

Hing lagey na phatkari, rang bhi chowka

MCB

**PAKISTAN SOVEREIGN
FUND**

MCB-Arif Habib Savings and Investments Limited

Rated: 'AM2++' by PACRA

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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Company Secretary	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B' S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited NIB Bank Limited Bank Al-Habib Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 ++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund's** accounts review for the year ended June 30th, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut lead by weaker global demand, increase inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill. However, exports kept on falling amid stiff competition and weak demand outlook.

Inflation during the outgoing year continued to remain benign triggered by subdued oil prices and higher base effect of last year. Inflation averaged around 2.85% for the year whereas, average for first half of the year remained close to 2%. Despite the withering of the low base effect from 3QFY16, inflationary pressures remained well anchored supported by dip in oil prices in 3QFY16 and government's decision to defer the increase in prices of petroleum products along with recovery in crude.

Exports continued to remain problematic for balance of payments position over the year decreasing by ~9% relative to last year. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity versus competitors continued to cause worries for the current account position. Adding to trade deficit imports reduced only be about 3.5% as benefit of lower oil prices was offset by higher import of machinery for power while significantly lower cotton production also had to be filled in with imports. Remittances though remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Balance of Payment position however closed on in net surplus of USD 1.05 billion through external borrowings and disbursements from multilateral agencies.

The industrial growth picked up during the year with Large Scale Manufacturing index posting an increase of 3.26% YoY (July-May 2016). The noteworthy contribution came from autos, cement, power and consumer segment.

On the fiscal front, the government managed to contain the fiscal deficit at 4.3% of GDP in the FY16 against 5.3% in FY15. The Government is targeting FY17 deficit of 3.8% of GDP.

The monetary policy committee decreased the policy rate by a cumulative 75 bps during the fiscal year. Status quo was kept after reducing 50 bps in September for 6 months. Despite, the monetary policy board maintaining a cautious view relative to remittances, reversal in oil prices, non-oil imports and foreign market considerations, the monetary policy board decided to reduce policy rate by 25 bps in May.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 23 billion along with strict vigilance of SBP kept the rupee relatively stable during the year.

M2 growth gained traction with FY16 growth of 13.67%. Net Domestic Assets, supported by increase net non-government borrowing of PKR 267 billion, increased by PKR 253 billion.

State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuk (near Rs. 200 Billion) and liquidity pressure after maturity of PIBs worth ~PKR 1.4 trillion.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.3% as against its benchmark return of 6.93%, registering an outperformance of 0.37%.

The Fund in order to capitalize gain at every level has gradually reduced its duration which stood at YTM of 0.95 as compared to YTM of 2 in the beginning of the year.

At period-end, the fund was 44% invested in Treasury Bills, 30.7% in cash and bank deposits, and 24.4% in PIBs.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 8,691 million as compared to Rs. 3,193 million as at June 30, 2015 registering an increase of 172%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 53.2 as compared to opening NAV of Rs. 53.06 per unit as at June 30, 2015 registering an increase of Rs. 0.14 per unit.

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

FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with refineries having ample stock piles of petroleum products, increase in rig counts along with recovery in oil prices, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market along with global uncertainty after Britain exited European Union. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 5% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the first half to remain well anchored around 4% thus framework remains favorable for a stable monetary policy environment with room for easing subject to stability on external front.

Fiscal deficit is expected to remain controlled and progressive upward economic growth targets appear achievable with enough room for the government to bring required structural changes in the economy. The incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year. Risks to external account remain high as the major support in balance of payment account is through flows that are uncertain and self fulfilling as they are also contingent upon favorable external account environment.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction and steel sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight with stability in interest rates along with growth in advances and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would provide impetus for foreign flows into KSE-100 index and would lead to re-rating of market towards higher multiples.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance and the Board of Directors of Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly the state of affairs, the results of operations, cash flows and changes in unit holders' fund.
- b. Proper books of accounts of the fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

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

- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report of the Management Company.
- k. During the year Chief Executive Officer has attended the Directors' Training Program organized by the Institute of Chartered Accounts in Pakistan. (All other the directors have completed the course or they are exempted from attending training course due to sufficient working experience.)
- l. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- m. The details of attendance of Board of Directors meeting is disclosed in note 21.3 to the attached financial statements. Below is the details of committee meetings held during the year ended June 30, 2016:

1. Meeting of the Audit Committee.

During the year, four (4) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1 Mr. Haroun Rashid (Chairman)	4	4	4	-
2 Mr. Samad A. Habib	4	4	3	1
3 Mr. Ahmed Jahangir	4	4	4	-
4 Mr. Nasim Beg*	-	-	-	-

* With effect from April 18, 2016, he was added as a member of the Audit Committee after which no meeting of the Audit Committee was held during the year.

2. Meeting of the Human Resource and Remuneration Committee.

During the year, six (6) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1 Dr. Syed Salman Shah	6	6	6	-
2 Mr. Nasim Beg	6	6	5	1
3 Mr. Ahmed Jahangir	6	6	5	1
4 Mr. Haroun Rashid	6	6	3	3
5 Mr. Yasir Qadri *	2	2	2	-
6 Mr. Muhammad Saqib Saleem **	1	1	1	-

* Resigned from the post of CEO after 2nd meeting.

** Attended 6th meeting as Acting CEO.

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

- n. The trades in the Units of the Fund was carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer and Company Secretary, Chief Financial Officer and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1.	Muhammad Saqib Saleem	Chief Executive Officer	-	-	-
2.	M. Asif Mehdi Rizvi	Chief Financial Officer	-	-	-
3.	Abdul Basit	Company Secretary	800	800	-
4.	Fahad Sultan	Chief Internal Auditor	-	-	-

External Auditors

The fund's external auditors, **Ernst & Young Ford Rhodes Sidat Hyder**, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2017. The audit committee of the Board has recommended reappointment of **Ernst & Young Ford Rhodes Sidat Hyder** as auditors of the fund for the year ending June 30, 2017.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
August 05, 2016

ڈائریکٹرز رپورٹ

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	Redemption	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
1.	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	-	-	-
2.	محمد آصف مہدی رضوی	چیف فنانشل آفیسر	-	-	-
3.	عبدالباسط	کمپنی سیکرٹری	800	800	-
4.	فہد سلطان	چیف انٹرنل آڈیٹر	-	-	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ یوگ فورڈ رھوڈز سدا ت حیدر نے 30 جون 2017ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2017ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ارنسٹ اینڈ یوگ فورڈ رھوڈز سدا ت حیدر کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

05 اگست 2016ء

ڈائریکٹرز رپورٹ

m. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات ملحقہ مالیاتی گوشواروں کے نوٹ 21 میں پیش کی گئی ہیں۔ 30 جون 2016ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

1. آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	4	4	4	1. جناب ہارون رشید (چیرمین)
1	3	4	4	2. جناب صداعے حبیب
-	4	4	4	3. جناب احمد جہانگیر
-	-	-	-	4. جناب نسیم بیگ *

* آپ کو 18 اپریل 2016ء کو آڈٹ کمیٹی کے رکن کی حیثیت سے شامل کیا گیا جس کے بعد آڈٹ کمیٹی کی کوئی میٹنگ نہیں ہوئی۔

2. ہیومن ریسورس اینڈ رمیونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ رمیونریشن کمیٹی کی چھ (06) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	6	6	6	1. جناب سید سلمان شاہ
1	5	6	6	2. جناب نسیم بیگ
1	5	6	6	3. جناب احمد جہانگیر
3	3	6	6	4. جناب ہارون رشید
-	2	2	2	5. جناب یاسر قادری *
-	1	1	1	6. جناب محمد ثاقب سلیم **

* دوسری میٹنگ کے بعد سی ای او کے عہدے سے مستعفی ہو گئے۔

** چھٹی میٹنگ میں قائم مقام سی ای او کے طور پر شرکت کی۔

ڈائریکٹر رپورٹ

طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے جوشق ہے اس کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کاربند ہے جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو بالتفصیل واضح کیا گیا ہے۔

