

# **PAKISTAN CAPITAL MARKET FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Standard Chartered Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **Pakistan Capital Market Fund** accounts review for the nine months ended March 31, 2018.

## **MARKET & ECONOMIC REVIEW**

### **Economy and Money Market Review**

The economic scorecard showed a mixed picture with the real side depicting strong growth momentum while external side demanding policy measures.

The policy makers allowed the PKR/USD parity to adjust towards ~115 to support the deteriorating reserves position by arresting the worsening external account. The government at the end of March announced a tax amnesty scheme for undeclared foreign and domestic assets with tax rates ranging from 2%-5%.

The real growth remained strong depicted by Large Scale Manufacturing registering a growth of 6.24% YoY in first eight months of FY18 supported by strong growth in Petroleum Products, Steel and Food & Beverage sectors. The better preliminary crop numbers of cotton, wheat and sugar along with strong LSM growth is expected to keep the growth target of 6% in reach.

The fiscal deficit for the first half of this financial year was recorded at ~2.2% of GDP, despite high tax collection. Tax Authorities managed to collect PKR 2.0 trillion during the period, showing a growth of 17.6% compared to same period last year.

CPI for the nine months of FY18 remained modest averaging 3.78% YoY supported by stable food prices, controlled house rent and higher base effect. However, rising oil prices and depreciating currency indicate upward pressure going forward.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the nine months clocked in at ~USD 10.8 billion (up 50% YoY). Trade deficit for the first nine months of the financial year reached USD 19.7 billion up ~22% YoY. Import registered an increase of ~17% during the half year, propelled by petroleum imports and an expansionary fiscal and monetary policies. On the flip side, the impact of textile package introduced by the government in order to boost exports, started to gain some momentum as textile exports grew by ~8% during the nine months of the financial year, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~3.6 billion, despite USD 2.5 billion bond issuance in international bond markets. PKR also depreciated by ~10% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations, after the recent rupee depreciation, as against all tenors, 3-months Treasury Bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions and banks in auctions.

### **Equity Market Review**

The benchmark index posted a cumulative 9MFY18 return of -2.16% as compared to 27.45% SPLY. However, much anticipated currency depreciation event rejuvenated subdued investor interest in the market. Also, developments on the macro front along with relative calm on the political front (Senate elections held on Mar3'18) drove market performance during the quarter. This was evident in 3QFY18's gain of ~12.5% in the benchmark index.

Macro vulnerabilities continued to impact the market as burgeoning current account deficit and higher debt servicing continued to exert pressure on SBP's foreign exchange reserves. Furthermore, announcement of a status quo in Monetary Policy on Mar 30'18 was quite contrary to market expectations. Other eminent events till date include 1) SC's decision declaring Nawaz Sharif ineligible to continue as party head while dismissing all political actions taken by him since Jul 28'17 (Panama case verdict) and 2) inclusion of Pakistan in FATF's watch-list.

While 9MFY18 numbers show USD 124 mn foreign selling, this trend was reversed in the last quarter where massive foreign buying of ~USD 31.2 mn was witnessed. In 9MFY18, foreign selling was mainly absorbed by insurance companies (USD 104 mn). Average volumes and value traded were 175 mn shares and PKR 8.3 bn respectively. Positive contribution to the index was led by E&Ps (+26%) and Refineries (+15%). E&Ps rallied on the back of increase in oil prices by ~37%. Negative contributors to the index were Cement(-23%), Autos(-16%) and Oil Marketing Companies(-13%). Cement sector's lackluster performance was because of concerns over future pricing discipline on upcoming capacity expansions of ~4.5 mn tons in the next 7-8 months in the Southern region. However, the sector rebounded in the latest quarter on the back of price increase of ~Rs 50/bag in a phased manner throughout the month of March as well as

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

improved dispatches number. Auto performed poorly on anticipation of currency depreciation and strengthening of Yen. OMC sector underperformed due to disappointing results (inventory losses), ban on import of furnace oil and weak demand outlook.

It is important to highlight that in 3QFY18, Commercial Banks, Chemicals and Fertilizers outperformed the market gaining (14.1%, 14.9% and 11.3% respectively). Banks' rally can be attributed to currency depreciation and ensuing rate rise expectations. Chemicals gained due to strong international chemical margins. Interest in fertilizer sector remained high due to strong international fertilizer prices, comfortable inventory situation and outstanding sales numbers.

### FUND PERFORMANCE

During the period under review, the fund posted a return of 3.21% compared to return of 1.69% posted by the benchmark.

On the equities front, the overall allocation was slightly increased to 51.6% from 39.0%. Exposure in cash was increased from 29.6% to 38.9% at the end of the period under review. Sector-wise, the fund increased its exposure in Oil & Gas Exploration Companies & Banks.

On the fixed income side, the fund has exposure of 0.2% in TFCs as of 31st March, 2018 and 0% in TDRs.

The Net Assets of the Fund as at March 31, 2018 stood at Rs. 657 million as compared to Rs. 675 million as at June 30, 2017 registering a decrease of 2.69%.

The Net Asset Value (NAV) per unit as at March 31, 2018 was Rs. 11.9000 as compared to opening NAV of Rs. 11.5300 per unit as at June 30, 2017 showing an increase of Rs. 0.37 per unit.

### MARKET & ECONOMY - FUTURE OUTLOOK

The recent rupee depreciation of ~10% is expected to reflect in the external account numbers going forward. Exports are expected to continue growth trajectory with textile package also providing support. Unnecessary imports are expected to slow down reflecting the higher imported cost. Given our outlook of trade deficit and weak performance on remittances, we expect current account deficit to approach ~USD 16 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion. Next year could fare better, provided oil stays close to current levels, given machinery imports would slow down and impact of recent rupee devaluation would be more visible in proceeding year's numbers.

