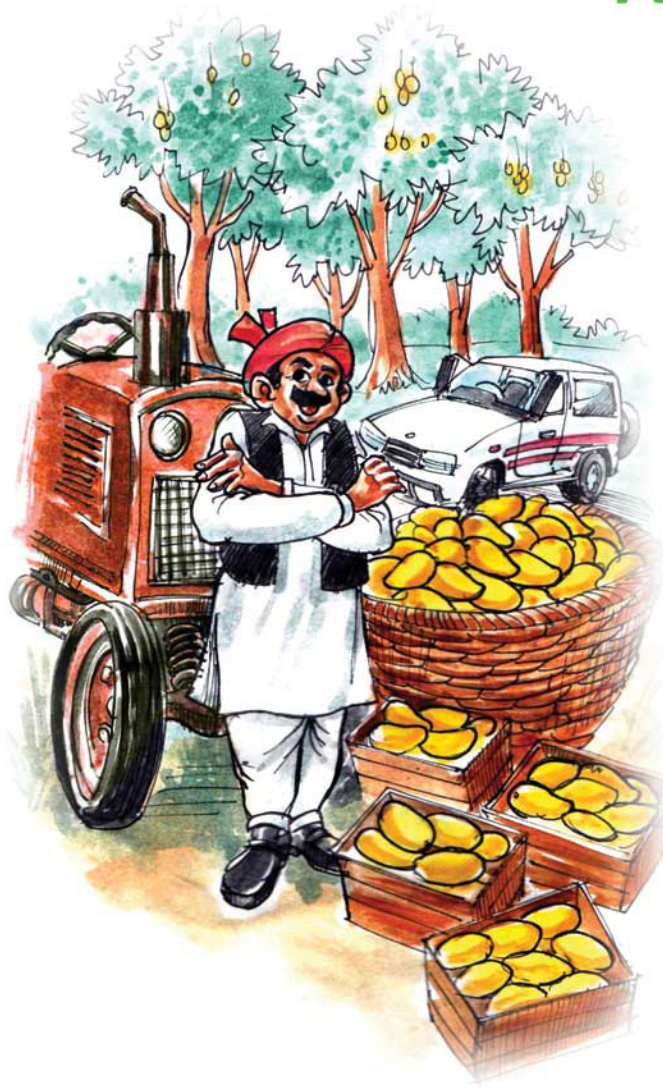




Bachat ka Doosra Naam

**Annual Report
2013**



Sabar Ka Phal Meetha

PAKISTAN
STRATEGIC ALLOCATION
FUND

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Ltd.)

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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (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	Habib Metropolitan Bank Limited MCB Bank Limited Summit Bank Limited Standard Chartered 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 DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2013

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Limited), the Management Company of Pakistan Strategic Allocation Fund (PSAF), is pleased to present the Annual Report on the affairs of PSAF for the year ending June 30, 2013.

Equities Market Overview

The local stock market recorded substantial growth reflected by the KSE-100 index, which rose by a remarkable 52% in FY13 as against an average annual growth of 25% during the past three fiscal years. This helped the local equity market shine as one of the best performing markets in the world.

Buoyed by stable macroeconomic environment and strengthening fundamentals, the stock market started the year on a strong note. The market touched an all-time high of around 22,757 on 13th June, 2013.

The volume remained healthy with an average daily market turnover of around 200 million shares during the year. At this level, the index volume was nearly 1.5 times and 2 times higher than the average index volume in FY12 and FY11, respectively. Foreign investors also remained at the forefront given that the market closed its fiscal year recording net foreign inflows of around \$568.9 million as opposed to the net outflow of \$189 million in FY12.

A combination of lower commodity prices, monetary easing, CSF inflows, foreign portfolio inflows, rupee depreciation, smooth political transition, buyout of Unilever Pakistan Limited, along with expectation regarding resolution of circular debt, IMF loan extension and improved relationship with key strategic allies after the formation of new government, helped the stock market climb strongly during the year. In addition, monetary easing in developed countries also played a catalyst as they continued to facilitate the flow of funds towards the developing countries. However, the good part is that a slew of positive developments managed to play-down the negative sentiments arising from poor law and order situation and energy crisis in the country.

The saving grace came in the shape of stable commodity prices, which reduced the pressure on fiscal and external account front. In light of tepid inflationary pressures, with average inflation stood around 7.4% in FY13, policy makers reduced the discount rate to 9% towards the end of the fiscal year, marking a total cut of 3 percentage points during the year.

Although, the overall balance of payment deficit narrowed to \$ 2.4 billion in FY13 from around \$3.3 billion in FY12, foreign reserves depleted by around \$4.2 billion during the year to \$11 billion at the end of the year- mainly on the account of timely loan repayments to IMF.

Benefiting from inventory gains, and China's sustained appetite for course count textile products, scrips of the sector managed to lead the pack, while higher cement prices in the local market amid lower coal prices helped cement companies to stay on a roll. The decline in discount rate brought debt-laden companies into the limelight, while rupee depreciation widened the margins of exporters such as the textile sector and companies with dollar/oil based tariffs.

On the contrary, fertilizer and banking sector remained trailed, as a reaction to lowering in discount rate. Gas curtailment issues kept investor at bay from fertilizer sector.

Future Outlook

A string of positive developments arising since the formation of new government suggests positive outlook for equity markets. The government's apparent commitment towards the resolution of circular debt, recovery of \$800 million from Etisalat, privatization of state owned entities, together with higher PSDP allocation for FY14 will continue to keep investors' confidence intact. Higher PSDP allocation is likely to support stocks of companies in construction materials sector, while expected rupee depreciation may continue to support textile exports, chemical and energy sector.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2013

The country's likely comeback in fresh IMF program will pave the way for structural, monetary and fiscal reforms. As outlook on further monetary easing changes, the lagging banking sector may start to catch up..

With the global commodity prices unlikely to rise the trade balance looks stable. Also, in consideration of various tax measures imposed in FY14, targeted fiscal deficit level of 6.3% doesn't appear as farfetched as it has in the last few years.

Fund's Performance

The investment objective of the fund is to provide investors capital growth over medium to long term primarily from investment in more liquid Pakistani equities. The fund invests primarily in equities based on a quantitative model. The fund takes advantage of equity market volatility and buys equities when they are underpriced and sells equities when they are overpriced.

The fund generated a return of 32.3% during the year as against its benchmark KSE-100 Index return of 52.2%, an under-performance of 19.9%. Since inception return of the fund has been at 210.4% as against its benchmark return of 294.8%, an under-performance by 84.4%. Net assets of fund were reduced by Rs 46m (around 13%) during the year as many investors decided to book profit in major positive rallies.

The Fund yields for the period under review remained as follows:

Performance Information (%)	PSAF	Benchmark
Last twelve Months Return	32.3%	52.2%
Since Inception	210.4%	294.8%

During the year your fund earned net income of Rs 74.912 million. The Board in the meeting held on July 4, 2013 has declared final distribution amounting to Rs. 54.58 million (i.e. Rs.2.0247 per unit).

During the period, units worth Rs.4.001 million (including no bonus units) were issued and units with a value of Rs.141.574 million were redeemed. As at 30 June 2013 the NAV of the Fund was Rs. 11.34 per unit.

Update on Workers' Welfare Fund

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR also took up the matter with FBR for their withdrawal.

