198	(322,403)	148,064	(1,209)
Dividend and profit receivables	644	(2,356)	3,239	3,981
Advances, deposits and prepayments	36	(36)	52	22
Receivable against sale of investment	(15,125)	(3,634)	(6,589)	(3,634)
	<u>119,753</u>	<u>(328,429)</u>	<u>144,766</u>	<u>(840)</u>
Increase / (decrease) in liabilities				
Payable to the Management Company	(54)	467	43	119
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	62	16	12
Payable to the Securities and Exchange Commission of Pakistan	(376)	(52)	137	175
Payable against purchase of investment	14,947	(7,603)	6,336	909
Payable against redemption of units	(1,002)	-	-	-
Accrued expenses and other liabilities	(1,357)	(3,890)	340	904
	<u>12,167</u>	<u>(11,016)</u>	<u>6,872</u>	<u>2,119</u>
Net cash (used in) / generated from operating activities	A	210,118	(329,175)	205,765
				921
B. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from units sold		124,488	251,702	88,706
Cash paid on units redeemed		(184,560)	(108,207)	(86,675)
Net cash (used in) / generated from financing activities	B	(60,072)	143,495	2,031
Net (decrease) / increase in cash and cash equivalents during the period	A+B	150,046	(185,680)	207,796
Cash and cash equivalents at beginning of the period		80,904	240,948	23,154
Cash and cash equivalents at end of the period		<u>230,950</u>	<u>55,268</u>	<u>230,950</u>
				55,268

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee on October 27, 2003. The Investment Adviser of PCMF obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on November 5, 2003.
- 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 situated 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3 During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange formerly, formerly Karachi, Lahore and Islamabad Stock Exchanges.
- 1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned asset manager rating of "AM2++" dated June 8, 2016 to the Management Company and long term performance rating of 3-star and short term performance rating of 4-star dated August 13, 2015 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1 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 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). 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 statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016. 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 quarters ended December 31, 2016 and December 31, 2015 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 5.9.13 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, 2016

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

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

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2016.

3.2 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, 2016.

3.3 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.

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, 2016.

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
	Note	---- (Rupees in '000) ----	
5. INVESTMENTS			
<i>At fair value through profit or loss</i>			
Listed equity securities	5.1	251,685	15,113
Government securities	5.2	-	148,962
		<u>251,685</u>	<u>164,075</u>
<i>Available for sale</i>			
Listed equity securities	5.3	229,683	402,258
		<u>481,368</u>	<u>566,333</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

5.1 Listed equity securities 'at fair value through profit or loss'

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2016	As at December 31, 2016			Market value as a percentage of total investments	Market value as percentage of total paid up capital of the investee company
						Carrying Value	Market value	Appreciation / (diminution)		
										%
Rupees in '000'										
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise										
Automobile Assembler										
Atlas Honda Limited	-	19,300	-	-	19,300	11,098	11,273	175	1.62	2.34
HinoPak Motors Limited	-	8,000	-	-	8,000	12,632	14,505	1,873	2.09	3.01
Pak Suzuki Motor Company Limited	-	25,000	-	-	25,000	13,961	15,321	1,360	2.21	3.18
						37,691	41,099	3,408	5.92	8.53
Cable And Electrical Goods										
Pak Elektron Limited	-	134,000	-	-	134,000	9,712	9,552	(160)	1.38	1.98
Cement										
Dewan Cement Limited	-	180,000	-	-	180,000	6,624	7,027	403	1.01	1.46
Kohat Cement Limited	-	48,000	-	-	48,000	13,440	13,999	559	2.02	2.91
Lucky Cement Limited	-	57,600	-	-	57,600	43,623	49,896	6,273	7.19	10.37
Maple Leaf Cement Factory Limited	-	60,000	-	60,000	-	-	-	-	-	-
Thatta Cement Company Limited	-	100,000	-	-	100,000	3,732	3,938	206	0.57	0.82
						67,419	74,860	7,441	10.79	15.56
Paper And Board										
Packages Limited	150	-	-	150	-	-	-	-	-	-
Century Paper and Board Mills Limited	-	90,000	-	90,000	-	-	-	-	-	-
						-	-	-	-	-
Commercial Banks										
Allied Bank Limited	-	76,500	-	26,500	50,000	5,882	5,961	79	0.86	1.24
Faysal Bank Limited	-	204,500	-	204,500	-	-	-	-	-	-
Habib Bank Limited	-	45,000	-	-	45,000	10,833	12,296	1,463	1.77	2.55
National Bank Of Pakistan	-	40,000	-	40,000	-	-	-	-	-	-
United Bank Limited	-	90,000	-	-	90,000	20,158	21,501	1,343	3.10	4.47
						36,873	39,758	2,885	5.73	8.26
Engineering										
International Industries Limited	-	36,000	-	-	36,000	6,497	7,334	837	1.06	1.52
Fertilizer										
Engro Corporation Limited	5,600	-	-	5,600	-	-	-	-	-	-
Dawood Hercules Corporation Limited	-	23,000	-	23,000	-	-	-	-	-	-
Engro Fertilizers Limited	-	100,000	-	-	100,000	6,751	6,798	47	0.98	1.41
Fatima Fertilizer Company Limited	-	185,000	-	185,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	30,000	-	30,000	-	-	-	-	-	-
						6,751	6,798	47	0.98	1.41
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise										
Leather & Tanneries										
Bata Pakistan Limited	1,240	220	-	910	550	2,314	2,371	57	0.34	0.49
Service Industries Limited	-	4,500	-	-	4,500	5,895	6,737	842	0.97	1.40
						8,209	9,108	899	1.31	1.89