The recent tax amnesty scheme announced could be successful as it is followed by some complimentary steps to curb the undeclared money. Additionally, regulations over the world would allow information sharing of residents from September, 2017 and undeclared assets would be difficult to hide. The tax amnesty scheme could bring in much needed foreign inflow of around ~USD 4 bn.

KSE-100 trades at a forward P/E of 10.28x, at a steep discount of 19.5% from its emerging market peer group. Enduring themes that should play out over the medium-term include PKR depreciation and higher interest rates, CPEC and continued GoP support for the export-oriented sector that would encourage exports. The upcoming budget with expectations of removal of tax on bonus shares and rationalization of capital gains tax could propel positive sentiments. The success of the amnesty scheme would also be a positive omen as foreign inflows would allow to control external vulnerabilities and stock market would become a potential investment avenue after whitening of money.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an expected uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

### 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  
April 19, 2018



Nasim Beg  
Vice Chairman / Director

### بازار اور معیشت - مستقبل کی صورتحال

روپے کی قدر میں حالیہ 10% کمی کی عکاسی متوقع طور پر خارجی اکاؤنٹ کے بلند ہوتے ہوئے اعداد و شمار میں ہوگی۔ برآمدات کی ترقی کا سفر جاری رہنے کی امید ہے، اور ٹیکسٹائل پیکیج بھی پشت پناہی فراہم کرے گا۔ درآمداتی لاگت میں اضافے کے باعث غیر ضروری درآمدات میں کمی متوقع ہے۔ تجارتی خسارے اور ترسیلات زر کی کمزور کارکردگی کے پیش نظر کرنٹ اکاؤنٹ کا خسارہ متوقع طور پر 16 بلین ڈالر تک پہنچ جائے گا، جس کے نتیجے میں ہمارے تخمینے کے مطابق تقریباً 5 بلین ڈالر کی اضافی سرمایہ کاری کی ضرورت ہوگی۔ اگلا برس کافی بہتر ہو سکتا ہے، بشرطیکہ تیل موجودہ سطحوں کے قریب برقرار رہے، مشینری کی موجودہ درآمدات میں کمی ہو، اور روپے کی قدر میں حالیہ کمی کی عکاسی اگلے سال کے اعداد و شمار میں واضح تر ہو۔

حالیہ اعلان کردہ ٹیکس معاف اسکیم کامیاب ہو سکتی ہے کیونکہ اس کے ساتھ ساتھ غیر اعلانیہ رقم پر قابو پانے کے لیے کچھ مفید اقدامات کیے گئے ہیں۔ اس کے علاوہ عالمی سطح کے اصول و ضوابط کے نتیجے میں ستمبر 2017ء سے رہائشیوں کی معلومات ظاہر کرنے کی اجازت ہوگی اور غیر اعلانیہ اثاثہ جات کو پوشیدہ رکھنا مشکل ہو جائے گا۔ ٹیکس معاف اسکیم تقریباً 4 بلین ڈالر کی مطلوبہ آمد کو بھی یقینی بنا سکتی ہے۔

KSE-100 کی تجارت 10.82x کی فارورڈ P/E پر ہوئی جو اس کے ابھرتے ہوئے مارکیٹ peer گروپ کے مقابلے میں 19.5% کی بھرپور رعایت ہے۔ مستحکم پیش رفت، جن کا اثر درمیانی مدت تک رہے گا، میں روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور CPEC اور برآمدات پر منحصر شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں۔

آئندہ بجٹ، جس میں بونس حصص پر ٹیکس ختم ہونے اور کیپٹل منافعوں کی rationalization کی متوقع ہے، خوش آئند ثابت ہو سکتا ہے۔ ٹیکس معاف اسکیم کی کامیابی بھی مثبت علامت ہوگی کیونکہ غیر ملکی آمدات سے خارجی خطرات پر قابو پایا جاسکے گا اور اسٹاک مارکیٹ کا لے ڈھن کی صفائی کے بعد سرمایہ کاری کا اچھا موقع فراہم کرے گی۔ مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رُخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

### اظہار تعلق

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں 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 بورڈ



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

19 اپریل 2018ء

ماہی بازاری کی کارکردگی پراثر ہوا، جو مالی سال 2018ء کی تیسری سہ ماہی میں بیچ مارک انڈیکس میں 12.5% منافع سے ظاہر ہے۔

کلاں معاشیات کے خطرات کا مارکیٹ پر اثر جاری رہا، اور کرنٹ اکاؤنٹ کے تیزی سے بڑھتے ہوئے خسارے اور پہلے سے زیادہ debt سروسنگ نے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر پر دباؤ جاری رکھا۔ علاوہ ازیں، 30 مارچ 2018ء کو مانیٹری پالیسی میں سابقہ معیار جاری رکھنے کا اعلان مارکیٹ کی توقعات کے برخلاف تھا۔ تاحال دیگر اہم واقعات میں (۱) سپریم کورٹ کا نواز شریف کو پارٹی سربراہی جاری رکھنے سے نااہل قرار دینے اور 28 جولائی 2017ء سے ان کے تمام سیاسی اقدامات کو بے اثر قرار دینے کا فیصلہ (پانامہ کیس کا فیصلہ)، اور (۲) پاکستان کی FATF کی وائچ لسٹ میں شمولیت شامل ہیں۔

اگرچہ مالی سال 2018ء کے نو ماہ کے اعداد و شمار کے مطابق 124 ملین امریکی ڈالر کی غیر ملکی فروخت ہوئی، لیکن آخری سہ ماہی میں اس رجحان میں تبدیلی آگئی اور 31.2 ملین ڈالر کی خطیر خریداری دیکھی گئی۔ مالی سال 2018ء کے نو ماہ میں غیر ملکی فروخت کا اثر زیادہ تر انشورنس کمپنیوں نے قبول کیا (104 ملین امریکی ڈالر)۔ اوسطاً 8.3 بلین روپے مالیت کے 175 ملین حصص کی تجارت ہوئی۔

