



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2019

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



MCB CASH MANAGEMENT OPTIMIZER

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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 Syed Savail Meekal Hussain 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 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	Mr. Mirza Qamar Beg 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 & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
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	Habib Metropolitan Bank Limited United Bank Limited Habib Bank Limited Bank Al Falah Limited Faysal Bank Limited MCB Bank Limited Bank Al Habib Limited Zarai Taraqiati Bank Limited National Bank of Pakistan Allied Bank Limited Bank of Punjab Limited	
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, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Cash Management Optimizer** accounts review for the year ended June 30, 2019.

ECONOMY AND MONEY MARKET OVERVIEW

Pakistan's economy inherited myriad of challenges entering into fiscal year 2019, particularly a weak balance of payment and fiscal situation. The macroeconomic imbalances were coped with vigilant policy actions from central bank which resultantly took its toll on the economic growth. Gross Domestic Product (GDP) growth as per the preliminary estimates slowed down to 3.3% compared to 5.2% witnessed during the preceding year. All the three major sectors namely Agriculture, Industrial, and Services witnessed a slowdown posting growth of 0.9%, 1.4% and 4.7% respectively. Agricultural growth faltered as growth in major crops receded, evident from the decline in production of Sugarcane, Cotton & Rice which fell by 19.4%, 17.5% and 3.3% respectively. Industrial growth also weakened as large scale manufacturing (LSM) could not bear the brunt of contractionary policies pursued by central bank to achieve macroeconomic stabilization. LSM posted a decline of 3.7% as industries dependent on government spending and imports faced reduced demand. Among the major LSM sectors, Automobiles and Iron & Steel witnessed a demand contraction of 11.7% and 11.2% respectively. Nevertheless, Services sector provided some rescue to the economic growth, thanks to Finance and Insurance (up 5.4% YoY) and Government Services (up 8.0% YoY). Dollar denominated size of GDP stood at USD ~280 billion compared to USD ~315 billion in the last year, witnessing a contraction of 11%.

At the onset of year, Pakistan was plagued by one of the biggest balance of Payment crisis in its history. While it was facing a Current Account Deficit (CAD) north of USD 19 billion and external repayments worth USD 9 billion, the crisis was compounded by the fact that foreign exchange reserves of mere USD ~10 billion were at hand. Timely policy action by the central bank particularly adjusting the currency by 32% during the year helped in arresting the CAD. Real Effective Exchange Rate (REER) dropped from the overvalued territory in June 18 to become undervalued by 10%. Resultantly, the CAD contracted by 32.1% to USD 13.5 billion during the year. While exports growth did not materialize, improvement in CAD was driven from declining imports of Non-oil goods and services (down 11.8% YoY) and improved remittances (up 9.7% YoY). Default on loan obligations was also averted after Pakistan was successful in getting material inflows (USD ~10 billion) from its friendly allies. Although, narrowing current account deficit along with bilateral flows did provide some breathing space to the balance of payment, State Bank of Pakistan's (SBP) foreign reserves still declined by USD 2.5 billion to USD 7.5 billion due to the gravity of external crisis. At last, Pakistan also signed up for an IMF program during the month of May'19, putting all uncertainty to an end on the external front. The staff level agreement of USD 6.2 billion was reached for a period of three years.

The headline inflation as represented by Consumer Price Index (CPI) accelerated to an average of 7.3% in FY19 compared to 3.9% in the last year. Higher utility tariffs particularly a hike in gas prices (up ~64% YoY) and increased petroleum prices (up ~23% YoY) contributed to the rise in inflation. The regulator allowed for adjustments in utility tariffs as government eliminated the subsidies, while petroleum prices were adjusted after PKR depreciated by more than 30% against USD during the year. Similarly, the lagged impact of PKR depreciation resulted in more pronounced inflation in the second half which increased to an average of 8.6%, compared to 6.0% witnessed in the first half of the fiscal year. In order to control inflation and bring stability to the macroeconomic imbalances, the central bank continued its monetary tightening and increased the interest rates by 575 bps during the course of the year.

Fiscal books of the government continued to deteriorate, with the fiscal deficit reaching an unprecedented 8.9% of the GDP. Total revenue declined by 6% during the year, marred by a sharp drop in non-tax revenue of 44% during the period. Surplus profitability from SBP collapsed to nearly zero, after central bank recorded massive exchange losses due to currency devaluation. Tax collection also remained dismal as YoY collection remained flat, owing to tax exemptions announced in the last budget and a weak economy. On the other hand, total expenditures increased by 11%, despite a 25% cut in development spending. The increase in expenditures was propelled by a surge in current expenditures, particularly as

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

the debt servicing costs escalated by 40% YoY due to increase in interest rates. Government relied on domestic sources to fund its deficit, as financing from external sources (Multilateral agencies) dried up since IMF program was not available during the most part of the year. Within the domestic channel, the government relied heavily on central bank borrowing as nearly 70% of the borrowing out of PKR 3 trillion was funded through SBP.

On the money market side, the yield curve shifted on upward trajectory after record monetary tightening by the central bank during the fiscal year. SBP cited rising inflation, twin deficits and declining forex reserves as the prime reasons behind the policy decisions. In the first half of fiscal year, concerns over external front along with unadjusted policy decisions kept market participants at bay from longer tenor instruments. However, by the end of the fiscal year as the policy adjustments were fully in place, market participants drew much comfort which resulted in a massive demand for longer tenor bonds. In fact, the yield curve turned inverted as 10 Year PIB's traded at much lower level compare to short term security papers.

During the year, SBP persistently tried to develop the market for floating rate bonds by conducting regular auctions. The central bank accepted a cumulative amount of PKR 714 billion at a credit spread of 70-75 bps over base rate (6M T-bill yield). On the other hand, the government matured PKR 314 billion of Ijara Sukuks causing a dearth of Shariah Compliant avenues. However, to fund the circular debt, SBP introduced Pakistan Energy SUKUK amounting to PKR 200 billion exclusively for Islamic Banks at 80 bps premium over base rate. Nevertheless, liquidity position throughout the period remained comfortable owing to regular OMOs conducted by SBP.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 8.88% as against its benchmark return of 8.79%, an out performance of 0.09%. WAM of the fund was 11 days June end.