Further, a fresh Constitutional Petition filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2013

Subsequent to the year ended June 30, 2011, the Honorable 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. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per our legal counsel the stay granted to Collective Investment Schemes (CIS) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected SHC judgment.

In view of the afore mentioned developments and uncertainties created by the recent decision by Honorable Sindh High Court, the Management Company as a matter of abundant precaution has charged provision for WWF in these financial statements.

Corporate Governance

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

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

- a. Financial statements present fairly the statement of affairs, the results of operations, cash flows and Change in unit holders' fund.
- b. Proper books of accounts of the Fund have been maintained during the year.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable prudent judgment.
- d. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company, hence no disclosure has been made in the Directors' Report of the Management Company.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2013**

k. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.

l. The details of attendance of Board of Directors meeting is disclosed in note 22 to the attached financial statements. Below is the details of committee meetings held during the year ended June 30, 2013:

1. Meeting of Human resource and remuneration committee (held on August 13, 2012 and April 04, 2013)

S. No.	Name	Designation	Total Meetings Held	No. of Meetings Attended	Leave granted
1.	Dr. Syed Salman Shah	Chairman	2	2	-
2.	Mr. Haroun Rashid	Member	2	1	1
3.	Mr. Nasim Beg	Member	2	2	-
4.	Mr. Ahmed Jahangir	Member	2	2	-
5.	Mr. Yasir Qadri	Member	2	2	-

2. Meeting of Audit Committee (held on August 13, 2012, October 24, 2012, February 1, 2013 and April 23, 2013)

S. No.	Name	Designation	Total Meetings Held	No. of Meetings Attended	Leave granted
1.	Mr. Haroun Rashid	Chairman	4	3	1
2.	Mr. Nasim Beg	Member – Executive Vice Chairman	4	4	-
3.	Mr. Samad A. Habib	Member	4	4	-
4.	Mr. Ali Munir*	Member	2	-	2

* Mr. Ali Munir ceased to be the member of Audit Committee w.e.f. October 25, 2012.

m. As required by the Code, all the directors of the Management Company will attend the training Program for directors by the year 2016. Currently, two of the directors are exempt from obtaining mandatory training having the requisite qualification and experience. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the management company.

n. No trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer and Company Secretary, Chief Financial Officer and Chief Internal Auditor of the Management Company and their spouses and minor children.

External Auditors

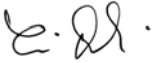
The Fund's external auditors, M. Yousuf Adil Saleem & Co., Chartered Accountants, have expressed their willingness to continue as the Fund auditors for the ensuing year ending June 30, 2014. The audit committee of the Board has recommended reappointment of M. Yousuf Adil Saleem & Co., Chartered Accountants, as auditors of the Fund for the year ending June 30, 2014.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2013

Acknowledgement

The Board of Directors of the Management Company is thankful to the valued investors of the Fund for their reliance and trust in MCB-Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Limited). The Board also likes to thank the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (the Trustee of the Fund) and the management of the Karachi Stock Exchange for their continued cooperation, guidance, substantiation and support. The Board also acknowledges the efforts put in by the team of the Management Company for the growth and meticulous management of the Fund.

For and on behalf of the board



Yasir Qadri

Chief Executive

Karachi: August 05, 2013

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2013

Fund Type and Category

Pakistan Strategic Allocation Fund is an Open-End Equity Scheme

Fund Benchmark

The benchmark for PSAF is KSE100 Index

Investment Objective

The objective of the fund is to provide investors capital growth over medium to long term primarily from investment in more liquid Pakistani equities

Investment Strategy

Pakistan Strategic Allocation Fund (PSAF) is an open end strategic allocation fund which primarily invests in equities based on a quantitative model. The Fund takes advantage of equity market volatility and buys equities when they are underpriced and sells equities when they are overpriced. DCF (discounted cash flow) valuations are pivotal for stocks selection in the portfolio. The fund is mostly invested in liquid stocks. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

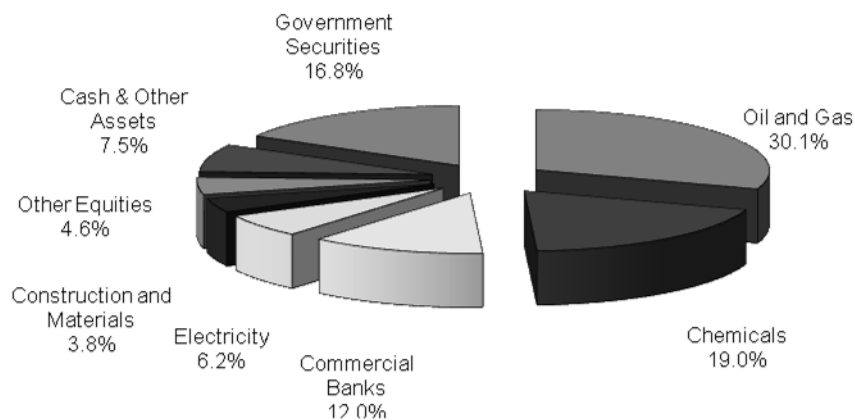
During the year under review, Pakistan Strategic Allocation Fund returned 32.3% as compared to the benchmark KSE-100 Index return of 52.2%, resulting in an under-performance of 19.9% by the fund. Cut in the Discount Rate, growth in corporate earnings, General Elections and the return of foreigners in the market remained the positive highlighting factors during the year, which kept the market rolling. Unstable political conditions hitting in patches, deteriorating macro-factors, worsening law and order situation did not impact the equity market performance anytime of the year. The fund remained vigilant and tried to concentrate its exposure in those stocks and sectors that are largely immune fundamentally from deteriorating macroeconomic conditions. The fund changed overall equity allocation several times during the year in sync with various developing market scenarios. The fund remained vigilant and tried to concentrate its exposure in those stocks and sectors that are largely immune fundamentally from deteriorating macroeconomic conditions.

The fund started the year with an equity allocation of 67.7%. Fund changed overall equity allocation several times during the year following its allocation strategy. Maximum equity allocation during the year remained 91% while minimum was 64%. Average equity allocation during the year comes out to be around 70%.

The fund initially had around 29.95% exposure in Oil and Gas sector and maintained exposure at higher levels throughout the year as this sector is relatively shielded from deteriorating economic fundamentals. The fund had a high exposure of around 18% in Commercial Banks at the beginning of the year which was altered significantly during the year amid frequent changes in macro-economic front. Exposure in Electricity sector was increased from 6% at beginning of the year to 9% at year end due to Government effort to resolve circular debt issue, reflecting in good price performance of the scrips.

Since inception return of the fund was 210.4% as compared to the benchmark's return of 294.8%, an under-performance of 24.8%. The fund's Net Assets declined by 13% from PKR 352 Million at the beginning of the year to PKR 306 Million as on June 30, 2013. The decline in net assets of the fund is primarily attributable to redemption pressures amid positive returns of the local stock exchanges as some investors opted to realize capital gains of the fund.