انڈیکس میں سب سے زیادہ مثبت کردار E&Ps (+26%) اور ریٹائرمنٹ (+15%) نے ادا کیا۔ E&Ps نے تیل کی قیمتوں میں اضافے کی بدولت 37% ترقی کی۔ انڈیکس پر منفی اثرات سیمنٹ کے شعبے (-23%)، گاڑیوں کے شعبے (-16%) اور آئل مارکیٹنگ کمپنیوں (-13%) نے مرتب کئے۔ سیمنٹ کے شعبے کی غیر معیاری کارکردگی کی وجہ سے 7-8 ماہ میں جنوبی خطے میں استعداد میں 4.5 ملین ٹن وسعت کی قیمتوں کے تعین کے نظام میں خدشات ہیں۔ تاہم مارچ کے پورے مہینے کے دوران 50 روپے فی ٹیلی قیمت میں بتدریج اضافے اور ترسیلات کی تعداد میں اضافے کے باعث موجودہ سہ ماہی میں اس شعبے نے دوبارہ ترقی کی۔ گاڑیوں کے شعبے نے روپے کی قدر میں کمی اور جاپانی بین میں استحکام کی توقع میں غیر معیاری مارکردگی کا مظاہرہ کیا۔ OMC کے شعبے نے مایوس کن نتائج (انوینٹری کے نقصانات)، فرنیس آئل کی درآمد پر پابندی اور مانگ میں کمی کے رجحان کے باعث مطلوبہ سے کم کارکردگی کا مظاہرہ کیا۔

یہ بات قابل ذکر ہے کہ مالی سال 2018ء کی تیسری سہ ماہی میں کمرشل بینک، کیمیکلز اور کھاد کے شعبے بالترتیب 14.1%، 14.9% اور 11.3% ترقی کر کے مارکیٹ میں صوبہ اول میں رہے۔ بینکوں کی ترقی کا سبب روپے کی قدر میں کمی اور اس کے نتیجے میں شرح میں اضافے کی توقعات کو قرار دیا جاسکتا ہے۔ کیمیکلز کے شعبے نے مستحکم بین الاقوامی منافع کی بدولت ترقی کی۔ کھاد کے شعبے میں دلچسپی میں اضافے کے اسباب کھاد کی بین الاقوامی قیمتوں میں استحکام، انوینٹری کی اطمینان بخش صورتحال اور شاندار فروخت ہیں۔

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا منافع 3.21% تھا، بالمقابل 1.69% بیچ مارک منافع کے۔

ایکویٹیز کے میدان میں مجموعی اختصاص میں کچھ اضافہ کر کے اس کو 39.0% سے 51.6% کر دیا گیا۔ نقد میں شمولیت کو 29.6% سے بڑھا کر زیر جائزہ مدت کے اختتام پر 38.9% کر دیا گیا۔ شعبہ جاتی اعتبار سے فنڈ نے آئل اینڈ گیس ایکسپلوریشن کمپنیوں اور بینکوں میں اپنی شمولیت میں اضافہ کیا۔ مقررہ آمدنی کی جہت میں 31 مارچ 2018ء کو فنڈ کی TFCs میں شمولیت 0.2% اور TDRs میں 0% تھی۔

31 مارچ 2018ء کو فنڈ کے net اثاثہ جات 657 ملین روپے تھے، جو 30 جون 2017ء کو 675 ملین روپے کے مقابلے میں 2.69% کمی ہے۔

31 مارچ 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 11.9000 روپے تھی، جو 30 جون 2017ء کو 11.5300 روپے فی یونٹ کے مقابلے میں 0.37 روپے فی یونٹ اضافہ ہے۔



عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیپٹل مارکیٹ فنڈ کے 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

معاشی اعداد و شمار میں ملاحظہ جانی رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ پالیسی کے اقدامات مطالبہ کر رہا ہے۔ پالیسی ساز پاکستانی روپے اور امریکی ڈالر کے مابین برابری کو 115 کی جانب لے گئے تاکہ گھٹتے ہوئے ذخائر کے باعث خارجی اکاؤنٹ کی بگڑتی ہوئی حالت پر قابو پایا جاسکے۔ مارچ کے اختتام پر حکومت نے غیر اعلانیہ منسلکی وغیر منسلکی اثاثہ جات کے لئے ٹیکس میں رعایت کی پالیسی کا اعلان کیا اور ٹیکس کی شرحوں کو 2% سے 5% کے درمیان لے آئی۔

حقیقی ترقی مستحکم رہی جس کی عکاسی بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مالی سال 2018ء کے پہلے آٹھ ماہ میں 6.24% YoY ترقی سے ہوئی، اور اس کی پشت پناہی پٹرولیم مصنوعات، اسٹیل اور اشیائے خورد و نوش کے شعبے میں مستحکم ترقی نے کی۔ کپاس، گندم اور چینی کی بہتر ابتدائی فصل بشمول مضبوط LSM ترقی کی بدولت 6% ترقی کا ہدف متوقع طور پر قابل حصول ہے۔

موجودہ مالی سال کی پہلی ششماہی میں ٹیکس کے بھرپور حصول کے باوجود مالی خسارہ مجموعی منسلکی پیداوار (GDP) کا 2.2% تھا۔ ٹیکس کے اداروں نے دوران مدت 2.0 ٹریلین روپے ٹیکس جمع کیا جو سال گزشتہ کی اسی مدت کے مقابلے میں 17.6% زیادہ ہے۔

