

Half Year Report
December 31, 2015
(Unaudited)



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

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

MCB
PAKISTAN FREQUENT PAYOUT FUND

CONTENTS

Fund's Information	311
Report of the Directors of the Management Company	312
Trustee Report to the Unit Holders	314
Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information	315
Condensed Interim Statement of Assets and Liabilities	316
Condensed Interim Income Statement (Un-audited)	317
Condensed Interim Statement of Other Comprehensive Income (Unaudited)	318
Condensed Interim Distribution Statement (Un-audited)	319
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	320
Condensed Interim Cash Flow Statement (Un-audited)	321
Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	322

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
Company Secretary & Acting Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Asif Mehdi	
Trustee	MCB Financial Services Limited 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited	
Auditors	KPMG Taseer Haidi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75530.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 + Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Frequent Payout Fund's** accounts review for the two months ended December 31st, 2015.

ECONOMY AND MONEY MARKET OVERVIEW

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

External account continued to remain stable where Petroleum Group Imports during the 1HFY16 are lower by approx 39% compared to 1HFY15. However, sizeable increase in imports of food and machinery groups and a significant decline in exports (down 14.5% in 1HFY15 YoY) shaved off approximately the two third of the benefit of drop oil prices. Suffering from weak global demand and relative in-competitiveness the decline was most visible in the other manufacturing sector followed by food and textile sectors. Overall Balance of payment account reported a surplus of near USD 1.5 billion supported by a narrower current account and inflows in financial account. Overall positive external account impact and strong foreign exchange reserves balance of near USD 20.76 Billion along with strict vigilance of SBP kept the rupee relatively stable.

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

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index retreated 4.6% during 1HFY15 as it could not bear the brunt of the rout in commodities and global equities. Even a cut in discount rate could not trigger a boost in investor's confidence, as continuous foreign selling forced the local investors to remain cautious. Foreigners sold US\$ 240 million of equities during the period which were primarily absorbed by Companies (US\$ 64.7 million), NBFCs (US\$ 63.4 million) and Individuals (US\$ 52.0 million).

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

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

FUND PERFORMANCE

During the period under review (Nov 2015-Dec 2015), the fund posted a return of 0.75% compared to the benchmark return of -0.12%. On the equities front, the overall allocation was decreased to 25.4% from 32.1%. The fund increased its exposure in PIBs to 21.9% from 2.9% in November 2015.

The Net Assets of the Fund as at December 31, 2015 stood at Rs. 476 million as compared to Rs. 158 million as at November 30, 2015. The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs. 100.0175

FUTURE OUTLOOK

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

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

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

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

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

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

ACKNOWLEDGMENT

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

On behalf of Directors,



Saqib Saleem
Acting Chief Executive Officer

February 04, 2016



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

MCB PAKISTAN FREQUENT PAYOUT FUND

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

MCB Pakistan Frequent Payout Fund, an open-end Scheme established under a Trust Deed executed between MCB-Arif Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee on 22nd July 2015. The scheme was approved by Securities & Exchange Commission of Pakistan on 16th July 2015.

I. MCB Arif Habib Savings and Investments Limited, the Management Company of MCB Pakistan Frequent Payout Fund has, in all material respects, managed MCB Pakistan Frequent Payout Fund during the period from 16 November 2015 to 31st December 2015 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement

A handwritten signature in black ink, appearing to read 'Anwar', is positioned above the printed name of the Chief Executive Officer.

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 2, 2016

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



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Frequent Payout Fund** ("the Fund") as at 31 December 2015 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts from 16 November 2015 till 31 December 2015 (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

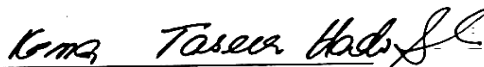
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible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

Conclusion

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

Date: 4 February 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

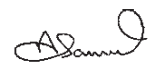
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT 31 DECEMBER 2015

	<i>Note</i>	31 December 2015 (Unaudited) (Rupees in '000)
Assets		
Balances with banks	4	124,603
Investments	5	352,348
Dividend and profit receivables	6	5,985
Advances, deposits and prepayments	7	3,427
Receivable from National Clearing Company of Pakistan Limited		4,669
Total assets		491,032
Liabilities		
Payable to the Management Company	8	10,139
Payable to MCB Financial Services Limited - Trustee	9	52
Payable to Securities and Exchange Commission of Pakistan	10	41
Fair value of derivative liability		882
Payable against purchase of investment		271
Dividend payable		2,265
Accrued expenses and other liabilities	11	1,469
Total liabilities		15,119
Net assets		475,913
Unit holders' fund (as per statement attached)		475,913
Contingencies and commitments	12	
		(Number of units)
Number of units in issue (face value of units is Rs. 100 each)		4,758,297
		(Rupees)
Net asset value per unit		100.02

