



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2018
(UNAUDITED)

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

PAKISTAN CAPITAL MARKET FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	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
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	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	
Bankers	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 JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan	
Auditors	A.F Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Capital Market Fund** accounts review for the quarter ended September 30, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

First quarter of FY19 has been a run of political uncertainty, external pressures and economic slowdown. Given the uptick in oil prices, increasing trend in inflation, continuity of external worries, The Monetary Policy Committee of State Bank of Pakistan opted for 100 bps increases in each of the two meetings conducted in this quarter. The major reason was due to the emergence of inflationary pressures with core inflation expected to creep up with the advent of higher oil and gas prices. Moreover, the MPC highlighted the precarious external account position and need for slowdown in GDP growth to arrest the dwindling foreign exchange reserves.

CPI for the 1QFY19 was registered at 5.6% as the impact of low base kicked in. Higher international oil prices, weaker currency and upward revision in domestic gas prices is expected to jack up overall inflation figure in FY19, which is expected to average ~8.1% compared to last year's inflation of 3.8%. Meanwhile, core inflation is expected to jump above 8.5%.

The external account position kept on highlighting worrisome position for the economy. Current account witnessed a deficit of USD 2.7 billion in first two months of FY19 compared to USD 2.5 billion in the same period last year. A surge in international oil prices is masking the improvement in non oil imports caused by remedial measures, thus causing the current account deficit to remain high. However, the lagged impacts of currency adjustments and monetary tightening are becoming visible as reflected by balance of trade (data of Pakistan Statistical Bureau) declining by 1.6% in the quarter led by decline in non-oil imports. Despite receiving inflows from China, foreign reserves declined by an average of ~USD 115 mn per week. State Bank's foreign exchange reserves stood at USD 8.41 billion reflecting import cover based on SBP's reserves has reached an alarming level of lesser than 2 months imports.

Rising interest rates, rupee adjustment and external pressures are having impact on growth trajectory of economy as reflected by large scale manufacturing index which posted a meager increase of 0.5% YoY in the month of July'18 broadly supported by production of petroleum products.

Subsequent to monetary tightening by State Bank, bond yield curve showed an upward trajectory where most of the activity took place in floater PIBs. During 1QFY19 State Bank of Pakistan conducted 3rd Floater PIB auction which witnessed a healthy participation of PKR 151 billion out of which bids worth PKR 108 billion were accepted at a rate of benchmark + 70 bps. Concerns over external front kept market participants shy away from longer tenor Treasury bills with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout 1QFY19 owing to regular OMOs conducted by SBP, while scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara Sukuk despite ample liquidity in the market.

Equity Market Review

The benchmark index lost ~2% during the quarter. Market witnessed a cameo, with KSE-100 Index bouncing back ~5.4%, just after 5 days of election. The rally was fueled by optimism related to strong central government rather than any tangible change in economic scorecard. Delays in taking required tangible actions by the incumbent government have fizzled out the optimism seen in the initial days after election. Foreigners kept offloading local equities, selling USD 189mn of stocks which was mainly absorbed by Insurance companies (~USD 102Mn) and Individuals (~USD 97Mn). Trading volumes during the quarter averaged around ~170mn shares depicting a meager increase of ~0.45%.

Refineries, Autos, OMCs, Power & Cements were the major contributors towards index's decline posting a negative return of ~15%/12%/8%/5%/4% respectively. Refineries dragged the index down due to below-expected earnings. OMCs declined because of massive decline in sales volumes of petroleum products which came down by ~32% YoY for the quarter. Once again, Auto sector continued the declining trend due to continued ban on non-filers for vehicle purchase. Cement sector was yet another disappointment due to higher coal prices (+2% QoQ) and concerns on development projects (due to decrease in PSDP allocation) and economic growth going forward.

The sectors that outperformed market were Textiles, Fertilizers & Banks. Textiles surged (+2.4% QoQ) due to favorable stance of the newly-elected government geared towards input cost reduction and export promotion for the sector. Moreover, better annual results supported the sector's rally. Fertilizers surged because of favorable sector dynamics (low levels of

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

inventory and higher international prices) resulting in increase in local fertilizer prices. Banks garnered interest on the back of monetary tightening theme.

FUND PERFORMANCE

During the period under review, the fund posted a return of 0.45% compared to negative return of 1.34% posted by the benchmark.

On the equities front, the overall allocation was decreased to 62.6% from 65.8%. Exposure in cash was increased from 32.9% to 35.7% at the end of the period under review. Sector-wise, the fund increased its exposure in Oil & Gas Exploration Companies & Textile Composite.

