



Kum Risk Bala Nasheen

MCB

CASH MANAGEMENT OPTIMIZER

MCB-Arif Habib Savings and Investments Limited

Rated: 'AM2++' by PACRA

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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha	Chairman
	Mr. Nasim Beg	Vice Chairman
	Mr. Muhammad Saqib Saleem	Chief Executive Officer
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
	Mr. Nasim Beg	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Company Secretary	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B' S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited United Bank Limited Allied Bank Limited Faysal Bank Limited Habib Metropolitan Bank Limited Habib Bank Limited Bank Al-Habib Limited Bank Al-Falah Limited National Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75530.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 ++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

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

ECONOMY AND MONEY MARKET OVERVIEW

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

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

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

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

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

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

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

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

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

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

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 5.77% as against its benchmark return of 4.42%, an outperformance of 1.35%.

Volatility in oil prices and its expected impact on inflation, along with downwards trajectory of interest rates were the agents in our decision for actively managing WAM. As at June 30, 2016 WAM stood at 10days in line with our view on interest rates going forward.

The fund was around 12.1% invested in PIBs and 72.7% in cash and bank deposits.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 3,958 million as compared to Rs. 12,533 million as at June 30, 2015 registering a decrease of 68.42%.

The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs.100.3368 as compared to opening NAV of Rs. 100.1105 per unit as at June 30, 2015 registering an increase of Rs. 0.2263 per unit.

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

FUTURE OUTLOOK

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

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

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

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

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

Corporate Governance

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

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

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

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

- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report of the Management Company.
- k. During the year Chief Executive Officer has attended the Directors' Training Program organized by the Institute of Chartered Accounts in Pakistan. (All other the directors have completed the course or they are exempted from attending training course due to sufficient working experience.)
- l. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- m. The details of attendance of Board of Directors meeting is disclosed in note 19.3 to the attached financial statements. Below is the details of committee meetings held during the year ended June 30, 2016:

1. Meeting of the Audit Committee.

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

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

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

2. Meeting of the Human Resource and Remuneration Committee.

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

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

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

** Attended 6th meeting as Acting CEO.

- n. The 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.

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Saqib Saleem	Chief Executive Officer	-	-	-
2	Muhammad Asif Medhi Rizivi	Chief Financial Officer	9,536	9,536	-
3	Abdul Basit	Company Secretary	-	-	-
4	Fahad Sultan	Chief Internal Auditor	-	-	-

External Auditors

The fund's external auditors, KPMG Taseer Hadi & Co. Chartered Accountants, have retired after the conclusion of audit for current year. Due to code of corporate governance, KPMG has been appointed as an external auditor of Management Company; therefore they are not eligible for reappointment. The audit committee of the Board has recommended appointment of Deloitte Yousuf Adil Chartered Accountants as auditors of the fund for the year ending June 30, 2017.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
August 05, 2016

ڈائریکٹرز رپورٹ

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	Redemption	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
.1	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	-	-	-
.2	محمد آصف مہدی رضوی	چیف فنانشل آفیسر	9,536	9,536	-
.3	عبدالباسط	کمپنی سیکرٹری	-	-	-
.4	فہد سلطان	چیف انٹرنل آڈیٹر	-	-	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز "KPMG" تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، سال رواں کے آڈٹ کے اختتام کے بعد ریٹائر ہو گئے ہیں۔ کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت KPMG کو مینجمنٹ کمپنی کا خارجی آڈیٹر مقرر کر دیا گیا ہے، چنانچہ وہ دوبارہ تقرری کے اہل نہیں ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2017ء کو ختم ہونے والے سال کے لئے "ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس" کو فنڈ کے آڈیٹر مقرر کرنے کے سفارش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

05 اگست 2016ء

ڈائریکٹرز رپورٹ

مالیاتی گوشواروں کے ساتھ ملحق ہے۔

m. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات ملحقہ مالیاتی گوشواروں کے نوٹ 19.3 میں پیش کی گئی ہیں۔ 30 جون 2016ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

1. آڈٹ کمیٹی کی میٹنگ

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

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

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

2. ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

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

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

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

ڈائریکٹرز رپورٹ

گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق کی بہترین طریقوں سے متعلق شقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے شق، کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کاربند ہے جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو با تفصیل واضح کیا گیا ہے۔

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

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

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

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

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

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

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

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

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

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

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

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

l. این بی ایف سی کے قواعد و ضوابط اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی pattern

ڈائریکٹرز رپورٹ

تاخیر کا شکار ہو سکتی ہے۔

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

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

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

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

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے، اور مینجمنٹ کمپنی کا بورڈ آف ڈائریکٹرز عمدہ کارپوریٹ

ڈائریکٹرز رپورٹ

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے منافع کے متعین کردہ معیار 4.42% کے بالمقابل 5.77% منافع کمایا، جو 1.35% ترقی ہے۔

تیل کی قیمتوں میں عدم استحکام اور افراط زر پر اس کا متوقع اثرات، اور اس کے ساتھ ساتھ انٹریسٹ کی شرحوں میں کمی کا رجحان وہ محرکات تھے جن کی بناء پر ہم نے WAM کو متحرک انداز میں چلانے کا فیصلہ کیا۔ 30 جون 2016ء کو WAM دس روز کی سطح پر تھا، جو انٹریسٹ کی شرحوں میں اضافے کے حوالے سے ہماری رائے سے ہم آہنگ تھا۔

فنڈ کی تقریباً 12.1% پاکستان انویسٹمنٹ بانڈز (PIBs) میں اور 72.7% نقد اور بینک ڈپازٹس میں سرمایہ کاری کی گئی تھی۔

30 جون 2016ء کو فنڈ کے net اثاثے 3,958 ملین روپے تھے جبکہ 30 جون 2015ء کو 12,533 ملین روپے تھے، جو 68.42% کمی ہے۔

30 جون 2016ء کو Net Asset Value (NAV) فی یونٹ 100.3368 روپے تھی جبکہ 30 جون 2015ء کو 100.1105 روپے فی یونٹ تھی، جو 0.2263 روپے فی یونٹ اضافہ ہے۔

مستقبل کی صورتحال

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

ڈائریکٹر رپورٹ

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

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

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

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

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

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

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

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی کیش مینجمنٹ آپٹیمائزر کے 30 جون 2016ء کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

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

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

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

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

Fund Type and Category

MCB Cash Management Optimizer (CMOP) is an open end money market fund, and has the leverage to invest in short term government securities, repurchase agreements, term deposit and money market placements with scheduled banks with a maximum maturity of 180 days and weighted average maturity up to 90 days.