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Director


Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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


CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

	For the period from 16 November 2015 to 31 December 2015 (Rupees in '000)
<i>Note</i>	
Income	
Capital gain on sale of investments	552
Dividend income	142
Profit on bank deposits	576
Income from government securities	2,290
Income from spread transaction	2
	3,562
Net unrealised diminution in the fair value of future contracts	(882)
Net unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	1,169
Total income	3,849
Expenses	
Remuneration of the Management Company	523
Sindh Sales tax and Federal Excise Duty on Management Fee	168
Remuneration of MCB Financial Services Limited -Trustee	67
Sindh Sales tax on remuneration of Trustee	9
Annual fee to Securities and Exchange Commission of Pakistan	41
Auditor's remuneration	46
Amortisation of preliminary expenses and floatation costs	18
Settlement and bank charges	203
Fees and subscription	14
Allocated expenses	44
Printing and related charges	26
Total operating expenses	1,159
Net income from operating activities	2,690
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	
-from realized / unrealized capital gain	50
-from other income	92
	142
Net income for the period before taxation	2,832
Taxation	13 -
Net income for the period after taxation	2,832
Earnings per unit	14

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Director


Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

		For the period from 16 November 2015 to 31 December 2015 (Rupees in '000)
	<i>Note</i>	
Net income for the year after taxation		2,832
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to income statement</i>		
Unrealised diminution in investments classified as 'available for sale'	5.2	(138)
Total comprehensive income for the year		<u>2,694</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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



Director



Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

	For the period from 16 November 2015 to 31 December 2015 (Rupees in '000)
	<i>Note</i>
Total comprehensive income for the year	2,694
Element of loss and capital losses included in the prices of units issued less those in units redeemed - amount representing unrealized (diminution) / appreciation	58
Distributions to the unit holders of the Fund:	
Interim distributions during the period	
- Cash distribution	<i>18</i> (2,669)
Accumulated gain carried forward	83

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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



Director



Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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


**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

	For the period from 16 November 2015 to 31 December 2015 (Rupees in '000)
Issue of 4,898,848 units for the period	484,395
Redemption of 140,551 units for the period	(8,365)
	476,030
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	
-from realized / unrealized capital gain	(50)
-from other income	(92)
- amount representing (income) / loss and capital losses / (gains) transferred to distribution statement	(58)
	(200)
Element of (loss) and capital (losses) that forms part of unit holders' fund transferred to distribution statement	58
Net income for the period (excluding net unrealized appreciation in fair value of investment classified at 'fair value through profit or loss', future contracts and capital gain on sale of investment)	1,111
Net unrealised appreciation on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	1,169
Net unrealised diminution on re-measurement of investment classified as 'available for sale'	(138)
Capital gain on sale of investments - net	552
Total comprehensive income for the period.	2,694
Distributions during the period	(2,669)
Net assets at the end of the period	475,913
Net assets value per unit at end of the period	100.02

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Director


Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

For the
period from 16
November 2015
to 31 December
2015
Note
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	2,832
Adjustments for non-cash charges and other items:	
Net unrealised appreciation on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	(1,169)
Net unrealised diminution in the fair value of future contracts	882
Element of income and capital gains included in the prices of units issued less those in units redeemed	
-from realized / unrealized capital gain	(50)
-from other income	(92)
Net cash generated from operations before working capital changes	2,403
(Increase) / decrease in assets	
Investments - net	(351,317)
Dividend and profit receivables	(5,985)
Advances, deposits and prepayments	(3,427)
Receivable from National Clearing Company of Pakistan Limited	(4,669)
	(365,398)
Increase / (decrease) in liabilities	
Payable to the Management Company	10,139
Payable to MCB Financial Services Limited - Trustee	52
Payable to Securities and Exchange Commission of Pakistan	41
Payable against purchase of investment	271
Dividend payable	2,265
Accrued expenses and other liabilities	1,469
	14,237
Net cash used in operating activities	(348,758)


CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issuance of units	484,395
Payments against redemption of units	(8,365)
Distribution during the period	(2,669)
Net cash generated from financing activities	473,361
Net increase in cash and cash equivalents	124,603
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	124,603

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Director


Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ["the Fund"] was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2007 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 16 July 2015. It was constituted under a Trust Deed dated 22 July 2015 between MCB-Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and MCB Financial Services Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the of the Management Company is currently situated at 8th floor, Techno city corporate tower, Hasrat Mohani Road, Karachi, Pakistan. With effect from 08 February, 2016 the registered office of the Management Company will be changed to 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for the purchase, redemption, transfer, switching etc only during the first five business days of every month. 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 Fund is in the process of being listed on the Pakistan Stock Exchange.