The fund was 72% in cash as of June end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2019 increased by 15.92% to Rs. 13,903 million as compared to Rs. 11,993 million as at June 30, 2018.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 100.6423 as compared to opening NAV of Rs.105.9707 per unit as at June 30, 2017 registering a decrease of Rs. 5.3284 per unit.

FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The beginning for the year has been very promising as CAD for July'19 shrank to USD ~600 million, compared to USD ~2,000 million seen during the same period of last year. Our forecast at very conservative assumptions is that CAD will settle at 2.7% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~13 billion (up 1.8x) by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Jun'19 REER at 91) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Inflation is expected to pick up to an average of 11.7% in FY20 compared to 7.3% witnessed during the last year. Multiple reasons are attributed for the surge in inflation. Firstly, the government is aiming to recover the full cost of utilities resulting in the price adjustment of utilities. Secondly, tax exemptions provided to multiple industries have been withdrawn causing a hike in prices. Finally, we have assumed PKR to be north of 170 against USD by the end of fiscal year, while crude oil is assumed at USD 70/BBL which will keep the overall CPI high. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We deem that current real interest rate is sufficient to cater for the expected inflation, therefore, in general we do not expect any further increase in interest rates. However, more than expected inflation and any deterioration in fiscal accounts can result in modest tightening in the monetary policy.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600 -700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~300-400 billion. As a result, the axe can fall on the development spending.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With six (6) non-executive directors including two (2) independent Directors on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

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

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2019, the Fund is in compliance with the requirement of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2019:

1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid (Chairman)	9	9	7	2
2. Mr. Ahmed Jahangir	9	9	9	-
3. Mr. Nasim Beg	9	9	9	-
4. Mr. Mirza Qamar Beg	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, one (1) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

*Dr. Syed Salman Ali Shah resigned from the Board effective June 10, 2019 and Mirza Qamar Beg was included as a member and also appointed as Chairman of the Committee.

3. Meeting of Risk Management Committee.

During the year, one (1) meetings of the Risk Management Committee were held. The attendance of each participant is as follows:

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Mirza Qamar Beg (Chairman)	1	1	1	-
2. Mr. Nasim Beg	1	1	1	-
3. Mr. Ahmed Jahangir	1	1	1	-

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Abdul Basit	Chief Internal Auditor	8,917.63	16,624.13	130.45
2	Muhammad Asif Mehdi Rizvi	Chief Operating Officer & Chief Financial Officer	60.63	60.63	Nil

External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants**, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2020. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2020.

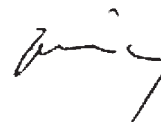
ACKNOWLEDGMENT

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
September 13, 2019



Nasim Beg
Director / Vice Chairman

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے ایم سی بی کیش مینجمنٹ آپٹیمائزر کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

پاکستان کی معیشت کو مالی سال 2019ء میں داخل ہوتے ہوئے بے شمار چیلنجز ورثے میں ملے، خاص طور پر ادائیگی کے توازن اور مالیات کی کمزور صورتحال۔ گلاں معاشیات کے غیر متوازن عناصر سے نمٹنے کے لیے مرکزی بینک نے چوتھے پالیسی اقدامات کیے جن کے نتیجے میں معاشی ترقی متاثر ہوئی۔ مجموعی ملکی پیداوار (GDP) کی ترقی ابتدائی تخمینوں کے مطابق سال گزشتہ (5.2 فیصد) کے مقابلے میں کم ہو کر 3.3 فیصد رہ گئی۔ تینوں بڑے شعبہ جات یعنی زراعت، صنعت اور سروسز سٹ روی کا شکار ہوئے اور ان کی ترقی کی شرح پالترتیب 0.9 فیصد، 1.4 فیصد اور 4.7 فیصد رہی۔ اہم فصلوں کی نمو میں گراؤٹ کے سبب زرعی ترقی بھی پسماندگی کا شکار ہوئی جس کا اظہار گئے، کپاس اور چاول کی پیداوار میں پالترتیب 19.4 فیصد، 17.5 فیصد اور 3.3 فیصد کی سے ہوتا ہے۔ صنعتی ترقی بھی کمزوری کا شکار ہوئی کیونکہ بڑے پیمانے کی پیداوار (LSM) مرکزی بینک کی گلاں معاشیاتی استحکام کے حصول کے لیے اختیار کردہ کانٹریکشنری (حکومتی خرچ یا مالیاتی توسیع کی شرح میں کمی پر مبنی) پالیسیوں کا خمیازہ برداشت نہیں کر سکی۔ LSM میں 3.7 فیصد کی ہوئی کیونکہ حکومتی خرچ اور درآمدات پر انحصار کرنے والی صنعتوں کو مانگ میں کمی کا سامنا ہوا۔ LSM کے اہم شعبہ جات میں گاڑیوں کے شعبے میں 11.7 فیصد اور لوہے اور اسٹیل کے شعبے میں 11.2 فیصد مانگ کا تضاد ہوا۔ تاہم سروسز کے شعبے نے معاشی ترقی کو کچھ حد تک ڈھال فراہم کی جس کا سہرہ فائننس اینڈ انشورنس (5.4 فیصد YoY ترقی) اور حکومتی سروسز (8.0 فیصد YoY ترقی) کے سر جاتا ہے۔ GDP کا ڈالر کے اعتبار سے حجم 280 بلین ڈالر تھا جو سال گزشتہ (315 بلین ڈالر) کے مقابلے میں 11 فیصد تضاد ہے۔