Fund Benchmark

The benchmark for CMOP is an average of 3 Month deposit rates of AA and above rated scheduled banks

Investment Objective

To provide unit-holders competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in highly liquid debt securities issued by the Government of Pakistan as well as TDR to AA or above rated banks.

Manager's Review

During the period under review, the fund generated an annualized return of 5.77% as against its benchmark return of 4.42%, an outperformance of 1.35%.

Volatility in oil prices and its expected impact on inflation, along with downwards trajectory of interest rates were the agents in our decision for actively managing WAM. As at June 30, 2016 WAM stood at 10days in line with our view on interest rates going forward.

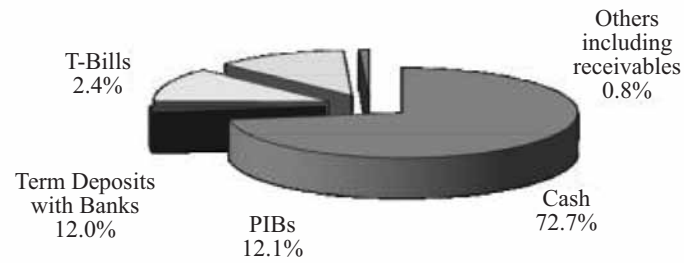
The fund was around 12.1% invested in PIBs and 72.7% in cash and bank deposits.

The Net Assets of the Fund as at June 30, 2016 stood at Rs. 3,958 million as compared to Rs. 12,533 million as at June 30, 2015 registering a decrease of 68.42%.

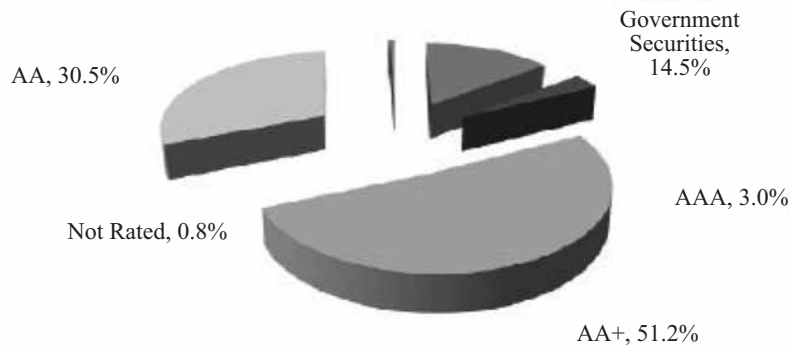
The Net Asset Value (NAV) per unit as at June 30, 2016 was Rs.100.3368 as compared to opening NAV of Rs. 100.1105 per unit as at June 30, 2015 registering an increase of Rs. 0.2263 per unit.

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

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



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



Saad Ahmed
Fund Manager

Karachi: August 05, 2016

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main 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

MCB CASH MANAGEMENT OPTIMIZER

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

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

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


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

Karachi: September 9, 2016



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

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

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

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

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

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

- The directors have confirmed that none of them are serving as a director in more than seven listed companies, including the Management Company.
- All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- During the year, a casual vacancy occurring on the Board consequent to the resignation of the former Chief Executive Officer of the Management Company was filled up by the directors the same day through the appointment of Mr. Muhammad Saqib Saleem on April 18, 2016.
- The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
- 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.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. The Board has also approved the appointment, remuneration and terms and conditions of appointment of the Chief Executive Officer.
- 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.
- During the year, the Chief Executive Officer of the Management Company and an independent director attended directors' training programs conducted by the Institute of Chartered Accountants of Pakistan (ICAP). All the remaining directors on the Board already possess the required training or qualification and experience as required by the Code.
- The Board has approved the appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit including their remuneration and terms and conditions of employment.
- The Directors' Report of the Company for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

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

On behalf of the Board



Muhammad Saqib Saleem
Chief Executive Officer

Karachi: August 05, 2016

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



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Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Review report to the Unit holders of MCB Cash Management Optimizer Fund (“the Fund”) on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (“the Management Company”) of the Fund for the year ended 30 June 2016 to comply with the requirements of Clause No. 5.19 of Rule Book of Pakistan Stock Exchange (formerly Listing Regulation No. 35 of Lahore Stock Exchange Limited) where the Fund is listed.

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

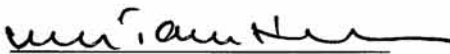
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control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

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

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

Date: 5 August 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

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

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



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Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

We have audited the accompanying financial statements of **MCB Cash Management Optimizer Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2016, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' Fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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.

Opinion


In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2016 and of its financial performance, its 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 the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 5 August 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

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

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2016**

	Note	30 June 2016	30 June 2015
(Rupees in '000)			
Assets			
Balance with banks	4	3,025,336	2,398,028
Investments	5	602,430	10,302,405
Term deposit receipt	6	500,000	-
Prepayments and profits receivable	7	32,804	10,000
Total assets		4,160,570	12,710,433
Liabilities			
Payable to the Management Company	8	3,649	5,086
Payable to Central Depository Company of Pakistan Limited - Trustee	9	406	570
Payable to Securities and Exchange Commission of Pakistan	10	5,391	8,282
Accrued and other liabilities	11	192,836	163,848
Total liabilities		202,282	177,786
Net assets		3,958,288	12,532,647
Unit holders' fund		3,958,288	12,532,647
Contingencies and commitments	12		
(Number of units)			
Number of units in issue (face value of units is Rs. 100 each)		39,450,036	125,188,076
(Rupees)			
Net asset value per unit	3.8	100.34	100.11

The annexed notes from 1 to 20 form an integral part of these financial statements.