Under circular 7 dated 6 March 2009 issued by the SECP, the Fund is categorised as an "Asset Allocation Scheme". The Management Company is in the process of making requisite amendments in relation to categorisation, investment objectives and relevant benchmark in the constitutive documents of the Fund.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+' (stable outlook) to the Management Company. The Fund has applied for and is yet to be rated by PACRA.

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

This is the first condensed interim financial information of the Fund, therefore, basis of preparation (note 2), significant accounting policies (note 3), financial risk management policies (note 16) and fair value of financial instruments (note 17) have been fully disclosed.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) , the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, 2008 and the said directives shall prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the fund .

2.2 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention except that financial assets are maintained at fair value.

2.3 Functional and presentation currency

These Financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and 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 results of which form the basis of making the judgements about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amount recognised in the financial statements are as follows:

Investments stated at fair value and derivative financial instruments

The management company has determined fair value of certain investments by using quotations from active market valuation done by Mutual Fund Association of Pakistan. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Other assets

Judgement is also involved in assessing the realisability of the assets balances.

2.5 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in preparation of these financial statement. These accounting policies have been applied consistently to all years presented.

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) *Financial instruments as 'at fair value through profit or loss'*

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative. Financial instruments as 'at fair value through profit or loss' are measured at fair value and changes therein are recognised in the Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

c) *'Available-for-sale'*

'Available for sale' financial assets are non-derivative that are either designated in this category or not classified in any other category.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

d) Financial liabilities

Financial liabilities, other than those as 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the financial assets.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not as 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets as 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit Holders' Fund until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Fund are included in the Income Statement. The financial instruments classified as loans and receivables are subsequently measured at amortised cost less provision for impairment, if any.

Fair value measurement principles

The fair value of a security listed on a stock exchange, local or foreign as the case may be, and derivatives is valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security is valued at an amount neither higher than the closing ask price nor lower than the closing bid price.

Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Basis of valuation of debt securities

Investment in debt securities are valued at the rates determined and notified by Mutual Funds Association of Pakistan (MUFAP) as per the methodology prescribed by SECP via Circular 1 of 2009, Circular 33 of 2012 and Circular 35 of 2012. The Circulars also specify criteria for application of discretionary discount to yield of any debt security calculated by MUFAP and contain criteria for the provisioning of non-performing debt securities.

Investment in thinly and non-traded debt securities with maturity up to six months are valued at their amortised cost in accordance with the requirements of Circular 1 of 2009 issued by the SECP.

Basis of valuation of government securities

The fair value of the investments in government securities is determined by reference to the quotations obtained from the PKRV sheet on the Reuters page.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

Securities under repurchase/ resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities, 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 recognised in the Statement of Assets and Liabilities. Amounts paid under these agreements are recognised as receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the agreement. All reverse repo transactions are accounted for on the settlement date.

Impairment

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss events had an impact on the future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement.

The Board of Directors of the Management Company has formulated a comprehensive policy for making provision against non-performing investments in compliance with Circular 13 of 2009 issued by SECP.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial assets expires or it transfers the financial assets and the transfer qualifies for derecognising in accordance with International Accounting Standard 39: Financial Instruments: Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

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

3.2 Preliminary expenses

Preliminary expenses represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from November 16, 2015, as per the requirement of the Trust Deed of the Fund.

3.3 Provisions

Provisions are recognised 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.4 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income of that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the Fund's unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of second schedule to the Income Tax Ordinance, 2001.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no current tax and deferred tax has been recognized in these financial statements.

3.5 Accrued and other liabilities

Accrued and other liabilities are recognised initially at fair value and subsequently stated at amortised cost.

3.6 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.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of income per unit 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 issued and redeemed during an accounting period which pertains to income / (losses) held in the Unit Holder's Fund 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 recognised in the Income Statement which is bifurcated in to portion attributable to capital gain / losses (realized and unrealized) and other income appearing in book of accounts of the Funds.