سال کے آغاز پر ہی پاکستان اپنی تاریخ کے سب سے بڑے ادائیگی کے توازن کے بحران کا شکار ہوا۔ اگرچہ اسے 19 بلین ڈالر کرنٹ اکاؤنٹ خسارے (CAD) اور 9 بلین ڈالر خارجی ادائیگی نو کا سامنا تھا لیکن یہ بحران شدت اختیار کر گیا کیونکہ غیر ملکی زرمبادلہ کے ذخائر صرف 10 بلین ڈالر رہ گئے تھے۔ مرکزی بینک کے بروقت پالیسی اقدام، خاص طور پر دوران سال روپے میں 32 فیصد ترمیم سے CAD پر قابو پانے میں مدد ملی۔ حقیقی مؤثر شرح مبادلہ (REER) جون 2018ء کے اصل سے زائد قدر کی سطح سے نیچے آئی اور اصل سے 10 فیصد کم قدر کی حامل ہو گئی۔ نتیجتاً CAD دوران سال 32.1 فیصد سکڑ کر 13.5 بلین ڈالر ہو گیا۔ اگرچہ برآمدات میں ترقی نہیں ہو سکی لیکن CAD میں بہتری کے اسباب تیل کے علاوہ والی اشیاء اور سروسز کی درآمدات میں 11.8 فیصد YoY (یئر اوور یئر) کمی اور ترسیلات زر میں 9.7 فیصد YoY اضافہ ہے۔ پاکستان کے دوستانہ حلیفوں سے مادی آمدات زر (10 بلین ڈالر) حاصل کرنے میں کامیابی کے بعد ادائیگی قرض میں کوتاہی بھی ٹل گئی۔ اگرچہ CAD میں کمی کے ساتھ ساتھ رقوم کی دوطرفہ آمد و رفت سے ادائیگی کے توازن کا کچھ سانس بحال ہوا لیکن خارجی بحران کی شدت کے باعث اسٹیٹ بینک آف پاکستان (SBP) کے غیر ملکی زرمبادلہ کے ذخائر 2.5 بلین ڈالر کم ہو کر 7.5 بلین ڈالر رہ گئے۔ علاوہ ازیں، ماہ مئی 2019ء کے دوران پاکستان نے بالآخر آئی ایم ایف پروگرام پر دستخط کر دیئے جس سے خارجی میدان میں تمام غیر یقینیوں کا خاتمہ ہو گیا۔ 6.2 بلین ڈالر کا اسٹاف لیول معاہدہ تین برسوں کی مدت کے لیے عمل میں آیا۔

ڈائریکٹر رپورٹ

مالی سال 2019ء میں صارفی قیمت کے انڈیکس (CPI) کے مطابق افراط زر مزید تیز رفتار ہو کر 7.3 فیصد کے اوسط تک پہنچ گئی جبکہ گزشتہ سال یہ اوسط 3.9 فیصد تھا۔ افراط زر میں اضافے میں یوٹیلٹی کے بلند تر نرخ، خاص طور پر گیس کی قیمتوں میں (64 فیصد YoY) اضافہ اور پٹرول کی قیمتوں میں (23 فیصد YoY) اضافہ سرگرم عمل ہیں۔ سبسڈیز کے خاتمے کے حکومتی اقدام سے یوٹیلٹی کے نرخ میں ترمیم کا موقع ملا، جبکہ پٹرول کی قیمتوں میں ترمیم دوران سال روپے کی قدر ڈالر کے مقابلے میں 30 سے زائد فیصد گر جانے کے بعد کی گئی۔ اسی طرح، روپے کی قدر میں کمی کے سبب رفتار اثر کے نتیجے میں افراط زر مالی سال کے نصف ثانی میں شدید تر ہو کر 8.6 فیصد اوسط تک پہنچ گئی جبکہ نصف اول میں 6.0 فیصد تھی۔ افراط زر پر قابو پانے اور گلاں معاشیاتی غیر متوازن عناصر میں استحکام پیدا کرنے کے لیے مرکزی بینک نے مالیاتی سختی کا عمل جاری رکھتے ہوئے انٹریسٹ کی شرحوں میں دوران سال 575 بیسیس پوائنٹس (bps) کا اضافہ کیا۔

حکومت کے مالیاتی اعداد میں پسماندگی کا سلسلہ جاری رہا اور مالیاتی خسارہ GDP کے 8.9 فیصد تک پہنچ گیا جس کی نظیر نہیں ملتی۔ کل آمدنی میں دوران سال 6 فیصد کمی ہوئی جس کا سبب غیر ٹیکس آمدنی میں دوران مدت 44 فیصد سنگین گراؤ ہے۔ روپے کی قدر میں کمی کے باعث مرکزی بینک کو زرمبادلہ کے خطرہ خسارہ جات کا سامنا ہوا اور SBP سے اضافی منافع کے گنجائش تقریباً صفر ہو گئی۔ ٹیکس وصولی بھی مایوس کن رہی کیونکہ گزشتہ بجٹ میں اعلان کردہ ٹیکس استثناءات اور مجموعی طور پر کمزور معیشت کے باعث YoY وصولی میں کوئی اضافہ نہیں ہوا۔ دوسری جانب ترقیاتی خرچ میں 25 فیصد کمی کرنے کے باوجود کل اخراجات میں 11 فیصد اضافہ ہوا۔ اخراجات کے اضافے کو کرنٹ اخراجات میں اضافے نے مزید ہوا دی جس کا اہم سبب انٹریسٹ کی شرحوں میں اضافے کے سبب ادائیگی قرض میں 40 فیصد YoY اضافہ ہے۔ حکومت نے اپنے خسارے کی تلافی کے لیے مقامی ذرائع پر انحصار کیا کیونکہ سال کے اکثر حصے کے دوران آئی ایم ایف پروگرام کی عدم دستیابی کے باعث خارجی ذرائع (کثیرالجبہتی ایجنسیاں) غیر مفید ہو گئے تھے۔ مقامی ذرائع میں حکومت نے سب سے زیادہ انحصار سینٹرل بینک پر کیا کیونکہ 3 ٹریلین روپے قرض میں سے تقریباً 70 فیصد کا انتظام SBP کے ذریعے کیا گیا۔

دوران مالی سال مرکزی بینک کی طرف سے تاحال سب سے زیادہ مالیاتی سختی کے باعث بازار زر کا پیداواری خم بلندی کی طرف مائل ہوا۔ SBP نے بڑھتی ہوئی افراط زر، جڑواں خساروں اور زرمبادلہ کے گھٹتے ہوئے ذخائر کو پالیسی سے متعلق فیصلوں کے عوامل قرار دیا۔ مالی سال کے نصف اول میں خارجی میدان کے ساتھ ساتھ پالیسی کے غیر ترمیم شدہ فیصلوں سے متعلق خدشات نے مارکیٹ کے شرکاء کو طویل ترمیم کے انسٹرومنٹس سے دور رکھا۔ تاہم مالی سال کے اختتام کے قریب جب پالیسی کی ترمیمات پوری طرح نافذ ہو گئیں تب مارکیٹ کے شرکاء نے سکون کا سانس لیا جس کے نتیجے میں طویل ترمیم کے بانڈز کی خطرہ مانگ پیدا ہو گئی۔ حتیٰ کہ دس سالہ پاکستان انویسٹمنٹ بانڈز کی تجارت مختصر مدت کے سیکورٹی پیپرز کے مقابلے میں کافی پست سطح پر ہونے کے سبب پیداواری خم اوندھا ہو گیا۔