Chief Executive Officer

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




Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	<i>Note</i>	30 June 2016	30 June 2015
(Rupees in '000)			
Income			
Capital gain on sale of investments - net		8,306	30,493
Income from government securities		348,122	753,179
Profit on money market placement		74,436	227,475
Profit on bank deposits		62,586	59,822
		<u>493,450</u>	<u>1,070,969</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	5.1	<u>2</u>	<u>(1,526)</u>
Total income		493,452	1,069,443
Expenses			
Remuneration of the Management Company	8.1	53,320	105,573
Sindh Sales tax and Federal Excise Duty on Management fee	8.2 & 11.1	17,191	35,261
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	6,127	8,833
Sindh Sales Tax on Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	858	-
Annual fee of Securities and Exchange Commission of Pakistan	10	5,391	8,282
Amortisation of preliminary expenses		-	246
Allocated expenses and related taxes	8.3	4,024	-
Legal and professional		1,484	100
Brokerage expenses		1,000	2,596
Auditor's remuneration	13	1,069	954
Other expenses		892	1,038
Total operating expenses		91,356	162,883
Net operating income for the year		402,096	906,560
Net element of loss and capital losses included in prices of units issued less those in units redeemed			
- arising from capital (loss) / gain and unrealised (loss) / gain		(298,514)	(757,367)
- arising from other income		(13,960)	(15,839)
		<u>(312,474)</u>	<u>(773,206)</u>
Provision for workers' welfare fund	11.2	-	(2,667)
Net income for the year before taxation		89,622	130,687
Taxation	14	-	-
Net income for the year after taxation		89,622	130,687
Earnings per unit	15		

The annexed notes from 1 to 20 form an integral part of these financial statements.



Chief Executive Officer

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



Director

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

	30 June 2016	30 June 2015
	(Rupees in '000)	
Net income for the year after taxation	89,622	130,687
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to income statement</i>		
Unrealised appreciation in investments classified as available-for-sale - net	79	390
Total comprehensive income for the year	89,701	131,077

The annexed notes from 1 to 20 form an integral part of these financial statements.



Chief Executive Officer

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



Director

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016**

	30 June 2016	30 June 2015
(Rupees in '000)		
Undistributed income brought forward		
- Realised income	14,920	7,583
- Unrealised loss	<u>(1,526)</u>	<u>(5,376)</u>
	13,394	2,207
Net income for the year	89,622	130,687
Net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation	6,143	1,076
Distributions to unit holders of the Fund:		
Final distribution at the rate of Rs. 5.55 (2015: Rs. 8.69) per unit declared on 27 June 2016 (2015: 22 June 2015)		
- Cash distribution	<u>(96,372)</u>	<u>(120,576)</u>
Undistributed income carried forward	<u>12,787</u>	<u>13,394</u>
Undistributed income carried forward		
- Realised income	12,706	14,920
- Unrealised gain / (loss)	<u>81</u>	<u>(1,526)</u>
	<u>12,787</u>	<u>13,394</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



Chief Executive Officer

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




Director

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

	30 June 2016	30 June 2015
	(Rupees in '000)	
Net assets at beginning of the year	12,532,647	10,180,728
Issue of 201,481,061 units (2015: 357,964,141 units)	20,736,867	36,804,716
Redemption of 287,219,101 units (2015: 334,560,694 units)	(29,617,029)	(35,236,504)
	(8,880,162)	1,568,212
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:		
- amount representing loss and capital losses - transferred to income statement	298,514	757,367
-from realized / unrealized capital gain	13,960	15,839
-from other income		
- amount representing income and capital gains that forms part of unit holder's fund - transferred to distribution statement	(6,143)	(1,076)
	306,331	772,130
Net element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	6,143	1,076
Net income for the year (excluding net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss', as available for sale and capital gain on sale of investments)	81,314	101,720
Capital gain on sale of investments - net	8,306	30,493
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	2	(1,526)
Net unrealised appreciation on re-measurement of investments classified as available-for-sale'	79	390
Total comprehensive income for the year	89,701	131,077
Distributions during the year	(96,372)	(120,576)
Net assets at end of the year	3,958,288	12,532,647
	(Rupees)	
Net asset value per unit at beginning of the year	100.11	100.02
Net asset value per unit at end of the year	100.34	100.11

The annexed notes from 1 to 20 form an integral part of these financial statements.

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


Chief Executive Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	89,622	130,687
Adjustments for non cash and other items:		
Capital gain on sale of investments - net	(8,306)	(30,493)
Income from government securities	(348,122)	(753,179)
Net unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss'	(2)	1,526
Amortisation of preliminary expenses	-	246
Net element of loss and capital losses included in prices of units issued less those in units redeemed		
- arising from capital (loss) / gain and unrealised (loss) / gain	298,514	757,367
- arising from other income	13,960	15,839
	(43,956)	(8,694)
	45,666	121,993
Decrease / (increase) in assets		
Investments	9,556,484	(511,926)
Prepayments and profit receivable	(22,804)	142,503
	9,533,680	(369,423)
Increase / (decrease) in liabilities		
Payable to the Management Company	(1,437)	(6,633)
Payable to Central Depository Company of Pakistan Limited - Trustee	(164)	(226)
Payable to Securities and Exchange Commission of Pakistan	(2,891)	(1,750)
Accrued and other liabilities	28,988	36,923
	24,496	28,314
Net cash flow generated from / (used in) operating activities	9,603,842	(219,116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments received against issuance of units	20,736,867	36,804,716
Payments against redemption of units	(29,617,029)	(35,236,504)
Cash distribution	(96,372)	(120,576)
Net cash (used in) / generated from financing activities	(8,976,534)	1,447,636
Net increase in cash and cash equivalents	627,308	1,228,520
Cash and cash equivalents at beginning of the year	2,398,028	1,169,508
Cash and cash equivalents at end of the year	3,025,336	2,398,028

The annexed notes from 1 to 20 form an integral part of these financial statements.

