



Bachat ka Doosra Naam

Quarterly Report
September 30, 2013
(Unaudited)



Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Ltd.)

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.

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**MCB
DYNAMIC CASH FUND**

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive Officer (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib	Chairman Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Bank Al Falah Limited Faysal Bank Limited NIB Bank Limited Bank Islami Pakistan Limited Allied Bank Limited Habib Metropolitan Bank Limited	
Auditors	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Cash Fund's accounts review for the first quarter ended September 30th 2013.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, inflation has remained slightly higher during the period with CPI averaging around 8.06% amid implementation of tax reforms and higher food prices. The current account balance remained in pressure posting a deficit of \$632 million during 2MFY14 as opposed to surplus of \$582 million during the same period last fiscal year. During the last year, saving grace came in the form of proceeds under the account of Coalition support funds in August, 2012 amounting to \$1.18 bn. On the other hand, financial account registered a surplus of \$401 million in 2MFY14 as compared to deficit of \$271 million during the corresponding period last year.

Out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$850 million to IMF in the 1QFY14. This along with delay in Coalition Support Funds and higher oil payments has reduced reserve balance to around \$ 9.9 billion as on 27-Sep-13, from \$11 billion at the start of the FY14. Consequently, the local currency fell by more than 6% against USD during 1QFY14.

During the quarter, the country successfully managed to enter into three-year \$6.6 billion loan program with IMF. Out of total financing of around \$2.2 billion scheduled for FY14 under IMF Extended Fund Facility (EFF), the country received first tranche of around \$543 million in 1QFY14.

Moreover, Fiscal side has remained a cause of concern for policy makers with FY13 deficit touching a level of around 8% of GDP (Rs 1.83 trillion deficit size in absolute terms) as opposed to the budgeted deficit of around 6.5%.

Keeping in view that inflation is likely to increase going forward and to arrest decline in foreign reserves balance, the government announced 50 bps hike in the discount rate in the last monetary policy, sending a strong signal that the discount rate will be used to keep inflation rate under check. A combination of higher power tariffs, rise in oil prices and rupee depreciation is likely to keep inflationary pressure on the higher side during the year.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. Despite Rs 94 billion net growth in Net Domestic Assets during the quarter (till 27th Sep), money supply (M2) has contracted due to reduction in Net Foreign Assets by around Rs 150 billion. Hence, M2 has contracted by 0.63% in the 1QFY14 (till 27th Sep) as opposed to expansion of 0.58% during the same period last year. While Borrowing from SBP increased by Rs444 billion as opposed to net decline in borrowing of around Rs 372 billion during the same period last year.

Given an upward trajectory in YoY CPI inflation coupled with monetary tightening scenario, the yield curve has adjusted significantly upwards during the period. Hence 1 year PKRV adjusted upwards by 77 bps to 9.71 %, while longer tenure year 10 year PKRV adjusted upwards by 203 bps to 12.96 % during the quarter under review.

FUND PERFORMANCE

During the quarter under review, the fund generated an annualized return of 7.01% as against its benchmark return of 8.82%. The fund exposure towards government securities stood at 59.7% at quarter end with T-Bills and PIB's exposure of 30.3% and 23.2% respectively. The exposure towards GoP Ijarah Sukuk went down significantly to around 6.2% along with the TFCs, which also went down to the tune of around 12%. Around 22% of the fund was invested in cash and bank deposits at quarter-end.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013

The Net Asset of the Fund as at September 30, 2013 stood at Rs 10,527 million as compared to Rs 11,320 million as at June 30 2013 registering as decline of 7.5%. The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 101.0387.

Income Distribution

During the Quarter The Management Company has announced the following interim distribution

Date of distribution	Per unit distribution
27-Sep-2013	1.7440

FUTURE OUTLOOK

We will continue to closely monitor foreign inflows in the presence of higher oil prices and debt repayment to international donors. We believe that the sustainability of external account, in the presence of higher inflationary pressures, would be a key factor shaping up interest rate direction. The foreign reserve balance will continue to remain in the limelight, with the country scheduled to repay more than \$2.3 billion to IMF during the next three quarters. As a result, the local currency is likely to remain under pressure.

The reserve position is likely to improve towards the later half of the ongoing fiscal year, with the government expecting significant improvement in foreign direct investments and materialization of pledges made by multilateral agencies. In addition to projected CSF inflow of around \$1.2 billion, the country is eyeing inflow of \$2.7 billion during the next three quarters under the umbrella of program financing.