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

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

b. فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، Non-Bینکنگ فنانس کمپنیز (اسٹابلشمنٹ اور ریگولیشنز) کے ضوابط، 2003ء، Non-Bینکنگ فنانس اینڈ نوٹیفائیڈ انڈسٹریز ریگولیشنز، 2008ء، متعلقہ ڈسٹ Deeds کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور نافذ ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔

f. کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔

g. لسٹنگ قوانین میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔

h. کارپوریٹ گورننس کے ضابطہء اخلاق کے مطابق مطلوبہ کلیدی مالیاتی اعداد و شمار کا خلاصہ مالیاتی گوشواروں کے ساتھ ملحق ہے۔

i. واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز (اگر کوئی ہیں تو) ملحقہ آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔

j. پراویڈنٹ فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ مینجمنٹ کمپنی کی ڈائریکٹر رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔

k. دوران سال دی انٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے منعقدہ ڈائریکٹر ترقیتی پروگرام میں چیف ایگزیکٹو آفیسر نے شرکت کی۔ (باقی تمام ڈائریکٹرز یہ ترقیتی کورس مکمل کر چکے ہیں، یا خاطر خواہ تجربے کی بنیاد پر اس سے مستثنیٰ ہیں۔)

l. این بی ایف سی کے قواعد و ضوابط اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی pattern مالیاتی گوشواروں کے ساتھ ملحق ہے۔

ڈائریکٹر رپورٹ

سال مذکورہ کا اوسط کنزیومر پرائس انڈیکس متوقع طور پر 5% سے کم رہے گا۔ جبکہ تیل قیمتوں اور زر مبادلہ کی شرح میں استحکام کی بدولت افراط زر پہلی ششماہی میں تقریباً 4% کی سطح پر قابو میں رہے گی، چنانچہ ایک مستحکم مانیٹری پالیسی کے ماحول کے لئے فریم ورک موافق ہے اور اس میں کسی عنصر کو بیرونی جہت میں مستحکم کرنے کی گنجائش موجود ہے۔

مالیاتی خسارہ متوقع طور پر قابو میں رہے گا اور ترقی کے مثبت اہداف قابل حصول نظر آ رہے ہیں، اور حکومت کے پاس معیشت میں ساخت سے متعلق مطلوبہ تبدیلیاں لانے کی گنجائش موجود ہے۔ علاوہ ازیں، بجلی کے شعبے کے لئے حکومت کے ناگزیر متحرک منصوبے درآمداتی بل پر بوجھ ڈالیں گے اور بجلی کی مشینری کی بڑے پیمانے پر درآمد سے کرنٹ اکاؤنٹ قابو میں رہے گا۔

پاکستانی روپیہ متوقع طور پر مزید چمک کا مظاہرہ کرے گا کیونکہ اسے اگلے سال بھر پور غیر ملکی آمدات کی پشت پناہی حاصل ہوگی۔ ایکسٹرنل اکاؤنٹ کے خطرات بدستور بلند ہیں کیونکہ ادائیگیوں کے توازن کے اکاؤنٹ میں بڑی مدد آمدات سے ہوتی ہے، جو غیر یقینی اور ناگزیر ہیں، جس کی ایک وجہ یہ بھی ہے کہ وہ بیرونی اکاؤنٹ کے موافق ماحول پر منحصر ہیں۔

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی چکر اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر ابھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر اور اسٹیل کے شعبے متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنے رہیں گے۔ تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر انٹریسٹ کی شرح میں استحکام اور ایڈوانسز میں اضافے کے سبب منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی نظریں ہیں۔ ابھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے PSX-100 انڈیکس میں تیزی آسکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین اور اس میں اضافے کی راہ ہموار ہوگی۔

کارپوریٹ گورننس

فٹڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے، اور مینجمنٹ کمپنی کا بورڈ آف ڈائریکٹرز عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق کی بہترین طریقوں سے متعلق شقوں، خاص

ڈائریکٹر رپورٹ

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران PSAF نے متعین کردہ معیار 6.93% کے مقابلے میں سال بھر میں 7.3% منافع کمایا، یعنی 0.37% بہتر کارکردگی کا مظاہرہ کیا۔

فنڈ نے ہر سطح پر منافع کا فائدہ اٹھانے کی غرض سے اپنی مدت کو بتدریج کم کر کے 0.95 YTM کر لیا، جو سال کے آغاز میں 2 YTM تھی۔

اختتام مدت پر فنڈ کا سرمایہ ٹریڈری بلز میں 44%، نقد اور بینک ڈپازٹس میں 30.7%، اور PIBs میں 24.4% لگا ہوا تھا۔

30 جون 2016 کو فنڈ کے net اثاثے 8,691 ملین روپے تھے جبکہ 30 جون 2015 کو 3,193 ملین روپے تھے، یعنی 172% اضافہ ہوا۔

30 جون 2016 کو Net Asset Value (NAV) فی یونٹ 53.2 روپے تھی جبکہ 30 جون 2015 کو ابتدائی NAV فی یونٹ 53.06 روپے تھی، یعنی 0.14 روپے فی یونٹ اضافہ ہوا۔

مستقبل کی صورتحال

موجودہ عالمی معاشی ماحول کو دیکھتے ہوئے مقامی معاشی صورتحال متوقع طور پر مستحکم رہے گی۔ تیل کی قیمتیں آئل ریفائنریز میں پٹرول کی مصنوعات کے خاطر خواہ اسٹاک، rig کی تعداد میں اضافے اور تیل کی قیمتوں کی وصولی کی وجہ سے متوقع طور پر قابل رسائی رہیں گی، اور اس وجہ سے بھی کہ اس بات کی توقع بہت کم ہے کہ بڑے آئل پروڈیوسرز رسد کو کم کرنے کے مقصد سے کوئی معاہدہ کریں گے۔ چین میں مندی سے کمزور عالمی صورتحال کی عکاسی ہوتی ہے، اور بینک آف جاپان اور یورپین سینٹرل بینک کا انٹریسٹ کی منفی شرحیں اختیار کرنا بھی اشیاء کی مارکیٹ کے لئے ایک تشویش ناک امر ہے، اور اس کے ساتھ ساتھ برطانیہ کے یورپی یونین کو خیر باد کہہ دینے کے بعد عالمی سطح پر غیر یقینی صورتحال۔ عالمی سطح پر اشیاء کی کمزور صورتحال کے باعث درآمداتی بل کمزور رہے گا لیکن اس کے نتیجے میں برآمدات کی وصولی بھی تاخیر کا شکار ہو سکتی ہے۔

ڈائریکٹر رپورٹ

صنعتی ترقی میں اس سال تیزی آئی جیسا کہ بڑے پیمانے پر مینوفیکچرنگ کے انڈیکس میں 3.26% YoY (جولائی - مئی 2016ء) اضافے سے ظاہر ہے۔ گاڑیوں، سیمنٹ، بجلی اور صارفین کے شعبوں نے قابل ذکر کردار ادا کیا۔

مالیاتی میدان میں حکومت نے مالی سال 2016ء میں مالیاتی خسارے کو مجموعی ملکی پیداوار (GDP) کے 4.3% (بالمقابل 5.3% برائے مالی سال 2015ء) سے آگے بڑھنے نہیں دیا۔ حکومت کا ہدف ہے کہ مالی سال 2017ء میں یہ خسارہ GDP کے 3.8% تک کم کیا جائے۔

مانیٹری پالیسی کمیٹی نے اس سال پالیسی کی شرح کو مجموعی طور پر 75 bps کم کیا۔ ستمبر میں 6 ماہ کے لئے 50 bps کم کرنے کے بعد موجودہ صورتحال برقرار رکھی گئی۔ اس کے باوجود مانیٹری پالیسی بورڈ نے ترسیل زر، تیل کی قیمتوں میں دوبارہ کمی، تیل کے علاوہ دیگر اشیاء کی درآمدات اور غیر ملکی مارکیٹ کے معاملات سے متعلق خطا رویہ اختیار کرتے ہوئے مئی میں پالیسی کی شرح کو 25 bps کم کرنے کا فیصلہ کیا۔

غیر ملکی آمدورفت کے مثبت توازن، ایکسٹرنل اکاؤنٹ کی بہتر صورتحال اور تقریباً 23 بلین ڈالر کے زیر مبادلہ کے مضبوط ذخائر، اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی کڑی نگرانی نے دوران سال روپے کو مستحکم رکھا۔

مالی سال 2016ء کی 13.67% ترقی کے ساتھ M2 ترقی نے زور پکڑا۔ Net غیر حکومتی قرض کے حصول میں 267 بلین روپے اضافے کی مدد سے Net مقامی اثاثہ جات میں 253 بلین روپے اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان نے طے شدہ کرائے کے طریقے پر مبنی اجارہ سسٹم نیلامی منعقد کی، اور اس کے بعد ہونے والی نیلامیوں میں 6.10% اور 5.59% آمدنی ہوئی جس سے اسلامی مالیاتی صنعت کے لئے نسبتاً منافع بخش راہ ہموار ہوئی۔