Asset Allocation as on June 30, 2013 (% of total assets)



Mr. Mohsin Pervaiz
Fund Manager

Karachi: August 05, 2013

TRUSTEE REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2013



CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



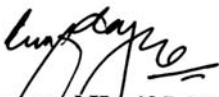
TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN STRATEGIC ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Strategic Allocation Fund (the Fund) are of the opinion that MCB – Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited) being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2013 in accordance with the provisions of the following:

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


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

Karachi: October 10, 2013



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

This statement is being presented by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited), the Management Company of Pakistan Strategic Allocation Fund ("the Fund") to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Pakistan Strategic Allocation Fund is an open end mutual fund and is listed at Karachi Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, MCB-Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited), on behalf of the Fund, has applied the principles contained in the Code in the following manner:

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

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

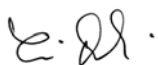
The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred on the board of the Management Company
5. The Management Company had prepared a 'Code of Conduct' and ensured that appropriate steps had been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. No new appointment of Chief Executive Officer, other executive and non-executive directors were made during the year.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings,. The minutes of the meetings were appropriately recorded and circulated.
9. Currently, two of the directors are exempt from obtaining mandatory training having the requisite qualification and experience. During the period the two of the directors' have attended Directors' Training Program conducted by the Institute of Chartered Accountants of Pakistan.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

10. The Board has approved the appointment of Chief Operating Officer and Company secretary, Chief Financial Officer and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The Directors' Report of the fund for the year ended June 30, 2013 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives of the Management Company do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee for the Management Company. It comprises of three members, of which two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises five members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the fund and the Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and units of the fund. The firm and all its partners are also in compliance with International Federation of Accountants guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Management Company's securities and Fund's unit, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the board



Yasir Qadri

Chief Executive

Karachi: August 05, 2013

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

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

Phone: +92 (0) 21- 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

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

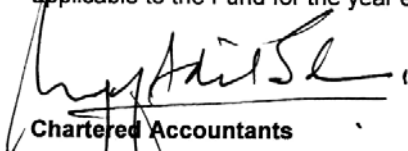
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **MCB-Arif Habib Savings and Investments Limited**, the Management Company of **Pakistan Strategic Allocation Fund (the Fund)** to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange Limited, where the Fund is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Regulation 35 (x) of the Listing Regulations requires the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2013.



Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Date: August 05, 2013

Member of
Deloitte Touche Tohmatsu Limited

**INDEPENDENT AUDITORS' REPORTS TO THE UNIT HOLDERS
FOR THE YEAR ENDED JUNE 30, 2013**

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

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Web: www.deloitte.com

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Pakistan Strategic Allocation Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2013, and the income statement, distribution statement, statement of movements in unit holder's fund, cash flow statement and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORTS TO THE UNIT HOLDERS
FOR THE YEAR ENDED JUNE 30, 2013

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's financial position as at June 30, 2013 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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



Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi
Date: August 05, 2013

Member of
Deloitte Touche Tohmatsu Limited

FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2013**

	Note	2013 (Rupees in '000)	2012
ASSETS			
Balances with banks	5	21,834	42,371
Investments	6	312,688	326,351
Receivable against sale of investments		400	550
Dividend and profit receivable	7	219	892
Security deposits and advances	8	2,971	2,971
Total assets		338,112	373,135
LIABILITIES			
Payable to Management Company		666	668
Payable to Central Depository Company of Pakistan Limited - Trustee		58	58
Annual fee Payable to Securities and Exchange Commission of Pakistan		311	476
Unclaimed dividend		12,405	12,492
Accrued expenses and other liabilities	9	18,887	7,938
Total liabilities		32,327	21,632
NET ASSETS		305,785	351,503
Unit holders' fund (as per statement attached)		305,785	351,503
Contingencies and commitments	10		
		(Number of Units)	
NUMBER OF UNITS IN ISSUE		26,957,076	41,032,844
NET ASSETS VALUE PER UNIT	11	11.34	8.57
	(Rupees).....	

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer

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



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 (Rupees in '000)	2012
INCOME			
Capital gain on sale of investments - net		72,420	25,151
Dividend income		21,068	29,454
Income from government securities		5,233	4,844
Profit on bank deposits		3,304	8,498
		<u>102,025</u>	<u>67,947</u>
Unrealised appreciation on revaluation of investments 'at fair value through profit or loss' - net	6.3	14,933	8,998
Total income		<u>116,958</u>	<u>76,945</u>
EXPENSES			
Remuneration of Management Company	12	6,539	10,013
Sales tax and Federal Excise Duty on remuneration of Management Company	13	1,103	1,603
Remuneration of Central Depository Company of Pakistan Limited - Trustee	14	703	1,001
Annual fee - Securities and Exchange Commission of Pakistan	15	311	476
Securities transaction cost		2,530	3,713
Custody, settlement and bank charges		343	331
Fees and subscription		333	300
Printing and related cost		32	487
Auditors' remuneration	16	543	486
Total expenses		<u>12,437</u>	<u>18,410</u>
Net income from operating activities		<u>104,521</u>	<u>58,535</u>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(16,943)	(11,579)
Provision for workers' welfare fund	9.1	(12,666)	-
Net income for the year before taxation		<u>74,912</u>	<u>46,956</u>
Taxation	17	-	-
Net income for the year after taxation		<u>74,912</u>	<u>46,956</u>
Other comprehensive income for the year			
Unrealised diminution in value of investments classified as 'available for sale'		-	(672)
Total comprehensive income for the year		<u>74,912</u>	<u>46,284</u>
Earning per unit	4.14	<u>-</u>	<u>-</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer

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(Management Company)



Director

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	(Rupees in '000)	
Accumulated loss brought forward		
- Realised loss	(78,112)	(132,219)
- Unrealized gain	<u>19,287</u>	<u>39,590</u>
	(58,825)	(92,629)
Element of income / (loss) and capital gain / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealised income	20,128	50,164
Net income for the year	74,912	46,956
	95,040	97,120
Final bonus dividend @ Rs. Nil (2012: 0.9043 per unit)	-	(63,316)
Accumulated gain / (loss) carried forward	36,215	(58,825)
Represented by:		
- Realised gain / (loss)	19,419	(78,112)
- Unrealised gain	<u>16,796</u>	<u>19,287</u>
	36,215	(58,825)

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer

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



Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	(Rupees in '000)	
Net assets at beginning of the year	351,503	608,242
Amount received on issue of 382,433 (2012: 979,821) units	4,001	21
Bonus units issued Nil (2012: 7,528,309) units	-	63,316
Amount paid on redemption of 14,458,201 (2012: 37,495,149) units	(141,574)	(314,623)
	<u>(137,573)</u>	<u>(251,286)</u>
	213,930	356,956
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed :		
- amount representing loss / (income) and capital losses / (gains) - transferred to income statement	16,943	11,579
- amount representing unrealised capital (gains) / losses and capital (gains) / losses that forms part of the unit holders' fund transferred to distribution statement	(20,128)	(50,164)
	(3,185)	(38,585)
Net income for the year transferred from the distribution statement		
Capital gain on sale of investments - net	72,420	25,151
Unrealised appreciation on revaluation of investments 'at fair value through profit or loss' - net	14,933	8,998
Other net (loss) / income for the year	(12,441)	12,807
Element of income / (loss) and capital gain / (losses) included in the prices of units issued less those in units redeemed - amount representing unreslised income	20,128	50,164
Distributions made during the year (Refer distribution statement)	-	(63,316)
Unrealised diminution in value of investment classified as 'available for sale'	-	(672)
Net assets at end of the year	<u>305,785</u>	<u>351,503</u>
NUMBER OF UNITS IN ISSUE	<u>26,957,076</u>	<u>41,032,844</u>
NET ASSETS VALUE PER UNIT	<u>11.34</u>	<u>8.57</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer

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



Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	(Rupees in '000)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	74,912	46,956
Adjustments for:		
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	16,943	11,579
Unrealised appreciation on revaluation of investments 'at fair value through profit or loss' - net	(14,933)	(8,998)
Dividend income	(21,068)	(29,454)
	<u>55,854</u>	<u>20,083</u>
Decrease / (Increase) in assets		
Investments - net	28,596	259,869
Receivable against sale of investments	150	4,322
Profit receivable	501	(236)
Security deposits and advances	-	151
	<u>29,247</u>	<u>264,106</u>
Increase / (decrease) in liabilities		
Payable to Management Company	(2)	(456)
Payable to Central Depository Company of Pakistan Limited - Trustee	-	(55)
Annual fee payable to Securities and Exchange Commission of Pakistan	(165)	(1,009)
Accrued expenses and other liabilities	10,949	(1,162)
	<u>10,782</u>	<u>(2,682)</u>
	95,883	281,507
Dividend received	21,240	32,871
Net cash generated from operating activities	<u>117,123</u>	<u>314,378</u>
B. CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from units sold	4,001	21
Cash paid on units redeemed	(141,574)	(314,623)
Dividend paid	(87)	(162)
Net cash used in financing activities	<u>(137,660)</u>	<u>(314,764)</u>
Net decrease in cash and cash equivalent	(A + B) (20,537)	(386)
Cash and cash equivalent at beginning of the year	42,371	42,757
Cash and cash equivalent at end of the year	<u>21,834</u>	<u>42,371</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Strategic Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004.
- 1.2** Based on shareholders' resolutions of MCB-AMC and AHIL the two companies have merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHIL being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank.. Subsequent to the completion of merger on June 27, 2011 the SECP extended the effective date of merger to July 30, 2011 through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011 under section 484(2) of the Companies Ordinance 1984. However, recently on request of Management Company the SECP reviewed its aforementioned order and through a letter no. SCD/AMCW/Mis/540/2013 dated May 17, 2013 issued revised order under section 484(2) of the Companies Ordinance 1984 to affirm the effective date of merger of MCB-AMC with AHIL as June 27, 2011. The latest order also endorsed the steps/actions taken by Management Company from June 27, 2011 to date.
- Pursuant of approval of Merger the name of the company has been changed from Airf Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited.
- 1.3** Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** The Fund is an open-ended fund listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Fund primarily invests in listed equity securities. It also invest in cash instruments and treasury bills not exceeding 90 days maturities.
- 1.6** The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2' dated March 21, 2013 to the Management Company and 4-Star Short term and 3-Star Long Term to the Fund dated November 2, 2012.
- 1.7** Title to the assets of the Fund is held in the name of the Trustee.
- 1.8** The Board of directors have approved that the Fund should be categorized as " Equity Scheme" as per the categories defined by the securities and Exchange Commission of Pakistan

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with 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 Trust Deed, 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). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.
- 2.2** These financial statements comprise of statement of assets and liabilities, income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement together with the notes forming part thereof.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

2.3 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations become effective. However, the amendments or interpretations did not have any material effect on the financial statements of the Fund.

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

A number of new Standards, amendments Standards and interpretations are effective for annual periods beginning on or after 1 July 2013. None of these are expected to have a significant effect on the financial statements of the fund except the following set out below.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014).
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 January 2013).
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014).

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for such investments which are stated at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised by the management in application of accounting policies principally relate to classification and valuation of investment (refer notes 4.1 and 4.4) and impairment of financial assets (refer note 4.5) in the financial assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated:

4.1 Financial assets

The management of the Fund classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

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

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

(b) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity.

(c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables comprise of cash and bank balances, receivable against sale of investments, deposits, dividend and profit receivable.

(d) Available for sale

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

4.2 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

4.4 Subsequent measurement

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

a) Basis of valuation of Equity Securities

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

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available for sale financial assets are recognized in other comprehensive income until the available for sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to income statement as a reclassification adjustment.

Loans and receivables and held to maturity financial assets are carried at amortized cost.

b) Basis of valuation of Government Securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Market Association.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

4.5 Impairment

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the income statement. In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in other comprehensive income is reclassified from other comprehensive income and recognized in the income statement. Impairment losses recognized on equity financial assets recognized in the income statement are not reversed through the income statement. For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

4.6 Derecognition

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

4.7 Offsetting of financial assets and liabilities

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

4.8 Reclassification

The Fund may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held for trading' category to the 'available for sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

4.9 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to Management Company, payable to the trustee, payable against purchase of investments, unclaimed dividend and other liabilities.

4.10 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. Unit Holder's 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 request during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

An equalization 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 Unrealised gains / (losses) held in the Unit Holder's Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the Income Statement.

4.12 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

4.13 Provisions

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

4.14 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.

4.15 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 Regulations, 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. We understand that the management intends to distribute sufficient accounting income of the Fund for the year ended 30 June 2013 in order to comply with the above stated clause. Accordingly, no tax provision has been made in these financial statements.

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 asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or Unrealised, to its unit holders every year.

4.16 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs have been amortized over a period of five years starting from the commencement of operations of the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

4.17 Revenue recognition

Realized capital gains / losses arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

Unrealised capital gains / losses arising on marking to market 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.

Dividend income is recognized when the right to receive the payment is established.

Profit on bank deposits is recognized on an accrual basis.

Profit on investment is recognized on an accrual basis.

4.18 Cash and cash equivalent

Cash and cash equivalent comprise of balances with banks.

4.19 Foreign currency translation

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

4.20 Segment reporting

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Investment Committee of the Fund has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments.

The Investment Committee considers the business as a single operating segment as the Fund's asset allocation decisions are based on a single integrated investment strategy and the Fund's performance is evaluated on an overall basis. The Fund manager works under the supervision of the Investment Committee and follows the direction given by the Investment Committee.

The internal reporting provided to the Investment Committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

4.21 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 (Rupees in '000)	2012
5. BALANCES WITH BANKS			
In current accounts		12,421	12,492
In deposit accounts	5.1	<u>9,413</u>	<u>29,879</u>
		<u>21,834</u>	<u>42,371</u>
5.1	The profit rate on this account is 5% to 11% per annum (2012: 9.5% to 12% per annum).		
6. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	6.1	255,998	252,754
Government securities	6.2	<u>56,690</u>	<u>73,597</u>
		<u>312,688</u>	<u>326,351</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