مالی سال 2018ء کے نو ماہ کے لئے CPI کا اوسط YoY 3.78% کے درمیانے درجے پر تھا جس کی پشت پناہی اشیائے خورد و نوش کی مستحکم قیمتوں، محدود رہائشی کرائے اور پہلے سے زیادہ base effect سے ہوئی۔ تاہم تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر دباؤ میں مزید اضافے کی طرف اشارہ کر رہی ہیں۔

خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے نو ماہ 10.8 بلین ڈالر تھا (YoY 50% اضافہ)۔ مالی سال کے پہلے نو ماہ میں تجارتی خسارہ 19.7 ڈالر تک پہنچ گیا، جو YoY 22% اضافہ ہے۔ سال کے نصف اول کے دوران درآمدات میں 17% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب برآمدات کے فروغ کے لئے حکومت کے متعارف کردہ ٹیکسٹائل پیکیج کے اثرات نے کچھ رفتار پکڑی اور مالی سال کے پہلے نو ماہ کے دوران ٹیکسٹائل کی برآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی برآمدات سے پیدا ہونے والی خلیج کو پُر کرنے کے لئے ناکافی تھا۔ نتیجتاً، غیر منسلکی زرمبادلہ کے ذخائر میں 3.6 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے بانڈز کا اجراء ہوا۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 10% کمی ہوئی جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔

روپے کی قدر میں حالیہ کمی کے بعد افراط زر میں تمام tenors کے مقابلے میں اضافے کی توقعات بازار کے لئے اشارہ تھا۔ سہ ماہی ٹریژری بلز کو سب سے زیادہ ترجیح حاصل رہی، جبکہ طویل المیعاد پاکستان انویسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو مالیاتی اداروں اور auctions میں بینکوں سے بہت محدود پذیرائی حاصل ہوئی۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2018ء کے نو ماہ میں بیج مارک انڈیکس کا مجموعی منافع 2.16% تھا بالمقابل SPLY 27.45%۔ تاہم روپے کی قدر میں متوقع کمی نے مارکیٹ میں سرمایہ کاروں کی محدود دلچسپی میں اضافہ کر دیا۔ علاوہ ازیں، وسیع رُخ میں متعدد پیش رفت اور سیاسی رُخ میں نسیم کام لپچل (سینیٹ انتخابات منعقدہ 3 مارچ 2018ء) کا دوران سہ



# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks		263,528	204,777
Investments	5	380,741	468,729
Dividend and profit receivables		5,724	2,800
Advances, deposits and prepayments		5,067	6,049
Receivable against sale of investment		22,348	10,154
<b>Total assets</b>		<b>677,408</b>	<b>692,509</b>
<b>LIABILITIES</b>			
Payable to the Management Company		1,298	1,549
Payable to the Central Depository Company of Pakistan Limited - Trustee		124	128
Payable to the Securities and Exchange Commission of Pakistan		400	568
Payable against purchase of investment		3,234	-
Payable against redemption of units		216	216
Accrued expenses and other liabilities	6	15,130	14,866
<b>Total liabilities</b>		<b>20,402</b>	<b>17,327</b>
<b>NET ASSETS</b>		<b>657,007</b>	<b>675,182</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>657,007</b>	<b>675,182</b>
<b>Contingencies and commitments</b>	7		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>55,205,970</b>	<b>58,575,216</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>11.90</b>	<b>11.53</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

		Nine Months Ended		Quarter ended	
		March 31,		March 31,	
		2018	2017	2018	2017
Note		----- (Rupees in '000) -----			
<b>INCOME</b>					
		11,246	13,341	5,252	2,903
		4,159	7,416	1,768	2,539
		8,937	2,345	1,991	843
		54	14	18	-
		13,548	122,743	40,126	50,406
		11	8	3	2
		(2,032)	-	-	-

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine Months Ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>35,421</b>	<b>141,865</b>	<b>74,834</b>	<b>45,326</b>
<b>Other comprehensive income for the period</b>				
<i>Items that may be reclassified to profit and loss account</i>				
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(16,568)	770	(12,239)	(29,620)
<b>Total comprehensive income for the period</b>	<b>18,853</b>	<b>142,635</b>	<b>62,595</b>	<b>15,706</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended March 31, 2018 (Rupees in '000)				2017
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total	Total
Net assets at beginning of the period	613,064	68,003	(5,885)	675,182	626,922
Issuance of 5,967,134 units (2017: 14,648,045 units)					
- Capital value (at net asset value per unit at the beginning of the period)	68,802	-	-	68,802	
- Element of income	(1,955)	-	-	(1,955)	
Total proceeds on issuance of units	66,847	-	-	66,847	177,146
Redemption of 9,336,380 units (2017: 22,010,543 units)					
- Capital value (at net asset value per unit at the beginning of the period)	(107,648)	-	-	(107,648)	
- Amount paid out of element of income					
- Relating to 'Net income for the period after taxation'	-	(414)	-	(414)	
- Relating to 'Other comprehensive income for the period'	-	-	-	-	
- Refund / (adjustment) on units as element of income	4,187	-	-	4,187	
Total payments on redemption of units	(103,462)	(414)	-	(103,462)	(264,013)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	-	-	-	-	5,589
Total comprehensive income for the period	-	35,421	(16,568)	18,853	142,635
Distribution during the period	-	-	-	-	-
Net income / (loss) for the period less distribution	-	35,421	(16,568)	18,853	148,224
<b>Net assets at end of the period</b>	<b>576,449</b>	<b>103,010</b>	<b>(22,453)</b>	<b>657,007</b>	<b>688,279</b>
Undistributed income brought forward					
- Realised		72,282			(137,052)
- Unrealised		(4,279)			150,336
		68,003			13,284
Accounting income available for distribution					
- Relating to capital gains		29,132			
- Excluding capital gains		5,875			
		35,007			
Net income for the period after taxation		-			141,865
Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		-			(7,652)
Distribution during the period		-			-
Undistributed income carried forward		103,010			147,497
Undistributed income carried forward					
- Realised		150,010			136,273
- Unrealised		(47,000)			11,224
		103,010			147,497
				(Rupees)	(Rupees)
Net assets value per unit at beginning of the period				11.53	10.69
Net assets value per unit at end of the period				11.90	13.42