On the fixed income side, the fund has exposure of 0.2% in TFCs as of 30th September, 2018.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 612 million as compared to Rs. 619 million as at June 30, 2018 registering a decrease of 1.13%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 11.2100 as compared to opening NAV of Rs. 11.1600 per unit as at June 30, 2018 showing an increase of Rs. 0.05 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The government has announced to approach the IMF for an economic program to support the fragile external account situation. The program would lead to required remedial actions of rupee adjustment, monetary tightening, and expenditure curtailment to slow down growth, control the import bill and arrest foreign reserves decline.

For the next year, the economic growth is expected to slow down as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI, some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side would be difficult to manage where we expect fiscal deficit to hover around 5.5% of GDP. Expenditure constraints would lead to public sector development program curtailments amid higher domestic debt servicing cost due to interest rate increase.

Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy by at least 100 bps already increased.

The equity market would follow developments on the economic front. Swift economic policy actions would be required to arrest the precarious economic standing and would guide market towards better multiples. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current market multiples (~7.5x) offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

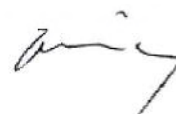
ACKNOWLEDGMENT

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
October 22, 2018



Nasim Beg
Vice Chairman / Director

منجانب ڈائریکٹرز،

سید انیسوار ۳۶

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018

نسیم بیگ

نسیم بیگ

ڈائریکٹر/نائب چیئر مین

22 اکتوبر، 2018

توقع کی جاسکتی ہے لیکن غیر معمولی معاشی حالات کو پورا کرنے کے لئے ہم سوچتے ہیں کہ دونوں خساروں کو حل کرنے کے لئے فوری طور پر اقدامات کیے جاتے ہیں۔

مالیاتی ادارے کے لئے یہ انتظام کرنا مشکل ہوگا کہ ہم مالی خسارے کے متوقع ہو سکتے ہیں یا مجموعی گھریلو مصنوعات (GDP) کی 5.5 فی صد کی کمی ہو رہی ہے۔ اخراجات میں اضافے، گھریلو قرضوں کی قیمتوں میں اضافے کی وجہ سے عوامی شعبے کی ترقی کے پروگرام میں کمی کا سبب بنے گا۔

بڑھتی ہوئی افراط زر کے ساتھ ساتھ بیرونی فرنٹ پر دیئے جانے والے دباؤ پر اسٹیٹ بینک سے کم از کم 100 بنیادی پوائنٹس (bps) میں پہلے ہی اضافہ ہوا ہے۔

ایکویٹی مارکیٹ میں اقتصادی محاذ پر پیش رفت کرے گی۔ فوری معیشت کے اقدامات ناقابل اعتماد اقتصادی موقف کو روکنے کے لئے ضروری ہوگی اور مارکیٹ میں بہتر ملحقہ کی راہنمائی کرے گی۔ وسیع تر شرائط پر ہم یقین رکھتے ہیں کہ گزشتہ دو سال میں مارکیٹ کی کارکردگی (چوٹی کی سطح سے تقریباً 20 فی صد) نے سیاسی اور اقتصادی سمت پر خدشات کی عکاسی کی ہے اور یہ بھی سائیکل اسٹاک کی کارکردگی میں عکاسی کرتی ہے، جہاں اسٹاک کی قیمتوں میں اضافہ بھی تیز ہوگا۔ ہم اپنے موقف کا دوبارہ تسلسل جاری رکھیں گے کہ موجودہ مارکیٹ کے ملحقات (تقریباً 7.5 اوقات) تھوڑی دیر میں ممکنہ پیشکش کرتے ہیں جو طویل مدتی سرمایہ کاروں کے لئے آرام دہ ہے۔ ہم یقین رکھتے ہیں کہ اسٹاک میں اسٹیٹس صرف آہستہ آہستہ انکشاف کریں گا جس سے اعتماد میں آئیں گے اور اقتصادی پالیسیوں کو متوقع طور پر نظر انداز کرتے ہیں۔ لہذا آگے آگے اسٹاک مریض سرمایہ کاروں کے لئے انعامات کے ساتھ طویل مدتی سرمایہ کاری کا موقع پیش کرتے ہیں۔ ہم ملک کے اقتصادی اشارے میں رجحانات کو ٹریک کرتے ہیں اور اس کے مطابق اپنے پورٹ فولیو کو ایڈجسٹ کرتے ہیں۔ ہمارے اوپر سے نیچے کا تجزیہ سے شعبوں نے فائدہ اٹھایا ہے جو کرنسی کی قیمتوں میں اضافے اور اعلیٰ سود کی شرح سے فائدہ اٹھایا۔ تاہم ہم انفرادی کمپنی کو متحرک نظر انداز نہیں کر سکتے، جو ان کی قیمتوں کے ساتھ سیکورٹی انتخاب میں اہم کردار ادا کر سکتا ہے۔

اظہار تشکر:

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ان کی مسلسل حمایت اور تعاون کے لئے پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز بھی کمپنی میں ان کے اعتماد کے لئے ان کے عزم اور لگن اور حصص یافتگان کے لیے کمپنی کے ملازمین کی کوششوں کی تعریف کرتے ہیں۔