3.9 Revenue recognition

- Mark-up on term finance certificates, government securities and money market placements are recognised on an accrual basis.
- Realized capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gain/ (losses) arising on re-measurement of investments classified as Financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profits on bank deposits are recognised on an accrual basis.
- Dividend income on equity securities is recognised when the right to receive dividend is established.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the income statement on the date of issue and redemption of units.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

3.10 Expenses

All expenses including Management fee, Trustee fee and Securities Exchange Commission of Pakistan fee are recognised in the Income Statement on an accrual basis.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.12 Other assets

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

3.13 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4. BALANCES WITH BANKS

These represent balances in saving accounts and carry mark-up rates ranging from 4% to 6.95% per annum.

5. INVESTMENTS

**31 December
2015**

(Unaudited)

(Rupees in '000)

5.1 Held for trading investments (HFT)

Listed equity securities	5.1.1	50,493
Government securities	5.1.2	189,145
		239,638

5.2 Available for sale investments (AFS)

Listed equity securities	5.2.1	5,004
Government securities	5.2.2	107,706
		112,710
		352,348

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

5.1 Held for trading investments

5.1.1 Listed equity securities

Name of investee company	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 December 2015	Carrying Cost as at 31 December 2015	Market value as at 31 December 2015	Appreciation/ (Diminution) as at 31 December 2015	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
<div>----- (Number of shares)----- (Rupees in '000)-----</div>										
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.										
Refinery										
Attock Refinery Limited	78,500	-	(44,500)	34,000	7,048	7,204	156	0.21%	2.04%	0.04%
					7,048	7,204	156	0.21%	2.04%	0.04%
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	179,500	-	(75,500)	104,000	12,025	12,203	178	0.36%	3.46%	0.00%
Pakistan Petroleum Limited	117,500	-	(30,000)	87,500	10,325	10,658	333	0.32%	3.02%	0.00%
					22,350	22,861	511	0.68%	6.48%	0.00%
Oil and Gas Marketing Companies										
Pakistan State Oil Limited	40,000	-	(39,500)	500	165	163	(2)	0.00%	0.05%	0.00%
					165	163	(2)	0.00%	0.05%	0.00%
Fertilizer										
Engro Corporation Limited	37,500	-	(34,000)	3,500	972	978	6	0.03%	0.28%	0.00%
Engro Fertilizers Limited	48,000	-	(32,000)	16,000	1,339	1,346	7	0.04%	0.38%	0.00%
Fauji Fertilizer Bin Qasim Limited	29,500	-	(4,500)	25,000	1,352	1,317	(35)	0.04%	0.37%	-
Fauji Fertilizer Company Limited	113,000	-	(31,000)	82,000	9,249	9,674	425	0.29%	2.75%	0.01%
					12,912	13,315	403	0.40%	3.78%	0.01%
Cement										
Cherat Cement Limited	5,500	-	(4,000)	1,500	128	135	7	0.00%	0.04%	0.00%
D D G Khan Cement Company Limited	21,000	-	(21,000)	-	-	-	-	-	-	-
Fauji Cement Company Limited	117,500	-	(12,500)	105,000	3,795	3,866	71	0.11%	1.10%	0.01%
Lucky Cement Limited	1,500	-	(1,500)	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	74,000	-	(71,500)	2,500	179	186	7	0.01%	0.05%	0.00%
Pioneer Cement Limited	4,000	-	(4,000)	-	-	-	-	-	-	-
					4,102	4,187	85	0.12%	1.19%	0.01%
Food and Personal Care Products										
Engro Foods Limited	25,500	-	(12,000)	13,500	1,963	1,979	16	0.06%	0.56%	0.00%
					1,963	1,979	16	0.06%	0.56%	0.00%
Textile Composite										
Nishat Mills Limited	28,500	-	(28,500)	-	-	-	-	-	-	-
					-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

Name of investee company	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 December 2015	Carrying Cost as at 31 December 2015	Market value as at 31 December 2015	Appreciation/ (Diminution) as at 31 December 2015	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)										
Technology and Communication										
Hum Network Limited*	1,000	-	-	1,000	13	13	-	0.00%	0.00%	0.00%
Pakistan Telecommunication Limited "A"	51,000	-	(51,000)	-	-	-	-	-	-	-
					13	13	-	0.00%	0.00%	0.00%
Power Generation & Distribution										
K-Electric Limited**	25,500	-	(2,500)	23,000	168	171	3	0.01%	0.05%	0.00%
					168	171	3	0.01%	0.05%	0.00%
Commercial Banks										
Askari Bank Limited	10,000	-	(10,000)	-	-	-	-	-	-	-
Bank Al-Falah Limited	500	-	(500)	-	-	-	-	-	-	-
Bank of Punjab Limited	12,000	-	(12,000)	-	-	-	-	-	-	-
Faysal Bank Limited	9,000	-	(9,000)	-	-	-	-	-	-	-
Habib Bank Limited	8,500	-	(5,500)	3,000	600	600	-	0.02%	0.17%	0.00%
National Bank of Pakistan Limited	1,500	-	(1,500)	-	-	-	-	-	-	-
					600	600	-	0.02%	0.17%	0.00%
Total - 31 December 2015					49,321	50,493	1,172	1.50%	14.32%	