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

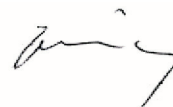
**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# CONDENSED INTERIM CASHFLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

Nine Months Ended March 31,	
2018	2017
----- (Rupees in '000) -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income for the period	35,421      141,865
<b>Adjustments for:</b>	
Unrealised diminution in value of investments classified as at fair value through profit or loss - net	(15,951)      (11,224)
Net element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed	-      5,589
	(15,951)      (5,635)
<b>Decrease / (Increase) in assets</b>	
Investments	87,371      104,720
Dividend and profit receivables	(2,924)      (1,257)
Advances, deposits and prepayments	982      (950)
Receivable against sale of investment	(12,194)      -
	73,235      102,513
<b>Increase / (decrease) in liabilities</b>	
Payable to the Management Company	(252)      65
Payable to the Central Depository Company of Pakistan Limited - Trustee	(4)      15
Payable to the Securities and Exchange Commission of Pakistan	(168)      (228)
Payable against purchase of investment	3,234      -
Payable against redemption of units	-      (1,002)
Accrued expenses and other liabilities	264      (9,729)
	3,074      (10,879)
<b>Net cash generated from operating activities</b>	<b>A      95,779      227,864</b>
<b>B. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash received from units sold	66,847      177,146
Cash paid on units redeemed	(103,876)      (264,013)
<b>Net cash used in financing activities</b>	<b>B      (37,028)      (86,867)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>A+B      58,751      140,997</b>
Cash and cash equivalents at beginning of the period	204,777      80,904
<b>Cash and cash equivalents at end of the period</b>	<b>263,528      221,901</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

## **1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee on October 27, 2003. The Investment Adviser of PCMF obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on November 5, 2003.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3** During 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange.
- 1.4** The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned asset manager rating of "AM2++" dated December 28, 2017 to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## **2. BASIS OF PREPARATION**

- 2.1** This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
  - International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of the directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2017.
- 2.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2018 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2017, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2017.
- 2.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.
- 2.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees, unless otherwise specified.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN:**

The accounting policies, financial risk management objectives and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in notes 3.1:

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

- 3.1 The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded in the form of additional units at zero cost in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognized as per the previous accounting policy, the income of the Fund would have been higher by Rs 1.535 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

## 4. FINANCIAL RISK MANAGEMENT

The Fund's risk management policies are consistent with those disclosed in the financial statements of the Fund as at and for the year ended June 30, 2017.

	Note	(Unaudited) March 31, 2018 ---- (Rupees in '000) ----	(Audited) June 30, 2017
<b>5. INVESTMENTS</b>			
<i>At fair value through profit or loss</i>			
Listed equity securities	5.1	336,137	211,352
Government securities	5.2	-	148,851
Unlisted debt security	5.3	1,004	-
		<u>337,141</u>	<u>360,203</u>
<i>Available for sale</i>			
Listed equity securities	5.4	13,600	58,526
<i>Loans and Receivable</i>			
Term deposit receipt	5.5	-	50,000
Letter of placements	5.6	30,000	-
		<u>380,741</u>	<u>468,729</u>



