



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2018
(UNAUDITED)

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

MCB PAKISTAN STOCK 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 Shahr-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Bank Alfalah Limited Standard Chartered Bank Limited Summit Bank Limited JS Bank Limited Habib Metropolitan Bank Limited Silk Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
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, Centrepont, 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 **MCB Pakistan Stock Market Fund's** first quarter report for the period ended September 30, 2018.

MARKET & ECONOMIC REVIEW

Economy 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 increase 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 189 mn of stocks which was mainly absorbed by Insurance companies (~USD 102 Mn) and Individuals (~USD 97 Mn). Trading volumes during the quarter averaged around ~170 mn 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 inventory and higher international prices) resulting in increase in local fertilizer prices. Banks garnered interest on the back of monetary tightening theme.

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

FUND PERFORMANCE

During the period, PSM posted a return a negative return of 1.32% compared to a negative return of 2.18% witnessed by the KSE100 Index. Overall equity exposure stood at 85.5% at the end of the period. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments.

The Net Asset of the Fund as at September 30, 2018 stood at Rs. 11,773 million as compared to Rs. 10,113 million as at June 30 2018 registering an increase of 16.4%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 93.5508 as compared to opening NAV of Rs. 94.8056 per unit as at June 30, 2018 registering a decrease of Rs. 1.2548 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, 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

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 ماحقہ 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 ملحقہات (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۔

نسیم یگ

ڈائریکٹر/نائب چیئرمین

22 اکتوبر، 2018ء

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018ء

ٹیکسٹائل، فریلائزر اور بینک کے شعبے مارکیٹ سے باہر تھے۔ ٹیکسٹائل انڈسٹری میں (+2.4% سہ ماہی (QoQ)) کی وجہ سے اور برآمد کے فروغ، نئی منتخب حکومت کے مناسب موقف کی وجہ سے علاقے کے لئے لگائی گئی لاگت میں کمی ہوئی۔ اس کے علاوہ، بہتر سالانہ نتائج نے سیکٹر کے مجموعہ کی حمایت کی۔ کھاد، مقامی شعبوں کی قیمتوں میں اضافہ (انوینٹری کی کم سطح اور اعلیٰ بین الاقوامی قیمتیں) سے اور سردیوں میں اضافے سے مقامی کھاد کی قیمتوں میں اضافے ہوئے۔ بینکوں نے مالیاتی مرکزی خیال کے موضوع کے پیچھے دلچسپی ظاہر کی۔

فنڈ کی کارکردگی:

اس مدت کے دوران پی ایس ایم (PSM) نے 100-KSE انڈیکس کی طرف سے دیکھا 2.18 فیصد کی منفی واپسی کے مقابلے میں 1.32 فیصد کی منفی واپسی کی واپسی کی مدت کے اختتام پر مجموعی طور پر ایکویٹی کی نمائش 85.5 فیصد تھی۔ فنڈ خارجہ عوامل کے محتاج رہتا رہا اور بنیادی ترقیات پر غور کرنے کے لئے سرمایہ کاری کی حکمت عملی کو تسلیم کیا گیا تھا۔

ستمبر 2018، 30ء کے طور پر فنڈ کے نیٹ اثاثہ 11.773 ملین روپے کے مقابلے میں۔ جون 2018، 30ء میں 13.110 ملین کے طور پر 16.4 فیصد اضافہ ہوا۔

30 ستمبر، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ روپے تھا۔ 93.5508 روپے کے مقابلے میں جون 2018، 30ء میں فی یونٹ 94.8056 اور 1.2548 روپے فی یونٹ میں کمی کی گئی۔

مستقبل آؤٹ لک:

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 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

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۔ 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۔

ایکویٹیز مارکیٹ کا جائزہ:

سہ ماہی کے دوران بیجنگ انڈیکس میں 2 فی صد کا نقصان ہوا۔ مارکیٹ میں آنے والے 5 دن کے بعد کے ایس ایس 100 انڈیکس نے 5.4 فی صد کم ہوا۔ اقتصادی سکور کارڈ میں کسی بھی زبردست تبدیلی کے بجائے ریلی کو مضبوط مرکزی حکومت سے متعلق امید سے آگاہ کیا گیا تھا۔ موجودہ حکمرانوں کی طرف سے ضروری ٹھوس اقدامات کرنے میں تاخیر، انتخابات کے بعد ابتدائی دنوں میں دیکھے جانے والی امید کا مظاہرہ کیا ہے۔ غیر ملکیوں نے مقامی اقوام متحدہ کو بند کر دیا، 18.9 ملین ڈالر کا اسٹاک فروخت کیا جو بنیادی طور پر انشورنس کمپنیاں کی طرف سے (تقریباً 102 ملین ڈالر) اور افراد (تقریباً 97 ملین امریکی ڈالر) کی طرف سے لیا گیا تھا۔ سہ ماہی کے دوران ٹریڈنگ کی مقدار تقریباً 170 ملین حصص میں تقریباً 0.45 فی صد کا معمولی اضافہ ہوا۔

ریفائرنس ریز، آٹو، اوپن مارکیٹ آپریشنز (OMOs)، پاور اور سیشنز انڈیکس کی کمی کے باعث اہم شراکت دار تھے۔ جس میں 15 فی صد/ 12 فی صد/ 8 فی صد/ 5 فی صد/ 4 فی صد کی منفی واپسی کی گئی تھی۔ ذیل میں متوقع آمدنی کی وجہ سے ریفائرنس ریز نے انڈیکس کو ڈرا دیا۔ تیل مارکیٹنگ کمپنیوں (OMCs) نے پیٹرولیم مصنوعات کی فروخت کے حجم میں بڑے پیمانے پر کمی کی وجہ سے اس سہ ماہی میں تقریباً 32 فیصد سالانہ (YoY) نیچے آنے کی وجہ سے کم ہوا۔ ایک بار پھر گاڑی کی خریداری کے لئے نان فلٹر پر مسلسل پابندیوں کی وجہ سے آٹو سیکٹر نے کمی کی رجحان کو جاری رکھا۔ کونکہ کے شعبے میں اعلیٰ کونسے کی قیمتوں کی وجہ سے ابھی تک ایک مایوسی ہوئی تھی (سہ ماہی میں 2% + (QoQ)) اور ترقیاتی منصوبوں پر تشویش، پبلک سیکٹر ڈویلپمنٹ پروگرام (PSDP) مختص میں کمی کی وجہ سے اور اقتصادی ترقی آگے بڑھتی ہے۔

عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان اسٹاک مارکیٹ فنڈز کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے پہلی سہ ماہی اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مارکیٹ اور اقتصادی جائزہ:

معیشت 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۔

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

	Note	(Un-audited) September 30, 2018 (Rupees in '000)	(Audited) June 30, 2018
ASSETS			
Bank balances	4	1,599,408	664,008
Investments	6	10,255,554	9,723,057
Receivable against sale of investments		-	52,923
Dividend and profit receivable		118,982	10,979
Advances, deposits and other receivables		8,279	8,083
Total assets		11,982,222	10,459,050
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		33,897	32,100
Payable to Central Depository Company of Pakistan Limited - Trustee		1,162	1,083
Payable to the Securities and Exchange Commission of Pakistan		2,681	9,964
Payable against purchase of investments		31,715	165,428
Accrued expenses and other liabilities	7	139,354	137,505
Payable against redemption of units		386	386
Total liabilities		209,195	346,466
NET ASSETS		<u>11,773,027</u>	<u>10,112,584</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>11,773,027</u>	<u>10,112,584</u>
CONTINGENCIES AND COMMITMENTS			
	8		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>125,846,300</u>	<u>106,666,546</u>
		(Rupees)	
NET ASSETS VALUE PER UNIT		<u>93.5508</u>	<u>94.8056</u>
FACE VALUE PER UNIT		50.0000	50.0000