Name of the Investee Company	Number of shares			Balance as at June 30, 2013				Market value as % of net assets	Market value as % of total investments	Market Value as percentage of total Paid up capital of the investee company	
	As at July 01, 2012	Purchases during the year	Bonus/Right issue	Sales during the year	As at June 30, 2013	Cost	Market Value				Appreciation/ (Diminution)
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10/- each unless stated otherwise											
OIL AND GAS											
Attock Petroleum Limited	56,384	23,200	-	53,400	26,184	12,909	14,692	1,783	4,800	4.70	0.04
National Refinery Limited	18,199	11,500	-	19,999	9,800	2,174	2,358	184	0.77	0.75	0.01
Oil and Gas Development Company Limited	30,376	252,700	-	204,300	78,776	17,591	18,020	429	5.89	5.76	0.00
Pakistan Offshores Limited	70,653	112,200	-	190,400	42,453	21,396	21,114	(282)	6.90	6.75	0.02
Pakistan Petroleum Limited	152,219	160,800	14,129	190,300	136,848	25,392	28,954	3,562	9.47	9.26	0.01
Pakistan State Oil Company Limited	90,326	97,800	10,759	146,900	51,985	11,609	16,654	5,045	5.45	5.33	0.03
						91,071	101,792	10,721	33	33	0.03
CHEMICALS											
Clariant Pakistan Limited	-	11,500	-	11,500	-	-	-	-	-	-	-
Engro Corporation Limited	100	479,200	-	300,600	178,700	22,774	21,778	(996)	7.12	6.96	0.03
Fatma Fertilizer Company Limited	405,200	359,000	-	232,000	532,200	12,485	13,215	730	4.32	4.23	0.03
Fauji Fertilizer Bin Qasim Limited	76,400	278,000	-	88,000	266,400	10,866	10,001	(865)	3.27	3.20	0.03
Fauji Fertilizer Company Limited	91,400	344,600	-	266,900	169,100	19,335	18,166	(1,169)	5.94	5.81	0.01
I.C.I Pakistan Limited	-	64,200	-	64,200	-	-	-	-	-	-	-
Lone Chemical Pakistan Limited	-	125,000	-	-	125,000	910	953	43	0.31	0.30	0.01
						66,370	64,113	(2,257)	21	21	0.05
CONSTRUCTION AND MATERIALS											
Chehr Cement Company Limited	76,775	229,500	-	254,775	51,500	2,591	2,997	406	0.98	0.96	0.00
D.G. Khan Cement Limited	8,900	135,000	-	123,800	20,100	1,261	1,682	421	0.55	0.54	0.00
Fauji Cement Company Limited	-	1,628,500	-	1,628,500	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	464,500	-	375,000	89,500	7,352	7,683	331	2.51	2.46	0.07
Lucky Cement Limited	199,319	25,500	-	222,200	2,619	457	549	92	0.18	0.18	0.00
						11,061	12,911	1,250	4	4	0.00
INDUSTRIAL ENGINEERING											
Milat Tractors Limited	-	28,700	-	28,700	-	-	-	-	-	-	-
FOOD PRODUCERS											
Uni Lever Pakistan Limited	-	1,060	-	1,060	-	-	-	-	-	-	-
PERSONAL GOODS											
Blessed Textiles Limited	-	20,000	-	20,000	-	-	-	-	-	-	-
Nishat Churain Limited	911	25,000	-	25,911	-	-	-	-	-	-	-
Nishat Mills Limited	21,800	394,000	-	347,500	68,300	6,576	6,435	(141)	2.10	2.06	0.02
						6,576	6,435	(141)	2	2	0.00
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunication Company Limited 'A'	20,100	767,500	-	787,600	-	-	-	-	-	-	-
Watson Telecom Limited	308,750	-	-	308,750	-	-	-	-	-	-	-
						337,571	20,811	3,163	6.81	6.66	0.03
ELECTRICITY											
Hub Power Company Limited	386,171	833,000	-	881,600	-	-	-	-	-	-	-
Koi Adda Power Company Limited	-	459,700	-	459,700	-	-	-	-	-	-	-
Nishat Chumian Power Limited	400,000	1,086,500	-	1,200,000	-	-	-	-	-	-	-
Nishat Power Limited	-	600,000	-	599,900	100	2	3	1	0.00	0.00	0.00
						17,650	20,814	3,164	7	7	0.00
BANKS											
Allied Bank Limited	168,196	29,687	69	197,500	452	25	31	6	0.01	0.01	0.00
Askari Bank Limited	-	1,435,000	-	1,435,000	-	0.02	0.02	(0)	0.00	0.00	0.00
Bank Al-Falah Limited	1,614,285	500,500	-	1,646,200	468,585	7,872	8,537	665	2.79	2.73	0.03
Bank AL-Habib Limited	590,891	1,086,500	-	1,177,500	499,891	14,987	13,592	(1,395)	4.44	4.35	0.05
MCB Bank Limited	64,250	7,000	-	71,250	-	-	-	-	-	-	-
Meezan Bank Limited	-	743,500	59,070	458,070	13,284	11,195	13,284	2,089	4.34	4.25	0.05
National Bank Of Pakistan	50,000	375,500	25,005	324,300	126,205	5,702	5,190	(512)	1.70	1.66	0.01
United Bank Limited	-	159,500	-	159,500	-	-	-	-	-	-	-
						39,782	40,634	852	13	13	0.32
NON LIFE INSURANCE											
Pakistan Reinsurance Company Limited	-	783,000	-	389,500	393,500	7,965	9,299	1,334	3.04	2.97	0.00
						7,965	9,299	1,334	3	3	0.00
Total - 2013						241,075	255,998	14,923	84	82	
Total - 2012						243,748	252,754				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

9.1 Provision for workers welfare fund

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

On July 15, 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 the nature of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

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

However, as per our legal counsel the stay granted to Collective Investment Schemes (CIS) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by SHC judgment.

As a matter of abundant prudence, management company has decided to record the provision for WWF amounting to Rs 12.666 million (including Rs 10.914 million for the years 2008-2012) in these financial statements. The net asset value of the fund as at June 30, 2013 would have been higher by Rs. 0.47 per unit, if the same was not recognized.

9.2 Conversion cost

Conversion cost represent expenditure incurred in connection with the conversion of the Fund into an open-end fund and includes fee paid to Securities and Exchange Commission of Pakistan (SECP), CDC charges for transfer of closed end certificates into open-end units, professional charges for revision of constitutive documents and other expenses. These costs have been charged as expense in the year of conversion in accordance with the condition notified by SECP vide its letter no. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010. Conversion cost is paid by the management company which will be initially repaid by the Fund within five years ending on Sept 23, 2015.

10. Contingencies and commitments

No contingencies and commitments exist as at June 30, 2013. (2012: As at June 30, 2012 a contingency existed with respect to workers welfare fund liability (WWF) amounted to Rs. 10.914 million, during the year 2013 full provision has been recorded against WWF {Refer Note 9.1})

11. 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.

	Notes	2013 (Rupees in '000)	2012
12. REMUNERATION OF MANAGEMENT COMPANY			
Management fee	12.1	6,539	10,013

12.1 Under the provisions of the NBFC 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 three percent of the average annual net assets of the Fund and thereafter, of an amount equal to two percent of such assets of the Fund. In compliance with the requirement of the said regulation, the Management Company has charged remuneration at two percent per annum with effect from August 23, 2009 (three percent till August 22, 2009) as the Fund has completed its five years on August 22, 2009.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

13. SALES TAX AND FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

Sales tax	13.1	1,054	1,602
Federal excise duty	13.2	49	-
		<u>1,103</u>	<u>1,602</u>

13.1 General Sales Tax is charged at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011.

13.2 During the year, through Finance Bill 2013 effective from June 13, 2013, the Federal Government has levied Federal Excise Duty at the rate of 16% on the remuneration of the Management Company.