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


 Chief Executive Officer


 Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 30 July 2009. It was constituted under a Trust Deed dated 10 July 2009 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984, and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Board of Directors have approved that the Fund should be categorised as "Money Market Scheme" as per the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated 6 March 2009.

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

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

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

The Fund is purely a money market fund and has a policy to invest in short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (AM two plus plus) dated 8 June 2016 to the Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) dated 31 December 2015 to the Fund.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives shall prevail. The Directors of the asset management company declare that these financial statements give a true and fair view of the Fund.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

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

Investments stated at fair value and derivative financial instruments

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

Other assets

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

2.5 New, amended and revised standards and interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 July 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

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

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity.

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

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in the Fund's financial statements.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in preparation of these financial statement. These policies have been consistently applied to all periods presented except for the additional disclosures (refer note 2.5).

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

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

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

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

b) *Loans and receivables*

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 and dividend and profit receivable.

c) *Available for sale*

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

d) *Financial liabilities*

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

Recognition

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

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

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

Measurement

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

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

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

Basis of valuation of government securities and GoP Ijara sukuk certificates

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

The fair value of the investments in GoP Ijara sukuk certificates is determined by using the market rates from Reuters page.

Impairment

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In case of an investment in an equity security, a significant or prolonged decline in fair value below its cost is objective evidence of impairment. Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

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

Derecognition

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

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

Offsetting of financial 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 recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.2 Derivatives

Derivative instruments are initially recognised at fair value. Subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.3 Securities under repurchase / resale agreements

Transactions of purchase of government securities under resale (reverse-repo) arrangements are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the term of the reverse-repo agreement.

3.4 Preliminary expenses

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs have been amortised over a period of five years commencing from 30 September 2009 as per the requirement of the Trust Deed of the Fund.

3.5 Unit holders' Fund

Unit holders' funds representing the units issued by the Fund, is carried at the net asset value representing the investors' right to a residual interest in the Fund assets.

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

3.6 Issue and redemption of units

Units shall be issued based on the offer price that is fixed on the basis of the NAV so determined on the business day preceding the day on which a duly completed investment application form is received along with the funds in favour of the trustee at the registered office, authorised branches or distributors before the cut-off time.

The units shall be redeemed based on the redemption price that is fixed on the basis of the NAV announced as of the close of the business day preceding the day on which a correctly filled application for redemption is received.

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to income / (losses) held in the Unit Holder's 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 (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.8 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 issue at the year.

3.9 Provisions

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

3.10 Taxation

Current

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

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

Deferred

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

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

3.11 Revenue recognition

- Income on government securities and bank deposits (including term deposit receipts) is recognised on an accrual basis.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

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

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'financial assets at fair value through profit or loss' category are included in the Income Statement in the period in which they arise.
- Discount on purchase of market treasury bills is amortised to Income Statement using the straight line method
- Income on reverse repurchase transactions and debt securities is recognised on a time proportion basis using effective interest rate method.

3.12 Expenses

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

3.13 Cash and cash equivalents

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

3.14 Other assets

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

3.15 Dividend distributions and appropriations

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

3.16 Accrued and other liabilities

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

4. BALANCE WITH BANKS	30 June 2016	30 June 2015
	(Rupees in '000)	
Saving accounts	4.1 2,955,704	2,390,467
Current account	69,632	7,561
	<u>3,025,336</u>	<u>2,398,028</u>

4.1 These carry mark-up at rates ranging between 3.75% to 6.4% per annum (2015: 4.5% to 10.35% per annum).

5. INVESTMENTS	30 June 2016	30 June 2015
5.1 'Investments at fair value through profit or loss' - held for trading	(Rupees in '000)	
Market Treasury Bills	5.1.1 99,961	10,260,063
Pakistan Investment Bonds	5.1.2 -	42,342
	<u>99,961</u>	<u>10,302,405</u>
5.2 'Investments classified as available-for-sale'		
Pakistan Investment Bonds	5.2.1 502,469	-
	<u>602,430</u>	<u>10,302,405</u>

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

5.1 'Investments at fair value through profit or loss' - held for trading

	Face value			Balance as at 30 June 2016			Market value		
	As at 1 July 2015	Purchases during the year	Sales / matured during the year	As at 30 June 2016	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments	
----- (Rupees in '000) -----									
5.1.1 Market Treasury Bills									
Treasury bills - 3 months	2,987,500	5,775,000	(8,737,500)	25,000	24,808	24,808	0.63%	4.12%	
Treasury bills - 6 months	7,393,175	24,802,030	(32,184,420)	10,785	10,652	10,652	0.27%	1.77%	
Treasury bills - 12 months	-	5,099,810	(5,034,810)	65,000	64,501	64,501	1.63%	10.71%	
Total as at 30 June 2016					99,959	99,961	2.53%	16.60%	
Total as at 30 June 2015					10,261,280	10,260,063	(1,217)	81.87%	99.59%

5.1.1.1 These treasury bills cost Rs. 99,535 million (2015: Rs. 10,206,704 million). These will mature latest by 29 September 2016 (2015: 29 October 2015) and carry effective yield ranging between 5.9% to 6% (2015: 9.80% to 9.97%) per annum.

5.1.2 Pakistan Investment Bond

PIB - 3 years	14,100	-	(14,100)	-	-	-	0.00%	0.00%	
PIB - 7 years	28,000	250,000	(278,000)	-	-	-	0.00%	0.00%	
Total as at 30 June 2016							0.00%	0.00%	
Total as at 30 June 2015					42,651	42,342	(309)	0.34%	0.41%

5.2 'Investments classified as available-for-sale'

5.2.1 Pakistan Investment Bond

PIB - 3 years	-	4,453,200	(3,952,000)	501,200	502,390	502,469	79	12.69%	83.40%
Total as at 30 June 2016					502,390	502,469	79	12.69%	83.40%
Total as at 30 June 2015					-	-	-	-	-

5.2.1.1 These PIBs cost Rs. 510,796 million (2015: Rs. Nil). These will mature latest by 18 July 2016 and carry interest at the rate of 11.50% (2015: Nil) per annum.