The annexed notes from 1 to 13 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 QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30,	
		2018	2017
		(Rupees in '000)	
INCOME			
(Loss) / gain on sale of investments - net		(29,783)	(290,992)
Unrealised diminution in value of investments at fair value through profit or loss - net		(171,821)	(435,683)
Profit / mark-up on:			
- government securities		13,161	10,271
- bank balances		13,944	12,885
Dividend income		128,073	68,486
Total income		(46,425)	(635,033)
EXPENSES			
Remuneration of Management Company		56,449	54,165
Sindh sales tax on remuneration of Management Company		7,338	7,041
Remuneration of the trustee		3,075	2,960
Sindh sales tax on remuneration of the Trustee		400	385
Annual fee to the Securities and Exchange Commission of Pakistan		2,681	2,573
Allocated expenses and related taxes		3,189	3,060
Selling and marketing expenses		11,289	10,833
Brokerage expense		6,743	13,242
Printing and related charges		25	57
Settlement and bank charges		525	1,445
Fees and subscriptions		23	101
Auditors' remuneration		211	310
Provision against Sindh Workers' Welfare Fund		-	-
Legal and professional charges		44	53
Total expenses		91,995	96,226
Net (loss) for the period from operating activities before taxation		(138,420)	(731,259)
Taxation		-	-
Net (loss) for the period after taxation		(138,420)	(731,259)
(Loss) / earnings per unit	10		
Allocation of net income for the period			
Net income for the period after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution:			
- relating to capital gains		-	-
- excluding capital gains		-	-

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

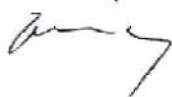
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Note	<u>September 30,</u>	
		2018	2017
		(Rupees in '000)	
Net loss for the period after taxation		(138,420)	(731,259)
Other comprehensive income for the period			
Net unrealised diminution on re-measurement of investments previously classified as 'available-for-sale'			(300,512)
Total comprehensive loss for the period		<u>(138,420)</u>	<u>(1,031,771)</u>

The annexed notes from 1 to 13 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 UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Particulars	For the quarter ended September 30, 2018				For the quarter ended September 30, 2017
	(Rupees in '000)				
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on FVTOCI (Previously: 'AFS')	Total	Total
At the beginning of the period	5,096,092	4,646,316	370,176	10,112,584	11,629,170
Issue of 31,450,970 units (2017: 128,733,096 units):					
- Capital value (at net asset value per unit at the beginning of the period)	2,981,728	-	-	2,981,728	
- Element of loss	(38,027)	-	-	(38,027)	
	2,943,701	-	-	2,943,701	2,250,286
Redemption of 12,271,215 units (2017: 107,342,629 units):					
- Capital value (at net asset value per unit at the beginning of the period)	1,163,380	-	-	1,163,380	
- Element of income	(18,542)	-	-	(18,542)	
	1,144,838	-	-	1,144,838	3,057,824
Total comprehensive (loss) / income for the period	-	(138,420)		(138,420)	(1,031,771)
Re-designation of Equity investment at the beginning of period previously classified as Available for sale	370,176		(370,176)	-	
Distribution during the period					
	370,176	(138,420)	(370,176)	(138,420)	(1,031,771)
At the end of the period	7,265,131	4,507,896	-	11,773,027	9,789,862
Undistributed income brought forward					
- Realised gain		5,081,999			5,996,613
- Unrealised loss		(435,683)			(656,605)
		4,646,316			5,340,008
Accounting income available for distribution (after deducting income already paid on units redeemed):					
- Relating to capital gains		-			-
- Excluding capital gains		-			-
Net loss for the period after taxation		(138,420)			(731,259)
Distributions during the period		-			-
Undistributed income carried forward		4,507,896			4,608,750
Undistributed income carried forward					
- Realised gain		4,679,717			5,044,433
- Unrealised loss		(171,821)			(435,683)
		4,507,896			4,608,750
				(Rupees)	(Rupees)
Net assets value per unit as at beginning of the period				94.8056	102.5017
Net assets value per unit as at end of the period				93.5508	93.6435

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

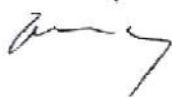
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