While the economic environment is challenging, corporate earnings are by and large expected to continue to improve. Earnings growth is expected to continue in E&P, Textile, Power and cement sector. The rupee depreciation bodes well for textile, E&P and power sector, while higher allocation in PSDP will increase demand for cement.

ACKNOWLEDGMENT

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

For and on behalf of the board



Yasir Qadri

Chief Executive

Karachi: October 23, 2013

FINANCIAL STATEMENTS

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2013**

	Note	Unaudited SEPTEMBER 30, 2013	Audited June 30, 2013
(Rupees in '000)			
ASSETS			
Balances with banks		2,362,902	2,668,390
Investments	4	8,125,064	8,550,755
Income from investment and other receivables		166,167	201,254
Advance against Subscription of TFCs		50,000	-
Security deposits and prepayments		3,280	3,300
Total assets		10,707,413	11,423,699
LIABILITIES			
Payable to Management Company		23,323	17,917
Payable to Trustee		736	789
Payable to the Securities and Exchange Commission of Pakistan - Annual Fee		2,035	7,010
Payable against redemption of units		63,876	-
Accrued expenses and other liabilities		90,225	78,233
Total liabilities		180,195	103,949
NET ASSETS		10,527,218	11,319,750
Unit holders' fund (as per statement attached)		10,527,218	11,319,750
(Number of units)			
NUMBER OF UNITS IN ISSUE		104,189,972	109,208,503
(Rupees)			
NET ASSET VALUE PER UNIT		101.04	103.65

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	September 30, 2013	September 30, 2012
------(Rupees in '000)-----			
INCOME			
Capital gain on sale of investments		(10,965)	41,483
Profit on bank deposits and term deposit receipts		38,692	17,713
Income from term finance certificates		50,199	68,684
Income from government securities		178,552	117,645
Other Income		51	104
		<u>256,529</u>	<u>245,629</u>
Reversal of provision against debt securities		6,450	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	4.1.4	<u>(11,292)</u>	<u>72,238</u>
Total income		<u>251,687</u>	<u>317,867</u>
EXPENSES			
Remuneration of Management Company		54,770	29,001
Remuneration of Trustee		2,303	1,570
Annual fee - Securities and Exchange Commission of Pakistan		2,035	1,250
Brokerage and settlement charges		536	344
Auditors' remuneration		190	254
Provision against debt securities		-	78,450
Other expenses		278	216
Total expenses		<u>60,112</u>	<u>111,085</u>
Net income from operating activities		<u>191,575</u>	<u>206,782</u>
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed		(5,462)	7,764
Provision for Workers' Welfare Fund	5	(3,722)	4,291
Net income for the period before taxation		<u>182,391</u>	<u>210,255</u>
Taxation	7	-	-
Net income for the period after taxation		<u>182,391</u>	<u>210,255</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>182,391</u></u>	<u><u>210,255</u></u>
Earnings per unit	8		

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	September 30, 2013	September 30, 2012
	------(Rupees in '000)-----	
Undistributed income brought forward	398,934	95,555
Final Distribution at the rate of Rs. 2.6526 per unit declared on 04 July, 2013 - Bonus distribution	(289,686)	-
Interim distribution for the quarter ended September 30, 2013 at Rs 1.7440 per unit (Date of distribution September 27, 2013) - Bonus distribution	(178,366)	(201,680)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealised income	(5,019)	4,197
Total comprehensive income for the period	182,391	210,255
Undistributed income carried forward	108,254	108,327

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Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	September 30, 2013	September 30, 2012
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Net assets at beginning of the period	11,319,750	6,696,213
Issue of 18,844,958 units (2012 : 12,662,817 units)	1,915,598	1,132,281
Issue of 4,634,182 bonus units (2012 : 1,988,029 Units)	468,052	201,680
Redemption of 28,497,671 units (2012 : 11,748,643 units)	(2,895,983)	(1,031,741)
	(512,333)	302,220
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	5,462	(7,764)
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	5,019	(4,197)
	10,481	(11,961)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(5,019)	4,197
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(11,292)	72,238
Income from other operating activities	193,683	138,017
Net income for the period	182,391	210,255
Final Distribution at the rate of Rs. 2.6526 per unit declared on 04 July, 2013 - Bonus distribution	(289,686)	-
Interim distribution during the quarter ended September 30, 2013 at Rs. 1.7440 - Bonus distribution	(178,366)	(201,680)
Net Assets	10,527,218	6,999,244

The annexed notes form an integral part of these condensed interim financial statements.