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

6. TERM DEPOSIT RECEIPT

This carries interest rate at 6.40% per annum (2015: Nil). This will mature latest by 19 August 2016.

7. PREPAYMENTS AND PROFITS RECEIVABLE	30 June 2016	30 June 2015
	(Rupees in '000)	
Prepayments	132	129
Profit receivable on saving deposits	6,236	8,063
Profit receivable on term deposit receipts	877	-
Profit receivable on Pakistan Investment Bonds	25,559	1,808
	32,804	10,000

8. PAYABLE TO THE MANAGEMENT COMPANY

Management fee payable	8.1	2,854	4,336
Sindh sales tax on management fee	8.2	400	650
Payable against allocated expenses	8.3	393	-
Legal and professional charges payable		2	100
		3,649	5,086

8.1 The Management Company has charged remuneration at a rate of 15% of daily gross income subject to a minimum of 0.25% of average annual net assets and maximum of 1% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

8.2 During the year, Sindh Sales Tax on management fee at 14% (till 30 June 2015: 15%) has been levied by the Government of Sindh.

8.3 As a result of amendments in Non - Banking Finance Companies and Notified Entities Regulations, 2008 wide statutory notification (S.R.O. No. 1160 (I)/2015 dated 25 November 2015), the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme. Accordingly, such expenses have been charged effective from 27 November 2015.

9. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED-TRUSTEE

The Trustee (Central Depository Company of Pakistan Limited) 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. The tariff structure applicable to the Fund as at 30 June 2016 in respect of trustee fee is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1 billion	0.15% per annum of NAV
From Rs. 1 billion to Rs. 10 billion	Rs. 1.5 million plus 0.075% per annum of NAV , exceeding Rs. 1 billion
On an amount exceeding Rs. 10 billion	Rs. 8.25 million plus 0.06% per annum of NAV, exceeding Rs. 10 billion

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

The remuneration is paid to the Trustee on monthly basis in arrears.

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

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as money market scheme is required to pay as annual fee to SECP, at an amount equal to 0.075 % of the average annual net assets of the Fund.

11. ACCRUED AND OTHER LIABILITIES

	30 June 2016	30 June 2015
	(Rupees in '000)	
Provision for Federal Excise Duty and related taxes	<i>11.1</i> 54,286	44,560
Provision for Workers' Welfare Fund	<i>11.2</i> 102,911	102,911
Withholding tax payable (deducted on dividend distribution)	19,524	13,392
Withholding tax payable (deducted on capital gains)	13,939	1,871
Auditors' remuneration	690	577
Brokerage payable	279	417
Legal and professional charges payable	595	-
Others	612	120
	192,836	163,848

11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On 4 September 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED. The SHC vide its Order dated 16 July 2016 has disposed of the petition by referring its judgment dated 2 June 2016 whereby it rendered the FED on certain services to be 'ultra vires' in the presence of Sindh Sales Tax Act 2011. Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Management is however of the view that since the Federal government still has the right to appeal against the Order of the SHC, the previous balance of FED cannot be reversed.

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from 13 June 2013 to 30 June 2016 aggregating to Rs. 54.29 million (2015: Rs. 44.56 million).

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

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

Subsequent to the year ended 30 June 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 filed by companies other than mutual funds declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

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

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

Furthermore, in the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from 01 July 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Management company, as a matter of abundant precaution, has decided to retain the provision for WWF amounting to Rs. 102.91 million in these financial statements pertaining to period 1 July 2011 to 30 June 2015 and have not record any further provision there against. During the year ended 30 June 2016 the Fund charged Rs.Nil on account of WWF. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 2.61 per unit as at 30 June 2016

12. CONTINGENCIES AND COMMITMENTS

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

The Management Company has received an order dated 04 April 2016 under section 4B(4) for recovery of Super Tax not paid with return of total income filed for tax year 2015. The Assistant Commissioner considered that the Fund was required to pay Super Tax as the income of the Fund was more than Rs. 500 million and raised a demand of Rs. 32.129 million

The Management Company had filed an appeal before Commissioner Inland Revenue (Appeals - III) which was decided against the Fund and now the Management Company has filed an appeal against the decision in the Appellate Tribunal Inland Revenue which is pending to date. In addition, the Management Company has obtained a restraining order from Sindh High Court to prohibit tax authorities from not taking any coercive action on the basis of impugned order passed and demand notice. The management based on consultation with tax advisor, MUFAP and management companies of other mutual funds, is of the view that the income of the Fund is exempt from tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 since sufficient accounting income had been distributed among the unit holders and the Funds complied with the requirement of clause 99. Therefore, Super Tax under the provision of the Income Tax Ordinance, 2001 is not applicable to the Fund and accordingly no provision has been made in the financial statements for the year ended 30 June 2016.

13. AUDITOR'S REMUNERATION

	30 June 2016	30 June 2015
	(Rupees in '000)	
Annual audit fee	500	468
Half yearly review fee	280	260
Other certification and services	115	104
Out of pocket expenses	174	122
	1,069	954

14. TAXATION

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

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

15. EARNINGS PER UNIT

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

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	30 June 2016	30 June 2015
	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited		
Remuneration of the Management Company (including indirect taxes)	70,511	140,843
Allocated expenses and related taxes	4,024	-
Sindh sales tax registration charges	-	8
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	6,985	8,833
MCB Bank Limited		
Profit on bank deposits	3,296	16,339
Bank charges	76	100
Purchase of securities - Face Value 500,000,000 (2015: Rs. Nil)	483,825	-
Sale of securities - Face Value 1,965,000,000 (2015: Rs. Nil)	3,979,437	-
Silk Bank Limited		
Purchase of Securities - Face Value 1,500,000,000 (2015: Rs. Nil)	1,468,473	-
Sell of Securities - Face Value 750,000,000 (2015: Rs. Nil)	732,703	-
Summit Bank Limited		
Purchase of Securities - Face Value Nil (2015: Rs. 250 million)	-	245,314
Sell of Securities - Face Value Nil (2015: Rs. 350 million)	-	346,429
Arif Habib Limited-Brokerage House		
Brokerage expense *	9	125
Next Capital Limited-Brokerage House		
Brokerage expense *	102	393
Summit Capital Private Limited-Brokerage House		
Brokerage expense *	27	-
Nishat Mills Limited Employees provident Fund Trust		
Dividend paid	3,471	-
Key management personnel		
Dividend paid	82	33
Mandate Under Discretionary Portfolio Services		
Dividend paid	1,743	2,937

