

Half Year Report December 31, 2014 (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 STRATEGIC ALLOCATION FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi.	
Bankers	MCB Bank Limited Summit Bank Limited Habib Metropolitan Bank Standard Chartered Bank United Bank Limited	
Auditors	Ernts & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM 2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED DECEMBER 31, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Strategic Allocation Fund's accounts review for the first half ended December 31st 2014.

EQUITIES MARKET OVERVIEW

Despite poor performance of oil and gas sector in the wake of continuous decline in oil prices, KSE-100 index managed to surge by 8.4 percent during 1H FY15. Decline in energy cost has made manufacturing sector attractive, while anticipation of discount rate cut has brought leveraged and high dividend yield companies into limelight.

Cement, fertilizer, and power sector remained top performers. Cement companies benefited from decline in coal prices and lower distribution cost. While high dividend yield made fertilizer and power sectors attractive. Performance of E&P, Refineries and Oil Marketing Companies remained dismal and Banking sector stayed range-bound in anticipation of monetary easing down the line.

Foreigners remained net buyers with a cumulative net inflow of US\$ 113 million during the first half of the fiscal year.

FUND PERFORMANCE

During the period, PSAF delivered a return of 9.74% as compared to KSE100 index return of 8.36%. Overall equity exposure of the fund was increased by around 9.1% which stood at 79.7% at the end of the period. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period fund realigned its sector exposure by increasing allocation in Commercial Banks while reducing its allocations in Oil & Gas and Electricity.

FUTURE OUTLOOK

Economic activity is expected to gain momentum in 2015. The manufacturing activity will be driven by lower energy cost, weak raw material prices, improvement in gas supply situation and progress on the political front. In a major positive development, the government is planning to import LNG to ease off gas shortage in the country.

Although the government is eyeing increase in foreign inflows through pledges made by multilateral agencies, approved project financing and divestment of strategic assets, improvement in reserve position largely hinges on volatile law and order situation. In the near-term, realization of expected inflows-through divestment of shares of HBL would be crucial, where the country is expected to raise around \$1 billion. We believe that the sustainability of external account, in the presence of subdued inflationary pressures, would be a key factor in shaping up interest rate direction.

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,



Yasir Qadri
Chief Executive Officer

February 02, 2015

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
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TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN STRATEGIC ALLOCATION 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 Strategic Allocation 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, 2014 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
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2015



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



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Chartered Accountants
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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 Strategic Allocation Fund** (the Fund) as at **31 December 2014**, the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

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A member firm of Ernst & Young Global Limited

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



-: 2 :-

Other matter

The condensed interim financial information of the Fund for the half year ended 31 December 2013 and the financial statements for the year ended 30 June 2014 were reviewed and audited respectively by another firm of chartered accountants whose review report, dated 06 February 2014, and audit report, dated 31 July 2014, expressed an unqualified conclusion and opinion thereon respectively.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 02 February 2015

Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2014

		(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
Assets			
Balances with banks		71,912	99,647
Investments	5	314,763	277,307
Receivable against sale of investments		4,060	12,401
Dividend and profit receivable		870	618
Security deposits and other receivables		3,105	2,971
Total assets		394,710	392,944
Liabilities			
Payable to Management Company		715	679
Payable to Trustee		62	59
Payable to Securities and Exchange			
Commission of Pakistan - annual fee		176	330
Unclaimed dividend		12,400	12,400
Accrued expenses and other liabilities	6	20,576	21,535
Total liabilities		33,929	35,003
NET ASSETS		360,781	357,941
UNIT HOLDERS' FUND (As per statement attached)		360,781	357,941
----- (Number of Units) -----			
Number of units in issue		34,080,901	37,107,015
----- (Rupees) -----			
Net assets value per unit		10.59	9.65