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

## 5.1 Listed Equity Securities - 'At fair value through profit or loss'

Name of the investee company	As at July 1, 2017	Purchases during the period	Bonus / Right Issue during the period	Sales during the period	As at March 31, 2018	As at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of total paid up capital of the investee company
						Carrying Value	Market Value	Appreciation / (diminution)			
Shares Of Listed Companies - Fully Paid Ordinary Shares / Certificates Of Rs. 10 Each Unless Stated Otherwise											
Automobile Assembler											
Atlas Honda Ltd	19,300	-	-	-	19,300	11,658	10,133	(1,525)	1.54	0.03	0.02
Ghandhara Industries Ltd	9,500	-	-	9,500	-	-	-	-	-	-	-
Hinopak Motors	4,440	-	-	4,220	220	288	255	(33)	0.04	0.00	-
Honda Atlas Cars(Pakistan) Limited	-	20,000	-	10,200	9,800	6,468	4,678	(1,790)	0.71	0.01	0.01
						18,414	15,066	(3,348)			
Cable & Electrical Goods											
Pak Elektron	139,000	245,000	-	384,000	-	-	-	-	-	-	-
Cement											
D.G. Khan Cement	-	330,200	-	272,200	58,000	8,407	9,460	1,053	1.44	0.02	0.01
Dewan Cement	-	250,000	-	-	250,000	6,718	6,748	30	1.03	0.02	0.05
Fauji Cement Co Ltd	150,000	450,000	-	600,000	-	-	-	-	-	-	-
Kohat Cement Ltd	48,000	105,000	-	68,000	85,000	12,756	13,642	886	2.08	0.04	0.06
Lucky Cement	23,100	66,000	-	59,000	30,100	17,911	20,758	2,847	3.16	0.05	0.01
Maple Leaf Cement Factory Ltd	-	285,000	-	197,000	88,000	6,237	6,233	(4)	0.95	0.02	0.01
Pioneer Cement Ltd	-	17,000	-	-	17,000	1,154	1,191	37	0.18	0.00	0.01
Thatta Cement	70,000	-	-	65,000	5,000	200	123	(77)	0.02	0.00	0.01
						53,382	58,154	4,772			
Chemicals											
Engro Polymer & Chemical	282,000	225,000	-	507,000	-	-	-	-	-	-	-
Commercial Banks											
Allied Bank Limited	200	70,000	-	-	70,200	6,038	6,913	875	1.05	0.02	0.01
Askari Bank Limited	-	300,000	-	-	300,000	6,260	6,876	616	1.05	0.02	0.02
Bank Al Falah Limited	-	734,500	-	-	734,500	32,921	38,804	5,883	5.91	0.10	0.05
Bank Al Habib Limited	-	297,000	-	40,000	257,000	17,430	19,918	2,487	3.03	0.05	0.02
Bank Of Punjab	-	326,500	-	-	326,500	3,126	3,226	99	0.49	0.01	0.01
Faysal Bank Limited	-	1,100,000	-	1,048,000	217,000	4,415	5,724	1,309	0.87	0.02	0.01
Habib Bank Limited	-	363,100	-	260,100	103,000	19,647	21,851	2,204	3.33	0.06	0.01
Habib Metropolitan Bank	-	225,500	-	-	225,500	8,569	9,676	1,107	1.47	0.03	0.02
Js Bank Limited	-	385,000	-	-	385,000	3,234	3,438	204	0.52	0.01	0.03
Mcb Bank Limited	2,500	80,000	-	-	82,500	17,399	18,161	762	2.76	0.05	0.01
United Bank Limited	-	205,000	-	205,000	-	-	-	-	-	-	-
						119,040	134,586	15,546			
Engineering											
Amrell Steels Limited	-	100,500	-	100,500	-	-	-	-	-	-	-
Crescent Steel & Allied Prod	-	5,000	-	5,000	-	-	-	-	-	-	-
International Industries	55,500	4,300	-	38,900	20,900	7,262	5,944	(1,318)	0.90	0.02	0.02
International Steels Ltd	50,000	-	-	50,000	-	-	-	-	-	-	-
Mughal Iron & Steel	135,500	214,500	-	264,000	86,000	5,192	6,312	1,120	0.96	0.02	0.03
						12,454	12,256	(198)			
Fertilizer											
Engro Corporation Limited	-	176,000	-	176,000	-	-	-	-	-	-	-
Engro Fertilizer Limited	-	386,500	-	180,000	206,500	14,170	14,267	97	2.17	0.04	0.02
						14,170	14,267	97			
Glass & Ceramics											
Shabbir Tiles & Ceramics Ltd	260,500	-	-	260,500	-	-	-	-	-	-	-
Tariq Glass Industries	107,500	-	-	107,500	-	-	-	-	-	-	-
						-	-	-			

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

Name of the investee company	As at July 1, 2017	Purchases during the period	Bonus / Right Issue during the period	Sales during the period	As at March 31, 2018	As at March 31, 2018			Market value as a percentage of total investments %	Market value as a percentage of total paid up capital of the investee company
						Carrying Value	Market Value	Appreciation / (diminution)		
Shares Of Listed Companies - Fully Paid Ordinary Shares / Certificates Of Rs. 10 Each Unless Stated Otherwise										
Rupees In '000-										
<b>Insurance</b>										
Pakistan Reinsurance Co. Ltd	150,000	-	-	150,000	-	-	-	-	-	-
<b>Inv.Banks/Inv.Co M/Securities Cos.</b>										
Arif Habib Limited	56,000	-	-	21,500	34,500	2,774	1,720	(1,054)	0.26	0.06
						<u>2,774</u>	<u>1,720</u>	<u>(1,054)</u>		
<b>Leasing Companies</b>										
Orix Leasing Pakistan Ltd	80,500	-	-	80,500	-	-	-	-	-	-
<b>Leather &amp; Tanneries</b>										
Bata Pakistan Limited	550	-	-	-	550	1,815	1,566	(249)	0.24	0.01
Service Industries	8,900	-	-	-	8,900	12,273	7,480	(4,793)	1.14	0.07
						<u>14,088</u>	<u>9,047</u>	<u>(5,042)</u>		
<b>Oil &amp; Gas Exploitation Companies</b>										
Mari Petroleum Company	200	-	-	200	112,000	17,492	19,497	2,005	-	-
Oil & Gas Development Co Ltd	-	299,000	-	187,000	22,000	13,084	14,312	1,228	2.97	0.05
Pakistan Oilfields Limited	45,030	79,000	-	57,000	330	64	70	7	2.18	0.04
Pakistan Petroleum Ltd	-	125,300	-	170,000	-	-	-	-	0.01	0.00
						<u>30,640</u>	<u>33,880</u>	<u>3,240</u>		
<b>Oil And Gas Marketing Companies</b>										
Hi-Tech Lubricants	17,400	-	-	-	17,400	1,897	1,830	(66)	0.28	0.00
Sui Northern Gas	-	265,000	-	265,000	-	-	-	-	-	-
						<u>1,897</u>	<u>1,830</u>	<u>(66)</u>		
<b>Pharmaceutical S</b>										
Agp Limited	-	162,015	-	68,000	94,015	7,521	8,526	1,005	1.30	0.02
Searle Company	433	-	-	-	519	222	182	(39)	0.03	0.00
						<u>7,743</u>	<u>8,709</u>	<u>966</u>		
<b>Power Generation &amp; Distribution</b>										
Hub Power Company Ltd	111,000	55,500	-	151,000	15,500	1,506	1,558	51	0.24	0.00
K-Electric Ltd	1,000,000	-	-	1,000,000	-	-	-	-	-	-
						<u>1,506</u>	<u>1,558</u>	<u>51</u>		
<b>Real Estate Investment And Services</b>										
Dolmen City Reit	249,500	-	-	-	249,500	2,952	3,241	289	0.49	0.01
						<u>2,952</u>	<u>3,241</u>	<u>289</u>		
<b>Refinery</b>										
Attock Refinery Limited	-	18,000	-	18,000	-	-	-	-	-	-
<b>Sugar &amp; Allied Industries</b>										
Faran Sugar Mills Limited	44,000	-	-	44,000	-	-	-	-	-	-
<b>Technology &amp; Communications</b>										
Avanceon Limited	-	150,000	-	-	150,000	6,498	7,614	1,116	1.16	0.02
Hum Network	-	700,000	-	-	700,000	5,950	6,650	700	1.01	0.02
Netsol Technologies	50,000	-	-	50,000	-	-	-	-	-	-
						<u>12,448</u>	<u>14,264</u>	<u>1,816</u>		
<b>Textile Composite</b>										
Kohinoor Textile Mills Ltd	-	70,000	4,200	-	74,200	7,252	5,220	(2,032)	0.79	0.02
Kohinoor Textile Mills Ltd(R)	-	-	4,200	4,200	-	-	-	-	-	-
Nishat (Chunian) Limited	-	100,000	-	100,000	-	-	-	-	-	-
Nishat Mills Ltd	-	140,600	-	-	140,600	21,430	22,340	910	3.40	0.06
						<u>28,682</u>	<u>27,560</u>	<u>(1,122)</u>		
<b>Total at March 31, 2018 (Un-audited)</b>						<u>320,190</u>	<u>336,137</u>	<u>15,947</u>		
Total at June 30, 2017 (Audited)						<u>212,638</u>	<u>211,352</u>	<u>(1,286)</u>		