	Notes	2013 (Rupees in '000)	2012
14. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			

Remuneration to trustee	14.1	<u>703</u>	<u>1,001</u>
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14.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund from July 01, 2012 to June 30, 2013 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.7 million or 0.20% p.a of NAV, which ever is higher.
Amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a of NAV, exceeding Rs. 1,000 million.

The remuneration is paid to the trustee monthly in arrears.

	Notes	2013 (Rupees in '000)	2012
15. ANNUAL FEE - SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			

Annual fee	15.1	<u>311</u>	<u>476</u>
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15.1 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 percent of the average annual net assets of the Fund.

		2013 (Rupees in '000)	2012
16. AUDITORS' REMUNERATION			
Audit and review fee		426	390
Other certifications and services		104	60
Out of pocket expenses		13	36
		<u>543</u>	<u>486</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

17. TAXATION

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 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. (Refer note 4.15)

18. TRANSACTIONS WITH CONNECTED PERSONS

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

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Detail of transactions with connected persons during the year and balances with them at year end are as follows:

	2013	2012
	(Rupees in '000)	
18.1 Transactions during the year		
MCB-Arif Habib Savings and Investments limited - Management Company		
Remuneration	7,642	11,616
Payment of Conversion cost	1,520	957
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	58	1,001
Arif Habib Limited - Brokerage house		
Brokerage expense	84	285
Summit Bank Limited		
Mark up income	-	1,365
Bank charges	-	4
MCB Bank Limited		
Mark up income	1,781	5,472
Bank charges	9	6
Dividend received	85	4,095
D.G khan Cement		
Dividend received	154	-
Nishat Chunian Power Limited		
Dividend received	1,520	-
Nishat Mills Limited		
Dividend received	598	1,124

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	(Rupees in '000)	
Nishat Power Limited		
Dividend received	0.1	-
Fatima Fertilizers Limited		
Dividend received	640	-
Directors and executives of the Management Company		
Issue of Nil units (2012: Nil units)	-	-
Redemption of 46,617 units (2012: 1,049 units)	423	8
Dividend paid	-	56
18.2 Balances outstanding at year end		
Management Company		
Remuneration payable	666	668
Conversion cost payable	5,123	6,643
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	703	58
Security deposits	300	300
Arif Habib Limited - Brokerage house		
Brokerage payable	-	33
Summit Bank Limited		
Balances with bank	5,109	5,173
MCB Bank Limited		
Balances with bank	8,041	5,938
Accrued mark-up	33	517
Dewan Salman Fibre Limited		
2,568,612 units held as at June 30, 2013 (2012: 2,568,612)	29,128	22,013
Directors and executives of the Management Company		
Nil units held as at June 30, 2013 (2012: 46,617)	-	340

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

19. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Names	Designation	Qualification	Experience in years
Mr. Yasir Qadri	Chief Executive Officer	MBA	18
Mr. Kashif Rafi	Senior Vice President - Head of Fixed Income Inves	MBA & CFA Level-1	12
Mr. Muhammad Asim	Vice President - Head of Equities	MBA & CFA	10
Mrs. Uzma Khan	Assistant Vice President	MBA, CFA, FRM	4
Mr. Mohsin Pervaiz	Vice President - Investments	MBA & CFA Level-1	12

19.2 Mr. Mohsin Pervaiz is the Fund Manager. He is also the Fund Manager of Pakistan Capital Market Fund

**2013
%**

20. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Invest and Finance Securities Limited	7.49
Shajar Capital Pakistan (Private) Limited	7.41
Fortune Securities Limited	7.34
Optimus Capital Management Private Limited	6.82
IGI Finex Securities Limited	6.31
Foundation Securities (Private) Limited	6.27
Elixir Securities Pakistan (Private) Limited	5.11
AL Habib Capital Markets (Private) Limited	4.90
JS Global Capital Limited	4.69
Next Capital Limited	4.68

**2012
%**

Fortune Securities Limited	9.21
Arif Habib Limited	8.96
Invest and Finance Securities (Private)Limited	8.25
KASB Securities (Private) Limited	6.82
Foundation Securities (Private) Limited	6.63
Optimus Capital Management (Private) Limited	6.02
Elixir Securities Pakistan (Private) Limited	5.86
Taurus Securities Limited	5.06
Next Capital Limited	4.67
JS Global Capital Limited	3.82

21. PATTERN OF UNIT HOLDINGS

	Number of unit holders	Number of Units held	As at June 30, 2013	
			Investment amount (Rupees in '000)	Percentage investment %
Individuals	1,365	16,805,495	190,632	62.34
Insurance companies	2	1,217,876	13,815	4.52
Bank / DFIs	3	1,533,989	17,401	5.69
Retirement funds	15	1,812,159	20,556	6.72
Public limited companies	18	4,627,290	52,489	17.17
Others	11	960,267	10,892	3.56
	<u>1,414</u>	<u>26,957,076</u>	<u>305,785</u>	<u>100.00</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Number of unit holders	Number of Units held	As at June 30, 2012	
			Investment amount (Rupees in '000)	Percentage investment %
Individuals	1,583	27,182,299	232,852	66.24
Insurance companies	3	2,208,494	18,919	5.38
Bank / DFIs	5	4,883,732	41,836	11.90
Retirement funds	16	1,847,121	15,823	4.50
Public limited companies	23	4,896,628	41,946	11.93
Others	3	14,569	127	0.04
	<u>1,633</u>	<u>41,032,843</u>	<u>351,503</u>	<u>100</u>

22. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year, six board meetings were held on 16th July 2012, 15th August 2012, 4th October 2012, 25th October 2012, 4th February 2013, 24th April 2013. Information in respect of attendance by Directors in the meetings is given below :

Name of persons attending the meetings	No. of meetings held	Number of meetings			Meetings not attended
		Attendance required	Attended	Leave granted	
Mr. Mian Mohammad Mansha	6	6	2	4	98th, 99th, 100th, 103rd
Mr. Nasim Beg	6	6	5	1	102th
Mr. Yasir Qadri (Chief Executive Officer)	6	6	6	-	-
Dr. Syed Salman Ali Shah	6	6	5	1	103rd
Mr. Haroun Rashid	6	6	4	2	100th and
Mr. Ahmed Jahangir	6	6	6	-	91st and 92nd
Mr. Samad A. Habib	6	6	4	2	100th, 101st
Mr. Mirza Mehmood Ahmed	6	6	3	3	98th, 99th, 101st
Mr. Saqib Saleem (Chief Operating Officer & Company Secretary)	6	6	6	-	-
Mr. Umair Ahmed (Chief Financial Officer)	6	3	3	-	-

23. FINANCIAL RISK MANAGEMENT

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

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

The Fund financial assets primarily comprise of balance with banks, investment in equity securities of listed companies classified at 'fair value through profit or loss' and investment in government securities. The Fund also has dividend and profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Management Company, Trustee and SECP and accrued and other liabilities.

23.1 Market risk

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Commission of Pakistan and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), The Non Banking Finance Companies (establishment and Regulation) Rules, 2003 (the Rules).