دوران سال SBP نے باقاعدہ نیلامیوں کا انعقاد کر کے فلوئنگ ریٹ بانڈز کے لیے مارکیٹ کی ترقی کی مسلسل کوشش کی۔ مرکزی بینک نے base ریٹ (6M ٹریژری بلز پیداوار) کے اوپر 70 سے 75 bps کرڈٹ اسپریڈ پر 714 بلین روپے کی مجموعی رقم قبول کی۔ دوسری جانب حکومت نے 314 بلین روپے کے اجارہ سکک میچور کیے جس کے سبب شریعت کی تعمیل پر مبنی مواقع کی کمی ہو گئی۔ تاہم گردش قرضے کے لیے رقم کی فراہمی کے لیے SBP نے خاص طور پر اسلامک بینکوں کے لیے base ریٹ کے اوپر 80 bps پر 200 بلین روپے کے پاکستان انرجی سکک متعارف کرائے۔ علاوہ ازیں، SBP کی طرف سے باقاعدہ OMOs کے انعقاد کی بدولت پوری مدت کے دوران نقدیت کی صورتحال تسلی بخش رہی۔

ڈائریکٹر رپورٹ

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 8.88 فیصد تھا جبکہ مقررہ معیار 8.79 فیصد تھا، یعنی فنڈ کی کارکردگی مقررہ معیار سے 0.09 فیصد بہتر تھی۔ جون 2019ء کے اختتام پر فنڈ کی ویڈیو ریتج میچورٹی (WAM) گیارہ (11) دن تھی۔

جون 2019ء کے اختتام پر فنڈ کی 72 فیصد سرمایہ کاری نقد میں تھی۔ نقد میں شمولیت کے بڑے تناسب کی وجہ بینکوں میں رکھی گئی رقم پر انٹریسٹ کی پُرکشش شرحیں تھیں۔

30 جون 2019ء کو فنڈ کے net اثاثہ جات 13,903 ملین روپے تھے جو 30 جون 2018ء (11,993 ملین روپے) کے مقابلے میں 15.92 فیصد اضافہ ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 100.6423 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (105.9707 روپے فی یونٹ) کے مقابلے میں 5.3284 روپے فی یونٹ کمی ہے۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں گلاں معاشیاتی یکجہایت عمل میں آئے گی، چنانچہ معاشی ترقی چھوٹے اعداد تک محدود رہے گی۔ حکومت کی اختیار کردہ سختی پر مبنی پالیسیوں کے پیش نظر آئی ایم ایف نے مالی سال 2020ء میں پاکستان کی GDP کی ترقی میں 2.5 فیصد سُست روی کی پیش گوئی کی ہے۔ صنعتی ترقی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبہ جات میں ترقی، جمود کا شکار رہے گی۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیوں سے کچھ مہلت ملے گی کیونکہ حکومت نے ان میں ترغیبات متعارف کرائی ہیں، اور توانائی کی فراہمی میں اضافے کی بدولت ان کی رکاوٹیں بھی دور ہوتی ہیں۔

ادائیگی کی توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی طرف سے پالیسی اقدامات کے بعد CAD ترمیم سے گزر کر معقول سطح تک آ گیا ہے۔ سال کا آغاز بہت حوصلہ افزا رہا کیونکہ جولائی 2019ء کا CAD سال گزشتہ کی مماثل مدت کے CAD (2,000 ملین ڈالر) کے مقابلے میں سکوڑ کر 600 ملین ڈالر رہ گیا تھا۔ ہمارے بہت محتاط مفروضوں پر مبنی پیشن گوئی ہے کہ CAD کی سطح GDP کے 2.7 فیصد تک پہنچ کر رُک جائے گی۔ ہم نے خام تیل کی قیمتیں 70 ڈالر فی BBL کی سطح پر فرض کی ہیں جو موجودہ طور پر 60 ڈالر فی BBL کے آس پاس ہے۔ ایک آئی ایم ایف پروگرام پر دستخط کرنے کے بعد پاکستان بین الاقوامی مواقع کو استعمال کر کے اپنی مجموعی مالیات کے لیے رقم فراہم کر سکے گا۔ سعودی عرب کی طرف سے تیل کی ملتی شدہ سہولت بھی غیر ملکی زرمبادلہ کے ذخائر کو مختصر المیعاد مطلوبہ توقف فراہم کرے گی۔ ہمیں توقع ہے کہ موجودہ مالی سال کے اختتام تک غیر ملکی زرمبادلہ کے ذخائر بڑھ کر 13 بلین ڈالر تک پہنچ جائیں گے (1.8 ضربے زیادہ)۔ روپے کے توازن کی سطحوں (جون 2019ء REER: 91) تک ہم آہنگ ہونے اور CAD کے پائیدار حد میں ہونے کی وجہ سے روپے کی قدر میں اس کے ماضی کے اوسط کی بنیاد پر اب معمولی کمی ہونی چاہیے۔

مالی سال 2020ء میں افراط زر کا اوسط متوقع طور پر 11.7 فیصد بڑھے گا جو سال گزشتہ کے دوران 7.3 فیصد تھا۔ افراط زر میں اس اضافے کے متعدد عوامل ہیں۔ اوّل، حکومت یوٹیلٹی کی پوری لاگت وصول کرنے کا ارادہ کر رہی ہے جس کے نتیجے میں یوٹیلٹی کی قیمت میں ترمیمات ہوں گی۔ دوم، متعدد

ڈائریکٹر رپورٹ

صنعتوں کو فراہم کردہ ٹیکس استثنائات واپس لے لی گئی ہیں جس کے نتیجے میں قیمتوں میں اضافہ ہوا ہے۔ آخری یہ کہ ہم نے مالی سال کے اختتام تک 1 ڈالر کو 170 روپے کے برابر فرض کیا ہے جبکہ خام تیل کو 70 ڈالر فی BBL فرض کیا ہے جس سے مجموعی صارفی قیمت کا انڈیکس (CPI) بلند سطح پر رہے گا۔ علاوہ ازیں، ہمیں اُمید ہے کہ اشیائے خورد و نوش اور توانائی کے علاوہ والے شعبوں (NFNE) سے ظاہر ہونے والی بنیادی افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد ہوگا۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح متوقع افراط زر کی ضرورت پوری کرنے کے لیے کافی ہوگی، چنانچہ عمومی طور پر انٹریسٹ کی شرحوں میں مزید اضافہ متوقع نہیں ہے۔ تاہم توقع سے زیادہ افراط زر یا مالیاتی گوشواروں میں کسی تنزلی کے نتیجے میں مانیٹری پالیسی میں معمولی سختی عمل میں آسکتی ہے۔