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2016	Rupees in '000'				Market value as a percentage of total investments	Market value as a percentage of total paid up capital of the investee company
						Carrying Value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets		
Oil And Gas											
Oil and Gas Development Company Limited	-	40,000	-	-	40,000	6,632	6,614	(18)	0.95	1.37	0.0009
Pakistan Petroleum Limited	30	-	-	-	30	5	6	1	0.00	0.00	-
Haseco Petroleum Limited	-	20,000	-	-	20,000	6,798	6,750	(48)	0.97	1.40	0.0166
Hi-Tech Lubricants Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	42,000	-	42,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	146,000	-	56,000	90,000	6,655	7,341	686	1.06	1.53	0.0142
Sui Southern Gas Company Limited	-	210,000	-	210,000	-	-	-	-	-	-	-
						20,090	20,711	621	2.98	4.30	
Pharmaceuticals											
GlaxoSmithKline (Pakistan) Limited	-	12,000	-	-	12,000	2,687	2,800	113	0.40	0.58	0.0038
The Searle Company Limited	-	19,000	-	-	19,000	11,341	12,422	1,081	1.79	2.58	0.0136
						14,028	15,222	1,194	2.19	3.16	
Power Generation & Distribution											
Hub Power Company Limited	-	45,000	-	45,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited	-	200,000	-	-	200,000	15,200	15,760	560	2.27	3.27	0.0227
						15,200	15,760	560	2.27	3.27	
Refinery											
Attock Refinery Limited	-	27,000	-	-	27,000	10,372	11,483	1,111	1.65	2.39	0.0317
National Refinery Limited	-	17,500	-	17,500	-	-	-	-	-	-	-
						10,372	11,483	1,111	1.65	2.39	
Textile Composite											
Nishat Mills Limited	75,000	-	-	75,000	-	-	-	-	-	-	-
Total at December 31, 2016											
						232,842	251,685	18,843	36.26	52.28	
Total at June 30, 2016											
						13,828	15,113	1,285	2.41	2.67	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

5.2 Government securities - 'at fair value through profit or loss'

Issue date	Face value			As at December 31, 2016			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchased during the period	Disposed during the period	Matured during the period	As at December 31, 2016	Carrying value	Market value	Appreciation / (Diminution)
							(Rupees in '000)	
							----- % -----	
Treasury bills - 12 months	-	50,000	-	50,000	-	-	-	-
Treasury bills - 6 months	50,000	-	15,000	35,000	-	-	-	-
Treasury bills - 3 months	100,000	285,000	150,000	235,000	-	-	-	-
Total as at December 31, 2016						-	-	-
Total as at June 30, 2016						148,933	148,962	29
								26.30