ختم پیداوار مزید جھک گیا جس پر بنیادی اثر مالیاتی خسارے کی بہتر صورتحال، بہتر غیر ملکی آمدات، اجارہ سسٹم کے اجراء (تقریباً 200 بلین روپے) اور 1.4 ٹریلین روپے مالیت کی PIBs کی maturity کے بعد liquidity کے دباؤ کا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے ”ایم سی بی پاکستان Sovereign فنڈ“ کے 30 جون 2016ء کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

اس سال ہر گزرتے مہینے کے ساتھ معاشی صورتحال بہتر ہوتی گئی۔ اس پر مزید خوش آئند بات یہ ہوئی کہ تیل کی گرتی ہوئی عالمی مانگ، ایران میں پابندیاں ختم ہونے کے بعد وہاں سے رسد میں اضافے اور shale بنانے والوں کی پلک کے باعث رسد میں غیر ضروری اضافہ ہو گیا اور تیل کی قیمتیں گر گئیں، جس کے سبب افراط زر کے دباؤ اور درآمداتی بل میں بھی کمی ہوئی۔ تاہم کڑی مسابقت اور کمزور مانگ کی وجہ سے برآمدات مسلسل کم ہوتی چلی گئیں۔

تیل کی گری ہوئی قیمتوں اور گزشتہ سال کے بڑھے ہوئے base effect کی وجہ سے افراط زر اس سال بھی موافق رہی۔ افراط زر کا سال بھر کا اوسط تقریباً 2.85% ہے، جبکہ پہلی ششماہی میں تقریباً 2% تھا۔ مالی سال 2016ء کی تیسری سہ ماہی سے پست base effect کے موہوم ہو جانے کے باوجود افراط زر کے دباؤ قابو میں رہے جس میں تیل کی قیمتوں میں کمی اور پٹرولیم مصنوعات کی قیمتوں میں اضافے کو ملٹوی کرنے کے حکومتی فیصلے اور اس کے ساتھ ساتھ خام تیل کی وصولی کی معاونت شامل تھی۔

دوران سال برآمدات میں گزشتہ سال کے مقابلے میں 9% کمی ہوئی اور ادائیگیوں کے توازن کی صورتحال بدستور مشکلات کا شکار رہی۔ عالمی سطح پر اشیاء کی کمزور مانگ، مطلوبہ مارکیٹس میں سست روی اور حریفوں کے مقابلے میں روپے اور ڈالر کے نسبتاً غیر موافق توازن کے باعث اشیاء کی پست قیمتوں سے کرنٹ اکاؤنٹ کی صورتحال بدستور تشویش ناک رہی۔ درآمدات میں صرف تقریباً 3.5% کمی نے تجارتی خسارے میں اضافہ کیا کیونکہ تیل کی کم قیمتوں کا مثبت اثر بجلی کے لئے مشینری کی درآمد میں اضافے سے زائل ہو گیا جبکہ کپاس کی بہت کم پیداوار کی وجہ سے پیدا ہونے والے خلاء کو بھی درآمدات سے پُر کرنا پڑا۔ تراسیل زر خلیجی معیشتوں کی کمزور معاشی صورتحال کے مطابق لچکدار رہیں اور ان میں 6% کا اضافہ ہوا۔ تاہم ادائیگیوں کے توازن کی حتمی صورتحال بیرونی قرضوں کے حصول اور کثیرالجہتی ایجنسیوں سے فراہمیوں کے ذریعے 1.05 بلین USD فاضل پر تھی۔

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

Fund Type and Category

MCB Pakistan Sovereign Fund (MSF) is an open end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Fund Benchmark

The benchmark for MSF is 6-month PKRV rates.

Investment Objective

The objective of the fund is to deliver income primarily from investment in Government securities.

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

During the period under review, the fund generated an annualized return of 7.3% as against its benchmark return of 6.93%, registering an outperformance of 0.37%.

The Fund in order to capitalize gain at every level has gradually reduced its duration which stood at YTM of 0.95 as compared to YTM of 2 in the beginning of the year.

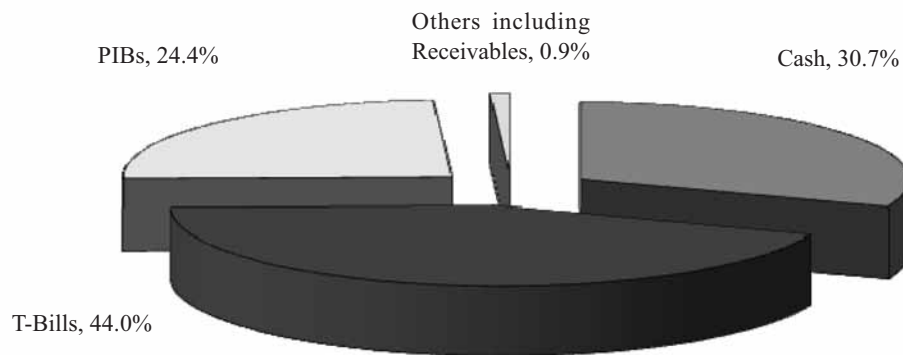
At period-end, the fund was 44% invested in Treasury Bills, 30.7% in cash and bank deposits, and 24.4% in PIBs.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 8,691 million as compared to Rs. 3,193 million as at June 30, 2015 registering an increase of 172%.

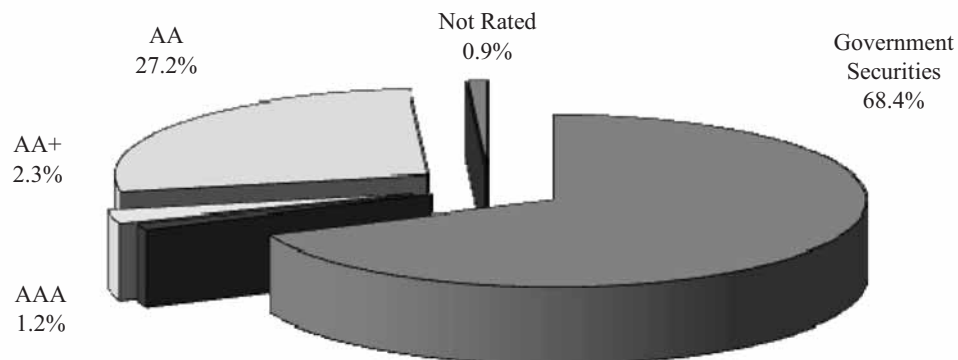
The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs. 53.2 as compared to opening NAV of Rs. 53.06 per unit as at June 30, 2015 registering an increase of Rs. 0.14 per unit.

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

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



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



Saad Ahmed
Fund Manager

Karachi: August 05, 2016

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

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN SOVEREIGN FUND

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

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

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

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 9, 2016



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

This statement is being presented by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Management Company) of MCB Pakistan Sovereign Fund ("the fund") to comply with the Code of Corporate Governance contained in clause no. 5.19.23 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

MCB Pakistan Sovereign Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, MCB-Arif Habib Saving and Investment Limited, on behalf of the Fund have applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors (the Board). At present the Board includes

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

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

2. The directors have confirmed that none of them are serving as a director in more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, a casual vacancy occurring on January 04, 2016 consequent to the resignation of the former Chief Executive Officer of the Company was filled up by the directors the same day through the appointment of Mr Muhammad Saqib Saleem.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. The Board has also approved the appointment, remuneration and terms and conditions of appointment of the Chief Executive Officer.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year, the Chief Executive Officer of the Management Company and an independent director attended directors' training programs conducted by the Institute of Chartered Accountants of Pakistan (ICAP). All the remaining directors on the Board already possess the required training or qualification and experience as required by the Code.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The Directors' Report of the Management Company for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

12. The financial statements were duly endorsed by the Chief Executive Officer and the Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives of the Management Company do not hold any interest in the units of the fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee for the Management Company. It comprises four members who are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results and as required by the Code. The terms of reference of the Committee have been approved by the Board and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five members, of whom four are non-executive directors including the chairman of the committee, who is also an independent director.
18. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the fund and the Management Company.
19. The Board has formulated a mechanism for an annual evaluation of its own performance. The evaluation has been done by the board in the meeting held on August 05, 2016.
20. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares/units of the Management Company/Fund. The firm and all its partners are also in compliance with International Federation of Accountants guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the net assets value of the fund/market price of the Management Company's shares, was determined and intimated to directors, employees and the stock exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
24. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



Muhammad Saqib Saleem
Chief Executive Officer

Karachi: August 05, 2016

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



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

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of MCB-Arif Habib Savings and Investments Limited, the Management Company of **MCB Pakistan Sovereign Fund**, for the year ended **30 June 2016** to comply with the requirements of Regulation No. 5.19.23 of Rule Book of Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2016.