مالیاتی جہت میں حکومت مالیاتی خسارے کو GDP کے 7.4 فیصد تک محدود کرنے کا ارادہ کر رہی ہے۔ اگرچہ مالیاتی خسارے کے حتمی ہدف میں ارتقاء ہو سکتا ہے لیکن حکومت کو بنیادی خسارے کو GDP کے 0.6 فیصد پر محدود کرنے کی آئی ایم ایف کی بنیادی شرط کو پورا کرنا ہے۔ اس مقصد کے لیے فیڈرل بورڈ آف ریونیو (FBR) 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس وصولی کا عزم بلند کیے ہوئے ہے۔ پارلیمنٹ میں پیش کردی بجٹ میں 600 سے 700 بلین روپے کے ٹیکس اقدامات کی تجویز دی گئی ہے جبکہ باقی رقم FBR کی کوششوں اور معاشی ترقی پر منحصر رکھی گئی ہے۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات میں سادگی کے اقدامات کا عزم کر رہی ہے تاہم 7.1 ٹریلین روپے (40 فیصد YoY زیادہ) کے ایکسپینڈیچر (یعنی معاشی توسیع پر مبنی) پبلک سیکٹر ڈولپمنٹ پروگرام (PSDP) کا منصوبہ بنا رہی ہے۔ ہم ٹیکس وصولی کی ہدف کو بے حد مثبت خیالی پر مبنی سمجھتے ہوئے 300 سے 400 بلین روپے کی کمی کی توقع کر رہے ہیں جس کے نتیجے میں ترقیاتی خرچ پر ضرب پڑے گی۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ چھ (6) غیر ایگزیکٹو ڈائریکٹرز بشمول دو (2) خود مختار ڈائریکٹرز پر مشتمل بورڈ، مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے، عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ انتظامیہ بہترین طریقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے کارپوریٹ گورننس کے ضابطہء اخلاق کی شقوں کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔

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

- مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

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

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار (پاکستان میں اطلاق کی حد تک)، نان بینکنگ فنانس کمپنیز (اسٹیٹشمنٹ اینڈ ریگولیشنز) کی دفعات 2003ء، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز 2008ء، متعلقہ ٹرسٹ ڈیڈز کی شرائط اور سیکیورٹیز

ڈائریکٹرز رپورٹ

اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

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

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

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔

h. واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز (اگر کوئی ہیں تو) کو مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

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

j. 30 جون 2019 کے اختتام پر، ڈائریکٹرز ٹریننگ پروگرام کے حوالے سے جو مطالبات کوڈ کے regulation نمبر بیس میں درج ہیں، فنڈ اُس سے compliant ہے۔

k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔

ا. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2019ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

۱۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
2	7	9	9	۱۔ جناب ہارون رشید (چیرمین)
-	9	9	9	۲۔ جناب احمد جہانگیر
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ مرزا محمد قمر بیگ

ڈائریکٹرز رپورٹ

۲۔ ہیومن ریسورس اینڈ رمیونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ رمیونریشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
-	1	1	1	۱۔ ڈاکٹر سید سلمان شاہ (چیئر مین)*
-	1	1	1	۲۔ جناب نسیم بیگ
-	1	1	1	۳۔ جناب احمد جہانگیر
-	1	1	1	۴۔ جناب ہارون رشید
-	1	1	1	۵۔ جناب محمد ثاقب سلیم (سی ای او)

* ڈاکٹر سید سلمان علی شاہ نے 10 جون 2019ء کو بورڈ سے استعفیٰ دیا اور مرزا قمر بیگ ممبر کے طور پر شامل کیا گیا اور کمیٹی کے چیئر مین کے طور پر بھی ان کی تقرری کی گئی۔

۳۔ رسک مینجمنٹ کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ رمیونریشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
-	1	1	1	۱۔ جناب مرزا قمر بیگ (چیئر مین)
-	1	1	1	۲۔ جناب نسیم بیگ
-	1	1	1	۳۔ جناب احمد جہانگیر

ڈائریکٹرز رپورٹ

m. دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کے شریک حیات اور چھوٹے بچوں نے فنڈ کے یوٹس کی خرید و فروخت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
					یوٹس کی تعداد
۱	عبدالباسط	چیف انٹرنل آڈیٹر	8,917.63	16,624.13	130.45
۲	محمد آصف مہدی رضوی	چیف آپریٹنگ آفیسر / چیف فنانشل آفیسر	60.63	60.63	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2020ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ
ڈائریکٹر /وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
13 ستمبر 2019ء

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

Fund Type and Category

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

Fund Benchmark

70% three (3) months PKRV rates plus 30% three (3) months average deposit rates of three (3) AA rated scheduled Banks as selected by MUFAP.

Investment Objective

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

Investment Strategy

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

Manager's Review

During the period under review, the fund generated an annualized return of 8.88% as against its benchmark return of 8.79%, an out performance of 0.09%. WAM of the fund was 11 days June end.

The fund was 72% in cash as of June end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2019 increased by 15.92% to Rs. 13,903 million as compared to Rs. 11,993 million as at June 30, 2018.

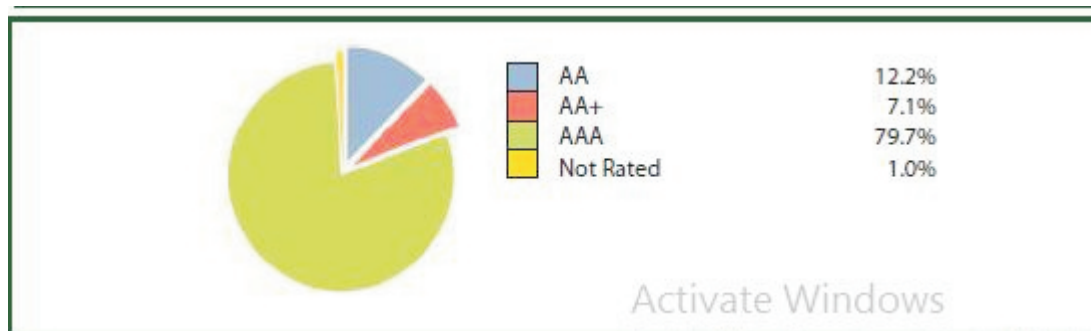
The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 100.6423 as compared to opening NAV of Rs. 105.9707 per unit as at June 30, 2017 registering a decrease of Rs. 5.3284 per unit.