 Chief Executive Officer

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



 Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Note	September 30, 2013	September 30, 2012
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	182,391	210,255
Adjustments		
Net unrealised (diminution) in the fair value of investments classified as 'financial assets at fair value through profit or loss'	11,292	(72,238)
Reversal/ Provision on debt securities	6,450	(78,450)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	5,462	(7,764)
	<u>205,595</u>	<u>51,803</u>
Working capital changes		
(Increase)/decrease in assets		
Investments - net	357,452	(1,378,940)
Security deposits and prepayments	20	20
Profit and other receivables	35,087	(35,323)
	<u>392,559</u>	<u>(1,414,243)</u>
(decrease)/Increase in liabilities		
Remuneration payable to the Management Company	5,406	3,685
Remuneration payable to the Trustee	(53)	524
Annual fee payable to the Securities and Exchange Commission of Pakistan	(4,975)	(3,138)
Accrued expenses and other liabilities	11,992	6,859
	<u>12,370</u>	<u>7,930</u>
Net cash inflow from operating activities	610,524	(1,354,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt against issue of units	1,915,598	1,132,281
Net payments on redemption of units	(2,832,107)	(1,031,741)
Net cash from financing activities	(916,509)	100,540
Net (decrease) / increase in cash and cash equivalents during the period	305,985	(1,253,970)
Cash and cash equivalents at beginning	2,668,887	3,171,567
Cash and cash equivalents as at closing	<u>2,362,902</u>	<u>1,917,597</u>

The annexed notes form an integral part of these condensed interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Cash Fund (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 on December 12, 2006.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

The Fund has been categorised as an open ended "fixed income" mutual fund and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 (positive outlook) dated March 21, 2013 to the Management Company and a rating of "A+(f)".

The Fund primarily invests in money market and other short-term instruments which includes short-term corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Board of Directors have approved that the Fund approved that the Fund should be categorised as "Income Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2013.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information are unaudited. The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

2.2 Basis of measurement

This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended 30 June 2013.

	Note	Unaudited September 30, 2013	Audited June 30, 2013
Rupees in '000			
4 INVESTMENTS			
Financial assets at fair value through profit or loss	4.1	7,625,064	8,050,755
Loans and receivables - Term Deposit Receipt	4.2	500,000	500,000
		8,125,064	8,550,755
4.1 Financial assets at fair value through profit or loss			
Listed debt securities	4.1.1	639,667	1,270,065
Unlisted debt securities	4.1.2	795,580	666,211
Government securities	4.1.3	6,393,419	6,114,479
		7,828,666	8,050,755
Less: Provision against term finance certificates - Unlisted	4.1.5	203,602	210,052
		203,602	210,052
		7,625,064	7,840,703

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

4.1.1 Listed debt securities - term finance certificates

Certificates have a face value of Rs. 5,000/- each unless stated otherwise.

Name of investee company	Number of Certificates						Balance as at Sept 30, 2013			Market value as a percentage of total investments
	As at July 1, 2013	Purchased during the period	Matured during the period	Disposed during the period	As at Sept 30, 2013	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	
Commercial banks										
Allied Bank Limited (December 6, 2006, issue)	10,800	-	-	-	10,800	40,841	40,603	(238)	0.39	0.50
Allied Bank Limited (August 28, 2009, issue)	9,000	-	-	-	9,000	41,563	42,700	1,137	0.41	0.53
Askari Bank Limited (November 18, 2009, issue)	23,000	-	-	-	23,000	115,908	116,153	245	1.10	1.43
Bank Alfalah Limited - V (February 20, 2013, issue)	72,631	-	-	-	72,631	368,772	371,354	2,582	3.53	4.57
Faysal Bank Limited TFC - I (November 12, 2007)	7,515	-	-	-	7,515	28,314	28,218	(96)	0.27	0.35
NIB Bank Limited (March 05, 2008)	44,808	-	44,808	-	-	-	-	-	-	-
United Bank Limited - IV (February 14, 2008, issue)	79,008	-	79,008	-	-	-	-	-	-	-
United Bank Limited - I (September 8, 2006, issue)	15,000	-	-	-	15,000	25,200	25,073	(127)	0.24	0.31
Fertilizer										
Engro Chemical Pakistan Limited (November 30, 2007, issue)	162	-	-	-	162	798	792	(6)	0.01	0.01
Leasing Companies										
Saudi Pak Leasing Company Limited	10,000	-	-	-	10,000	14,374	14,774	400	0.14	0.18
Total - September 30, 2013						635,770	639,667	3,897	6.09	7.88
Total - June 30, 2013						1,274,092	1,270,065	(4,027)	11.22	14.85

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

4.1.2 Unlisted debt securities - term finance certificates

Certificates have a face value of Rs. 5,000/- each unless stated otherwise.