اسٹیٹ بینک کی جانب سے مالیاتی تنصیبات کے بعد بانڈ کی پیداواری گراف نے ایک ایسی پیش رفت ظاہر کی، جہاں پاکستان کی سرمایہ کار بانڈز (PIB) میں زیادہ سے زیادہ سرگرمی ہوئی۔ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے دوران، اسٹیٹ بینک آف پاکستان نے تیسرے فلوٹر پاکستان سرمایہ کاری بانڈ (PIB) کی نیلامی کا اہتمام کیا جس میں 151 ارب روپے کی بڑی شراکت کی۔ جس میں سے 108 بلین روپے کا معیار +70 بنیادی پوائنٹس (bps) کی قیمتوں میں منسلک کیا گیا تھا۔ خارجہ محاذ کے بارے میں خدشات نے مارکیٹ کے شرکاء کو طویل عرصے سے خزانہ بلوں سے لے کر رکھا ہے جس میں جمع ہونے والی کاغذات میں 3 مہینے کے برابر یا مساوی ہونے کے سلسلے میں مسلسل اضافہ ہوتا ہے۔

اسٹیٹ بینک آف پاکستان نے باقاعدہ اوپن مارکیٹ آپریشنز (OMOs) کے ذریعہ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی میں آرام دہ اور پرسکون رہا، جبکہ شرعی مطابقت پذیر راستے کی کمی کا جائزہ لینے کے دوران جاری رہا کیونکہ بازار میں کافی ہالچل کے باوجود Ijara Sukuk کا کوئی تازہ اجراء نہیں ہوا تھا۔

فنڈ کی کارکردگی:

جائزہ کے تحت مدت کے دوران، فنڈ نے 6.62 فیصد کی اس کی نشاندہی کی واپسی کے خلاف 5.62 فیصد کی سالانہ واپسی کی۔ اس فنڈ کو نقد رقم 99.2 فیصد کی مدت میں 99.9 فیصد سے جون 2018ء کے طور پر کم کیا گیا ہے۔ ستمبر 30، 2018ء کے طور پر فنڈ کی نیٹ اثاثہ رو 345 ملین روپے کے مقابلے میں جون 30، 2018ء میں 889 ملین 61.2 فیصد کی کمی درج کی گئی۔ 30 ستمبر، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ روپے تھا 51.0240 روپے کے مقابلے میں 30 جون، 2018ء میں 52.6287 فی یونٹ فی یونٹ میں 6047 فی یونٹ کی کمی درج کی گئی۔

مارکیٹ اور اقتصادی مستقبل کے حل:

حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) سے متعلق معاشی پروگرام کے نازک بیرونی اکاؤنٹ کی صورتحال کی حمایت کرنے کا اعلان کیا ہے۔ پروگرام کو منی ایڈجسٹمنٹ، مالیاتی سختی، اور اخراجات میں کمی کی ضرورت ہوتی ہے، ترقی کو مست کرنے، درآمدات کے بل کو کنٹرول کرنے اور غیر ملکی ذخائر کو کم کرنے میں کمی کی ضرورت ہوتی ہے۔

اگلے سال کے لئے اقتصادی ترقی میں کمی کی توقع کی جاسکتی ہے کیونکہ کرنسی ایڈجسٹمنٹ اور مانیٹری پالیسی کی کھپت کے نمونے پر مل جائے گی۔ تاہم معیشت کی دستاویزات کے ساتھ ساتھ بجلی کی فراہمی میں اضافے کو اس اہم مرحلے کے دوران معاشی مینیجرز کو ایک مہلت فراہم ہوگی۔ ہم نئی حکومت کی طرف سے اقتصادی محاذ پر دائمی مسائل کو حل کرنے کے لئے زیادہ توجہ مرکوز کریں گے اور مخلص کوششوں کے درمیان اقتصادی اصلاح کے لئے بہتر حکومتی نظام اور طویل مدتی امکانات پر خوشگوار اشتراک کرتے ہیں۔ تاہم یہ راستہ سخت اور ممکنہ غیر مقبول پالیسی کے اقدامات میں امکانات کا امکان ہے۔ پاکستان تحریک انصاف کی ابتدائی منصوبہ بندی کو دیکھتے ہوئے کچھ پالیسیوں کی ترقی کی

عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیش مینجمنٹ فنڈ کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے سہ ماہی اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مارکیٹ اور اقتصادی جائزہ:

معیشت اور منی مارکیٹ کا جائزہ:

مالی سال 2018-19 کی پہلی سہ ماہی میں (1QFY19) سیاسی غیر یقینی، بیرونی دباؤ اور اقتصادی کمی کا شکار ہو گیا ہے۔ تیل کی قیمتوں میں اضافہ، بیرونی افواج کی مسلسل تسلسل، بڑھتی ہوئی رجحان میں اضافہ، اسٹیٹ بینک آف پاکستان کے مونیٹری پالیسی کمیٹی (MPC) نے اس سہ ماہی میں منعقد ہونے والے دونوں اجلاسوں میں 100 بنیادی پوائنٹس (bps) کے اضافے کے لئے انتخاب کیا۔ اہم وجہ یہ تھی کہ انفراسٹرکچر کے دباؤ کے نتیجے میں بنیادی افراط زر کے ساتھ اعلیٰ تیل اور گیس کی قیمتوں کی آمد کے ساتھ پیدا ہونے کی امید ہے۔ اس کے علاوہ، مونیٹری پالیسی کمیٹی (MPC) نے غیر ملکی خارجہ اکاؤنٹ کی حیثیت کو کم کرنے کے لئے غیر ملکی ادارے کی حیثیت اور مجموعی گھریلو مصنوعات (GDP) کی ترقی میں کمی کی ضرورت پر زور دیا ہے۔

مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے لئے صارفین کی قیمت انڈیکس (CPI) 5.6 فیصد کے اثرات کے طور پر رجسٹر کیا گیا تھا۔ عالمی بین الاقوامی قیمتوں میں اضافہ، گھریلو گیس کی قیمتوں میں کمزور کرنسی اور اوپر کی نظر ثانی کی امید ہے، مالی سال 2018-19 (مجموعی طور پر انفراسٹرکچر کے اعداد و شمار کو جیک)، جو گزشتہ سال کی شرح 3.8 فی صد کی شرح سے تقریباً 8.1 فیصد ہوا ہے۔ دریں اثنا، بنیادی افراط زر کی شرح 8.5 فیصد سے زائد ہے۔

معیشت کے لئے تشویشناک پوزیشن کو نمایاں کرنے پر بیرونی اکاؤنٹ کی حیثیت رکھتی ہے۔ موجودہ اکاؤنٹ نے مالی سال 2018-19 کے پہلے دو مہینوں میں 2.7 ارب امریکی ڈالر کا خسارہ دیکھا تھا جو گزشتہ سال اسی مدت میں 2.5 بلین ڈالر ہوا تھا۔ بین الاقوامی آئل کی قیمتوں میں اضافے کی وجہ سے نجی درآمدات کی وجہ سے غیر تیل کی درآمد میں بہتری آرہی ہے، اس وجہ سے موجودہ اکاؤنٹ کے خسارے کو زیادہ رہنے کا باعث بنتا ہے۔ تاہم، کرنسی کے ایڈجسٹمنٹ کے نقطہ نظر اور مالیاتی سختی کی وجہ سے تجارت کی توازن (پاکستان کے اعداد و شمار، بیورو کے اعداد و شمار) کے طور پر ظاہر ہوتا ہے کہ غیر تیل درآمد میں کمی کی وجہ سے سہ ماہی میں 1.6 فی صد کمی ہوئی۔ چین سے آمدنی حاصل کرنے کے باوجود، ہر ہفتے غیر ملکی ذخائر تقریباً 115 ملین امریکی ڈالر سے کم ہو گئے۔ اسٹیٹ بینک کے غیر ملکی کرنسی کے ذخائر 8.41 بلین ڈالر پر کھڑے ہوئے ہیں جو اسٹیٹ بینک کے ذخائر کی بنیاد پر درآمد کا احاطہ کرتا ہے، اس سے دو ماہ کے مقابلے میں زیادہ خطرناک حد تک پہنچ گئی ہے۔

بڑھتی ہوئی سود کی شرح، منی ایڈجسٹمنٹ اور بیرونی دباؤ معیشت کی ترقی کے اثرات پر اثر انداز کر رہی ہیں، جس میں بڑے پیمانے پر مینوفیکچرنگ انڈیکس کی طرف اشارہ کیا گیا جس سے پٹرولیم کی مصنوعات میں جولائی 2018 کے مہینے میں 0.5 فیصد اضافہ ہوا۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2018

		(Unaudited) September 2018 (Rupees in '000)	(Audited) June 2018
ASSETS	Note		
Balances with banks	4	224,297	210,758
Investments	6	394,147	422,928
Receivable against sale of investments		-	-
Dividend and profit receivables		4,511	2,422
Advances, deposits and prepayments		5,221	5,067
Total assets		628,176	641,175
LIABILITIES			
Payable to Management Company		1,818	1,372
Payable to Central Depository Company of Pakistan Limited - Trustee		114	119
Payable to Securities and Exchange Commission of Pakistan		132	536
Payable against purchase of investment		-	6,325
Payable against redemption of units		216	216
Accrued expenses and other liabilities	7	14,157	14,028
Total liabilities		16,437	22,596
NET ASSETS		611,739	618,579
Unit holders' funds (as per statement attached)		611,739	618,579
Contingencies and commitments			
		(Number of units)	
NUMBER OF UNITS IN ISSUE		54,550,776	55,412,733
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		11.21	11.16

The annexed notes from 1 to 13 form an integral part of these financial statements.