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

	September 30,	
	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the period	(138,420)	(731,259)
Adjustments for		
Unrealised diminution / (appreciation) in value of investments at fair value through profit or loss - net	171,821	435,683
	33,401	(295,576)
(Increase) / decrease in assets		
Investments - net	(704,318)	345,210
Receivable against sale of investments	52,923	49,175
Dividend and profit receivable	(108,003)	(36,819)
Advances, deposits and other receivables	(196)	(165)
	(759,593)	357,401
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,797	7,454
Payable to Central Depository Company of Pakistan Limited - Trustee	79	(168)
Payable to the Securities and Exchange Commission of Pakistan	(7,283)	(7,472)
Payable against purchase of investments	(133,713)	(335,299)
Accrued expenses and other liabilities	1,849	(17,582)
Payable against redemption of units	-	(511)
	(137,271)	(353,578)
Net cash (used in) / generated from operating activities	(863,463)	(291,753)
CASH FLOW FROM FINANCING ACTIVITIES		
Distributions made during the period	-	
Cash received from units sold	2,943,701	2,250,287
Cash paid on units redeemed	(1,144,838)	(3,057,824)
Net cash (used in) / generated from financing activities	1,798,863	(807,538)
Net increase / (decrease) in cash and cash equivalents during the period	935,400	(1,099,291)
Cash and cash equivalents at beginning of the period	664,008	2,228,648
Cash and cash equivalents at end of the period	1,599,408	1,129,357

The annexed notes from 1 to 13 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 STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Stock 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. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].
- 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, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan.
- 1.3** The Fund has been categorised as an equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4** The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2++ (positive outlook) dated October 08, 2018 to the Management Company, and has assigned performance ranking of 4-Star long term and 4 star short term dated May 24, 2018 to the Fund.
- 1.5** The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document 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 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.

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

- 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 and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement and all standards, interpretations and amendments to published 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 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 investments 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 at the end of subsequent accounting periods. 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 investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election 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.
- 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 Finalcial Liabilities after the adoption of IFRS-9 is discussed as under:

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

- 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;
- 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.

	Note	(Unaudited) September, 30 2018	(Audited) June, 30 2018
		(Rupees in '000)	
4 BANK BALANCES			
In saving accounts	4.1	1,582,593	649,902
In current accounts	4.2	16,816	14,106
		1,599,408	664,008

4.1 These carry profit at rates ranging between 3.75% and 8.75% (2017: 3.75% to 6.5%) per annum and include Rs 23.68 million (2017: Rs 1.18 million) maintained with MCB Bank Limited (a connected person / related party) which carry profit at the rate of 5.5% (2017: 3.75%) per annum and Rs.1.36 million maintained with Silkbank Limited (a related party) which carries profit at the rate of 8.52% per annum.

4.2 This includes balance of Rs 7.29 million (2017: Rs 8.17 million) maintained with MCB Bank Limited, (a connected person / related party).

5 TOTAL EXPENSE RATIO (TER)

The Total Expense Ratio (TER) of the Fund for the quarter ended September 30, 2018 is 0.82% (2017: 0.9%) which includes 0.09% (2017: 0.12%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations.

	Note	(Unaudited) September, 30 2018	(Audited) June, 30 2018
		(Rupees in '000)	
6 INVESTMENTS			
Fair value through profit or loss			
Listed equity securities	6.1	10,246,602	8,413,364
Government securities	6.2	8,952	-
		10,255,554	8,413,364
Previously classified as available-for-sale - under IAS 39			
Listed equity securities	6.3	-	1,309,693
		10,255,554	9,723,057

6.1

Listed equity securities - at fair value through profit or loss - held for trading