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive Officer

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, 2014

		Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note		(Rupees in '000)			
Income					
		31,810	40,797	24,422	22,082
		6,738	7,055	3,732	2,650
		293	2,847	-	1,690
		3,845	2,035	1,792	1,013
		Unrealised (diminution) / appreciation in value of investments 'at fair value through profit or loss - held-for-trading' - net			
5.3		(664)	12,555	(1,958)	15,593
	Total income	42,022	65,289	27,988	43,028
Operating expenses					
		3,703	3,349	1,844	1,677
				-	
6.1		1,237	1,158	617	581
				-	
		370	353	184	177
				-	
		176	159	88	80
		1,124	1,158	639	577
		179	161	86	98
		247	297	136	163
		149	187	98	126
		115	108	93	51
	Total operating expenses	7,300	6,930	3,785	3,530
Element of loss and capital losses included in the prices of units issued less those in units redeemed					
6.2		(2,153)	(1,530)	(1,620)	(1,403)
	Provision for Workers' Welfare Fund	(651)	(1,137)	(451)	(762)
	Net income for the period before taxation	31,918	55,692	22,132	37,333
7	Taxation	-	-	-	-
	Net income for the period after taxation	31,918	55,692	22,132	37,333
Other comprehensive income for the period					
	Unrealised gain on revaluation of investments classified as 'available-for-sale' - net	48	-	30	-
	Total comprehensive income for the period	31,966	55,692	22,162	37,333
Earnings per unit					

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The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive Officer

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, 2014**

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Undistributed (loss) / income brought forward	(13,245)	36,215	(3,171)	(3,761)
Final bonus distribution for the period ended June 30, 2013 distributed at Rs.2.0247 per unit (declared on July 04, 2013)	-	(54,580)	-	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealized income	1,250	(2,863)	980	892
Total comprehensive income for the period	31,966	55,692	22,162	37,333
Undistributed income carried forward	19,971	34,464	19,971	34,464

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive Officer

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


Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in '000)			
Net assets at beginning of the period	357,941	305,785	365,631	321,046
Issue of 6,710,627 units (2013: 1,534,239 units) and 6,679,079 units (2013: 1,047,448 units) for the half year and quarter ended respectively	66,962	16,240	35,414	11,243
Issued of bonus units Nil (2013: 5,856,222 units) for the half year	-	54,580	-	-
Redemption of 9,736,741 units (2013: 3,180,293 units) and 6,275,784 units (2013: 2,361,019 units) for the half year and quarter ended respectively	(98,241)	(33,110)	(64,046)	(24,889)
	(31,279)	37,710	(28,632)	(13,646)
	326,662	343,495	336,999	307,400
Element of loss / (income) and capital (losses) / gains included in prices of units sold less those in units redeemed				
- amount representing accrued loss and realised capital losses transferred to the income statement	2,153	1,530	1,620	1,403
- amount representing unrealised capital gains / (losses) transferred to the distribution statement	(1,250)	2,863	(980)	(892)
	903	4,393	640	511
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised income	1,250	(2,863)	980	892
Net income for the period transferred from the distribution statement				
Capital gain on sale of investments	31,810	40,797	24,422	22,082
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(664)	12,555	(1,958)	15,593
Other net income for the period	820	2,340	(302)	(342)
Distributions made during the period (refer distribution statement)	-	(54,580)	-	-
	31,966	1,112	22,162	37,333
Net assets at the end of the period	360,781	346,137	360,781	346,136
	(Rupees)			
Net assets value per unit	10.59	9.65	10.59	9.65

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive Officer

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, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income before taxation	31,918	55,692	22,132	37,333
Adjustments				
Element of loss and capital losses included in prices of units issued less those in units redeemed	2,153	1,530	1,620	1,403
Unrealised appreciation in value of investments 'at fair value through profit or loss' - net	664	(12,555)	1,958	(15,593)
Dividend income	(6,738)	(7,055)	(3,732)	(2,650)
	27,997	37,612	21,978	20,493
Working capital changes				
Decrease / (Increase) in assets				
Investments - net	(38,072)	(5,836)	(27,841)	17,345
Receivable against sale of investments	8,341	(873)	10,503	(1,273)
Profit and other receivable	(393)	(364)	(121)	3,293
Advances and security deposits	(134)	-	15,161	-
	(30,258)	(7,073)	(2,298)	19,365
(Decrease) / Increase in liabilities				
Payable to Management Company	36	11	(36)	(56)
Payable to Trustee	3	1	-	1
Payable to Securities and Exchange Commission of Pakistan - annual fee	(154)	(152)	88	80
Accrued expenses and other liabilities	(959)	391	(1,967)	(26,879)
	(1,074)	251	(1,915)	(26,854)
	(3,335)	30,790	17,765	13,004
Dividend received	6,879	7,109	5,854	7,108
Net cash generated from operating activities	3,544	37,899	23,619	20,112
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	66,962	16,240	35,414	11,245
Payments on redemption of units	(98,241)	(33,110)	(64,046)	(24,889)
Cash dividend paid	-	(5)	-	(5)
Net cash used in financing activities	(31,279)	(16,875)	(28,632)	(13,649)
Net (decrease) / increase in cash and cash equivalents during the period				
	(27,735)	21,024	(5,013)	6,463
Cash and cash equivalents at beginning of the period	99,647	21,834	76,925	36,395
Cash and cash equivalents at end of the period	71,912	42,858	71,912	42,858