* Par value of Rs. 1 each

** Par value of Rs. 3.5 each

5.1.1.1 Cost of investment of equity securities is Rs. 49,321 million.

5.1.2 Government Securities

Particulars	Purchased during the period	Sold during the period	Matured during the period	As at 31 December 2015	Carrying value	Market Value	Appreciation/ (diminution)	Market value as a percentage of total investments
(Rupees in '000)								
Treasury bills								
Treasury Bills - 3 Months	5.1.2.1 483,500	(413,500)	-	70,000	69,757	69,757	-	19.80%
Treasury Bills - 1 year	5.1.2.1 295,000	(175,000)	-	120,000	119,394	119,388	(6)	33.88%
Total - 31 December 2015					189,151	189,145	(6)	53.68%
Total Investment in Government Securities - 31 December 2015					189,151	189,145	(6)	53.68%

5.1.2.1 These Treasury bills have a cost of Rs. 188,367 million maturing up till 4 February 2016 and carry effective yield ranging between 6.30% to 6.38% per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

5.2 Available for sale investments

5.2.1 Listed equity securities

Name of investee company	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 December 2015	Carrying Cost as at 31 December 2015	Market value as at 31 December 2015	Appreciation/ (Diminution) as at 31 December 2015	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
------(Number of shares)------(Rupees in '000)-----										
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.										
Oil and Gas Exploration Companies										
Pakistan Petroleum Limited	5,000	-	(5,000)	-	-	-	-	-	-	-
Oil and Gas Marketing Companies										
Pakistan State Oil Limited	5,000	-	(5,000)	-	-	-	-	-	-	-
Cement										
D G Khan Cement Company Limited (Note 5.2.1.2)	2,500	-	-	2,500	353	369	16	0.01%	0.10%	0.00%
Fuji Cement Company Limited	15,000	-	-	15,000	544	552	8	0.02%	0.16%	0.00%
Lucky Cement Limited	10,000	-	(5,000)	5,000	2,480	2,475	(5)	0.07%	0.70%	0.00%
Maple Leaf Cement Factory Limited	10,500	-	(2,500)	8,000	559	597	38	0.02%	0.17%	0.00%
					3,936	3,993	57	0.12%	1.13%	0.00%
Engineering										
Amreli Steels Limited	10,000	-	-	10,000	607	601	(6)	0.02%	0.17%	0.00%
Crescent Steels and Allied Products Limited	3,000	-	(3,000)	-	-	-	-	-	-	-
					607	601	(6)	0.02%	0.17%	0.00%
Automobile assembler										
Honda Atlas Cars (Pakistan) Limited	3,000	-	(3,000)	-	-	-	-	-	-	-
Power Generation & Distribution										
Hub Power Company Limited	7,500	-	(3,500)	4,000	409	410	1	0.01%	0.12%	0.00%
					409	410	1	0.01%	0.12%	0.00%
Total - 31 December 2015					4,952	5,004	52	0.15%	1.42%	

5.2.1.1 Cost of investment of equity securities is Rs. 4,952 million.

5.2.1.2 These represent transactions with related parties

5.2.2 Government Securities

Particulars	Purchased during the period	Sold during the period	Matured during the period	As at 31 December 2015	Carrying value	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
-----Face value------(Rupees in '000)-----									
Pakistan Investment Bond									
PIB - 3 years	205,000	(100,000)	-	105,000	107,896	107,706	(190)	22.63%	30.57%
PIB - 5 years	400,000	(400,000)	-	-	-	-	-	-	-
Total - 31 December 2015					107,896	107,706	(190)	22.63%	30.57%
Total Investment in Government Securities - 31 December 2015					107,896	107,706	(190)	22.63%	30.57%

5.2.2.1 These Pakistan Investment Bonds cost Rs. 107,896 million. These will mature latest by 18 July 2016 and carry interest at the rate of 11.25% per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