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

163 MCB PAKISTAN STOCK MARKET FUND

Name of the investee company	Number of shares						Balance as at Sep 30, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company	
	As at June 30, 2018	Re-designated*	As at July 01, 2018	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2018	Carrying value	Market value				Unrealised appreciation / (diminution)
										Rupees in "000" %			
Fertilizer												%	
Engro Fertilizer Limited	4,113,000		4,113,000	2,934,500	-	-	7,047,500	533,513	532,016	(1,498)	4.52%	5.19%	0.53%
Engro Corporation Limited	1,048,500		1,048,500	118,000	-	139,800	1,026,700	323,055	319,951	(3,105)	2.72%	3.12%	0.20%
Fatima Fertilizer Company Limited	-		-	4,548,500	-	-	4,548,500	156,621	170,159	13,539	1.45%	1.66%	0.22%
Fauji Fertilizer Company Limited	3,777,500		3,777,500	719,500	-	2,628,000	1,869,000	185,756	182,489	(3,267)	1.55%	1.78%	0.15%
								1,198,946	1,204,615	5,669	10.24%	11.75%	
Food													
Al-Shaheer Corporation	-	10,455	10,455	23,455	-	10,455	23,455	644	645	1	0.01%	0.01%	0.02%
National Foods Limited	-		-	205,000	-	-	205,000	58,425	59,450	1,025	0.50%	0.58%	0.20%
Nestle Pakistan Limited	3,033		3,033	-	-	-	3,033	34,880	28,810	(6,069)	0.24%	0.28%	0.01%
								93,948	88,905	(5,043)	0.75%	0.87%	
Insurance													
Adamjee Insurance Co. Limited	809,500		809,500	-	-	809,500	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Reinsurance Co. Limited	2,157,000		2,157,000	-	-	-	2,157,000	70,922	65,789	(5,134)	0.56%	0.64%	0.72%
								70,922	65,789	(5,134)	0.56%	0.64%	
Miscellaneous													
Synthetic Products Limited	1,678,500		1,678,500	-	-	-	1,678,500	85,771	63,783	(21,988)	0.54%	0.62%	1.97%
								85,771	63,783	(21,988)	0.54%	0.62%	
Oil and Gas Marketing Companies													
Attock Petroleum Limited	2,150		2,150	-	430	-	2,580	1,288	1,145	(123)	0.01%	0.01%	-
H-Tech Lubricants Limited	283,100		283,100	-	-	77,000	206,100	20,882	17,199	(3,683)	0.15%	0.17%	0.18%
Pakistan State Oil Company limited	-		-	615,200	-	-	615,200	205,632	196,150	(9,482)	1.67%	1.91%	0.19%
Shell (Pakistan) Limited	22,200		22,200	-	-	-	22,200	7,017	6,519	(498)	0.06%	0.06%	0.02%
Sui Northern Gas Pipelines Limited	1,984,800		1,984,800	244,500	-	790,000	1,439,300	141,496	128,270	(13,226)	1.09%	1.25%	0.19%
Sui Southern Gas Company Limited	9,500		9,500	-	-	-	9,500	312	263	(49)	0.00%	0.00%	0.00%
								376,608	349,547	(27,060)	2.98%	3.40%	

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

Name of the investee company	Number of shares							Balance as at Sep 30, 2018			Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company
	As at June 30, 2018	Re-designated*	As at July (1), 2018	Purchases during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2018	Carrying value	Market value (diminution)	Market value as a percentage of net assets		

* These represent transactions in shares of related parties.

* These represent right share options received and exercised during the period.

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

*** The above include 2,000,000 shares of Hub Power Company Limited and 1,000,000 shares of Oil and Gas Development Company Limited with a market value of Rs 273.83 million (2017:Rs 372.26 million) 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 SECP.

6.2 Government securities - at fair value through profit or loss

Tenor	Issue Date	Face value				Balance as at September 30, 2018			Market value as percentage of net assets	Market value as percentage of total investments
		As at July 01, 2018	Purchases during the year	Sold / matured during	As at September 30, 2018	Cost	Market value	Appreciation/(diminution)		
-----Rupees in '000'-----										
									%	%
Treasury bills 3 Months	2-Aug-18	-	2,680,000	2,671,000	9,000	8,955	8,952	(3)	0.08%	0.09%
Treasury bills 3 Months	10-May-18	-	1,373,000	1,373,000	-	-	-	-	0.00%	0.00%
Treasury bills 3 Months	19-Jul-18	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Total as at September 30, 2018						8,955	8,952	(3)		
Total as at June 30, 2018						-	-	-		