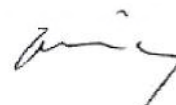
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 2018	September 2017
	(Rupees in '000)	
INCOME		
Capital gain on sale of investments - net	2,586	(15,826)
Dividend income	4,676	2,166
Income from government securities	2,101	1,881
Income from pre IPO Sukuk	-	18
Income from term finance certificate	22	-
Income from term deposit receipts	-	735
Profit on bank deposits	2,105	2,361
Income on deposit with NCCPL against exposure margin	2	5
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss - net	(3,349)	(22,056)
Total income	8,145	(30,716)
EXPENSES		
Remuneration of Management Company	3,116	3,229
Sindh Sales tax and Federal Excise Duty on remuneration of Management Company	405	420
Remuneration of Central Depository Company of Pakistan Limited - Trustee	312	323
Sales tax on remuneration of the trustee	41	42
Securities and Exchange Commission of Pakistan - annual fee	132	137
Allocated expense	176	182
Marketing and selling expense	623	-
Securities transaction cost	115	523
Settlement and bank charges	429	228
Fees and subscription	23	36
Auditors' remuneration	132	180
Printing and related cost	25	79
Legal and professional charges	45	59
Total expenses	5,573	5,438
Net income / (loss) from operating activities	2,571	(36,154)
Reversal / (provision) for Workers' Welfare Fund	(51)	-
Net income / (loss) for the period before taxation	2,520	(36,154)
Taxation	9	-
Net income / (loss) for the period after taxation	2,520	(36,154)
Allocation of net income for the period:		
Net Income for the period after taxation	2,520	-
Income already paid on units redeemed	(47)	-
	2,473	-
Accounting income available for distribution:		
- Relating to capital gains	-	-
- Excluding capital gains	2,473	-
Accounting income available for distribution	2,473	-
Earnings per unit		

The annexed notes from 1 to 13 form an integral part of these financial statements.

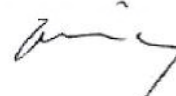
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 2018 (Rupees in '000)	September 2017
Net income / (loss) for the period after taxation	2,520	(36,154)
Other comprehensive income for the year		
Net realised diminution on re-measurement of investments previously classified as 'available-for-sale'		(2,731)
Total comprehensive income / (loss) for the period	2,520	(38,885)

The annexed notes from 1 to 13 form an integral part of these financial statements.

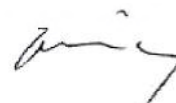
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	For the Period Ended September 2018				September 2017
	(Rupees in '000)				
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on FVTOCI (previously: AFS)	Total	Total
Net assets at beginning of the period	573,580	42,884	2,115	618,579	675,182
Issuance of 1,147,723 units (2017: 2,395,020 units)					
- Capital value (at net asset value per unit at the beginning of the period)	12,809	-	-	12,809	
- Element of income	233	-	-	233	
	13,042	-	-	13,042	26,631
Redemption of 2,009,680 units (2017: 3,904,984 units)					
- Capital value (at net asset value per unit at the beginning of the year)	22,428	-	-	22,428	
- Amount paid out of element of income	(73)	47	-	(26)	
	22,355	47	-	22,402	(43,474)
Total comprehensive income for the period	-	2,520	-	2,520	(38,885)
Re-designation of equity investment at the beginning of period previously classified as available for sale	2,115	-	(2,115)	-	-
	2,115	2,520	(2,115)	2,520	(38,885)
Net assets at end of the period	566,382	45,357	-	611,739	619,454
Undistributed income brought forward					
- Realised		67,904			72,282
- Unrealised		(25,020)			(4,279)
		42,884			68,003
Accounting income available for distribution					
- Relating to capital gains	2,520				-
- Excluding capital gains	(47)				-
	2,473				-
Net loss for the period after taxation		-			(36,154)
Undistributed income carried forward		45,357			31,849
Undistributed income carried forward					
- Realised		48,706			9,793
- Unrealised		(3,349)			(22,056)
		45,357			31,849
				(Rupees)	(Rupees)
Net assets value per unit at beginning of the year				11.16	11.53
Net assets value per unit at end of the period				11.21	10.86