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	30 June 2016	30 June 2015
	(Rupees in '000)	
16.2 Balance outstanding as at the year end are as follows:		
MCB-Arif Habib Savings and Investments Limited		
Management fee payable	<u>2,854</u>	<u>4,336</u>
Sindh sales tax payable on management fee	<u>400</u>	<u>650</u>
Payable against allocated expenses	<u>393</u>	<u>-</u>
Legal and professional charges payable	<u>2</u>	<u>100</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>356</u>	<u>570</u>
Sindh sales tax payable on trustee fee	<u>50</u>	<u>-</u>
MCB Bank Limited		
Bank deposits	<u>126,700</u>	<u>389,275</u>
Profit receivable	<u>356</u>	<u>3,606</u>
Arif Habib Limited-Brokerage House		
Brokerage payable *	<u>9</u>	<u>73</u>
Next Capital Limited-Brokerage House		
Brokerage payable *	<u>28</u>	<u>31</u>

* The amount disclosed the amount of brokerage paid to the connected persons and not the purchase and sale value of securities transacted through them. The purchase and sale value cannot be treated as transaction with connected persons as the ultimate counter parties are not connected persons.

16.3 Transactions during the year with connected persons / related parties in the units of the Fund:

	30 June 2016		30 June 2015	
	Units	(Rupees in '000)	Units	(Rupees in '000)
Units sold to:				
MCB-Arif Habib Savings and Investments Limited	<u>5,131,839</u>	<u>531,798</u>	<u>3,056,260</u>	<u>315,988</u>
Adamjee Insurance Company Limited	<u>13,403,353</u>	<u>1,415,072</u>	<u>-</u>	<u>-</u>
Adamjee Insurance Company Limited				
- Investment Department	<u>-</u>	<u>-</u>	<u>19,131,871</u>	<u>1,913,505</u>
Adamjee Life Assurance Company Limited:				
- NUIL Fund	<u>617,356</u>	<u>65,197</u>	<u>1,835,369</u>	<u>183,614</u>
- ISF Fund	<u>-</u>	<u>-</u>	<u>2,455,609</u>	<u>245,664</u>
- ISF-II Fund	<u>-</u>	<u>-</u>	<u>1,013,502</u>	<u>101,367</u>
D.G.Khan Cement Company Limited	<u>-</u>	<u>-</u>	<u>74,847,408</u>	<u>7,648,284</u>
Nishat Mills Limited Employees Provident Fund Trust	<u>661,949</u>	<u>69,513</u>	<u>-</u>	<u>-</u>
Key management personnel	<u>10,335</u>	<u>1,079</u>	<u>14,941</u>	<u>1,526</u>
Mandate Under Discretionary Portfolio Services	<u>2,187,017</u>	<u>227,407</u>	<u>1,063,667</u>	<u>109,857</u>

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

	30 June 2016		30 June 2015	
	Units	(Rupees in '000)	Units	(Rupees in '000)
Units redeemed by:				
MCB-Arif Habib Savings and Investments Limited	5,511,719	570,903	2,676,380	278,504
Adamjee Insurance Company Limited	22,058,571	2,286,137	-	-
Adamjee Insurance Company Limited - Investment Department	19,131,871	1,924,255	12,611,502	1,340,550
Adamjee Life Assurance Company Limited:				
- NUIL Fund	617,356	65,210	1,835,369	183,699
- IMF Fund	-	-	12,586	679
- ISF Fund	-	-	2,455,609	245,778
- ISF-II Fund	-	-	1,013,502	101,440
D.G.Khan Cement Company Limited	15,057,137	1,509,401	59,790,271	6,217,452
Nishat Mills Limited Employees Provident Fund Trust	-	-	-	-
Key management personnel	9,536	1,007	21,161	2,196
Mandate Under Discretionary Portfolio Services	2,492,870	321,462	1,029,533	107,812

	Units		(Rupees in '000)	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Units held by:				
MCB-Arif Habib Savings and Investments Limited	-	379,880	-	38,127
Adamjee Insurance Company Limited	-	8,655,218	-	868,686
Adamjee Insurance Company Limited - Investment Department	-	19,131,871	-	1,920,181
D.G.Khan Cement Company Limited	-	15,057,137	-	1,511,219
Nishat Mills Limited Employees Provident Fund Trust	659,949	-	66,218	-
Key management personnel	16,845	16,045	1,690	1,610
Mandate Under Discretionary Portfolio Services	17,985	825,837	1,805	82,886

17. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of participants' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the internal controls set on different activities of the fund by the Board of Directors through specific directives and constitutive documents. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

The Fund primarily invests in Government Securities, such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

- Market risk
- Credit risk
- Liquidity risk

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

17.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in Ijara sukuk certificates and bank balances. The Fund holds profit and loss sharing bank accounts that expose the Fund to cash flow interest rate risk. Other risk management procedures are the same as those mentioned in the credit risk management.

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

	30 June 2016	30 June 2015
	(Rupees in '000)	
Fixed rate instruments		
Treasury bills	99,961	10,260,063
Pakistan Investment Bonds	502,469	42,342
Term deposit receipts	500,000	-
	<u>1,102,430</u>	<u>10,302,405</u>

(a) Sensitivity analysis for variable rate instruments

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

(b) Sensitivity analysis for fixed rate instruments

As at 30 June 2016, the Fund holds Market Treasury Bills which are classified as fair value through profit or loss, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on 30 June 2016, the net income for the year and net assets would be lower by Rs. 0.12 million (2015: Rs. 4.335 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on 30 June 2016, the net income for the year and net assets would be higher by Rs. 0.15 million (2015: Rs. 4.335 million).