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive Officer

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


Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Strategic Allocation Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004.
- 1.2** Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3** Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** The Fund is categorised as "equity scheme" and is listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturities.
- 1.6** Pakistan Credit Rating Agency (PACRA) has assigned Asset Manager rating of AM2 dated April 10, 2014 to the management company and 2-Star as stability rating dated December 18, 2013 to the Fund.
- 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** The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

3. ACCOUNTING POLICIES AND ESTIMATES

- 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, 2014, except as follows:

New / Revised Standards, Interpretations and Amendments

During the period, following amendments, interpretations and improvements to the accounting standards became effective:

IAS 19 – Employee Benefits - Employee Contributions (Amendment)

IAS 32 – Financial Instruments : Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

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

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

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2014.

		(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
At fair value through profit or loss - held-for-trading			
Listed equity securities	5.1	307,032	277,100
Available-for-sale			
Listed equity securities	5.2	7,731	207
		<u>314,763</u>	<u>277,307</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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

(Face value of Rs. 10 each unless stated otherwise)

Name of the Investee Company	As at July 01, 2014	Purchases during the period	Sales during the period	As at December 31, 2014	Balance as at December 31, 2014			Market value as percentage of net assets	Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company
					(Rupees in '000)					
					Cost	Market value	Appreciation / (diminution)			
(Number of shares)										
Oil and gas										
Attock Petroleum Limited	1,880	16,817	1,800	16,897	9,342	9,117	(225)	2.53	2.90	0.02
Pakistan State Oil Company Limited	61,993	23,250	85,000	243	93	87	(6)	0.02	0.03	0.00
Oil & Gas Development Company Limited	109,876	10,900	19,200	101,576	26,230	20,911	(5,319)	5.80	6.64	0.00
Pakistan Oilfields Limited	23,403	25,500	6,900	42,003	21,983	15,934	(6,049)	4.42	5.06	0.02
Pakistan Petroleum Limited *	82,557	54,500	700	136,357	29,076	24,070	(5,006)	6.67	7.65	0.01
National Refinery Limited	7,000	2,800	-	9,800	2,046	1,812	(234)	0.50	0.58	0.01
				306,876	88,770	71,931	(16,839)	19.94	22.86	
Chemicals										
Engro Corporation Pakistan Limited	76,300	94,800	152,700	18,400	3,823	4,076	253	1.13	1.29	0.00
Fauji Fertilizer Bin Qasim Limited	79,400	350,000	367,046	62,354	2,592	2,819	227	0.78	0.90	0.01
Fauji Fertilizer Company Limited	21,300	173,800	62,900	132,200	14,988	15,482	494	4.29	4.92	0.01
Fatima Fertilizer Company Limited	388,200	133,900	504,200	17,900	571	640	69	0.18	0.20	0.00
Engro Fertilizer Limited	13,750	137,000	150,200	550	36	43	7	0.01	0.01	0.00
				231,404	22,010	23,060	1,050	6	7	
Construction and materials										
Cherat Cement Company Limited	93,830	106,400	192,129	8,101	524	556	32	0.15	0.18	0.00
D. G. Khan Cement Limited	69,100	70,500	136,200	3,400	297	376	79	0.10	0.12	0.00
Fauji Cement Company Limited	-	566,500	445,500	121,000	2,703	3,127	424	0.87	0.99	0.01
Kohat cement Company Limited	23,188	16,500	39,100	588	66	112	46	0.03	0.04	0.00
Lucky Cement Company Limited	3,019	78,800	48,200	33,619	16,025	16,819	794	4.66	5.34	0.01
Maple Leaf Cement Company Limited	647,500	195,500	741,200	101,800	3,604	4,505	901	1.25	1.43	0.02
Attock Cement Limited	-	75,000	7,800	67,200	11,730	13,115	1,385	3.64	4.17	0.06
				335,708	34,949	38,610	3,661	10.70	12.27	
General industrials										
Packages Limited	9,200	1,250	9,200	1,250	701	848	147	0.24	0.27	0.00
Food producers										
Engro Foods Limited	72,800	128,000	146,300	54,500	5,159	5,915	756	1.64	1.88	0.01
Nestle Pakistan Limited	-	820	-	820	7,216	7,462	246	2.07	2.37	0.00
				55,320	12,375	13,377	1,002	4	4	
Personal goods										
Nishat Mills Limited	8,800	35,200	29,800	14,200	1,459	1,718	259	0.48	0.55	0.00