Asset Allocation as on June 30, 2019 (% of total assets)

Particulars	Jun-19
Cash	72.0%
Commercial Paper	7.0%
Others including receivables	1.0%
Placement with Bank & DFIs	0.0%
T-Bills	0.0%
Term Deposit Receipts	20.0%

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

Asset Quality as of June 30, 2019 (% of total assets)



Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdc-pakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB CASH MANAGEMENT OPTIMIZER

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Cash Management Optimizer (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 18, 2019



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Cash Management Optimizer

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Cash Management Optimizer (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 and 5 to the annexed financial statements) Balances with banks and Investments constitute the most significant component of the NAV. Balances with banks of the Fund as at June 30, 2019 aggregated to Rs 10,112.614 million and Investments amounted to Rs 3,780.860 million. The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none">tested the design and operating effectiveness of the key controls for valuation of investments;obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2019 and reconciled them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

A.F.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none">re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andobtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Matter

The financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 14, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A Ferguson & Co
Chartered Accountants
Karachi
Date: September 26, 2019

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2019

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 ----- (Rupees in '000) -----
ASSETS			
Balances with banks	4	10,112,614	12,057,809
Investments	5	3,780,860	-
Advances, deposits, prepayments and profit receivable	6	134,646	55,391
Total assets		14,028,120	12,113,200
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	13,672	10,254
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	1,018	1,011
Payable to the Securities and Exchange Commission of Pakistan	9	10,489	9,576
Accrued expenses and other liabilities	10	100,325	99,703
Total liabilities		125,504	120,544
NET ASSETS		13,902,616	11,992,656
Unit holders' fund (as per statement attached)		13,902,616	11,992,656
Contingencies and Commitments	11		
(Number of units)			
NUMBER OF UNITS IN ISSUE		138,138,833	113,169,596
(Rupees)			
NET ASSET VALUE PER UNIT	3.6	100.6423	105.9707

The annexed notes from 1 to 28 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

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

		For the year ended	
	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
INCOME			
Capital (loss) / gain on sale of investments - net		(3,638)	5,770
Profit on term deposits receipts		103,600	57,616
Profit on bank deposits		719,509	588,402
Interest income from government securities		411,314	163,537
Interest income from commercial paper		66,422	1,356
Interest income from letter on placement		70,200	-
Other income		3,071	
Total income		1,370,478	816,681
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	105,182	81,565
Sindh Sales tax on remuneration of Management Company	7.2	13,673	10,603
Allocated expenses including indirect taxes	7.3	11,238	14,428
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	10,645	9,911
Sindh Sales tax on remuneration of Trustee	8.2	1,384	1,288
Annual fee to Securities and Exchange Commission of Pakistan	9	10,489	9,576
Legal and professional		180	180
Settlement and brokerage expenses		384	253
Auditor's remuneration	12	1,015	972
Other expenses		1,022	685
Total operating expenses		155,212	129,461
Net income from operating activities		1,215,266	687,220
Provision for Sindh Workers Welfare Fund (SWWF)	10.1	(24,304)	(13,744)
Net income before taxation		1,190,962	673,476
Taxation	13	-	-
Net income after taxation		1,190,962	673,476
Allocation of net income:			
Net income		1,190,962	673,476
Income already paid on units redeemed		(85,537)	(342,666)
		1,105,425	330,810
Accounting income available for distribution			
- Relating to capital gains		-	2,463
- Excluding capital gains		1,105,425	328,347
		1,105,425	330,810
Earnings per unit	3.13	-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

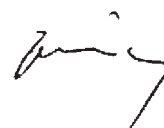
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended	
	June 30, 2019	June 30, 2018
	(Rupees in '000)	
Net income for the year after taxation	1,190,962	673,476
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,190,962	673,476

The annexed notes from 1 to 28 form an integral part of these financial statements.

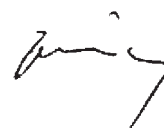
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2019

Note	Year ended June 30, 2019			Year ended June 30, 2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
(Rupees in '000)						
Net assets at beginning of the year	11,617,232	375,424	11,992,656	10,048,391	44,614	10,093,005
Issue of 433,993,652 units - including additional units (2018: 220,885,830 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	43,635,979	-	43,635,979	22,206,580	-	22,206,580
- Element of income	86,396	-	86,396	649,380	-	649,380
	43,722,375	-	43,722,375	22,855,960	-	22,855,960
Redemption of 409,024,415 units (2018: 208,109,942 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	41,125,442	-	41,125,442	20,922,167	-	20,922,167
- Element of loss	8,921	85,537	94,458	364,952	342,666	707,618
	41,134,363	85,537	41,219,900	21,287,119	342,666	21,629,785
Total comprehensive income for the year	-	1,190,962	1,190,962	-	673,476	673,476
Final Distribution for the year ended June 30, 2018 @ Rs 5.4255 per unit on July 4, 2018	-	(330,807)	(330,807)	-	-	-
Distributions for the year ended June 30, 2019	-	(1,093,431)	(1,093,431)	-	-	-
Refund of Capital for the year ended June 30, 2018	(283,195)	-	(283,195)	-	-	-
Refund of Capital for the year ended June 30, 2019	(76,043)	-	(76,043)	-	-	-
Total distributions during the year	(359,238)	(1,424,238)	(1,783,476)	-	-	-
Net assets at end of the year	13,846,006	56,611	13,902,616	11,617,232	375,424	11,992,656
Undistributed income brought forward comprising of:						
- Realised		375,424			44,614	
- Unrealised (loss) / gain		-			-	
		375,424			44,614	
Accounting income available for distribution						
- Relating to capital gains	-			2,463		
- Excluding capital gains	1,105,425			328,347		
	1,105,425			330,810		
Distributions during the year	1,424,238			-		
Undistributed income carried forward	56,611			375,424		
Undistributed income carried forward						
- Realised		56,611			375,424	
- Unrealised		-			-	
		56,611			375,424	
		(Rupees)			(Rupees)	
Net asset value per unit at beginning of the year		105.9707			100.5342	
Net asset value per unit at end of the year		100.6423			105.9707	

The annexed notes from 1 to 28 form an integral part of these financial statements.