\* These represent transactions with related parties.

\*\* The above include shares with a market value aggregating to Rs. 39.41 million ( June 30 2017: 16.73 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**5.2 Government securities - 'at fair value through profit or loss'**

Issue date	Face value				As at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2017	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2018	Carrying value	Appreciation / (Diminution)		
								%	%
Treasury bills - 3 months	-	850,000	625,000	225,000	-	-	-	-	-
<b>Total as at March 31, 2018 (Un-audited)</b>						-	-	-	-
Total as at June 30, 2017 (Audited)						148,888	148,851	(37)	

**5.3 Unlisted debt security - 'at fair value through profit or loss'**

Certificates have a face value of Rs 5,000 each

Name of investee company	As at July 1, 2017	Number of certificates				As at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investment
		Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2018	Carrying value	Market Value	Appreciation / (diminution)		
									%	%
<b>Refinery</b>										
Byco Petroleum Pakistan Limited (18-01-2017 issue)	-	10	-	-	10	1,000	1,004	4	0.15	0.26
<b>Total as at March 31, 2018 (Un-audited)</b>						1,000	1,004	4		
Total as at June 30, 2017 (Audited)						-	-	-		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

## 5.4 Listed equity securities - 'Available for sale'

Name of the investee company	As at July 1, 2017	Number of shares				Rupees in '000			%			Market value as a percentage of total paid up capital of the investee company
		Purchases during the period	Bonus / right issue during the period	Sales during the period	As at March 31, 2018	Cost	Market value	Appreciation / (diminution)	Market value as percentage of net assets	Market value as a percentage of total investments		
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise												
Automobile Assembler												
Indus Motors Company Limited	50	-	-	-	50	66	87	21	0.01	0.00	-	
						<b>66</b>	<b>87</b>	<b>21</b>				
Chemicals												
ICI Pakistan	7,500	-	-	-	7,500	3,182	6,385	3,203	0.97	0.02	0.01	
						<b>3,182</b>	<b>6,385</b>	<b>3,203</b>				
Commercial Banks												
Habib Bank Limited	1,300	-	-	1,000	300	58	64	6	0.01	0.00	-	
Mcb Bank Limited	100	-	-	-	100	22	22	0	-	0.00	-	
						<b>79</b>	<b>86</b>	<b>6</b>				
Food & Personal Care Products												
Al-Shaheer Corporation	805	-	-	-	805	43	25	(18)	-	0.00	-	
Shezan International	2,600	-	-	-	2,600	3,290	1,425	(1,865)	0.22	0.00	0.03	
						<b>3,333</b>	<b>1,449</b>	<b>(1,883)</b>				
Oil & Gas Explooration Companies												
Mari Petroleum Company	15,400	-	-	15,400	-	-	-	-	-	-	-	
						<b>-</b>	<b>-</b>	<b>-</b>				
Power Generation & Distribution												
Hub Power Company Ltd	140,000	-	-	140,000	-	-	-	-	-	-	-	
						<b>-</b>	<b>-</b>	<b>-</b>				
Textile Composite												
Kohinoor Textile Mills Ltd	75,000	-	4,500	-	79,500	6,300	5,593	(707)	0.85	0.01	0.03	
Kohinoor Textile Mills Ltd(R)	-	-	4,500	4,500	-	-	-	-	-	-	-	
						<b>6,300</b>	<b>5,593</b>	<b>(707)</b>				
						<b>12,960</b>	<b>13,600</b>	<b>640</b>				
Total as at March 31, 2018 (Un-audited)												
						37,171	58,526	21,356				
Total as at June 30, 2017 (Audited)												

\* These represent transactions with related parties.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

## 5.5 Term Deposit Receipt - Loans and receivables

Particulars	Profit / mark-up rates	Issue date	Maturity date	At March 31, 2018	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
				(Rupees in '000)	%	
Pak Oman Investment Limited				-	-	-
<b>As at March 31, 2018 (Un-audited)</b>				<u>-</u>		
As at June 30, 2017 (Audited)				<u>50,000</u>		