The annexed notes from 1 to 13 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 2018 (Rupees in '000)	September 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	2,520	(36,154)
Adjustments for:		
Unrealised diminution / (appreciation) in value of investments classified as at fair value through profit or loss - net	3,349	22,056
	<u>5,869</u>	<u>(14,098)</u>
Increase / (decrease) in assets		
Investments	25,432	155,360
Receivable against sale of investment	-	10,154
Dividend and profit receivables	(2,089)	(303)
Advances deposits and prepayments	(154)	(3)
	<u>23,189</u>	<u>165,208</u>
(Decrease) / Increase in liabilities		
Payable to Management Company	446	(275)
Payable to Central Depository Company of Pakistan Limited - Trustee	(5)	(12)
Payable to Securities and Exchange Commission of Pakistan	(404)	(431)
Payable against purchase of investment	(6,325)	-
Payable against redemption of units	-	-
Accrued expenses and other liabilities	129	(1,052)
	<u>(6,159)</u>	<u>(1,770)</u>
Net cash generated from operating activities	<u>22,899</u>	<u>149,340</u>
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issuance of units	13,042	26,630
Payment against redemption of units	(22,402)	(43,474)
Net cash (used in) financing activities	<u>(9,360)</u>	<u>(16,844)</u>
Net increase in cash and cash equivalents during the year	<u>13,539</u>	<u>132,496</u>
Cash and cash equivalents at beginning of the year	210,758	204,777
Cash and cash equivalents at end of the period	<u>224,297</u>	<u>337,273</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

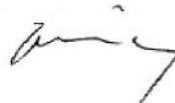
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 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 Pakistan Capital Market Fund 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. Pakistan Capital Market Fund as a closed-end scheme was authorized by SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme.
- 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 at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3** 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 purchase transactions.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned as asset manager of AM2++ (Positive outlook) dated October 08, 2018 to the Management Company and long term performance rating of 5-star and short term performance rating of 4-star to the Fund dated May 24, 2018.
- 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 Statement of compliance

This Condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where 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 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 the requirements of the Trust Deed have been followed.

- 2.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.3** In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

a true and fair view of the state of the Fund's affairs as at September 30, 2018.

- 2.4** These condensed interim financial statements are unaudited. Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.
- 2.5** The date of initial application" of IFRS 9 is the date when the entity first applies its requirements. Therefore, the beginning of an interim or annual reporting period i.e July 01, 2018 is the date of initial application and applied prospectively because it is not possible to do so with out the use of hindsight and is impracticable, therefore comparative figures are not restated. The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at September 30, 2018 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparatives in the condensed interim income statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Fund for the quater ended September 30, 2017.
- 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN**
- 3.1** The accounting policies, financial risk management objectives & policies, basis of accounting estimates applied & methods of computation adopted in the preparation of the condensed interim financial statement and all standards, interpretations and amendments to publised approved accounting standards are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018, except with respect to of adoption of IFRS- 9 as explained in detail in note 3.2.
- 3.2** In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well. Further, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. From July 01, 2018 the Fund has adopted IFRS-9 as per approved accounting and reporting standards as applicable in Pakistan.

Key requirements of IFRS 9:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election at initial recognition to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. However, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement:

Classification and Measurement of Financial Assets and Financial Liabilities after the adoption of IFRS-9 is discussed as under:

Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;

Listed equity securities classified as 'at Available for sale' investments carried at fair value have been re-designated & will be measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;

Debt securities (Listed / Unlisted) and government securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;

all financial assets classified as Loans and receivable as on June 30, 2018 have now been re-classified as Amortized cost. These assets under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

All other financial assets and financial liabilities under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

		(Unaudited) September 2018	(Audited) June 2018
4. BALANCES WITH BANKS		(Rupees in '000)	
In current accounts		3,797	4,996
In deposit accounts		220,500	205,762
		224,297	210,758

5. TOTAL EXPENSE RATIO

The expense ratio of the Fund from July 1 2018 to September 30, 2018 is 0.91%, the total expense ratio includes 0.1% representing government levy and SECP fee. This ratio is within the maximum limit of 4% of average net assets as prescribed under the NBFC Regulations for a collective investment scheme categorised as an balanced fund.

		(Unaudited) September 2018	(Audited) June 2018
6. INVESTMENTS	Note	(Rupees in '000)	
At fair value through profit or loss			
Listed equity securities	6.1	393,147	409,902
Government securities	6.3	-	-
Unlisted debt security	6.3	1,000	998
		394,147	410,900
Previously classified as available-for-sale - under IAS 39			
Listed equity securities	6.2	-	12,028
		394,147	422,928