Chartered Accountants

Karachi

Date: 05 August 2016

A member firm of Ernst & Young Global Limited

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



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INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **MCB Pakistan Sovereign Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2016**, and the related statements of income, comprehensive income, cash flows, distribution and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CFR

A member firm of Ernst & Young Global Limited

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



Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **30 June 2016** and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matter

The financial statements for the year ended 30 June 2015 were audited by another firm of Chartered Accountants whose audit report, dated 07 August 2015, expressed an unqualified opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Erford Rhodes

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 05 August 2016

Karachi

A member firm of Ernst & Young Global Limited

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2016

		June 30, 2016	June 30, 2015
	Note	----- (Rupees in '000) -----	
Assets			
Balances with banks	5	4,148,521	1,382,582
Investments	6	9,270,198	2,875,829
Mark-up and other receivables	7	122,930	96,842
Advances and prepayments	8	2,163	2,086
Total assets		<u>13,543,812</u>	<u>4,357,339</u>
Liabilities			
Payable to the Management Company	9	7,134	8,290
Payable to the Trustee	10	610	462
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	11	6,164	4,624
Payable against purchase of Investments		1,990,062	1,069,911
Payable against conversion of units		2,769,378	-
Accrued and other liabilities	12	79,196	81,068
Total liabilities		<u>4,852,544</u>	<u>1,164,355</u>
Net assets		<u>8,691,268</u>	<u>3,192,984</u>
Unit holders' fund		<u>8,691,268</u>	<u>3,192,984</u>
Contingencies and commitments	13		
		----- (Number of units) -----	
Number of units in issue (face value of units is Rs.50 each)		<u>163,363,463</u>	<u>60,180,807</u>
		----- (Rupees) -----	
Net asset value per unit		<u>53.20</u>	<u>53.06</u>

The notes 1 to 23 form an integral part of these financial statements.



Chief Executive Officer

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



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

		June 30, 2016	June 30, 2015
	Note	----- (Rupees in '000) -----	
Income			
Profit on bank deposits		26,837	25,936
Income from government securities		657,795	600,055
Net unrealised appreciation in the value of investment		348	113
Net (loss) / gain on sale of investments		(7,936)	331,524
Total income		677,044	957,628
Expenses			
Remuneration of the Management Company		77,506	67,474
Federal excise duty and Sales tax on management fee	14	24,990	22,536
Remuneration of the Trustee		6,913	5,354
Sales tax on trustee fee		967	-
Annual fee to SECP		6,164	4,624
Expenses allocated by Management			
Company and related taxes		6,051	-
Brokerage expenses		2,775	3,383
Auditor's remuneration	15	676	555
Legal and professional charges		1,488	664
Provision for Workers' Welfare Fund	12.1	-	5,591
Other expenses		1,161	1,006
Total operating expenses		128,691	111,187
Net operating income for the year		548,353	846,441
Element of loss and capital losses included in the prices of units sold less those in units redeemed			
- from realised / unrealised capital gain / (loss)		8,755	(182,534)
- from other loss		(470,816)	(389,958)
		(462,061)	(572,492)
Net income for the year before taxation		86,292	273,949
Taxation	4.16	-	-
Net income for the year after taxation		86,292	273,949

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive Officer

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



Director

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

	June 30, 2016 ----- (Rupees in '000) -----	June 30, 2015
Net income for the year after taxation	86,292	273,949
Other comprehensive income:		
To be reclassified to profit or loss account in subsequent periods		
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	1,250	27,332
Total comprehensive income for the year	<u><u>87,542</u></u>	<u><u>301,281</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive Officer

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



Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016 ----- (Rupees in '000) -----	June 30, 2015
Undistributed income brought forward comprises of:		
- Realised income	156,410	2,081
- Unrealised income	113	113
Undistributed income brought forward - net	156,523	2,194
Interim distribution:		
- Cash distribution: for the year ended June 30, 2016 declared on June 25, 2016 of Rs.3.735 per unit	(141,233)	(119,578)
Element of loss and capital losses included in the prices of units sold less those in units redeemed - amount representing unrealised income	(392,853)	(42)
Net income for the year	86,292 (447,794)	273,949 154,329
Undistributed (loss) / income carried forward	(291,271)	156,523
Undistributed (loss) / income carried forward comprises of:		
- Realised (loss) / income	(291,619)	156,410
- Unrealised income	348	113
	(291,271)	156,523

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive Officer

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



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016 ----- (Rupees in '000) -----	June 30, 2015
Net assets at the beginning of the year	3,192,984	2,496,461
Issue 460,876,678 units (2015: 314,978,902 units)	24,166,773	17,300,875
Redemption 357,694,023 units (2015: 51,754,103 units)	(19,076,859)	(17,358,547)
	5,089,914	(57,672)
Element of loss and capital losses included in prices of units sold less those in units redeemed		
- amount representing loss and capital losses - transferred to Income Statement		
- from realised / unrealised capital (gain) / loss	(8,755)	182,534
- from other loss	470,816	389,958
- amount representing unrealised loss and capital losses that forms part of the unit holders' fund transferred to distribution statement	392,853	42
	854,914	572,534
Net income for the year transferred from the distribution statement		
Capital (loss) / gain on sale of investments - net	(7,936)	331,524
Net unrealised appreciation on re-measurement of investments classified as 'held-for-trading'	348	113
Other net income / (loss) for the year	93,880	(57,688)
Element of loss and capital losses included in the prices of units sold less those in units redeemed - amount representing unrealised income	(392,853)	(42)
Distributions made during the year (refer distribution statement)	(141,233)	(119,578)
	(447,794)	154,329
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	1,250	27,332
Net assets at the end of the year	8,691,268	3,192,984
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	163,363,463	60,180,807
	----- (Rupees) -----	
NET ASSET VALUE PER UNIT	53.20	53.06

The notes 1 to 23 form an integral part of these financial statements.



Chief Executive Officer

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



Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	86,292	273,949
Adjustments for:		
Net unrealised appreciation in the fair value of investments classified 'at fair value through profit or loss - held-for-trading'	(348)	(113)
Element of loss and capital loss included in the prices of units sold less those in units redeemed:		
- from realised / unrealised capital (gain) / loss	(8,755)	182,534
- from other loss	470,816	389,958
	<u>548,005</u>	<u>846,328</u>
Increase in assets		
Investments	(4,650,396)	(862,884)
Mark-up and other receivables	(26,088)	(5,473)
Advances and prepayments	(77)	(31)
	(4,676,561)	(868,388)
Increase in liabilities		
Payable to the Management Company	(1,156)	5,588
Payable to the Trustee	148	249
Annual fee payable to SECP	1,540	3,730
Payable against purchase of Investments	920,151	1,069,911
Payable against conversion of units	2,769,378	
Accrued and other liabilities	(1,872)	40,537
	<u>3,688,189</u>	<u>1,120,015</u>
Net cash (used in) / generated from operating activities	<u>(440,367)</u>	<u>1,097,955</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts against issue of units	24,166,773	17,300,875
Net payments on redemption of units	(19,076,859)	(17,358,547)
Dividend paid	(141,233)	(119,578)
Net cash generated from / (used in) financing activities	<u>4,948,681</u>	<u>(177,250)</u>
Net increase in cash and cash equivalents during the year	<u>4,508,314</u>	<u>920,705</u>
Cash and cash equivalents at beginning of the year	<u>1,630,269</u>	<u>709,564</u>
Cash and cash equivalents at end of the year	<u><u>6,138,583</u></u>	<u><u>1,630,269</u></u>

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The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive Officer

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



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Sovereign Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules), [repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules)].

The Board of Directors have approved that the Fund should be categorised as "Income Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009.

During the year ended June 30, 2010, Habib Metropolitan Bank Limited retired as the Trustee of the Scheme and Central Depository Company of Pakistan Limited (CDC) was appointed as the new Trustee with effect from November 23, 2009. The SECP approved the appointment of CDC as the Trustee in place of Habib Metropolitan Bank Limited and further approved the amendments to the Trust Deed vide its letter number SCD/NBFC-11/MF-RS/MSPF/981/2009 dated 3 November 2009. Accordingly, the Trust Deed of the Scheme was revised through a supplemental Deed executed between the Management Company, Habib Metropolitan Bank Limited and CDC.

Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company has been changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.

MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited (formerly: Islamabad Stock Exchange Limited).

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM 2++ dated June 08, 2016 to the Management Company and has assigned stability rating of "A+(f)" dated December 31, 2015 to the Fund. The Fund consists of a 'Perpetual' (the scheme). In addition, the Fund had also issued other sub-scheme which matured as follows:

Name of sub-scheme	Maturity date of sub-scheme
MetroBank - Pakistan Sovereign Fund - (December 2012)	December 31, 2012
MetroBank - Pakistan Sovereign Fund - (December 2007)	December 31, 2007
MetroBank - Pakistan Sovereign Fund - (December 2005)	December 31, 2005
MetroBank - Pakistan Sovereign Fund - (December 2003)	December 31, 2003

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the trustee of the Fund.

2. STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

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

2.2 New Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

2.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.1 and 4.6 respectively.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 2.2.

4.1 Financial assets

The Fund classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss - held-for-trading;
- available-for-sale investments; and
- loans and receivables.

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition and re-evaluates this classification on a regular basis.

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

a) **Financial assets at fair value through profit or loss**

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

b) **Available-for-sale**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss - held-for-trading. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

c) **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4.2 **Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.3 **Initial recognition and measurement**

a) **Financial assets at fair value through profit or loss - held-for-trading**

These investments are initially recognized at fair value. Transaction costs are expensed in the income statement.

b) **Available-for-sale and loans and receivables**

These are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of such assets.

4.4 **Subsequent measurement**

Subsequent to initial recognition, financial assets designated by the management at fair value through profit or loss and available-for-sale are valued at fair values determined as follows:

a) **Debt securities**

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 06, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) **Government securities**

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

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from changes in fair value of available-for-sale financial assets are taken to the 'statement of comprehensive income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

c) **Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortized cost using the effective interest method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

4.5 Securities under repurchase / resale agreements

Transactions of purchase under an agreement for resale (reverse-repo) of marketable and government securities, including the securities purchased under margin trading system, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognized in the statement of assets and liabilities. Amount paid under these agreements are included as receivable in respect of reverse repurchase transactions / against margin trading system transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions / margin trading system and accrued over the life of the reverse-repo agreement.

All reverse repo / marginal trading system transactions are accounted for on the settlement date.

4.6 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 1 dated January 06, 2009 as amended by Circular No. 13 dated May 04, 2009 and Circular No. 33 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

4.7 Derivatives

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as asset when the fair value is positive and liabilities when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the Income Statement.

4.8 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.10 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

4.11 Issue and redemption of units

Units issued are recorded at the offer price of the day on which funds are received in the Trustee bank accounts during business hours. The offer price represents the net asset value per unit as of the close of the business day.

Units redeemed are recorded at the redemption price announced as of the close of the business day on which a correctly filled-in redemption form is submitted within the business hours. The redemption price represents the net asset value per unit as of the close of the business day.

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

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units sold and redeemed during an accounting period which pertains to unrealized gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the Income Statement.

4.13 Proposed distributions

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

4.14 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.15 Earnings per unit

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

4.16 Taxation

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly no provision for taxation has been made in these financial statements.

4.17 Revenue recognition

- Realized capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealized gains / (losses) arising on mark to market of investments classified as 'at fair value through profit or loss' - held-for-trading are included in the Income Statement in the period in which they arise.
- Income from government securities is recognized using the effective interest method.
- Profit on investments is recognized on an accrual basis.
- Profit on bank deposits is recognized on an accrual basis.

4.18 Expenses

All expenses including management fee, trustee fee and SECP fee are recognised in the Income Statement on an accrual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

4.19 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

4.20 Other assets

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

4.21 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary financial assets and liabilities are recognized in the Income Statement.

4.22 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

	Note	June 30, 2016	June 30, 2015
		----- (Rupees in '000) -----	
5. BALANCES WITH BANKS			
Deposit accounts	5.1	4,126,189	1,376,354
Current account		22,332	6,228
		<u>4,148,521</u>	<u>1,382,582</u>

5.1 These carry mark-up at rates ranging between 3.75% to 6.25% per annum (2015: 4.5% to 10.35% per annum) and include balance of Rs.162 million (2015: Rs.1,214 million) with MCB Bank Limited (a related party).

6. INVESTMENTS

6.1 'At fair value through profit or loss' - held for trading

Pakistan investment bonds	6.1.1	58,054	2,156
Market treasury bills	6.1.2	5,966,048	247,687
		<u>6,024,102</u>	<u>249,843</u>

6.2 Available-for-sale

Pakistan investment bonds	6.2.1	3,246,096	2,625,986
		<u>9,270,198</u>	<u>2,875,829</u>

6.6.1.1 Pakistan investment bonds - 'at fair value through profit or loss' - held-for-trading

6.1.1.1.1 These will mature latest by 18 August 2016 (2015: 18 August 2016) and carry interest at the rate of 11.5% (2015: 11.5%) per annum.

6.1.1.2 Treasury bills - 'at fair value through profit or loss' - held-for-trading

Total as at June 30, 2015

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

6.1.2.1 These will mature latest by August 04, 2016 (2015: August 20, 2015) and carry effective yield at the rate of 5.88% per annum (2015: Nil).

6.1.2.2 These will mature latest by August 04, 2016 (2015: August 20, 2015) and carry effective yield at the rates ranging from 5.90% to 5.92% per annum (2015: Nil).

6.2.1 Pakistan investment bonds - 'available-for-sale'

	Face value			As at 30 June 2016			Market value	
	As at July 01, 2015	Purchased during the year	Sales / matured during the year	As at June 30, 2016	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
	(Rupees in '000)			(Rupees in '000)			%	
Note								
6.2.1.1	363,770	9,919,800	(8,922,400)	1,361,170	1,415,083	1,426,832	11,749	15.39%
Pakistan Investment Bonds - 3 years								16.42%
6.2.1.2	786,550	10,776,700	(10,249,100)	1,314,150	1,389,030	1,398,180	9,150	15.08%
Pakistan Investment Bonds - 5 years								16.09%
6.2.1.3	101,000	-	(92,000)	9,000	9,151	9,090	(61)	0.10%
Pakistan Investment Bonds - 7 years								0.10%
6.2.1.4	1,219,450	2,075,000	(2,946,500)	347,950	398,474	405,634	7,160	4.38%
Pakistan Investment Bonds - 10 years								4.67%
6.2.1.5	5,500	-	-	5,500	5,600	6,360	760	0.07%
Pakistan Investment Bonds - 20 years								0.07%
Total as at June 30, 2016					3,217,338	3,246,096	28,758	
Total as at June 30, 2015					2,598,478	2,625,986	27,508	

6.2.1.1 These will mature latest by July 18, 2016 (2015: July 18, 2016) and carry interest at the rate ranging from 8.75% to 11.25% (2015: 11.25% to 12%) per annum.

6.2.1.2 These will mature latest by August 18, 2016 (2015: July 22, 2015) and carry interest at the rate ranging from 7.75% to 11.5% (2015: 11.25% to 12%) per annum.

6.2.1.3 These will mature latest by September 03, 2016 (2015: September 03, 2016) and carry interest at the rate of 11.75% (2015: 12%) per annum.

6.2.1.4 These will mature latest by August 22, 2017 (2015: August 22, 2017) and carry interest at the rate ranging from 8.75% to 12% (2015: 9.25% to 12%) per annum.

6.2.1.5 These will mature latest by June 10, 2024 (2015: June 10, 2024) and carry interest at the rate of 10% (2015: 10%) per annum.