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

Name of the Investee Company	As at July 01, 2014	Purchases during the period	Sales during the period	As at December 31, 2014	Balance as at December 31, 2014			Market value as percentage of net assets	Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company
					Rupees in '000)					
					Cost	Market value	Appreciation / (diminution)			
(Number of shares)										
Fixed line telecommunication										
Pakistan Telecommunication Company Limited	117	308,500	69,000	239,617	5,307	5,518	211	1.53	1.75	0.01
Electricity										
Kot Addu Power Company Limited	302,000	5,000	305,193	1,807	122	143	21	0.04	0.05	0.00
Hub Power Company Limited	548,871	472,000	623,739	397,132	28,692	31,119	2,427	8.63	9.89	0.03
Nishat Power Limited	91,100	49,000	140,017	83	3	4	1	0.00	0.00	0.00
Engro Powergen Kadir pur Limited	-	12,982	12,000	982	29	40	11	0.01	0.01	0.00
				400,004	28,846	31,306	2,460	8.68	9.95	
Banks										
Allied Bank Limited	-	30,300	-	30,300	3,339	3,441	102	0.95	1.09	0.00
MCB Bank Limited	36,130	24,200	2,600	57,730	16,963	17,645	682	4.89	5.61	0.01
United Bank Limited	138,118	24,350	24,000	138,468	23,530	24,469	939	6.78	7.77	0.01
Bank AL-Habib Limited	45,150	197,000	7,536	234,614	10,492	11,391	899	3.16	3.62	0.02
Habib bank Limited	-	200	-	200	39	43	4	0.01	0.01	0.00
Habib Metropolitan Bank Limited	-	425,000	-	425,000	15,791	15,853	62	4.39	5.04	0.04
National Bank Of Pakistan Limited	33,705	226,900	260,399	206	12	14	2	0.00	0.00	0.00
Faysal Bank Limited	-	946,500	600,000	346,500	6,007	6,306	299	1.75	2.00	0.03
Bank Alfalah Limited	414,585	151,000	392,741	172,844	4,686	6,029	1,343	1.67	1.92	0.01
				1,405,862	80,859	85,191	4,332	24	27	0.12
Non life insurance										
Pakistan Reinsurance Company Limited	248,100	135,000	333,500	49,600	1,250	1,505	255	0.42	0.48	0.02
Automobile and parts										
Indus Motor Company Limited	-	13,700	-	13,700	10,867	12,060	1,193	3.34	3.83	0.02
Pak Suzuki Motor Company Limited	400	52,100	10,900	41,600	14,904	15,439	535	4.28	4.90	0.05
				55,300	25,771	27,499	1,728	8	9	-
Engineering										
Millat Tractors Limited	-	10,000	-	10,000	5,399	6,469	1,070	1.79	2.06	
December 31, 2014										
June 30, 2014				3,105,141	307,696	307,032	(664)	85.78	97.19	
				267,239	277,100		9,861	77.45	99.93	

* The above include shares with a market value aggregating to Rs.11,474 thousand (June 30, 2014: Rs.17,622 thousand) which have been pledged with National Clearing Company of Pakistan Limited as security against 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

5.2 Listed equity securities 'available-for-sale'

Name of the Investee Company	Number of shares				Balance as at 31 December 2014			Market value as % of net assets	Market value as % of total investments	Market Value as percentage of total Paid up capital of the investee company
	As at July 01, 2014	Purchases during the year	Sales during the year	As at December 31, 2014	Cost	Market Value	Appreciation			
----- (Rupees in '000) -----										
Fully paid ordinary shares of Rs.10 each										
Electricity										
Kot Addu Power Company Limited	3,500	-	3,500	-	-	-	-	-	-	-
General industries										
Packages Limited	-	100	-	100	61	68	7	0.02	0.02	0.00
Personal goods										
Nishat Mills Limited	-	500	-	500	59	60	1	0.02	0.02	0.00
Oil and gas										
Pakistan State Oil Limited	-	200	-	200	71	72	1	0.02	0.02	0.00
Chemicals										
Engro Corporation Pakistan Limited	-	34,000	-	34,000	7,489	7,531	42	2.09	2.39	0.01
Total - 2014					7,681	7,731	51	2.15	2.45	
Total - 2013					205	207	2	0.06	0.07	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