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

23.1.1 Currency risk

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

23.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2013, the Fund does not hold any variable interest based investment except balances with bank in deposit account exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2013, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 0.09 million (2012: Rs. 0.299 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2013 the Fund holds Market Treasury Bills which are classified as 'financial assets 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 of Pakistan (FMAP) on June 30, 2013, with all other variables held constant, the net income for the year and net assets would be lower by Rs 0.023 million. In case of 100 basis points decrease in rates announced by the FMAP on June 30, 2013, with all other variables held constant, the net income for the year and net assets would be lower by Rs 0.044 million.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

June 30, 2013						
Exposed to Yield/Interest rate risk						
Yield/ effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to Yield/ Interest rate risk	Total	
Rs in '000						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	5 - 11	9,413	-	-	12,421	21,834
Investments	10 - 12.5	56,690	-	-	255,998	312,688
Receivable against sale of investments		-	-	-	400	400
Dividend and profit receivable		-	-	-	219	219
Security Deposits and Advances		-	-	-	2,971	2,971
		66,103	-	-	272,009	338,112

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Yield/ effective interest rate (%)	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rs in '000 -----					
Financial Liabilities					
Payable to Management Company	-	-	-	666	666
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	58	58
Payable to Securities and Exchange Commission of Pakistan	-	-	-	311	311
Unclaimed dividend	-	-	-	12,405	12,405
Accrued expenses and other liabilities	-	-	-	18,887	18,887
	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,327</u>	<u>32,327</u>
On-balance sheet gap	<u>66,103</u>	<u>-</u>	<u>-</u>	<u>239,682</u>	<u>305,785</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2013.

----- June 30, 2012 -----						
Yield/ effective interest rate (%)	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rs in '000 -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	9.5 - 12	29,879	-	-	12,492	42,371
Investments	11.5-13.5	73,597	-	-	252,754	326,351
Receivable against sale of investments		-	-	-	550	550
Dividend and profit receivable		-	-	-	892	892
Security Deposits and Advances		-	-	-	2,971	2,971
		<u>103,476</u>	<u>-</u>	<u>-</u>	<u>269,659</u>	<u>373,135</u>
Financial Liabilities						
Payable to Management Company		-	-	-	668	668
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	58	58
Payable to Securities and Exchange Commission of Pakistan		-	-	-	476	476
Unclaimed dividend		-	-	-	12,492	12,492
Accrued expenses and other liabilities		-	-	-	7,938	7,938
		<u>-</u>	<u>-</u>	<u>-</u>	<u>21,632</u>	<u>21,632</u>
On-balance sheet gap		<u>103,476</u>	<u>-</u>	<u>-</u>	<u>248,027</u>	<u>351,503</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2012.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

23.1.3 Price risk

The Fund is exposed to equity price risk because of equity securities held by the Fund and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Fund's investment policy, as restricted by the NBFC Regulations, the NBFC Rules, limits investments in listed shares of one company to not more than 10% of the Fund's net assets and investment in listed securities of a particular company have also been restricted to 10% of paid-up capital of investee company. Moreover, the sector limits have been restricted to 30% of the net assets of the Fund or index weight whichever is higher. The Investment committee and Fund manager closely monitor the security performance and risk assessment with them and accordingly make their investment decision.

In case of 5% increase/ decrease in KSE 100 index on June 30, 2013, the net income for the year and net assets would be increase/ decrease by Rs. 11.994 million (2012: Rs. 13.21 million) as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the 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 the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

23.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on Investment in equity securities balances with banks, profit and other receivable. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2013 and June 30, 2012 is the carrying amounts of following financial assets.

	2013	2012
	(Rupees in '000)	
Balances with banks	21,834	42,371
Investments	312,688	326,351
Receivable against sale of investments	400	550
Dividend and profit receivable	219	892
Security deposits and advances	2,971	2,971
	338,112	373,135

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2013 and June 30, 2012:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Bank Balances by rating category	Rating Long - term / Short - term	2013 (Rupees in '000)	2012
Deposit Accounts			
Bank Al-Habib Limited	AA+ / A1+	-	23
Habib Metropolitan Bank	AA+ / A1+	1,372	23,918
MCB Bank Limited	AA+ / A1+	8,041	5,938
Current Accounts			
Standard Chartered Bank Limited	AAA / A1+	7,312	7,319
Summit Bank Limited	A - / A - 2	5,109	5,173
		<u>21,834</u>	<u>42,371</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2013 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

23.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. During the current year, the Fund did not availed any borrowin. As per the NBFC regulation the maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. and bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to 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 Fund did not withhold any redemptions during the year.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

	June 30, 2013			
	Up to three months	Over three months and up to one year	Over one year	Total
	Rupees in '000			
Liabilities				
Payable to Management Company	666	-	-	666
Payable to Central Depository Company of Pakistan Limited - Trustee	58	-	-	58
Payable to Securities and Exchange Commission of Pakistan	311	-	-	311
Unclaimed dividend	12,405	-	-	12,405
Accrued expenses and other liabilities	13,764	1,137	3,986	18,887
	27,204	1,137	3,986	32,327

	June 30, 2012			
	Up to three months	Over three months and up to one year	Over one year	Total
	Rupees in '000			
Liabilities				
Payable to Management Company	668	-	-	668
Payable to Central Depository Company of Pakistan Limited - Trustee	58	-	-	58
Payable to Securities and Exchange Commission of Pakistan	476	-	-	476
Unclaimed dividend	12,492	-	-	12,492
Accrued expenses and other liabilities	1,295	2,083	4,560	7,938
	14,989	2,083	4,560	21,632

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

23.4 Financial instruments by category

June 30, 2013				
	Loans and receivables	At fair value through profit or loss	Available for sale investments	Total
Rupees in '000				
Assets				
Balances with banks	21,834	-	-	21,834
Investments	-	312,688	-	312,688
Receivable against sale of investments	400	-	-	400
Dividend and profit receivable	219	-	-	219
Deposits and other advances	2,971	-	-	2,971
	25,424	312,688	-	338,112

June 30, 2013			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Rupees in '000			
Liabilities			
Payable to Management Company	-	666	666
Payable to Central Depository Company of Pakistan Limited - Trustee	-	58	58
Payable to Securities and Exchange Commission of Pakistan	-	311	311
Unclaimed dividend	-	12,405	12,405
Accrued expenses and other liabilities	-	18,887	18,887
	-	32,327	32,327

June 30, 2012				
	Loans and receivables	At fair value through profit or loss	Available for sale investments	Total
Rupees in '000				
Assets				
Balances with banks	42,371	-	-	42,371
Investments	-	326,351	-	326,351
Receivable against sale of investments	550	-	-	550
Dividend and profit receivable	892	-	-	892
Deposits and other receivables	2,971	-	-	2,971
	46,784	326,351	-	373,135

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

	June 30, 2012		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities	Rupees in '000		
Payable to Management Company	-	668	668
Payable to Central Depository Company of Pakistan Limited - Trustee	-	58	58
Payable to Securities and Exchange Commission of Pakistan	-	476	476
Unclaimed dividend	-	12,492	12,492
Accrued expenses and other liabilities	-	7,938	7,938
	-	21,632	21,632

23.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

23.6 Fair value hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investment in equity securities - at fair value through profit or loss	312,688	-	-	312,688
	312,688	-	-	312,688
	June 30, 2012			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investment in equity securities - at fair value through profit or loss	326,351	-	-	326,351
	326,351	-	-	326,351

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

24. UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per share on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the fund.