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

6.1

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Name of the Investee Company	As at June 30, 2018	Re-designated ¹	As at July 1, 2018	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at September 30, 2018	As at September 30, 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)	Market value as a percentage of net assets	
----- Rupees in '000' -----												
----- % -----												
Number of shares												
FERTILIZER												
Engro Fertilizer Limited	-	-	-	279,000	-	-	279,000	20,905	21,062	157	3.44%	5.34%
Fatima Fertilizer Company Limited	216,000	-	216,000	-	-	-	216,000	6,998	8,081	1,082	1.32%	2.05%
Fauji Fertilizer Company Limited	193,000	-	193,000	-	-	193,000	-	-	-	-	0.00%	0.01%
								27,904	29,142	1,239	4.76%	7.39%
												0.03%
FOOD & PERSONAL CARE PRODUCTS												
Al-Sheer Corporation	-	805	805	-	-	-	805	22	22	-	0.00%	0.01%
National Foods Limited	-	-	-	11,000	-	-	11,000	3,135	3,190	55	0.52%	0.81%
Shezan International Limited	-	2,600	2,600	-	-	-	2,600	1,482	1,690	-	0.28%	0.43%
								4,639	4,902	263	0.80%	1.24%
												0.04%
LEATHER & TANNERIES												
Bata Pakistan Limited	550	-	550	-	-	-	550	1,045	1,004	(41)	0.16%	0.25%
Service Industries	8,900	-	8,900	-	-	1,100	7,800	6,123	5,741	(382)	0.94%	1.46%
								7,168	6,745	423	1.10%	1.71%
												0.07%
OIL & GAS EXPLORATION COMPANIES												
Oil & Gas Development Company Limited	180,000	-	180,000	41,000	-	-	221,000	34,285	33,811	(474)	5.53%	8.58%
Pakistan Oilfields Limited	46,850	-	46,850	-	8,110	6,300	48,660	27,241	26,723	(518)	4.37%	6.78%
Pakistan Petroleum Limited	60,330	-	60,330	30,000	-	-	90,330	19,235	19,276	42	3.15%	4.89%
								80,761	79,810	(950)	13.05%	20.25%
												0.03%
OIL AND GAS MARKETING COMPANIES												
Hi-Tech Lubricants Limited	17,400	-	17,400	-	-	7,000	10,400	1,054	868	(186)	0.14%	0.22%
Pakistan State Oil Company Limited	-	-	-	37,000	-	-	37,000	12,432	11,797	(635)	1.93%	2.99%
Sui Northern Gas Pipelines Limited	113,000	-	113,000	-	-	100,000	13,000	1,303	1,159	(144)	0.19%	0.29%
								14,789	13,824	(965)	2.26%	3.51%
												0.02%
PHARMACEUTICALS												
Agro Limited	1,015	-	1,015	82,500	-	-	83,515	8,192	7,206	(986)	1.18%	1.83%
The Searle Company Limited	519	-	519	-	-	-	519	176	164	(12)	0.03%	0.04%
								8,368	7,370	(999)	1.21%	1.87%
												0.03%
POWER GENERATION & DISTRIBUTION												
Hufo Power Company Limited	190,500	-	190,500	-	-	64,500	126,000	11,612	11,021	(591)	1.80%	2.80%
								11,612	11,021	(591)	1.80%	2.80%
												0.01%
REAL ESTATE INVESTMENT AND SERVICES												
Dolmen City REIT	249,500	-	249,500	-	-	-	249,500	3,219	3,144	(75)	0.51%	0.80%
								3,219	3,144	(75)	0.51%	0.80%
												0.01%
TECHNOLOGY & COMMUNICATIONS												
Avanceon Limited	150,000	-	150,000	-	-	70,000	80,000	5,299	6,637	1,338	1.09%	1.68%
Hum Network	700,000	-	700,000	-	-	-	700,000	5,663	4,550	(1,113)	0.74%	1.15%
								10,962	11,187	225	1.83%	2.84%
												0.13%
TEXTILE COMPOSITE												
Gul Ahmed Textile Mills Limited	275,000	-	275,000	60,000	-	60,000	275,000	12,162	13,445	1,283	2.20%	3.41%
Kohinoor Textile Mills Limited	74,200	79,500	153,700	-	-	-	153,700	8,452	8,337	(115)	1.56%	2.12%
Nishat Mills Limited	146,600	-	146,600	-	-	-	146,600	19,813	19,767	(46)	3.23%	5.02%
								40,427	41,548	1,121	6.79%	10.54%
												0.17%
Total at September 30, 2018								396,497	393,147	(3,350)	64.27%	99.75%
Total at June 30, 2018								434,921	409,902	(25,018)	67.00%	103.98%

** These represent transactions with related parties.

--- he above include shares with a market value aggregating to Rs. 35,920 million (June 30, 2018: Rs. 37,26) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of 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 STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

6.2 Listed equities securities (Previous measurement category: 'available for sale' - under IAS 39)

Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise

Total - September 30, 2018	-	-	-	-	-
Total - June 30, 2018	9,913	12,028	2,115	1.97	3.07

On July 01, 2018 (date of adoption of IFRS) the carrying value of Rs. 9.913 Million as on June 30, 2018 classified as "Available for Sale" category under IAS 39 is redesignated as "Fair Value through Profit and Loss" having fair value of Rs. 12.028 million on June 30, 2018. This redesignation doesnot have any effect/impact on Statement of Financial Position and NAV per unit of the Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