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

	Note	June 30, 2016 ----- (Rupees in '000) -----	June 30, 2015
7. MARK-UP AND OTHER RECEIVABLES			
Accrued mark-up on:			
- Pakistan investment bonds		116,978	94,243
- Deposit accounts with banks		5,952	2,599
		<u>122,930</u>	<u>96,842</u>
8. ADVANCES AND PREPAYMENTS			
Advance tax		2,024	1,955
Prepaid Stability Rating fee - PACRA		139	131
		<u>2,163</u>	<u>2,086</u>
9. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee payable	9.1	5,179	4,994
Sales tax on management fee		725	748
Sales load payable		596	2,448
Expenses payable to Management Company		632	-
Legal and professional charges payable		2	100
		<u>7,134</u>	<u>8,290</u>
<p>9.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter two percent of such assets of the Fund. In the current year, the management fees is being calculated on the lower of 10% of the Fund's operating revenue or 1.5% of average daily net assets subject to minimum fee of 0.5% (2015: 0.5%) of average daily net assets.</p>			
10. PAYABLE TO THE TRUSTEE			
Trustee fee	10.1	<u>610</u>	<u>462</u>
<p>10.1 The Trustee, CDC is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Documents as per the tariff specified therein, based on the daily net asset value of the Fund. As per the Trust Deed and Offering Document the tariff structure applicable to the Fund in respect of trustee fee is as follows:</p>			
Average net asset value	Tariff per annum		
Up to Rs.1 billion	0.15% per annum of net assets		
Rs.1 billion to Rs.10 billion	Rs.1.5 million plus 0.075% p.a. of net assets exceeding Rs.1 billion		
Over Rs.10 billion	Rs.8.25 million plus 0.06% p.a. of net assets exceeding Rs.10 billion		

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

11. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.075% (June 30, 2015: 0.075%) of the average daily net assets of the Fund.

	Note	June 30, 2016	June 30, 2015
		----- (Rupees in '000) -----	
12. ACCRUED AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	12.1	42,253	42,253
Federal Excise Duty payable on management fee	14	29,028	14,891
Federal Excise Duty payable on sales load	14	4,170	1,708
Withholding tax payable		176	20,552
Auditors' remuneration		419	368
Brokerage payable		1,687	1,199
Others		1,463	97
		<u>79,196</u>	<u>81,068</u>

12.1 Provision for Workers' Welfare Fund

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 08, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

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

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

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

Furthermore, in the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs.42.253 million (2015: Rs.42.253 million) in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognised any further provision there against. During the year ended June 30, 2016 the Fund charged Rs.Nil on account of WWF. Had the provision of WWF not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Rs.0.26 per unit (0.49%) (2015: Rs.0.70 per unit (1.32%)) as at June 30, 2016.

13. CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

The Finance Act, 2015 inserted a new section 4B "Super Tax for Rehabilitation of Temporarily Displaced Persons" (Super Tax) for tax year 2015. Super Tax was imposed for Tax Year 2015 only on banking companies at the rate of 4% of income and by all other tax payers having income equal to or exceeding Rs.500 million at 3 percent of the income. The levy of Super Tax has been extended to tax year 2016.

The Management Company has received an order dated April 04, 2016 under section 4B(4) for recovery of Super Tax not paid with return of total income filed for tax year 2015. The Assistant Commissioner considered that the Fund was required to pay Super Tax as the income of the Fund was more than Rs.500 million and raised a demand of Rs.28.725 million.

The Management Company had filed an appeal before Commissioner Inland Revenue (Appeals - III) which was decided against the Fund and now the Management Company has filed an appeal against the decision in the Appellate Tribunal Inland Revenue which is pending to date. In addition, the Management Company has obtained a restraining order from Sindh High Court to prohibit tax authorities from taking any coercive action on the basis of impugned order passed and demand notice.

The management, based on consultation with the tax advisor, MUFAP and management companies of other mutual funds, is of the view that the income of the Fund is exempt from tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 since sufficient accounting income had been distributed among the unit holders and the Funds complied with the requirement of clause 99. Therefore, Super Tax under the provision of the Income Tax Ordinance, 2001 is not applicable to the Fund and, accordingly, no provision has been made in the financial statements for the year ended June 30, 2016.

13.2 COMMITMENTS

There were no commitments outstanding as at June 30, 2016.

14. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. The management is however of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not be reversed.

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

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.33.198 million (2015: Rs.16.599 million).

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
15. AUDITORS' REMUNERATION		
Annual audit fee	270	270
Half yearly review fee	135	135
Other certification and services	108	108
	<u>513</u>	<u>513</u>
Sales tax	31	26
Out of pocket expenses	132	16
	<u>676</u>	<u>555</u>
16. CASH AND CASH EQUIVALENTS		
Balances with banks	4,148,521	1,382,582
Treasury bills maturing within 3 months	1,990,062	247,687
	<u>6,138,583</u>	<u>1,630,269</u>

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

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

17.1 Details of transactions with the connected persons / related parties during the year are as follows:

	June 30, 2016 ----- (Rupees in '000) -----	June 30, 2015
MCB Arif Habib Savings and Investment Limited		
Remuneration to the Management Company (including indirect taxes)	102,496	90,010
Issuance of 17,763,386 units (2015: 6,806,825 units)	959,568	366,287
Redemption of 11,903,536 units (2015: 8,375,967 units)	662,871	472,217
Expense allocated by Management		
Company and related taxes	6,051	-
Adamjee Insurance Company Limited		
Issuance of 82,953,780 units (2015: Nil units)	4,441,734	-
Redemption of 28,507,432 units (2015: Nil units)	1,615,072	-
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund		
Issuance of 1,404,008 units (2015: 4,891,070 units)	75,210	258,199
Redemption of 3,639,659 units (2015: 3,134,321 units)	206,197	180,976
D.G Khan Cement Company Limited Employees Provident Fund Trust		
Issuance of 23,700,644 units (2015: Nil units)	1,300,000	-
Redemption of 23,700,644 units (2015: Nil units)	1,315,379	-
MCB Financial Services Limited		
Issuance of 277,173 units (2015: Nil units)	15,161	-
Redemption of 1,851,589 units (2015: Nil units)	104,529	-
Adamjee Insurance Company Limited Employees Provident Fund Trust		
Issuance of 1,628,533 units (2015: 1,383,832 units)	89,743	75,000
Redemption of 1,521,455 units (2015: Nil units)	84,060	-
Dividend paid	5,683	7,265
Adamjee Life Assurance Co. Ltd. (IMF)		
Issuance of 1,350,378 units (2015: 1,699,046 units)	75,000	92,000
Redemption of 1,727,310 units (2015: 1,988,205 units)	96,798	114,954
Adamjee Insurance Co. Ltd - Investment Department		
Issuance of 24,229,369 units (2015: 29,393,739 units)	1,315,785	1,604,148
Redemption of 24,229,369 units (2015: 39,551,263 units)	1,316,388	2,238,505
Adamjee Life Assurance Co. Ltd. (ISF)		
Issuance of 4,750,075 units (2015: 7,381,982 units)	260,000	390,778
Redemption of 8,649,260 units (2015: 4,427,192 units)	486,227	255,664
Adamjee Life Assurance Co. Ltd. (ISF-II)		
Issuance of 1,665,777 units (2015: 3,583,484 units)	92,000	191,440
Redemption of 3,879,116 units (2015: 2,144,981 units)	218,103	123,567
Silk Bank Limited		
Purchase of securities face value 1,600,000,000 (2015: 150,000,000)	1,603,229	174,692
Sale of securities face value 650,000,000 (2015: Nil)	663,565	-

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

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
MCB Bank Limited		
Purchase of securities face value 650,000,000 (2015: 627,000,000)	711,956	588,079
Sale of securities face value 2,450,000,000 (2015: 100,000,000)	4,540,176	103,495
Summit Bank Limited		
Purchase of securities face value 100,000,000 (2015: 150,000,000) **	108,718	168,605
Sale of securities face value 100,000,000 (2015: 250,000,000) **	107,046	265,768
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	7,880	5,354
MCB Bank Limited		
Profit on bank deposits	3,239	12,546
Bank charges	87	57
Arif Habib Limited		
Brokerage *	39	10
Next Capital Limited		
Brokerage *	369	369
Summit Capital (Pvt.) Ltd.		
Brokerage *	8	-
Mandate Under Discretionary Portfolio Services		
Issue of 7,214,802 Units (2015: 1,963,988 units)	394,217	108,234
Redemption of 9,568,916 units (2015: 3,426,627 units)	520,274	191,674
Dividend paid	44,416	21,994
Key management personnel		
Issuance of 490,471 units (2015: 108,635 units)	26,435	6,008
Redemption of 378,018 units (2015: 68,159 units)	21,167	3,665,860
Dividend paid	136	695
17.2 Balance outstanding as at the year end are as follows:		
MCB Arif Habib Savings and Investment Limited		
Management fee payable	5,179	4,994
Sindh sales tax payable on management fee	725	748
5,859,850 units held as at June 30, 2016 (2015: Nil)	311,744	-
Sales load payable	596	2,448
Expense allocated by Management	632	-
Legal and professional charges payable	2	-
Adamjee Insurance Company Limited		
54,446,348 units held as at June 30, 2016 (2015: Nil)	2,896,546	-