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

5.3 Listed equity securities - 'Available for sale'

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2016	As at December 31, 2016				Market value as a percentage of total paid up capital of the investee company	
						Cost	Market value	Appreciation / (diminution)	Market value as a percentage of net assets		
											Rupees in '000'
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise											
Number of shares											
----- % -----											
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise											
Automobile Assembler											
Ghaddara Nissan Limited	-	27,000	-	27,000	-	4,700	5,732	1,032	0.83	1.19	-
Indus Motor Company Limited	-	6,000	-	2,450	3,550	4,700	5,732	1,032	0.83	1.19	0.0045
Cable & Electrical Goods											
Pak Elektron Limited	338,625	87,000	-	425,625	-	-	-	-	-	-	-
Cement											
Cherat Cement Company Limited	190,000	24,300	-	214,300	-	-	-	-	-	-	-
Dewan Cement Limited	-	230,000	-	46,000	184,000	4,839	7,183	2,344	1.04	1.49	0.0380
D.G. Khan Cement Company Limited	-	187,000	-	187,000	-	-	-	-	-	-	-
Lucky Cement Limited	45,200	-	-	45,200	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
Pioneer Cement Limited	79,000	24,500	-	103,500	-	-	-	-	-	-	-
Chemicals											
Archroma Pakistan Limited	-	8,900	-	8,900	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
I.C.I. Pakistan Limited	40,900	-	-	33,400	7,500	3,182	7,453	4,271	1.07	1.55	0.0081
Linde Pakistan Limited	3,000	-	-	-	3,000	313	586	274	0.08	0.12	0.0120
Commercial Banks											
Askari Bank Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
Bank Al-Habib Limited	-	290,000	-	170,000	120,000	5,269	7,079	1,810	1.02	1.47	0.0108
Habib Bank Limited	200,600	55,000	-	230,900	24,700	4,739	6,749	2,010	0.97	1.40	0.0017
Habib Metropolitan Bank	-	205,000	-	205,000	-	-	-	-	-	-	-
Mcb Bank Limited	25,000	59,000	-	83,900	100	22	24	2	0.00	0.00	-
Meezan Bank Limited	-	67,500	-	67,500	-	-	-	-	-	-	-
United Bank Limited	174,800	50,000	-	178,600	46,200	7,862	11,037	3,175	1.59	2.29	0.0038
Engineering											
Amreli Steels Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
Crescent Steel & Allied Products Limited	400	50,000	-	50,400	-	-	-	-	-	-	-
Fertilizer											
Engro Fertilizers Limited	230,000	206,500	-	35,000	401,500	26,872	27,294	422	3.93	5.67	0.0302
Engro Corporation Limited	142,900	-	-	142,900	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	60,000	-	60,000	-	-	-	-	-	-	-
Food & Personal Care Products											
Al-Shaheer Corporation Limited	700	-	105	-	805	43	46	3	0.01	0.01	0.0006
Shezan International Limited	2,600	-	-	-	2,600	1,174	1,305	131	0.19	0.27	0.0326