		31 December 2015 (Unaudited) (Rupees in '000)
6.	DIVIDEND AND PROFIT RECEIVABLE	
	Dividend receivable	142
	Profit receivable on government securities	5,390
	Profit receivable on saving deposits	453
		<u>5,985</u>
7.	ADVANCES, DEPOSITS AND PREPAYMENTS	
	Security deposits with	
	- National Clearing Company of Pakistan Limited	2,500
	- Central Depository Company of Pakistan Limited	100
	Formation cost	715
	Prepayment against listing fee and others	112
		<u>3,427</u>
8.	PAYABLE TO MANAGEMENT COMPANY	
	Management fee payable	8.1 453
	Payable against allocated expenses	8.2 & 8.3 44
	Sales load payable	6,196
	Sindh sales tax payable on Management Fee	8.3 63
	Other payable	8.4 3,383
		<u>10,139</u>
8.1	Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% per annum of the average annual net assets of the Fund and thereafter of an amount not exceeding 2% per annum of average annual net assets of the Fund. Further, in the current period, a statutory notification (S.R.O. No. 1160 (I)/2015 dated November 25, 2015) was issued by Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non - Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management remuneration should not exceed 2% of average annual net assets of the Fund. During the period, the Management Company has charged remuneration at a rate of 15% of daily gross income subject to a minimum of 0.25% of average annual net assets and maximum of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.	
8.2	As a result of amendments in Non - Banking Finance Companies and Notified Entities Regulations, 2008 wide statutory notification (S.R.O. No. 1160 (I)/2015 dated November 25, 2015), the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme. Accordingly, such expenses have been charged effective from 27 November 2015.	
8.3	Management fee and allocated expense charged during the year is inclusive of 14% Sindh Sales Tax levied by the Government of Sindh.	
8.4	This includes deposit of National Clearing Company of Pakistan Limited and Central Depository Company of Pakistan Limited and formation cost amounting to Rs. 2.5 million, Rs. 0.1 million and Rs. 0.733 million respectively, payable to the management company.	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

**9. PAYABLE TO MCB FINANCIAL SERVICES
LIMITED - TRUSTEE**

**31 December
2015
(Unaudited)
(Rupees in '000)**

Trustee remuneration payable	9.1	46
Sindh sales tax payable on Trustee Remuneration	9.2	6
		52

- 9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of the trustee fee for the period ended 31 December 2015 is as follows:

Net Assets	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.5 million or 0.12% p.a. of Net Assets, whichever is higher
On an amount exceeding Rs. 1,000 million upto	Rs. 1.2 million plus 0.075% p.a. of Net Assets Rs. 5,000 million exceeding Rs. 1,000 million
On an amount exceeding Rs. 5,000 million	Rs. 4.2 million plus 0.06% p.a. of Net Assets exceeding Rs. 5,000 million

- 9.2** The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated 13 June 2015, has ammended the definition of service of shares, securities aand derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 14% on such services is charged on Trustee fee which is now covered under section 2(79A) of the Sindh Finance Bill 2010 ammended upto 2015.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Fund.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

**31 December
2015
(Unaudited)
(Rupees in '000)**

Provision for Federal Excise Duty and related taxes on management fee	11.1	95
Provision for Federal Excise Duty on sales load		991
Auditors' remuneration payable		46
Brokerage payable		186
Printing charges and other payable		151
		1,469

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

- 11.1 The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of Federal Excise Duty on Asset Management services after the eighteenth amendment. The SHC in its short order dated 4 September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to record the provision of FED in this condensed interim financial information aggregating to Rs. 0.095 million as at 31 December 2015. In case, the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED not been recorded in the books of account of the Fund, the Net Asset Value of the Fund would have been higher by Rs. 0.02 per unit as at 31 December 2015.

12. CONTINGENCIES AND COMMITMENTS

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

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Management intends to distribute at least 90% of the income earned by the fund by the year end to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001. Accordingly, no provision for taxation has been made in this condensed interim financial information.

14. 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.

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustees, directors and key management personnel and other associated undertakings.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 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.

- 15.1 Details of transactions with the connected persons / related parties during the period are as follows:

	For the period from 16 November 2015 to 31 December 2015 (Unaudited) (Rupees in '000)
MCB-Arif Habib Savings and Investments Limited	
Remuneration of the Management Company (including indirect taxes)	<u>691</u>
Allocated expenses (including indirect taxes)	<u>44</u>
MCB Financial Services - Limited	
Remuneration of trustees (including indirect taxes)	<u>76</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