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

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of the investee company	Number of shares					Balance as at September 30, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of investee company
	As at July 01, 2018	Purchases during the year	Bonus / right issue during the	Sold during the year	As at September 30, 2018	Carrying value	Market value	Unrealised appreciation/(diminution)			
						Rupees in "000"			%	%	%
As at September 30, 2018						-	-	-	0.00%	0.00%	
As at June 30, 2018						939,517	1,309,693	370,176	12.95%	13.47%	

* On July 01, 2018 (date of adoption of IFRS) the carrying value of Rs. 939.52 million classified as "Available for Sale" category under IAS 39 is redesignated at "Fair Value through Profit or Loss" having fair value of Rs.1309.69 million on June 30, 2018. This redesignation does not have any effect/impact on Statement of Financial Position and NAV per unit of the Fund.

	Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
(Rupees in '000)			
7 ACCRUED EXPENSES AND OTHER LIABILITIES			

Federal excise duty and related taxes payable on management remuneration	7.2	54,774	54,774
Federal excise duty and related taxes payable on sales load		3,933	3,933
Provision against Sindh Workers' Welfare Fund	7.1	57,875	57,875
Unclaimed dividend		9,838	9,838
Brokerage		7,221	5,344
Withholding tax on dividend and others		1,069	1,446
Auditors' remuneration		665	567
Printing and related expenditure		65	40
Sales load payable		10	16
Zakat		5	5
Others		3,900	3,667
		<u>139,354</u>	<u>137,505</u>

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

- 7.1** 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. 0.4599 per unit (June 30, 2018 Re.0.543 per unit).
- 7.2** 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.0.4353 per unit (June 30, 2018: Re.0.5135 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 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 this condensed interim financial information.

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.

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

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.

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 Unit Holders' Fund

	For the quarter ended September 30, 2018						For the quarter ended September 30, 2017					
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at September 30, 2018	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at September 30, 2017	As at September 30, 2017	As at September 30, 2017
	Units						(Rupees in '000)					
MCB - Arif Habib Savings and Investment Limited - Management Company	2,048,988	493,890	-	468,339	2,074,539	194,256	44,000	-	44,000	-	194,075	194,075
Associated Companies												
Adanjee Life Assurance Company Limited - NUIL Fund	1,409,006	266,073	-	-	1,675,079	133,582	25,000	-	-	-	156,705	156,705
Adanjee Life Assurance Company Limited - IMF	19,754,721	3,033,235	-	1,072,270	21,715,686	1,872,858	285,000	-	100,000	-	2,031,520	2,031,520
Adanjee Life Assurance Company Limited - ISF	2,108,051	441,784	-	-	2,549,835	199,855	41,510	-	-	-	238,539	238,539
Nishat Power Limited Employees Provident Fund Trust	10,756	22,671	-	20,160	13,267	1,020	2,114	-	1,819	-	1,241	1,241
Adanjee Insurance Company Limited Employees Gratuity Fund	69,361	39,029	-	32,960	75,430	6,576	3,608	-	2,970	-	7,057	7,057
Adanjee Insurance Company Limited Employees Provident Fund	136,117	78,139	-	65,425	148,831	12,905	7,219	-	5,894	-	13,923	13,923
D.G. Khan Cement Company Limited Employees Provident	199,265	-	-	-	199,265	18,891	-	-	-	-	18,641	18,641
Nishat Mills Employees Provident Fund Trust	2,841,551	61,059	-	-	2,902,610	269,395	5,600	-	-	-	271,541	271,541
Mandate Under Discretionary Portfolio Services	6,197,875	5,032,615	-	2,873,604	8,356,886	587,593	463,497	-	263,726	-	781,793	781,793
Key management personnel	60,419	46,876	-	39,767	67,528	5,728	4,379	-	3,720	-	6,317	6,317
	Units						(Rupees in '000)					
MCB - Arif Habib Savings and Investment Limited - Management Company	2,782,581	-	-	976,208	1,806,373	285,219	-	-	90,000	-	169,155	169,155
Associated Companies												
Adanjee Life Assurance Company Limited - NUIL Fund	1,515,637	-	-	-	1,515,637	155,355	-	-	-	-	141,930	141,930
Adanjee Life Assurance Company Limited - IMF	16,932,999	1,044,656	-	436,214	17,541,441	1,735,661	105,000	-	45,000	-	1,642,641	1,642,641
Adanjee Life Assurance Company Limited - ISF	412,198	945,583	-	484,663	873,098	42,251	95,000	-	50,000	-	81,760	81,760
Adanjee Life Assurance Company Limited - ISF II	363,704	99,658	-	463,362	-	37,280	10,000	-	44,414	-	-	-
Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of a group company	11,625	2,829	-	2,834	11,620	1,192	281	-	280	-	1,088	1,088
Adanjee Insurance Company Limited Employees Gratuity Fund	117,589	117,282	-	167,963	66,888	12,053	11,689	-	16,265	-	6,264	6,264
Adanjee Insurance Company Limited Employees Provident Fund	225,797	225,206	-	319,415	131,588	23,145	22,445	-	30,941	-	12,322	12,322
D.G. Khan Cement Company Limited Employees Provident	145,730	53,535	-	-	199,265	14,938	5,000	-	-	-	18,660	18,660
Nishat Mills Employees Provident Fund Trust	-	4,055,792	-	2,273,754	1,782,038	-	400,000	-	223,000	-	166,876	166,876
Mandate Under Discretionary Portfolio Services	10,722,140	4,168,218	-	8,963,218	5,927,140	1,099,037	415,672	-	869,833	-	555,038	555,038
Key management personnel	134,001	32,447	-	13,228	153,220	13,735	3,068	-	1,263	-	14,348	14,348