Name of investee company	Number of Certificates						Balance as at Sept 30, 2013				Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2013	Purchased during the period	Matured during the period	Disposed during the period	As at Sept 30, 2013	Carrying value	Market value	Appreciation / (diminution)				
Bank AlFalah Limited TFC (December 02, 2009, issue)	8,500	-	-	-	8,500	44,612	44,851	239	0.43	0.55		
Standard Chartered Bank Pakistan Limited PPTFC	50,000	-	-	-	50,000	248,375	247,714	(661)	2.35	3.05		
Askari Bank Limited - IV (PPTFC)	95	-	-	-	95	101,178	98,408	(2,770)	0.93	1.21		
Engro Chemical Pakistan Limited - Perpetual TFC IV (March 18, 2008)	2,419	-	-	-	2,419	11,339	11,581	242	0.11	0.14		
Jahangir Siddiqui Company Limited - V (July 04, 2007)	24,000	-	24,000	-	-	-	-	-	-	-		
JDW Sugar Mills Limited - PPTFCs (June 23, 2008)	15,000	-	-	-	15,000	13,314	13,284	(30)	0.13	0.16		
Maple Leaf Cement Factory Limited - I (December 03, 2009) (refer note 4.1.2.1)	71,000	-	-	3,000	68,000	178,329	181,627	3,298	1.73	2.24		
New Allied Electronics Industries (Pvt) Limited (May 15, 2007)	10,400	-	-	-	10,400	22,337	22,337	-	0.21	0.27		
New Allied Electronics Industries (Pvt) Limited - Sukuk (July 25, 2007)	112,000	-	-	-	112,000	35,063	35,063	-	0.33	0.43		
Askari Bank Limited - II (October 31, 2005)	6,980	-	-	-	6,980	34,951	34,834	(117)	0.33	0.43		
Security Leasing Corporation Limited - Sukuk (March 18, 2010)	5,000	-	-	-	5,000	4,059	2,469	(1,590)	0.02	0.03		
Security Leasing Corporation Limited - PPTFC (March 28, 2010)	10,000	-	-	-	10,000	4,862	4,971	109	0.05	0.06		
Bank AlFalah Limited TFC (December 02, 2009, issue Fixed)	18,235	-	-	-	18,235	97,420	98,441	1,021	0.94	1.21		
Total - September 30, 2013						795,839	795,580	(259)	7.56	9.78		
Total - June 30, 2013						860,481	876,263	15,782	7.74	10.25		

4.1.2.1 Maple Leaf is regular on payment terms as per supplemental trust deed. However the debt security is classified as non - performing as per circular No. 1 of 2009 read with circular No. 33 and 35 of 2012 issued by SECP.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