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

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund		
1,226,452 units held as at June 30, 2016 (2015: 3,462,102 units)	65,247	1,705,353
Adamjee Insurance Company Limited Employees Provident Fund Trust		
1,628,533 units held as at June 30, 2016 (2015: 1,521,455)	86,638	80,941
Adamjee Life Assurance Co. Ltd. (IMF)		
Nil units held as at June 30, 2016 (2015: 376,932 units)	-	666,090
Adamjee Life Assurance Co. Ltd. (ISF)		
940,203 units held as at June 30, 2016 (2015: 4,839,388 units)	50,019	1,884,598
Adamjee Life Assurance Co. Ltd. (ISF-II)		
NIL units held as at June 30, 2016 (2015: 2,213,339)	-	774,837
MCB Financial Services Limited		
903,274 units held as at June 30, 2016 (2015: Nil Units)	48,054	-
Mandate Under Discretionary Portfolio Services		
1,413,046 units held as at June 30, 2016 (2015: 3,767,160 units)	75,174	93,392
Key management personnel		
312,289 units held as at June 30, 2016 (2015: 134,305 units)	16,614	82,797
Central Depository Company of Pakistan Limited		
Remuneration payable (including related taxes)	610	462
MCB Bank Limited		
Bank deposits	162,016	1,213,765
Profit receivable	577	1,885
Arif Habib Limited		
Brokerage payable	18	10
Next Capital Limited		
Brokerage payable	74	369

* 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.

** Mr. Nasim Beg has resigned from Summit Bank Limited with effect from January 19, 2016. Therefore, the purchase transaction has been incorporated as it occurred on or before January 18, 2016.

18. FINANCIAL RISK MANAGEMENT

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

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

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

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

18.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the NBFC Regulations, The NBFC Rules.

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

18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund holds fixed rate instrument in the form of government securities that expose the Fund to fair value interest rate risk.

As at 30 June, details of the interest rate profile of the Fund's interest bearing financial instruments 'were as follows:

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
Fixed rate instruments		
Treasury bills	5,966,048	247,687
Pakistan Investment Bonds	<u>3,304,150</u>	<u>2,628,142</u>
	<u>9,270,198</u>	<u>2,875,829</u>

a) Sensitivity analysis for variable rate instruments

As at June 30, 2016, the Fund does not hold any variable rate instruments and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2016, the Fund holds Market Treasury Bills which are classified as fair value through profit or loss, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2016, the net income for the year and net assets would be lower by Rs.5.73 million (2015: Rs.2.406 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2016, the net income for the year and net assets would be higher by Rs.5.74 million (2015: Rs.2.406 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

As at June 30, 2016, the Fund also holds Pakistan Investment Bonds which are classified 'at fair value through profit or loss' - held-for-trading and available-for-sale, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the FMAP on June 30, 2016, the net income for the year and net assets would be lower by Rs.63.823 million (2015: Rs.64.873 million). In case of 100 basis points decrease in rates announced by the FMAP on June 30, 2016, the net income for the year and net assets would be higher by Rs.66.136 million (2015: Rs.35.891 million).

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

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

June 30, 2016						
Yield / effective interest rate (%)	Exposed to yield / interest rate risk				Not exposed to yield / interest risk	Total
	Upto three months	More than three months and upto one year	More than one year			
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	3.75 to 6.25	-	4,126,189	-	22,332	4,148,521
Investments classified:						
At fair value through profit or loss'						
- held-for-trading						
- Government securities	5.88 to 11.50	1,990,062	3,975,986	58,054	-	6,024,102
Available-for-sale						
- Government securities	7.75 to 12.00	-	-	3,246,096	-	3,246,096
Mark-up and other receivables		6,159	116,771	-	-	122,930
		1,996,221	8,218,946	3,304,150	22,332	13,541,649
Financial liabilities						
Payable to the Management Company		-	-	-	7,134	7,134
Payable to the Trustee		-	-	-	610	610
Payable against purchase of investments		-	-	-	1,990,062	1,990,062
Payable against conversion of units		-	-	-	2,769,378	2,769,378
Accrued and other liabilities		-	-	-	2,825	2,825
		-	-	-	4,770,009	4,770,009
On-balance sheet gap		1,996,221	8,218,946	3,304,150	(4,747,677)	8,771,640

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

June 30, 2015						
	Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	4.5 to 10.35	-	1,376,354	-	6,228	1,382,582
Investments classified:						
At fair value through profit or loss'						
- held-for-trading						
- Government securities	11.50	247,687	-	-	-	247,687
Available-for-sale						
- Government securities	9.25 to 12.00	-	-	2,625,986	-	2,625,986
Mark-up and other receivables		-	96,842	-	-	96,842
		247,687	1,473,196	2,625,986	6,228	4,353,097
Financial liabilities						
Payable to the Management Company		-	-	-	8,290	8,290
Payable to the Trustee		-	-	-	462	462
Payable against purchase of investments		-	-	-	1,069,911	1,069,911
Payable against conversion of units		-	-	-	-	-
Accrued and other liabilities		-	-	-	1,664	1,664
		-	-	-	1,080,327	1,080,327
On-balance sheet gap		247,687	1,473,196	2,625,986	(1,074,099)	3,272,770

18.1.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk.

18.2 Credit Risk

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

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

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2016 and June 30, 2015 is the carrying amounts of following financial assets.

	June 30, 2016	June 30, 2015
	(Rupees in '000)	
Balances with banks	4,148,521	1,382,582
Investments	9,270,198	2,875,829
Mark-up and other receivables	122,930	96,842
	<u>13,541,649</u>	<u>4,355,253</u>

None of the financial assets were considered to be past due or impaired as on June 30, 2016.

Details of credit rating of balance with banks as at June 30, are as follows:

Bank balances by rating category	Rating	June 30, 2016	June 30, 2015
	Long-term / short-term	----- (Rupees in '000) -----	
Deposit accounts			
Habib Metropolitan Bank	AA+/A1+	16,052	163,162
MCB Bank Limited	AAA/A1+	139,740	1,207,547
Faysal Bank Limited	AA/A1+	1,400,020	100
Allied Bank Limited	AA+/A1+	300,031	115
Bank Alfalah Limited	AA/A1+	2,279,810	960
NIB Bank Limited	AA-/A1+	5	-
Bank Al-Habib Limited	AA+/A1+	7	-
United Bank Limited	AAA/A1+	1,733	4,476
		4,137,398	1,376,360
Current accounts			
MCB Bank Limited	AAA/A1+	22,275	6,217
Habib Metropolitan Bank	AA+/A1+	5	5
		22,280	6,222
		4,159,678	1,382,582

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

Investment in fixed income securities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

All of the Fund's concentration of credit risk at the end of financial year 2016 and 2015 are with commercial banks.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

18.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

The Fund's policy to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units as and when due, without incurring undue losses or risking damage to the Fund's reputation.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with a condition of repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

The liquidity position of the Fund is monitored by Fund Manager and Risk and Compliance Department on daily basis.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

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

As at June 30, 2016				
Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year	
----- (Rupees in '000) -----				
Liabilities				
Payable to the Management Company	7,134	7,134	-	-
Payable to the Trustee	610	610	-	-
Payable against purchase of Investments	1,990,062	1,990,062	-	-
Accrued and other liabilities	2,825	1,687	1,138	-
	<u>2,000,631</u>	<u>1,999,493</u>	<u>1,138</u>	<u>-</u>

As at June 30, 2015				
Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year	
----- (Rupees in '000) -----				
Liabilities				
Payable to the Management Company	8,290	8,290	-	-
Payable to the Trustee	462	462	-	-
Payable against purchase of Investments	1,069,911	1,069,911	-	-
Accrued and other liabilities	1,664	1,199	465	-
	<u>1,080,327</u>	<u>1,079,862</u>	<u>465</u>	<u>-</u>

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

18.4 Financial instruments by category

As at June 30, 2016, all the financial assets are carried on the Statement of Assets and Liabilities are categorised either as 'loans and receivables' or financial assets 'at fair value through profit or loss'. All the financial liabilities carried on the Statement of Assets and Liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

As at June 30, 2016				
Loans and receivables	At fair value through profit and loss' - held-for-trading	Available-for-sale	Total	
----- (Rupees in '000) -----				
Assets				
Balances with banks	4,148,521	-	-	4,148,521
Investments	-	6,024,102	3,246,096	9,270,198
Mark-up and other receivables	122,930	-	-	122,930
	<u>4,271,451</u>	<u>6,024,102</u>	<u>3,246,096</u>	<u>13,541,649</u>