As at 30 June 2016, the Fund also holds Pakistan Investment Bonds which are classified as available for sale, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on 30 June 2016, the net income for the year and net assets would be lower by Rs. 0.03 million (2015: Rs. 0.83 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on 30 June 2016, the net income for the year and net assets would be higher by Rs. 0.26 million (2015: Rs.0.29 million).

As at 30 June 2016, the Fund also holds term deposit receipts which are classified as 'loans and receivables'. Since 'loans and receivables' are carried at amortised cost, any increase or decrease in market interest rates will not affect the net income for the year nor the net assets of the Fund as at 30 June 2016.

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

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

Price risk

Price risk is the risk that the fair value or future cash flow of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

17.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from bank balances and income receivable on bank deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Exposure to credit risk

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk at 30 June was as follows:

	30 June 2016		30 June 2015	
	Statement of assets and liabilities (Rupees in '000)	Maximum exposure (Rupees in '000)	Statement of assets and liabilities (Rupees in '000)	Maximum exposure (Rupees in '000)
Balance with banks	3,025,336	3,025,336	2,398,028	2,398,028
Term deposit receipts	500,000	500,000	-	-
Investments	602,430	-	10,302,405	-
Prepayments and profit receivable	32,804	7,113	10,000	8,063
	4,160,570	3,532,449	12,710,433	2,406,091

Difference in the balance as per statement of assets and liabilities and maximum exposure in investment is due to the fact that investment in government securities of Rs. 602.430 million (2015: Rs. 10,302.405 million), prepayments of Rs. 0.132 million (2015: Rs. 0.129 million), and profit receivable on government securities of Rs.25.565 million (2015: Rs. 1.808 million) are not exposed to credit risk.

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

Credit ratings and Collaterals

Details of credit rating of balance with banks, deposits and other receivables as at 30 June are as follows:

Ratings	30 June 2016 (Percentage holding)	30 June 2015 (Percentage holding)
AAA	4.24%	16.24%
AA+	53.82%	0.10%
AA	41.94%	83.66%
Total	100.00%	100.00%

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

Concentration of credit risk

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

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

	30 June 2016		30 June 2015	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
Commercial banks	3,525,336	99.80%	2,398,028	99.66%
Others	7,113	0.20%	8,063	0.34%
	3,532,449	100.00%	2,406,091	100.00%

Settlement risk

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

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

17.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation 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 the unit holders. The Fund's approach to managing liquidity risk is to ensure, as far as possible, that the Fund will 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 actual 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. However, during the current year, no borrowing was obtained by the Fund. 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. The facility would 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 significant redemptions during the year.

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	30 June 2016			Total
	Up to three months	More than three months and up to one year	More than one year	
----- (Rupees in '000) -----				
Payable to Management Company	3,649	-	-	3,649
Payable to Central Depository Company of Pakistan Limited - Trustee	406	-	-	406
Accrued and other liabilities	2,176	-	-	2,176
	6,231	-	-	6,231

	30 June 2015			Total
	Up to three months	More than three months and up to one year	More than one year	
----- (Rupees in '000) -----				
Payable to Management Company	5,086	-	-	5,086
Payable to Central Depository Company of Pakistan Limited - Trustee	570	-	-	570
Accrued and other liabilities	1,114	-	-	1,114
	6,770	-	-	6,770

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

17.4 Financial instruments by category

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

	30 June 2016			Total
	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available for sale	
----- (Rupees in '000) -----				
Assets				
Balance with banks	3,025,336	-	-	3,025,336
Investments	-	99,961	502,469	602,430
Term deposit receipts	500,000	-	-	500,000
Profit receivable	32,672	-	-	32,672
	3,558,008	99,961	502,469	4,160,438

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

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to Management Company	-	3,649	3,649
Payable to Central Depository Company of Pakistan Limited- Trustee	-	406	406
Accrued expenses and other liabilities	-	2,176	2,176
	<u>-</u>	<u>6,231</u>	<u>6,231</u>

30 June 2015

	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available for sale	Total
	----- (Rupees in '000) -----			
Assets				
Balance with banks	2,398,028	-	-	2,398,028
Investments	-	10,302,405	-	10,302,405
Profit receivable	9,871	-	-	9,871
	<u>2,407,899</u>	<u>10,302,405</u>	<u>-</u>	<u>12,710,304</u>

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to Management Company	-	5,086	5,086
Payable to Central Depository Company of Pakistan Limited- Trustee	-	570	570
Accrued expenses and other liabilities	-	1,114	1,114
	<u>-</u>	<u>6,770</u>	<u>6,770</u>

17.5 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, 2008, to maintain minimum fund size to Rs. 100 million to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

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

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

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

30 June 2016

	Carrying amount			Fair value					
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Government securities	99,961	502,469	-	-	602,430	-	-	602,430	602,430
	99,961	502,469	-	-	602,430	-	-	602,430	602,430
Financial assets not measured at fair value									
Balance with banks	-	-	3,025,336	-	3,025,336	-	-	-	-
Term deposit receipt	-	-	500,000	-	500,000	-	-	-	-
Prepayments and profits receivable	-	-	32,804	-	32,804	-	-	-	-
	-	-	3,558,140	-	3,558,140	-	-	-	-

Financial liabilities not measured at fair value

18.1

Payable to the Management Company	-	-	-	3,649	3,649	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	406	406	-	-	-	-
Accrued and other liabilities	-	-	-	2,176	2,176	-	-	-	-
	-	-	-	6,231	6,231	-	-	-	-

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

	Carrying amount			Fair value					
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Government securities	10,302,405	-	-	-	10,302,405	-	10,302,405	-	10,302,405
	10,302,405	-	-	-	10,302,405	-	10,302,405	-	10,302,405
Financial assets not measured at fair value									
18.1									
Balance with banks	-	-	2,398,028	-	2,398,028	-	-	-	-
Term deposit receipts	-	-	-	-	-	-	-	-	-
Prepayments and profits receivable	-	-	10,000	-	10,000	-	-	-	-
	-	-	2,408,028	-	2,408,028	-	-	-	-
Financial liabilities not measured at fair value									
18.1									
Payable to the Management Company	-	-	-	5,086	5,086	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	570	570	-	-	-	-
Accrued and other liabilities	-	-	-	1,114	1,114	-	-	-	-
	-	-	-	6,770	6,770	-	-	-	-