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at Dec 31, 2016	As at Dec 31, 2016			Market value as a percentage of total investments	Market value as a percentage of a percentage of total paid up capital of the investee company	
						Rupees in '000'					
						Cost	Market value	Appreciation / (diminution)			
Number of shares											
%											
Glass & Ceramics											
Tariq Glass Industries Limited	153,000	-	-	153,000	-	-	-	-	-	-	-
Insurance											
IGI Insurance Limited	200	-	-	200	-	-	-	-	-	-	-
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	-	25,000	-	13,650	11,350	8,744	10,863	2,119	1.57	2.26	0.0116
The Searle Company Limited	2,100	-	294	-	2,394	798	1,565	767	0.23	0.33	0.0017
						9,542	12,428	2,886	1.80	2.59	
Oil And Gas											
Mari Petroleum Company Limited	20,000	-	-	-	20,000	11,642	27,498	15,856	3.96	5.71	0.0181
* Oil and Gas Development Company Limited	168,600	45,000	-	25,000	188,600	26,694	31,185	4,491	4.49	6.48	0.0044
* Pakistan Oilfields Limited	72,500	30,000	-	64,000	38,500	13,893	20,583	6,690	2.97	4.28	0.0163
Hascol Petroleum Limited	-	12,000	-	12,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	15,200	42,500	-	57,700	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	165,000	-	165,000	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	75,000	-	75,000	-	-	-	-	-	-	-
						52,229	79,266	27,037	11.42	16.47	
Power Generation & Distribution											
Hub Power Company Limited	-	200,000	-	60,000	140,000	17,440	17,287	(153)	2.49	3.59	0.0121
Kot Addu Power Company Limited	285,000	-	-	285,000	-	-	-	-	-	-	-
K-Electric Limited (Par Value Of Rs. 3.5 Each)	1,925,630	-	-	1,925,630	-	-	-	-	-	-	-
Lalpur Power Limited	465,000	-	-	465,000	-	-	-	-	-	-	-
** PAKGEN Power Limited	530,000	-	-	530,000	-	-	-	-	-	-	-
						17,440	17,287	(153)	2.49	3.59	
Refinery											
Attock Refinery Limited	-	18,000	-	-	18,000	6,136	7,656	1,520	1.10	1.59	0.0211
Technology & Communications											
Netsol Technologies Limited	190,000	32,000	-	-	222,000	11,306	12,050	744	1.74	2.50	0.2488
Pakistan Telecommunication Company Limited	-	330,000	-	330,000	-	-	-	-	-	-	-
Systems Limited	165	61,500	-	61,665	-	-	-	-	-	-	-
						11,306	12,050	744	1.74	2.50	
Textile Composite											
Kohinoor Textile Mills Limited	-	75,000	-	-	75,000	6,030	8,715	2,685	1.26	1.81	0.0266
Nishat Chumian Limited	-	415,000	-	130,000	285,000	11,339	17,793	6,454	2.56	3.70	0.1186
** Nishat Mills Limited	16,000	179,500	-	195,500	-	-	-	-	-	-	-
						17,369	26,508	9,139	3.82	5.51	
Textile Spinning											
Gadoon Textile Mills Limited	-	79,500	-	79,500	-	-	-	-	-	-	-
Transport											
Pakistan National Shipping Corporation Limited	18,600	-	-	18,600	-	-	-	-	-	-	-
Total - Dec 31, 2016						173,036	229,683	56,647	33.07	47.71	
						376,001	402,258	26,257	64.16	71.03	
Total - June 30, 2016											

* The above include shares with a market value aggregating to Rs. 28,247 million (June 30, 2016: Rs. 23,875 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 Securities and Exchange Commission of Pakistan.

** These represent transactions with related parties.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
	Note	2016	2016
		---- (Rupees in '000) ----	
5.4 Unrealised appreciation / (diminution) in value of investments at fair value through profit or loss - net			
Market value of investments	5.1	251,685	164,075
Carrying value of investments	5.1	(232,842)	(162,761)
		18,843	1,314

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	6.1	10,732	10,732
Provision for Federal Excise Duty and related tax			
- On management fee	6.2	5,872	5,872
- Sales load		393	393
Legal and professional charges		90	60
Withholding tax payable		516	2,396
Dividend payable		2,783	2,783
Auditors' remuneration		346	419
Zakat		125	125
Brokerage		1,039	540
Other		402	335
		22,298	23,655

- 6.1** The Supreme Court passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 10.732 million. This has resulted in an increase in NAV per unit of Rs. 0.2015 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.2016 per unit on that date.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 2.558 million. This has resulted in a decrease in NAV per unit of Rs. 0.0480 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.04801 per unit on that date.

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

On September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment by the SHC.

Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services.

In view of the abovementioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company of the Fund has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of accounts of the Fund which aggregated to Rs. 5.872 million as at December 31, 2016. (June 30, 2016: Rs. 5.872 million). Had this provision not been made, the NAV of the Fund would have been higher by Rs. 0.11 per unit.

7. CONTINGENCIES AND COMMITMENTS

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

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 13% 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 2016.

Accordingly, the Fund has made an accrual of Rs. 83 thousand on account of Sindh Sales Tax on services chargeable on custodianship services.