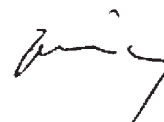
For MCB-Arif Habib Savings and Investments Limited (Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended	
	June 30, 2019	June 30, 2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	1,190,962	673,476
Adjustments for non cash and other items:		
Capital loss / (gain) on sale of investments - net	3,639	(5,770)
Decrease / (increase) in assets		
Investments	(984,499)	854,414
Prepayments and profit receivable	(79,255)	(2,356)
	(1,063,754)	852,058
Increase / (decrease) in liabilities		
Payable to Management Company	3,418	4,642
Payable to Central Depository Company of Pakistan Limited - Trustee	7	383
Payable to Securities and Exchange Commission of Pakistan	913	4,289
Accrued expenses and other liabilities	622	(5,158)
	4,960	4,156
Net cash flow generated from operating activities	135,807	1,523,920
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issuance of units net of refund of capital	43,363,137	22,855,960
Net payment against redemption of units	(41,219,900)	(21,629,785)
Cash distribution	(1,424,238)	-
Net cash generated from financing activities	718,999	1,226,175
Net increase in cash and cash equivalents	854,805	2,750,095
Cash and cash equivalents at beginning of the year	12,057,809	9,307,714
Cash and cash equivalents at end of the year	14 12,912,614	12,057,809

The annexed notes from 1 to 28 form an integral part of these financial statements.

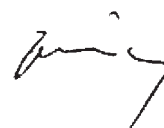
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Cash Management Optimizer (the Fund) was established through 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 draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, 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, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3 The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated April 08, 2019 to the Management Company and "AA+(f)" as stability rating dated June 27, 2019 to the Fund.
- 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

These financial statements have 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), 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 the requirements of the Trust Deed differ from the IFRSs, 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 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of the ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income ("FVOCI") or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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

The following amendments to published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for SWWF (note 10.1), provision for Federal Excise Duty (note 10.2) and provision for taxation (notes 3.12 and 13).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years except for the change in accounting policy as in note 2.3 to these financial statements.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification and subsequent measurement

3.2.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income "(FVOCI)"
- at fair value through profit or loss (FVTPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.2.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments as per Circular 33 of 2012) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects :

- an unbiased and probability-weighted around that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.2.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

3.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.2.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.2.7 Derivatives

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

3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortized cost using effective interest method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed in the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distribution to units holders fund

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis using effective interest method.
- Interest income on government securities is recognised on an accrual basis using effective interest method.
- Income on debt securities (including commercial papers, letter of placements and term deposit receipts) is recognised on an accrual basis using effective interest method.
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

3.11 Expenses

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

3.12 Taxation

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

3.13 Earnings / (loss) per unit

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

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	June 30, 2019	June 30, 2018
4. BALANCES WITH BANKS		(Rupees in '000)	
Savings accounts	4.1	10,111,642	12,048,477
Current account		972	9,332
	4.2	<u>10,112,614</u>	<u>12,057,809</u>

4.1 These carry mark-up at rates ranging between 3.75% to 13.70% per annum (2018: 3.75% to 6.90% per annum).

4.2 These include balances of Rs. 836.41 million (2018: Rs. 10.01 million) maintained with MCB Bank Limited (a related party).

	Note	June 30, 2019	June 30, 2018
5. INVESTMENTS		(Rupees in '000)	
5.1 Investments at fair value through profit or loss			
Term deposit receipt	5.1.1	2,800,000	-
Commercial Papers	5.1.2	980,860	-
Market Treasury Bills	5.1.3	-	-
Letter of Placements	5.1.4	-	-
		<u>3,780,860</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

5.1.1 Term Deposit Receipts - at fair value through profit or loss

Name of Investee Company	Issue Date	Face value				At June 30, 2019		Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2018	Purchases during the year	Matured during the year	At June 30, 2019	Carrying value	Market value		
----- (Rupees in '000) ----- % -----									
Bank Alfalah Limited	September 12, 2018	-	1,200,000	1,200,000	-	-	-	-	-
Bank Of Punjab	October 26, 2018	-	400,000	400,000	-	-	-	-	-
Bank Alfalah Limited	December 6, 2018	-	1,500,000	1,500,000	-	-	-	-	-
Bank Of Punjab	January 28, 2019	-	400,000	400,000	-	-	-	-	-
Habib Bank Limited	March 11, 2019	-	1,200,000	1,200,000	-	-	-	-	-
Bank Alfalah Limited	April 2, 2019	-	1,150,000	1,150,000	-	-	-	-	-
Faysal Bank Limited	April 25, 2019	-	755,000	755,000	-	-	-	-	-
Faysal Bank Limited	April 30, 2019	-	550,000	550,000	-	-	-	-	-
Faysal Bank Limited	May 8, 2019	-	1,300,000	1,300,000	-	-	-	-	-
Bank Alfalah Limited	May 10, 2019	-	1,600,000	1,600,000	-	-	-	-	-
Bank Of Punjab *	May 8, 2019	-	400,000	-	400,000	400,000	400,000	3%	11%
Bank Alfalah Limited *	June 21, 2019	-	1,000,000	-	1,000,000	1,000,000	1,000,000	7%	26%
Habib Bank Limited *	June 28, 2019	-	1,400,000	-	1,400,000	1,400,000	1,400,000	10%	37%
As at June 30, 2019						2,800,000	2,800,000		
As at June 30, 2018						-	-		

* These will mature latest by July 27, 2019 (2018: Nil) and carry markup rate of 11.59% to 13.50% per annum (2018: Nil per annum).

5.1.2 Commercial Papers - at fair value through profit or loss

Name of Investee Company	Issue Date	Face value				At June 30, 2019		Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2018	Purchases during the year	Matured during the year	At June 30, 2019	Carrying value	Market value		
(Rupees in '000) %									
K-Electric		-	680,000	680,000	-	-	-	-	-
K-Electric *		-	1,000,000	-	1,000,000	980,860	980,860	7%	26%
As at June 30, 2019						980,860	980,860		
As at June 30, 2018						-	-		

* This will mature latest by September 9, 2019 (2018: Nil) and carry markup rate of 11.75% per annum (2018: Nil per annum).