4.1.3 Investment in government securities - 'At fair value through profit or loss'

Name of investee company	Face Value						Balance as at Sept 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2013	Purchased during the period	Disposed during the period	Matured during the period	As at Sept 30, 2013	Carrying value	Market value	Appreciation / (diminution)			
-----Rupees in '000-----											
Treasury Bills											
Treasury Bills - 1 year	2,712,150	7,704,000	7,548,000	2,828,150	40,000	37,481	37,298	(183)	0.35	0.46	
Treasury Bills - 6 months	277,000	400,000	350,000	327,000	-	-	-	-	-	-	
Treasury Bills - 3 months	500	7,939,000	4,675,000	500	3,264,000	3,205,154	3,205,880	726	30.45	39.46	
Total of Treasury Bills as at 30 September 2013						3,242,635	3,243,178	543	30.80	39.92	
Pakistan Investment Bond											
Pakistan Investment Bonds - 05 years	2,700	-	-	2,700	-	-	-	-	-	-	
Pakistan Investment Bonds - 03 years	1,375,000	2,306,400	1,225,000	-	2,456,400	2,504,130	2,488,063	(16,067)	23.63	30.62	
Total of Pakistan Investment Bond as at 30 September 2013						2,504,130	2,488,063	(16,067)	23.63	30.62	
Government of Pakistan Ijara Sukuk											
GoP Ijara Sukuk Certificate VII - 03 years	1,805,700	-	1,145,700	-	660,000	661,584	662,178	594	6.29	8.15	
Total of Government of Pakistan Ijara Sukuk as at 30 September 2013						661,584	662,178	594	6.29	8.15	
Total of investments in Government Securities as at 30 September 2013						6,408,349	6,393,419	(14,930)	60.72	78.69	
Total of investments in Government Securities as at 30 September 2013						6,106,167	6,114,479	8,312	53.89	71.90	
4.1.4 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss'					Note		Unaudited September 30, 2013		Audited June 30, 2013		
Market value of debt securities					4.1.1, 4.1.2, 4.1.3		7,828,666		8,260,807		
Carrying Value of investment					4.1.1, 4.1.2, 4.1.3		7,839,958		8,240,740		
							(11,292)		20,067		
Movement in provision against debt securities							210,052		140,807		
Opening balance											
Change for the year										102,373	
Less: Reversal of provision							(6,450)			(33,128)	
Change for the year - net							(6,450)			69,245	
Closing balance							203,602		210,052		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

4.2 Loans and receivables

Particulars	Maturity date	Closing balance as at September 30, 2013	Value as a percentage of net assets	Value as a percentage of investment
		Rs in '000		
Term deposit receipts	October 4, 2013	500,000	4.75	6.15
Total - September 30, 2013		500,000	4.75	6.15
Total - June 30, 2013		500,000	4.42	5.85

5 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 certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 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 Court.

During the year ended 30 June 2012, 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 filed by companies other than mutual funds 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 recent decision by Honourable Sindh High Court, the Management company, as a matter of abundant precaution, has decided to retain the entire provision for WWF. During the quarter the Fund charged Rs.3.722 million on account of WWF. The aggregate amount of WWF charged as on September 30, 2013 is Rs. 80.094 million. If the same were not made the NAV of the fund would have been higher by Rs. 0.77 per unit.

6 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. MCB Asset Management Company Limited (Management Company) classified MCB Dynamic Cash Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at March 31, 2011, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than investment grade:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
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Category of non-compliant investment	Type of Investment / Name of Company	Outstanding face value	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
Investment in Debt securities (9.2)							
	a) Maple Leaf Cement Factory Limited Sukuk	296,779	181,627	146,202	35,425	0.34	0.33
	c) New Allied Electronics Industries (Pvt) Limited	22,337	22,337	22,337	-	-	-
	d) New Allied Electronics Industries Pvt. Limited - Sukuk	35,063	35,063	35,063	-	-	-
	e) Security Leasing Corporation Limited Sukuk	7,055	2,469	-	2,469	0.02	0.02
	f) Security Leasing Corporation Limited TFC	8,460	4,971	-	4,971	0.05	0.05
	g) Saudi Pak Leasing Company Limited TFC	29,548	14,774	-	14,774	0.14	0.14

6.1 At the time of purchase, the TFCs and Sukuks were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

7 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 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 has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above accordingly no provision for taxation has been made in these financial statements.