		(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
5.3 Net unrealised appreciation in value of investments at fair value through profit or loss - held-for-trading			
Market value of investments	5.1 & 5.2	307,032	277,100
Less: Cost of investments	5.1 & 5.2	(307,696)	(267,239)
		(664)	9,861
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Conversion cost payable		2,083	3,603
Federal Excise Duty on remuneration of Management Company	6.1	2,028	1,347
Provision for Workers' Welfare Fund	6.2	15,102	14,451
Auditors' remuneration		222	338
Brokerage payable		604	182
Sale load payable		111	38
Others		426	1,576
		20,576	21,535

6.1 Federal Excise Duty on remuneration of Management Company

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax on service thereon in its financial statements with effect from June 13, 2013.

6.2 Provision for Workers' Welfare Fund

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 Collective Investment Schemes (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 have been declared unconstitutional and therefore struck down.

However, in 2013, a Larger Bench of the 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.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

As the matter relating to levy of WWF on CISs is currently pending in the SHC, the Management Company has decided to retain and continue with the provision for WWF in its books of account which aggregates to Rs.15.102 million (June 30, 2014: Rs.14.451 million) as at December 31, 2014. 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.0.44 per unit (4.19%) (June 30, 2014: Rs.0.39 per unit (4.04%)).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

7. 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. 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 recorded in this condensed interim financial information.

8. 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.

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

9.1 Details of transactions with connected persons are as follows:

	----- Un-audited -----			
	Half year ended	Quarter ended	Quarter ended	Quarter ended
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
MCB Arif Habib Savings and Investments				
Remuneration of management company including indirect taxes	4,940	4,506	2,461	2,257
Central Depository Company of Pakistan Limited- Trustee				
Remuneration	370	353	184	177
CDC charges for conversion	50	26	29	(37)
Arif Habib Limited - Brokerage house				
Brokerage *	142	46	41	46
MCB Bank Limited				
Mark up income during the period	3,202	1,505	1,456	1,505
Bank charges	13	4	8	3
Dividend received	371	-	185	-
Mandate under discretionary portfolio services				
Issue of 1,250,991 units (2013: Nil units)	12,741	-	12,741	-
Redemption of 1,250,991 units (2013: Nil units)	13,123	-	13,123	-
Distribution of Nil bonus units (2013: 6,866 units)	-	-	-	-
Directors and executives of the Management Company				
Issuance of 33,988 units (2013: Nil units)	350	-	350	-
Redemption of 33,988 units (2013: Nil units)	350	-	350	-
Nishat Mills Limited				
Dividend received	167	1,180	167	-
DG Khan Cement Limited				
Dividend received	489	248	489	248
Nishat Power Limited				
Dividend received	-	-	-	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	----- (Rupees in '000) -----	
9.2 Amount outstanding as at period / year end		
MCB Arif Habib Savings and Investments		
Remuneration payable	622	585
Sales load payable	111	38
Sales tax payment on management fee	93	94
Conversion cost payable	2,083	3,603
Trustee		
Remuneration payable	62	59
Security deposit	300	300
Arif Habib Limited - Brokerage house		
Brokerage payable	19	46
Summit Bank Limited		
Balance with bank	5,109	5,109
MCB Bank Limited		
Balances with bank	56,228	85,935
Accrued mark-up	484	165
57,730 shares held as at December 31, 2014 (June 30, 2014: 36,130)	17,645	10,888
Nishat Mills Limited		
899,392 units held as at December 31, 2014 (June 30, 2014: 899,392)	9,525	8,676
14,700 shares held as at December 31, 2014 (June 30, 2014: 8,800)	1,778	985
Nishat Power Limited		
83 shares held as at December 31, 2014 (June 30, 2014: 91,100)	4	3,214
Fatima Fertilizer Company		
17,900 shares held as at December 31, 2014 (June 30, 2014: 388,200)	640	11,258
DG Khan Cement Limited		
3,400 shares held as at December 31, 2014 (June 30, 2014: 69,100)	376	6078
Directors and executives of the Management Company		
13,686 units held as at December 31, 2014 (June 30, 2014: 13,686)	145	132

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 02 February, 2015 by the Board of Directors of the Management Company.

11. GENERAL

11.1 Figures for the quarters ended December 31, 2014 and December 31, 2013 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

11.2 Figures are rounded off to the nearest rupees thousand.


Chief Executive Officer

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


Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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