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

	As at June 30, 2016		
	At fair value through profit and loss' - held- for-trading	Other financial liabilities	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	-	7,134	7,134
Payable to the Trustee	-	610	610
Payable against purchase of investments	-	1,990,062	1,990,062
Accrued and other liabilities	-	2,825	2,825
	<u>-</u>	<u>2,000,631</u>	<u>2,000,631</u>

	As at June 30, 2015			
	Loans and receivables	At fair value through profit and loss' - held- for-trading	Available-for- sale	Total
	----- (Rupees in '000) -----			
Assets				
Balances with banks	1,382,582	-	-	1,382,582
Investment	-	249,843	2,625,986	2,875,829
Mark-up and other receivables	96,842	-	-	96,842
	<u>1,479,424</u>	<u>249,843</u>	<u>2,625,986</u>	<u>4,355,253</u>

	As at June 30, 2015		
	At fair value through profit and loss' - held- for-trading	Other financial liabilities	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	-	8,290	8,290
Payable to the Trustee	-	462	462
Payable against purchase of investments	-	1,069,911	1,069,911
Accrued and other liabilities	-	1,664	1,664
	<u>-</u>	<u>1,080,327</u>	<u>1,080,327</u>

19. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using 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:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

As at June 30, 2016				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'				
- held-for-trading				
Pakistan investment bonds	-	58,054	-	58,054
Market treasury bills	-	5,966,048	-	5,966,048
	-	6,024,102	-	6,024,102
Financial assets classified as 'available-for-sale'				
Pakistan investment bonds	-	3,246,096	-	3,246,096
	-	9,270,198	-	9,270,198

As at June 30, 2015				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'				
- held-for-trading				
Pakistan investment bonds	-	2,156	-	2,156
Market treasury bills	-	247,687	-	247,687
	-	249,843	-	249,843
Financial assets classified as 'available-for-sale'				
Pakistan investment bonds	-	2,625,986	-	2,625,986
	-	2,875,829	-	2,875,829

20. UNIT HOLDERS'S FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain minimum fund size to Rs.100 million to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

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

21. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers, meetings of the Board of Directors of the management company and members of the Investment Committee are as follows:

21.1 Pattern of unit holding

Details of pattern of unit holding

	As at June 30, 2016			
	Number of unit holders	Number of Units held	Investment Amount	Percentage Investment
	----- (Rupees in '000) -----			
Individuals	1,077	44,745,301	2,380,450	27.39%
Associated companies	6	65,004,660	3,458,248	39.79%
Insurance companies	5	6,547,669	348,336	4.00%
Retirement funds	57	16,136,321	858,452	9.88%
Public limited companies	22	16,565,490	881,284	10.14%
Others	15	14,364,022	764,498	8.80%
	1,182	163,363,463	8,691,268	100.00%

Details of pattern of unit holding

	As at June 30, 2015			
	Number of unit holders	Number of unit holders	Investment Amount	Percentage Investment
	----- (Rupees in '000) -----			
Individuals	275	16,779,849	890,339	27.88%
Associated companies	5	12,413,216	658,645	20.63%
Insurance companies	2	3,298,153	175,000	5.48%
Retirement funds	19	7,500,007	397,950	12.46%
Public limited companies	6	20,068,375	1,064,619	33.34%
Others	1	121,207	6,431	0.21%
	308	60,180,807	3,192,984	100.00%

21.2 Top ten brokers / dealers by percentage of commission paid

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

	June 30, 2016 Percentage
1 Invest And Finance Securities Limited	18.16%
2 Invest One Markets Private Limited	13.82%
3 JS Global Capital Limited	13.36%
4 BMA Capital Management Limited	13.05%
5 Next Capital Limited	12.69%
6 C And M Management Private Limited	4.78%
7 Magneta Capital Limited	3.93%
8 KASB Securities Limited	3.90%
9 Vector Capital (Pvt) Limited	3.49%
10 Icon Securities (Pvt) Limited	2.15%

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

	June 30, 2015 Percentage
1 Invest Capital Markets Limited	25.50%
2 Invest One Markets Private Limited	21.87%
3 JS Global Capital Limited	14.02%
4 Next Capital Limited	8.31%
5 Vector Capital Pvt Limited	5.46%
6 KASB Securities Limited	4.43%
7 C And M Management Private Limited	3.02%
8 Global Securities Pakistan Limited	2.88%
9 BMA Capital Management Limited	2.53%
10 Invest And Finance Securities Limited	2.52%

21.3 Attendance at meetings of the Board of Directors

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

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
Mr. Mian Mohammad Mansha	8	-	8	118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th
Mr. Nasim Beg	8	7	1	119th
Mr. Yasir Qadri *	8	3	-	-
Dr. Syed Salman Ali Shah	8	8	-	
Mr. Haroon Rashid	8	8	-	
Mr. Ahmed Jahangir	8	7	1	122nd
Mr. Samad A. Habib	8	6	2	119th, 125th
Mr. Mirza Mehmood Ahmed	8	-	8	118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th
Mr. Muhammad Saqib Saleem (Chief Executive Officer) **	8	5	-	-

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

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

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

21.4 Particulars of investment committee and fund manager

Details of members of investment committee of the Fund are as follows:

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

21.5 Other funds managed by the fund manager

Mr. Saad Ahmed

Mr. Saad Ahmed is the Manager of the Fund as at year end. He has obtained a Masters degree in Business Administration. Other funds being managed by him are as follows:


- MCB Dynamic Cash Fund; and
- MCB Cash Management Optimizer

22. GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

23. DATE OF AUTHORISATION FOR ISSUE

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


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


Director

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

Category	No.of Unit Holders	Units
Associated Companies, undertakings and related Parties		
ADAMJEE INSURANCE CO. LTD.	1	54,446,348
MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED	1	5,859,850
ADAMJEE INSURANCE CO LIMITED EMPLOYEES PROVIDENT FUND	1	1,628,533
ADAMJEE LIFE ASSURANCE CO. LTD.-NUIL FUND	1	1,226,452
ADAMJEE LIFE ASSURANCE CO.LTD.(ISF)	1	940,203
MCB FINANCIAL SEVICES LIMITED	1	903,274
Mutual Funds	-	-
Directors and their spouse (s) and minor children	-	-
Executives	2	312,289
Public sector companies and corporations	7	10,414,700
Banks, Development Finance Institutios, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and Pension Funds	57	16,136,321
Unitholders holding 5 percent or more Voting interest in the listed company	-	-
Others	1,110	71,495,493
	1,182	163,363,463

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

No. of Unit Holder	Unit holdings	Total Units Held
528	1-10000	2,113,568
499	10001-100000	18,669,928
133	100001-1000000	38,990,321
22	1000001 onwards	103,589,645
1,182		163,363,463

PERFORMANCE TABLE

Performance Information	2016	2015	2014	2013
Total Net Assets Value – Rs. in million	8,691	3,193	2,496	1,270
Net Assets value per unit – Rupees	53.20	53.06	50.04	51.38
Closing Offer Price	54.28	54.18	51.07	52.29
Closing Repurchase Price	53.20	53.06	50.04	51.38
Highest offer price per unit	57.95	59.23	53.15	53.36
Lowest offer price per unit	54.13	51.08	50.44	50.16
Highest Redemption price per unit	56.80	58.04	52.08	52.56
Lowest Redemption price per unit	53.06	50.06	49.98	50.07
Distribution per unit – Rs. *	3.74	5.25	4.45	5.71
Average Annual Return - %				
One year	7.30	16.58	9.26	12.30
Two year	10.95	12.92	10.78	11.80
Three year	11.048	12.714	10.954	11.633
Net Income for the year – Rs. in million	86.29	273.95	119.89	594.61
Distribution made during the year – Rs. in million	141.23	119.58	151.95	562.23
Accumulated Capital Growth – Rs. in million	(55)	154	(32)	32
Weighted average Portfolio Duration (days)	347	730	438	63

*** Date of Distribution**

2016	
Date	Rate
June 25, 2016	3.74

2015	
Date	Rate
June 25, 2015	5.25

2014	
Date	Rate
September 27, 2013	0.53
December 27, 2013	0.96
March 27, 2014	2.04
June 27, 2014	0.92

2013	
Date	Rate
September 27, 2012	1.53
December 26, 2012	2.05
March 26, 2013	0.75
July 04, 2013	1.38

Disclaimer








The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.



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