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

11.2 Other Transactions	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	(Rupees in '000)	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	63,788	61,206
Allocated expenses and related taxes	3,189	3,060
Selling and marketing expenses	11,289	10,833
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	3,476	3,345
CDS charges	196	860
Arif Habib Capital Limited		
Brokerage expense *	731	540
Next Capital Limited		
Brokerage expense *	536	287
MCB Bank Limited		
Bank charges	28	34
Profit on bank balances	1,872	267
Dividend income	9,773	6,519
Purchase of securities having face value of Rs 250 million (2017: Nil)	247,109	-
Sale of securities having face value of Rs 1,050 million (2017: Nil)	2,030,552	-
Silkbank Limited		
Purchase of securities having face value of Rs 1,750 million (2017: Rs 250 million)	1,729,449	247,657
Sale of securities having face value of Rs 3,050 million (2017: Rs 750 million)	4,348,263	743,582
Fatima Fertilizer Company Limited		
Dividend income	-	232
Pakgen Power Limited		
Dividend income	-	16
	(Un-audited)	(Audited)
11.3 Other Balances	September 30, 2018	June 30, 2018
	(Rupees in '000)	
MCB - Arif Habib Savings and Investment Limited - Management Company		
Management remuneration payable	18,884	17,469
Sindh sales tax payable on management remuneration	2,455	2,271
Sales load payable	337	541
Payable against allocated expenses	944	873
Payable against marketing and selling expenses	11,288	10,946
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	500	500
Trustee remuneration payable	1,029	958
Sindh Sales Tax Payable on trustee remuneration	134	125
MCB Bank Limited		
Bank balance	30,971	96,528
Profit receivable	507	159
Sales load payable	10	16

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

	Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
		(Rupees in '000)	
Silkbank Limited			
Balance with bank		1,358	22,730
Profit receivable on bank balances		1,153	1,544
Next Capital Limited			
Brokerage payable		536	800
Arif Habib Limited			
Brokerage payable		731	90

* The amount disclosed represents the amount of brokerage expense incurred / 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.

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 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 22, 2018 by the Board of Directors of the Management Company.

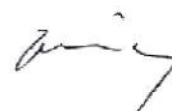
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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