	For the period from 16 November 2015 to 31 December 2015 (Unaudited) (Rupees in '000)
Central Depository Company of Pakistan Limited	
CDC settlement charges	<u>1</u>
MCB Bank Limited	
Profit on bank deposits	<u>83</u>
Bank charges	<u>3</u>
Arif Habib Limited	
Brokerage expense	<u>2</u>
15.2 Balance outstanding as at the period / year end	31 December 2015 (Unaudited) (Rupees in '000)
MCB-Arif Habib Savings and Investments Limited	
Remuneration payable to the Management Company	<u>453</u>
Sales tax payable on remuneration of Management	<u>63</u>
Sales load payable	<u>6,196</u>
Payable against allocated expenses	<u>44</u>
Other payable	<u>3,383</u>
D.G. Khan Cement Company Limited	
2,500 shares held by the Fund	<u>369</u>
MCB Financial Services - Limited	
Remuneration payable to the Trustee	<u>46</u>
Sales tax payable on trustee fees	<u>6</u>
Central Depository Company of Pakistan Limited	
Security deposits	<u>100</u>
MCB Bank Limited	
Bank deposits	<u>1,181</u>
Profit receivable	<u>46</u>
Arif Habib Limited	
Brokerage *	<u>2</u>

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

		31 December 2015 (Unaudited)	
		Units	Amount (Rupees in '000)
Units sold to:			
Nilofar Aziz		<u>1,312,220</u>	<u>131,301</u>
Units held by:			
Nilofar Aziz		<u>1,312,220</u>	<u>131,248</u>

These include those parties that exist as at 31 December 2015 and became connected / related parties during the period due to acquiring unit holding of more than 10% of net assets of the Fund.

16. FINANCIAL RISK MANAGEMENT

The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's activities expose it to a variety of financial risks such as:

- Market risk
- Credit risk and
- Liquidity risk

16.1 Market risk

Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

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 Rupee.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

a) *Sensitivity analysis for fixed rate instruments*

As at 31 December 2015, 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 on 31 December 2015, the net income for the year and net assets would be lower by Rs. 0.136 million. In case of 100 basis points decrease in rates announced by the Financial Market Association on 30 June 2015, the net income for the period and net assets would be higher by Rs. 0.131 million.

As at 31 December 2015, the Fund holds Pakistan Investment Bonds which are classified as at 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 on 31 December 2015, the net income for the year and net assets would be lower by Rs. 0.567 million. In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2015, the net income for the year and net assets would be higher by Rs. 0.575 million.

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of 31 December 2015 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Other price risk

Other price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of Karachi Stock Exchange (KSE) and other respective market indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities. This arises from investments held by the Fund for which prices in the future are uncertain. The Fund's policy is to manage price risk through diversification within specified limits set by internal risk management guidelines.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets at fair value through profit or loss and available for sale. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the trust deed. The Fund's constitutive document / NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 25% of net assets.

A summary analysis of local investments by industry sector, the percentage in relation to Fund's own net assets and the issued capital of the investee company is presented in note 5.1.1 & 5.2.1.

The table below summarises the sensitivity of the Fund's net assets attributable to unit holders to equity price movements as at 31 December 2015. The analysis is based on the assumption that KSE-100 index increased by 5% and decreased by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years.

At 31 December, the fair value of equity securities exposed to price risk is disclosed in note 5.1.1 & 5.2.1.

The impact below arises from the reasonable possible change in the fair value of listed equity securities.

**31 December
2015
(Rupees in '000)**

Effect on income statement, net assets attributable to unit
holders and equity investments due to increase / decrease in
the KSE-100 index

2,756

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

The sensitivity analysis presented is based upon the portfolio composition as at 31 December 2015 and the historical correlation of the securities comprising the portfolio to the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE and other respective market indices, is expected to change over time. Accordingly, the sensitivity analysis prepared as at 31 December 2015 is not necessarily indicative of the effect on the Fund's net assets attributed to unit holders of future movements in the level of the KSE and other respective market indices.

16.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of reverse re-purchase transactions or other arrangements to fulfil their obligations resulting in financial loss to the Fund. These credit exposures exist within financing relationships, derivatives and other transactions. There is also a risk of default by participants and of failure of the financial markets / stock exchanges, the depositories, the settlements or the central clearing system etc.

The credit risk of the Fund mainly arises from its investment in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, deposits and other receivable balances.

Credit risk management

It is the Fund's policy to enter into financial contracts with reputable, diverse and creditworthy counterparties and wherever possible or deemed necessary obtain collaterals in accordance with internal risk management policies and investment guidelines designed for credit risk management. The Investment Committee closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Exposure to credit risk

	31 December 2015	
	Statement of assets and liabilities	Maximum exposure
	(Rupees in '000)	
Balances with banks	124,603	124,603
Investments	352,348	-
Fair value of derivative asset	-	-
Dividend and profit receivables	5,985	453
Receivable from National Clearing Company of Pakistan Limited	4,669	4,669
Security deposits	3,427	2,600
	491,032	132,325

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the difference in the balance as per Statement of Assets and Liabilities and maximum exposure in investment and dividend and profit receivable is due to investment in equity and government securities of Rs. 352.351 million and related dividend and profit receivable to these investments amounting to Rs. 5.532 million.