The Fund's objectives when managing unit holder's fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns for units holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term

25. NON - ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

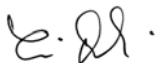
The Board of Directors of the Management Company in their meeting held on July 04, 2013 have approved distribution at the rate of Rs. 2.0247 per unit. The financial statements of the Fund for the year ended June 30, 2013 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2014.

26. GENERAL

Figures have been rounded off to the nearest thousand Rupees.


27. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 05 August 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

**PATTERN OF HOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2013**

Category	No.of Unit Holders	Units
Associated Companies, undertakings and related Parties	-	-
Directors		
Nasim Beg		
Public Sector Companies and Corporations	17	2,026,708
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance, Insurance Companies, Modarbas and Mutual Funds.	8	2,766,433
Individuals	1,371	16,893,357
Trust	17	2,701,966
Unitholders holding 5 percent or more Voting interest in the listed company		
DEWAN SALMAN FIBRE LIMITED	1	2,568,612
	<u>1,414</u>	<u>26,957,076</u>

**PATTERN OF UNIT HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2013**

No. of Unit Holders	Units Holdings	Total Units Held
880	(SHAREHOLDING FROM 1.0000 TO 5000.0000)	1,445,703.21
179	(SHAREHOLDING FROM 5001.0000 TO 10000.0000)	1,146,190.35
122	(SHAREHOLDING FROM 10001.0000 TO 15000.0000)	1,448,675.88
38	(SHAREHOLDING FROM 15001.0000 TO 20000.0000)	658,393.10
36	(SHAREHOLDING FROM 20001.0000 TO 25000.0000)	824,975.62
20	(SHAREHOLDING FROM 25001.0000 TO 30000.0000)	564,227.62
20	(SHAREHOLDING FROM 30001.0000 TO 35000.0000)	674,765.59
3	(SHAREHOLDING FROM 35001.0000 TO 40000.0000)	111,644.29
11	(SHAREHOLDING FROM 40001.0000 TO 45000.0000)	451,634.28
9	(SHAREHOLDING FROM 45001.0000 TO 50000.0000)	427,130.81
12	(SHAREHOLDING FROM 50001.0000 TO 55000.0000)	625,392.52
11	(SHAREHOLDING FROM 55001.0000 TO 60000.0000)	636,335.10
3	(SHAREHOLDING FROM 60001.0000 TO 65000.0000)	188,799.97
1	(SHAREHOLDING FROM 65001.0000 TO 70000.0000)	70,000.00
2	(SHAREHOLDING FROM 70001.0000 TO 75000.0000)	144,981.51
3	(SHAREHOLDING FROM 75001.0000 TO 80000.0000)	231,338.24
2	(SHAREHOLDING FROM 80001.0000 TO 85000.0000)	163,620.52
4	(SHAREHOLDING FROM 85001.0000 TO 90000.0000)	347,298.72
1	(SHAREHOLDING FROM 90001.0000 TO 95000.0000)	92,283.23
7	(SHAREHOLDING FROM 95001.0000 TO 100000.0000)	696,118.44
1	(SHAREHOLDING FROM 100001.0000 TO 105000.0000)	104,888.88
2	(SHAREHOLDING FROM 105001.0000 TO 110000.0000)	215,604.91
9	(SHAREHOLDING FROM 115001.0000 TO 120000.0000)	1,048,306.03
2	(SHAREHOLDING FROM 120001.0000 TO 125000.0000)	243,575.28
1	(SHAREHOLDING FROM 125001.0000 TO 130000.0000)	128,197.51
1	(SHAREHOLDING FROM 135001.0000 TO 140000.0000)	137,441.98
2	(SHAREHOLDING FROM 145001.0000 TO 150000.0000)	291,357.99
6	(SHAREHOLDING FROM 170001.0000 TO 175000.0000)	1,048,888.75
1	(SHAREHOLDING FROM 175001.0000 TO 180000.0000)	175,397.51
1	(SHAREHOLDING FROM 185001.0000 TO 190000.0000)	186,469.55
1	(SHAREHOLDING FROM 190001.0000 TO 195000.0000)	194,627.13
3	(SHAREHOLDING FROM 195001.0000 TO 200000.0000)	593,204.86
1	(SHAREHOLDING FROM 200001.0000 TO 205000.0000)	201,612.90
2	(SHAREHOLDING FROM 230001.0000 TO 235000.0000)	466,172.78
1	(SHAREHOLDING FROM 235001.0000 TO 240000.0000)	237,165.40
1	(SHAREHOLDING FROM 270001.0000 TO 275000.0000)	273,293.79
3	(SHAREHOLDING FROM 290001.0000 TO 295000.0000)	878,594.67
2	(SHAREHOLDING FROM 295001.0000 TO 300000.0000)	594,370.29
1	(SHAREHOLDING FROM 395001.0000 TO 400000.0000)	396,246.86
1	(SHAREHOLDING FROM 435001.0000 TO 440000.0000)	437,036.98
1	(SHAREHOLDING FROM 465001.0000 TO 470000.0000)	466,172.78
1	(SHAREHOLDING FROM 520001.0000 TO 525000.0000)	524,444.37
1	(SHAREHOLDING FROM 590001.0000 TO 595000.0000)	592,622.14
1	(SHAREHOLDING FROM 855001.0000 TO 860000.0000)	856,592.48
2	(SHAREHOLDING FROM 990001.0000 TO 995000.0000)	1,981,234.31
1	(SHAREHOLDING FROM 1165001.0000 TO 1170000.0000)	1,165,431.94
1	(SHAREHOLDING FROM 2565001.0000 TO 2570000.0000)	2,568,614.80
1,414	Total :	26,957,075.87

PERFORMANCE TABLE

	2013	2012	2011	2010	2009	2008	2007	2006	2005
(Rupees in '000)									
Net Assets	305,785	351,503	608,242	2,531,171	2,136,566	3,216,077	4,080,334	3,989,330	3,651,951
Net Income / (loss)	74,912	46,284	114,294	334,453	(934,075)	(73,666)	803,401	855,120	918,640
Announcement Date of Distribution									
Interim	-	-	-	-	-	-	-	-	February 10, 2005
Final	July 5, 2013	June 20, 2012	July 4, 2010	August 3, 2010	-	July 25, 2008	July 21, 2007	July 22, 2006	July 30, 2005
(Percentage)									
Total return of the Fund	32.32	14.90	19.10	18.54	(27.35)	(1.80)	24.78	23.38	31.86
Dividend distribution - interim (%)	-	-	-	-	-	-	-	-	10.00
Dividend distribution - final (%)	21.72	10.00	4.04	11.53	-	7.00	25.00	25.00	15.00
Capital growth / (reduction)	10.60	4.90	13.56	2.39	(27.35)	(8.21)	1.85	0.19	6.86
Average return of the fund (CAGR)									
One Year	32.32	14.90	19.10	15.85	(27.35)	(1.80)	24.78	23.38	-
Two Year	52.05	36.71	41.20	(7.20)	(15.55)	10.68	24.12	-	-
Three Year (Since inception)	81.23	62.06	2.50	(5.44)	(3.81)	14.76	-	-	-

Disclaimer

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

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by typing: **Bachat Ka Doosra Naam**

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