## 5.6 Letter of placement - Loans and receivables

Particulars	Profit / mark-up rates	Issue date	Maturity date	At March 31, 2018	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
				(Rupees in '000)	%	
Pak Oman Investment Limited	6.18%	14-Feb-18	10-May-18	30,000	4.57	7.88
<b>As at March 31, 2018 (Un-audited)</b>				<u>30,000</u>		
As at June 30, 2017 (Audited)				<u>-</u>		
				<b>Note</b>	(Unaudited) March 31, 2018	(Audited) June 30, 2017
					---- (Rupees in '000) ----	

## 5.7 Unrealised appreciation / (diminution) in value of investments at fair value through profit or loss - net

Market value of investments	5.1, 5.2, 5.3	337,141	360,203
Carrying value of investments	5.1, 5.2, 5.3	<u>(321,190)</u>	<u>(361,526)</u>
		<u>15,951</u>	<u>(1,323)</u>

## 6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund	6.1	4,623	3,900
Provision for Federal Excise Duty and related tax			
- On management fee	6.2	5,872	5,872
- Sales load		393	393
Legal and professional charges		48	54
Withholding tax payable		46	111
Dividend payable		2,783	2,784
Auditors' remuneration		456	453
Zakat		1	1
Brokerage		662	838
Other		245	460
		<u>15,130</u>	<u>14,866</u>

### 6.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 0.08 per unit (June 30, 2017 Re. 0.07 per unit).

### 6.2 Provision for Federal Excise Duty and related tax

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2017. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 0.11 per unit (June 30, 2017: Re. 0.11 per unit).

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

### 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2018 and June 30, 2017

### 8. SINDH SALES TAX ON REMUNERATION OF THE TRUSTEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13th 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 13% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill 2010 amended upto 2016. Accordingly, the Fund has made an accrual of Rs. 0.122 million on account of Sindh Sales Tax on services chargeable on custodianship services for the nine months ended March 31, 2018.

### 9. ALLOCATED EXPENSES

The SECP via its SRO 1160 dated November 25, 2015 has amended clause 60 of NBFC Regulations, 2008. The said clause entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Fund has made an accrual of Rs. 0.531 million since July 1, 2017 at the maximum rate of 0.1% of average annual net assets which is less than the actual expenses allocable to the fund.

### 10. EXPENSE RATIO

Total expense ratio of the Fund is 2.63% as on March 31, 2018 and this includes 0.41% representing government Levy on the Fund such as Sales tax, Sindh Workers' Welfare Fund, SECP fee, etc.

### 11. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

### 12. EARNINGS PER UNIT

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

### 13. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**13.1 Details of transactions with connected persons are as follows:**

	<b>Nine Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>----- (Rupees in '000) -----</b>	
<b>MCB-Arif Habib Savings and Investment Limited - Management Company</b>		
Remuneration for the period including indirect taxes	<b>10,630</b>	11,141
Allocated expense	<b>531</b>	493
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage*	<b>128</b>	109
<b>Next Capital Private Limited - Brokerage House</b>		
Brokerage *	<b>91</b>	109
<b>MCB Bank Limited</b>		
Sale of securities - Face Value 25,000,000 (2016: Face value: Nil)	<b>24,697</b>	-
Bank charges	<b>12</b>	14
Profit on bank deposit	<b>61</b>	135
Dividend income	<b>991</b>	355
<b>Arif Habib Limited</b>		
Dividend income	<b>560</b>	-
<b>Dolmen City Reit</b>		
Dividend income	<b>724</b>	-
<b>Nishat Chunian Limited</b>		
Dividend income	<b>-</b>	713
<b>Nishat Mills Limited</b>		
Dividend income	<b>100</b>	803
<b>D.G. Khan Cement Limited</b>		
Dividend income	<b>3</b>	288
<b>Pakgen Power Limited</b>		
Dividend income	<b>-</b>	480
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	<b>1,063</b>	1,114
CDS charges	<b>142</b>	122

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



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

(Unaudited) (Audited)  
March 31 June 30  
2018 2017  
----(Rupees in '000)----

## 13.2 Amounts outstanding as at period / year end:

### MCB-Arif Habib Savings and Investment Limited - Management Company

Remuneration payable	1,095	1,131
Sales tax payable on management fee	142	147
Sales load payable	5	189
Sindh sales tax payable on sales load	1	26
Allocated expenses payable	55	56

### Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	110	113
Security deposit	300	300
Sales tax payable on trustee fee	14	15

### MCB Bank Limited

Bank balance	1,878	6,152
Profit receivable on bank deposits	42	41
82,600 shares held (June 30, 2017: 2,600)	18,183	547

### Arif Habib Limited - Brokerage House

Brokerage payable	56	91
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### Next Capital Private Limited - Brokerage House

Brokerage payable	20	63
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### D.G. Khan Cement Limited

58,000 shares held (June 30, 2017: Nil shares)	9,460	-
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### Nishat Mills Limited

140,600 shares held (June 30, 2017: Nil shares)	22,340	-
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### Mughal Iron & Steel

86,000 shares held (June 30, 2017: 135,500 shares)	6,312	10,939
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## 13 Unit Holders' Fund:

### For Nine Months Ended March 31, 2018

As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 30, 2017	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 30, 2017
Units					(Rupees in '000)				

Key management personnel	30,275	37,999	-	68,274	-	364	400	-	731	-
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### For Nine Months Ended March 31, 2017

As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 30, 2016	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 30, 2016
Units					(Rupees in '000)				

Key management personnel	-	191,721	-	73,518	118,203	-	2,596	-	1,005	1,586
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

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**14. GENERAL**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policies as disclosed in note 3.1.

**15. DATE OF AUTHORISATION FOR ISSUE**

- 15.1** This condensed interim financial information was authorised for issue on April 19, 2018 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director