As on 31 December 2015, none of the financial assets were considered to be past due or impaired.

Details of credit rating of balance with banks and deposits as at 31 December 2015 are as follows:

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

	31 December 2015 Percentage holding
AAA	98.53%
AA+	0.52%
AA	0.95%
	100.00%

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.

Details of the Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	31 December 2015	
	(Rupees in '000)	Percentage
Commercial banks	124,603	94.16%
Others	7,722	5.84%
	132,325	100.00%

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.

16.3 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015

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:

	31 December 2015			
	Up to three months	More than three months and up to one year	More than one year	Total
	----- (Rupees in '000) -----			-
Payable to Management Company	10,264	-	-	10,264
Payable to MCB Financial Services Limited - Trustee	52	-	-	52
Payable to Securities and Exchange Commission of Pakistan	41	-	-	41
Payable against purchase of investment	271	-	-	2,265
Dividend payable	2,265	-	-	1,344
Accrued and other liabilities	1,344	-	-	13,966
	14,237	-	-	13,966

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

16.4 Financial instruments by category

As at 31 December 2015, 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 31 December 2015			
	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available for sale	Total
	----- (Rupees in '000) -----			
Assets				
Balances with banks	124,603	-		124,603
Investments	-	239,638	112,710	352,348
Dividend and profit receivables	5,985	-		5,985
Receivable from National Clearing Company of Pakistan Limited	4,669	-		4,669
Security deposits	2,600	-		2,600
	137,857	239,638	112,710	490,205

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

	As at 31 December 2015		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	-	10,264	10,264
Payable to MCB Financial Services Limited - Trustee	-	52	52
Payable to Securities and Exchange Commission of Pakistan	-	41	41
Fair value of derivative liability	882	-	882
Payable against purchase of investment	-	271	271
Dividend payable	-	2,265	2,265
Accrued expenses and other liabilities	-	1,344	1,344
	<u>882</u>	<u>14,237</u>	<u>15,119</u>

16.5 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, 2008, 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.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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. Fair value of underlying financial assets are determined based on requirements of Regulation 66 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and directives if any, issued by the Securities and Exchange Commission of Pakistan. Fair value of debt instruments other than Government Securities, which are unlisted or listed but not traded regularly on stock exchange be valued at rates notified by Mutual Funds Association of Pakistan. The fair value of financial assets traded in active market i.e. listed securities are based on the quoted market price at determined by stock exchange in accordance with its regulations.

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

As at 31 December 2015, the Fund held the following classes of financial instruments measured at fair value:

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD FROM 16 NOVEMBER 2015 TO 31 DECEMBER 2015**

December 31, 2015	Note	Carrying Amount					Fair value			
		HFT	AFS	Trade and other receivables	Cash and cash equivalents	Total	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Financial assets

measured at fair value

Listed equity securities	49,321	4,952	-	-	54,273	55,497	-	-	-	55,497
Government Securities	189,151	107,896	-	-	297,047	-	296,851	-	-	296,851

Financial assets not

measured at fair value

Cash and cash equivalents	17.1	-	-	-	124,603	124,603	-	-	-	-
Trade and other receivables	17.1	-	-	10,654	-	10,654	-	-	-	-

17.1 The Fund has not disclosed the fair values for these financial assets, because their carrying amounts are reasonable approximation of fair value.

17.2 All the financial liabilities of the fund are classified as trade and other payables. The Fund has not disclosed the fair values for these financial liabilities, because their carrying amounts are reasonable approximation of fair value.

18. INTERIM DISTRIBUTIONS

	Rate per unit	Declaration date	Bonus Distribution		Cash	Total
			Units	Amount	Distribution	
(Rupees in '000)						
For the period from 16 November to 30 November 2015	Rs. 0.2568	30 November 2015	-	-	404	404
For the month ended December 2015	Rs. 0.476	31 December 2015	-	-	2,265	2,265
			-	-	2,669	2,669

19. DATE OF AUTHORISATION FOR ISSUE


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

20. GENERAL

There are no corresponding figures as the Fund has commenced its operations from 16 November 2015.

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


Director


Director

Statement under Section 241(2) of the Companies Ordinance, 1984

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

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited

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

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

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

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