8 EARNINGS PER UNIT

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

9 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

9.2 The transactions with connected persons are in the normal course of business and at contracted rates.

9.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended	
	September 30, 2013	September 30, 2012
	----- (Rupees '000) -----	
9.4 Details of transactions with connected persons are as follows:		
MCB Bank Limited		
Profit received on deposit accounts	1,028	3,999
Bank charges	3	7
MCB - Arif Habib Saving & Investment Limited		
Remuneration of management company	54,770	29,001
Issue of Nil units (2012: 434,705 units)	-	45,675
Redemption of 177,520 units (2012: 117,900 units)	18,000	12,000
Distribution of 180,414 Bonus units (2012: 119,791 units)	18,222	12,152
MCB Employees Provident Fund		
Distribution of 40,163 Bonus units (2012: 25,235 units)	4,056	2,560
MCB Employees Pension Fund		
Distribution of 40,163 Bonus units (2012: 25,235 units)	4,056	2,560
Central Depository Company of Pakistan Limited - Trustee		
Remuneration and settlement charges for the period	2,352	1,617
Adamjee Insurance Company Limited		
Issue of 4,196,803 units (2012: Nil units)	425,501	-
Redemption of 4,196,803 units (2012: Nil units)	425,501	-
Distribution of 421,401 Bonus units (2012: 264,777 units)	42,561	26,861
D.G Khan Cement Company Limited Employees Provident Fund Trust		
Distribution of 121 Bonus units (2012: 76 units)	12	8
Staff Provident Fund of Management Company		
Redemption of 20,185 units (2012: Nil units)	2,051	-
Distribution of 517 Bonus units (2012: 442 units)	52	45
Adamjee Life Assurance Company Limited		
Distribution of Nil Bonus units (2012: 785 units)	-	80
Adamjee Insurance Company Limited - Employees Provident Fund		
Distribution of 22,218 bonus units (2012: NIL units)	2,244	-
Adamjee Life Assurance Company Limited - NUIL Fund		
Issue of 207,180 units (2012: Nil units)	21,000	-
Redemption of 946,742 units (2012: Nil units)	96,370	-
Distribution of 18,926 Bonus units (2012: Nil units)	1,912	-
Adamjee Life Assurance Company Limited - Investment Multiplier Fund		
Issue of 64,172 Units (2012: Nil units)	6,500	-
Redemption of 182,226 units (2012: NIL units)	18,545	-
Distribution of 3,021 Bonus units (2012: Nil units)	305	-
Adamjee Life Assurance Company Limited - Investment Secure Fund		
Issue of 457,642 Units (2012: Nil units)	46,400	-
Redemption of 1,158,435 units (2012: Nil units)	117,912	-
Distribution of 17,934 Bonus units (2012: Nil units)	1,811	-
Adamjee Life Assurance Company Limited ISF - Investment Secure Fund II		
Issue of 88,853 Units (2012: Nil units)	9,000	-
Redemption of 577,590 units (2012: Nil units)	58,774	-
Distribution of 12,507 Bonus units (2012: Nil units)	1,263	-
Key management personnel		
Issue of 99,042 units (2012: 23,563 units)	10,125	2,472
Redemption of 34,205 units (2012: 17,048 units)	3,498	777
Distribution of 11,488 Bonus units (2012: 2,558 units)	1,150	259

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

		September 30, 2013	June 30, 2013
9.5	Amount outstanding as at period / year end	(Rupees in '000)	
	MCB Bank Limited		
	Bank balance	47,109	10,647
	Profit receivable on deposit accounts	708	26
	Management Company		
	Remuneration payable to management company	23,323	17,917
	4,174,372 units held as at September 30 2013 (June 30, 2013: 4,171,478 units)	421,773	432,385
	Adamjee Insurance Company Limited		
	10,002,127 units held as at September 30 2013 (June 30, 2013: 9,580,727 units)	1,010,602	993,068
	MCB Employees Provident Fund		
	953,281 units held as at September 30 2013 (June 30, 2013: 913,118 units)	96,318	94,647
	MCB Employees Pension Fund		
	953,281 units held as at September 30 2013 (June 30, 2013: 813,118 units)	96,318	94,647
	Staff Provident Fund of Management Company		
	Nil units held as at September 30 2013 (June 30, 2013: 19,669 units)	-	2,039
	D.G Khan Cement Company Limited Employees Provident Fund Trust		
	2,868 units held as at September 30 2013 (June 30, 2013: 2,747 units)	290	285
	Central Depository Company of Pakistan Limited - Trustee		
	Security deposit	200	200
	Remuneration and settlement charges payable	736	8,142
	Adamjee Insurance Company Limited - Employees Provident Fund		
	527,359 units held as at September 30 2013 (June 30, 2013: 505,140 units)	53,284	52,359
	Adamjee Life Assurance Company Limited NUIL Fund		
	Nil units held as at September 30 2013 (June 30 2013: 720,636 units)	-	74,696
	Adamjee Life Assurance Company Limited - Investment Multiplier Fund		
	Nil units held as at September 30 2013 (June 30 2013: 115,033 units)	-	11,924
	Adamjee Life Assurance Company Limited - Investment Secure Fund		
	Nil units held as at September 30 2013 (June 30 2013: 682,859 units)	-	70,780
	Adamjee Life Assurance Company Limited - Investment Secure Fund II		
	Nil units held as at September 30 2013 (June 30 2013: 476,230 units)	-	49,362
	Key management personnel		
	268,028 units held as at September 30, 2012 (June 30, 2013: 185,118 units)	27,081	9,006

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on **23 October 2013** by the Board of Directors of the Management Company.



 Chief Executive Officer

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



 Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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