18.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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

19. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

19.1 Pattern of unit holding

Details of pattern of unit holding as at 30 June:

	30 June 2016		
	Number of unit	Investment Amount (Rupees in '000)	Percentage Investment
Public limited companies	3	660,717	16.69%
Individuals	425	589,733	14.90%
Retirement funds	19	185,735	4.69%
Insurance companies	2	109,011	2.75%
Associated companies / Directors	1	66,218	1.67%
Others	30	2,346,874	59.30%
	480	3,958,288	100.00%

	30 June 2015		
	Number of unit	Investment Amount (Rupees in '000)	Percentage Investment
Public limited companies	39	6,872,799	54.84%
Associated companies / Directors	3	2,819,795	22.50%
Individuals	477	1,157,662	9.24%
Insurance companies	7	892,243	7.12%
Retirement funds	34	569,975	4.55%
Banks / DFIs	2	134,228	1.07%
Others	9	85,945	0.68%
	571	12,532,647	100.00%

19.2 Top ten brokers / dealers by percentage of commission paid

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

	30 June 2016
1 Invest and Finance Securities Limited	14.13%
2 Vector Capital Private Limited	11.25%
3 Invest Capital Markets Limited	10.41%
4 Next Capital Limited	10.28%
5 Invest One Markets Private Limited	8.19%
6 JS Global Capital Limited	7.76%
7 BMA Capital Management Limited	7.19%
8 C and M Management Private Limited	6.22%
9 Summit Capital Private Limited	5.14%
10 Elixir Securities Pakistan Private Limited	5.03%

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

	30 June 2015
1 Next Capital Limited	15.14%
2 Invest Capital Markets Limited	15.08%
3 JS Global Capital Limited	9.32%
4 C and M Management Private Limited	8.61%
5 Vector Capital Private Limited	8.26%
6 Invest One Markets Private Limited	6.76%
7 Magenta Capital Limited	6.12%
8 Invest and Finance Securities Limited	5.50%
9 Arif Habib Limited	4.81%
10 BMA Capital Management Limited	4.35%

19.3 Attendance at meetings of the Board of Directors

The 118th, 119th, 120th, 121st, 122nd, 123rd, 124th and 125th Board meetings were held on 07 August 2015, 16 October 2015, 04 January 2016, 4 February 2016, 18 April 2016, 27 May 2016, 21 June 2016 and 27 June 2016 respectively.

Information in respect of attendance by Directors in the meetings is given below:

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

* Mr. Yasir Qadri (Chief Executive Officer) resigned on 4 January 2016

** Mr. Muhammad Saqib Saleem appointed as a acting Chief Executive Officer on 4 January 2016 and confirmed by the board on 18 April 2016

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

19.4 Particulars of investment committee and fund manager

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

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

19.5 Other funds managed by the fund manager

Mr. Saad Ahmed

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

- MCB DCF Income Fund
- MCB Pakistan Sovereign Fund
- Pakistan Cash Management Fund
- Pakistan Income Enhancement Fund

20. DATE OF AUTHORISATION

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



Chief Executive Officer

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



Director

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

Category	No.of Unit Holders	Units
Associated Companies, undertakings and related Parties		
NISHAT MILLS LIMITED EMPLOYEES PROVIDENT FUND TRUST	1	659,949
Mutual Funds	-	-
Directors and their spouse(s) and minor children	-	-
Executives		
Public sector companies and corporations	3	6,584,779
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and Pension Funds	21	2,937,471
Unitholders holding 5 percent or more Voting interest in the listed company	-	-
Others	455	29,267,837
	480	39,450,036

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

No. of Unit Holder	Unit holdings	Total Units Held
352	1-10000	889,237
92	10001 – 100000	2,641,594
27	100001 – 1000000	9,921,854
9	1000001 onwards	25,997,351
480		39,450,036

PERFORMANCE TABLE

Performance Information	2016	2015	2014	2013
Total Net Assets Value – Rs. in million	3,958	12,533	10,181	11,075
Net Assets value per unit – Rupees	100.34	100.11	100.02	101.10
Closing Offer Price	100.34	100.11	100.02	101.10
Closing Repurchase Price	100.34	100.11	100.02	101.10
Highest offer price per unit	105.64	108.46	101.74	103.59
Lowest offer price per unit	100.13	100.00	100.00	100.23
Highest Redemption price per unit	105.64	108.46	101.39	102.81
Lowest Redemption price per unit	100.13	100.00	100.00	100.19
Distribution per unit – Rs. *	5.55	8.70	7.91	9.06
Average Annual Return - %				
One year	5.77	8.83	8.25	9.20
Two year	7.30	8.53	8.73	5.40
Three year (inception date September 30, 2009)	7.62	8.75	9.57	4.00
Net Income for the period – Rs. in million	89.62	130.69	1,059.01	845.86
Distribution made during the year – Rs. in million	13.26	120.58	1,056.87	864.53
Accumulated Capital Growth – Rs. in million	76.37	10.11	2.13	(18.66)
Weighted average Portfolio Duration (months)	0.33	1.70	4.17	2.60

* Date of Distribution

2016	
Date	Rate
June 25, 2016	5.55

2015	
Date	Rate
June 22, 2015	8.70

2014	
Date	Rate
July 26, 2013	0.52
August 27, 2013	0.60
September 26, 2013	0.63
October 29, 2013	0.71
November 28, 2013	0.61
December 27, 2013	0.65
January 28, 2013	0.72
February 27, 2013	0.69
March 27, 2014	0.63
April 29, 2014	0.73
May 28, 2014	0.66
June 27, 2014	0.75

2013	
Date	Rate
September 26, 2013	2.67
December 27, 2013	2.15
January 28, 2013	0.74
February 27, 2013	0.56
July 04, 2013	1.10
March 27, 2014	0.60
April 29, 2014	0.65
May 28, 2014	0.60

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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