6.3 Government securities - 'at fair value through profit or loss'

Tenure	Issue Date	Face value				As at September 30, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	sales / matured during the period	As at September 30, 2018	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
Treasury bills - 3 months										
	May 10, 2018	-	150,000	150,000	-	-	-	-	-	-
	July 19, 2018	-	175,000	175,000	-	-	-	-	-	-
	August 2, 2018	-	200,000	200,000	-	-	-	-	-	-
Total as at September 30, 2018										

Total as at June 30, 2018										

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

Certificates have a face value of Rs. 100,000 each

Name of investee company	Number of certificates					As at September 30, 2018			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed during the period	As at September 30, 2018	Carrying value	Market Value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
Byco Petroleum Pakistan Limited (18-01-2017 issue)	10	-	-	-	10	998	1,000	2	0.16	0.25
Total as at September 30, 2018										
						998	1,000	2		

Total as at June 30, 2018						1,000	998	(2)		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	(Unaudited) September 2018 (Rupees in '000)	(Audited) June 2018
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	7.1	3,952	3,900
Provision for Federal Excise Duty and related tax	7.2		
- On management fee		5,872	5,872
- Sales load		393	393
Legal and professional charges		80	63
Withholding tax		19	24
Dividend		2,783	2,784
Auditors' remuneration		447	314
Zakat		1	1
Brokerage		295	297
Other		315	380
		14,157	14,028

7.1 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, 2018. 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 September 30, 2018 would have been higher by Re. 0.07 per unit (June 30, 2018 Re. 0.07 per unit).

7.2 Federal Excise Duty and related tax payable

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, 2018. 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 September 30, 2018 would have been higher by Re. 0.11 per unit (June 30, 2018: Re. 0.11 per unit).

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as September 30, 2018 and June 30, 2018

9. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to 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 by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. 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 intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

10. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

11. 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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:

11.1	(Unaudited) September 2018	(Unaudited) September 2017
Details of the transaction with connected persons		
	(Rupees in '000)	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	3,521	3,649
Allocated Expense including indirect taxes	176	182
Marketing & Selling Expense	623	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	352	365
CDS charges	15	106
Arif Habib Limited		
Brokerage *	22	-
Next Capital Limited		
Brokerage *	9	-
MCB Bank Limited		
Bank charges	-	9
Dividend income	571	330
Mark-up income	8	34
Purchase of 100 (2017: 80,000) shares	20	16,873
Sale of 100 (2017: Nil) shares	20	-
Arif Habib Limited		
Dividend Income	-	560
Dolmen City REIT		
Dividend Income	75	-
Nishat Mills Limited		
Purchase of Nil (2017: 20,000) shares	-	2,980
Nishat (Chunian) Mills Limited		
Purchase of Nil (2017: 100,000) shares	-	5,400
Thatta Cement Limited		
Sale of Nil (2017: 65,000) shares	-	2,427
Mughal Iron and Steel Industries Limited		
Purchase of Nil (2017: 43,000) shares	-	3,225
Sale of 86,000 (2017: 90,000) shares	4,737	6,382
Pakgen Power Limited		
Purchase of 30,000 (2017: 40,000) shares	6,270	6,760

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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

	(Unaudited) September 2018	(Audited) June 2018
	(Rupees in '000)	
11.2 Amount outstanding at the year end		
MCB - Arif Habib Savings and Investments limited - Management Company		
Remuneration payable	1,012	1,043
Sales tax payable on management fee	132	136
Sales load payable	1	3
Sindh sales tax payable on sales load	-	-
Allocated expense payable	51	52
Marketing and selling expense	623	138
Central Depository Company of Pakistan Limited-Trustee		
Security deposit	300	300
Remuneration payable	101	105
Sindh sales tax payable on remuneration of trustee	13	14
MCB Bank Limited		
Balance with Bank	3,227	3,027
Profit receivable on bank deposit	35	38
142,600 (2018: 142,600) shares held	28,693	28,202
Arif Habib Limited - Brokerage House		
Brokerage payable	13	-
Next Capital Private Limited - Brokerage House		
Brokerage payable	9	48
Fatima Fertilizer Company Limited		
216,000 (2018: 216,000) shares held	8,081	6,998
Mughal Iron & Steel		
Nil (2018: 86,000) shares held	-	5,282
Dolmen City REIT		
249,500 (2018: 249,500) shares held	3,144	3,219
Pakistan Petroleum Limited		
90,330 (2018: 60,330) shares held	19,276	12,965
Nishat Mills Limited		
140,600 (June 30, 2018: 140,600) shares held	19,767	19,813

11.3 Unit Holder's Fund

Directors and executives of the Management Company

Directors and executives of the Management Company

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

12. 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 3.2.

13. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorised for issue on October 22, 2018 by the Board of Directors of the Management Company.

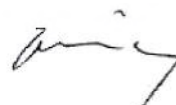
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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