9. ALLOCATED EXPENSES

The SECP via its SRO 1160 dated November 25, 2015 has 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. Accordingly, the Fund has made an accrual of Rs. 0.318 million since July 1, 2016 at the maximum rate of 0.1% of average annual net assets being less than the actual expenses allocable to the Fund.

10. Expense Ratio

The expense ratio of the Fund from July 1 2016 to December 31 2016 is 1.74%, the total expense ratio includes 0.19% representing government levy and SECP fee.

11. Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

International Financial Reporting Standard 7 - Financial Instruments : Disclosure requires an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3:** inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

-----December 31, 2016-----				
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Investment classified				
- at fair value through profit or loss	251,685	-	-	251,685
- available for sale	229,683	-	-	229,683
	<u>481,368</u>	<u>-</u>	<u>-</u>	<u>481,368</u>
-----June 30, 2016-----				
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Investment classified				
- at fair value through profit or loss	15,113	148,962	-	164,075
- available for sale	402,258	-	-	402,258
	<u>417,371</u>	<u>148,962</u>	<u>-</u>	<u>566,333</u>

12. TAXATION

The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non Banking Finance Companies and Notified Entities Regulation The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Ordinance. As the management intends to distribute at least 90% of income earned during current year to the unit holders, therefore, no provision for taxation has been made in this condensed interim financial information.

13. 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.

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties 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.

Remuneration to the Management Company and the Trustee are determined in accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

14.1 Details of transactions with connected persons are as follows:

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
MCB-Arif Habib Savings and Investment Limited				
- Management Company				
Remuneration for the period including indirect taxes	7,195	10,632	3,685	5,454
Allocated expense	318	90	140	90

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Arif Habib Limited - Brokerage house				
Brokerage*	245	42	146	7
Next Capital Private Limited - Brokerage House				
Brokerage *	285	63	173	11
MCB Bank Limited				
Bank charges	11	26	3	15
Profit on bank deposit	53	953	10	211
Dividend income	1	9	1	9
Nishat Mills Limited				
Dividend income	1,605	-	1,605	-
D.G. Khan Cement Limited				
Dividend income	576	202	576	202
Lalpir Power Limited				
Dividend income	-	515	-	515
PAKGEN Power Limited				
Dividend income	960	530	480	530
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	720	918	365	470
CDS charges	73	39	30	22
Directors, executives and employees of the Management Company				
Redemption of 16,362 units (2015: 16362 units) and 16,362 units (2015: Nil units) for the half year and quarter ended respectively	-	170	-	-
Issued of 11488.78 units (2015: Nil units) and 11488.78 units (2015: Nil units) for the half year and quarter ended respectively	150	-	150	-

* 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.

14.2 Amounts outstanding as at period / year end:

**MCB-Arif Habib Savings and Investment Limited
- Management Company**

	(Unaudited) December 31 2016	(Audited) June 30 2016
	----(Rupees in '000)----	
Remuneration payable	1,131	1,043
Sales tax payable on management fee	147	146
Sales load payable	33	91
Allocated expenses payable	57	52

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	113	104
Security deposit	300	300
Sales tax payable on trustee fee	15	15

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	(Unaudited) December 31 2016 ----(Rupees in '000)----	(Audited) June 30 2016
MCB Bank Limited		
Bank balance	11	13,170
Profit receivable on bank deposits	53	93
100 shares held (June 30, 2016: 25,000)	24	5,500
Arif Habib Limited - Brokerage House		
Brokerage payable	124	85
Next Capital Private Limited - Brokerage House		
Brokerage payable	110	58
PAKGEN Power Limited		
Nil shares held (June 30, 2015: 530,000 shares)	-	12,746
Lalpir Power Limited		
Nil shares held (June 30, 2015: 465,000 shares)	-	10,091
Directors, executives and employees of the Management Company		
Units held 11,448 (June 30, 2016: Nil)	149	-

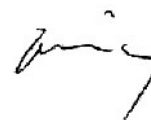
15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 02, 2017 by the Board of Directors of the Management Company.



Chief Executive Officer

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



Director

Please find us on



by typing: **MCB Arif Habib Savings**

MCB-Arif Habib Savings and Investments Limited

24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-468-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081

URL: www.mcbah.com, Email: info@mcbah.com