5.1.3 Market Treasury Bills - at fair value through profit or loss

Tenure	Issue Date	Face value				At June 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2018	Purchases during the year	Sold / matured during the year	At June 30, 2019	Carrying value	Market value	Appreciation		
----- (Rupees in '000) ----- % -----										
Treasury bills - 3 months										
Treasury Bills	October 11, 2018	-	32,945,000	32,945,000	-	-	-	-	-	-
Treasury Bills	February 14, 2019	-	27,800,000	27,800,000	-	-	-	-	-	-
Treasury Bills	July 19, 2018	-	12,765,000	12,765,000	-	-	-	-	-	-
Treasury Bills	December 6, 2018	-	19,875,000	19,875,000	-	-	-	-	-	-
Treasury Bills	February 28, 2019	-	6,000,000	6,000,000	-	-	-	-	-	-
Treasury Bills	May 23, 2019	-	6,250,000	6,250,000	-	-	-	-	-	-
Treasury Bills	June 7, 2018	-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury Bills	May 9, 2019	-	5,350,000	5,350,000	-	-	-	-	-	-
Treasury Bills	January 3, 2019	-	4,035,000	4,035,000	-	-	-	-	-	-
Treasury Bills	August 2, 2018	-	5,000,000	5,000,000	-	-	-	-	-	-
As at June 30, 2019						-	-	-		
As at June 30, 2018						-	-	-		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

5.1.4 Letter of Placements - at fair value through profit or loss

Name of Investee Company		Face value				At June 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2018	Purchases during the year	Matured during the year	At June 30, 2019	Face Value	Carrying Value	Amortization		
----- (Rupees in '000) ----- % -----										
Pak Brunei Investment Company	November 16, 2018	-	600,000	600,000	-	-	-	-	-	-
Pak Brunei Investment Company	December 11, 2018	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	January 11, 2019	-	500,000	500,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	April 4, 2019	-	1,100,000	1,100,000	-	-	-	-	-	-
Pak Brunei Investment Company	April 10, 2019	-	500,000	500,000	-	-	-	-	-	-
Pak Brunei Investment Company	April 10, 2019	-	500,000	500,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	February 11, 2019	-	1,000,000	1,000,000	-	-	-	-	-	-
As at June 30, 2019						<u>-</u>	<u>-</u>	<u>-</u>		
As at June 30, 2018						-	-	-		

	Note	June 30, 2019	June 30, 2018
6. ADVANCES, DEPOSITS, PREPAYMENTS AND PROFIT RECEIVABLE			
(Rupees in '000)			
Advances, prepayments and security deposits	6.1	2,772	124
Profit receivable on savings accounts		118,081	55,267
Profit receivable on term deposit receipts		12,138	-
Other receivable		1,655	-
		<u>134,646</u>	<u>55,391</u>

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank balances to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on bank balances amounts to Rs 2.504 million (2018: Rs 0.020 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank balances has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2019	June 30, 2018
7 PAYABLE TO MCB-ARIF HABIB SAVINGS & INVESTMENTS LIMITED - MANAGEMENT COMPANY			
(Rupees in '000)			
Management fee payable	7.1	11,432	8,027
Sindh sales tax on management fee	7.2	1,486	1,044
Payable against allocated expenses	7.3	754	1,183
		<u>13,672</u>	<u>10,254</u>

- 7.1** The Management Company has charged remuneration at a rate of 7.5% of daily gross income subject to a minimum of 0.25% of average annual net assets and maximum of 1% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears. As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of an Money market Scheme.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 7.2** During the year, an amount of Rs. 13.673 million (2018: Rs 10.603 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 13.231 million (2018: Rs. 578.887 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.
- 7.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the management continued to charge expenses at the rate of 0.1 percent of the average annual net assets of the Fund for both the periods i.e. from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

8 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
Trustee remuneration payable	8.1	901	895
Sindh Sales Tax payable on trustee remuneration	8.2	117	116
		<u>1,018</u>	<u>1,011</u>

- 8.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The following tariff structure as amended by the Trustee of the Fund vide Trust deed dated May 18, 2015, is applicable based on net assets of the Fund.

**Amount of funds under management Tariff per annum
(Average NAV)**

Upto Rs. 1 billion	0.15% p.a. of Net Assets
Rs. 1 billion to Rs. 10 billion	Rs. 1.5 million plus 0.075% p.a. of Net Assets exceeding Rs. 1 billion
Over Rs. 10 billion	Rs. 8.25 million plus 0.06% p.a. of Net Assets exceeding Rs. 10 billion

Remuneration is paid to the trustee on monthly basis in arrears.

- 8.2** During the year, an amount of Rs 1.384 million (2018: Rs 1.288 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.383 million (2018: Rs 73.513 million) was paid on account of sales tax on remuneration of trustee was paid to the Trustee which acts as a collecting agent.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
Annual fee	9.1	<u>10,489</u>	<u>9,576</u>

- 9.1** Under the provisions of the NBFC Regulations, the Fund is required to pay as an annual fee to the SECP, equal to 0.075 percent of the average annual net assets of the Fund.

10. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	10.1	43,013	18,709
Provision for federal excise duty and related taxes on			
- Management fee	10.2	54,267	54,267
- Sales load	10.2	19	19
Brokerage		82	47
Capital gain tax		1,741	22,253
Auditors' remuneration		594	594
Printing and related expenditure		40	40
Other		569	3,774
		<u>100,325</u>	<u>99,703</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

10.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re 0.3114 per unit (2018: Re 0.1653 per unit).

10.2 Federal Excise Duty and related tax payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 54.28 million (2018: Rs. 54.28 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.3928 per unit (June 30, 2018: Re 0.4795 per unit).

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

12. AUDITORS' REMUNERATION

	For the year ended	
	June 30, 2019	June 30, 2018
	(Rupees in '000)	
Annual audit fee	500	500
Half yearly review fee	285	280
Other certifications	100	50
Out of pocket expenses	130	142
	<u>1,015</u>	<u>972</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

13. TAXATION

- 13.1 The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2019 to the unit holders in the manner as explained above no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	June 30, 2019	June 30, 2018
14. CASH AND CASH EQUIVALENTS		(Rupees in '000)	
In savings accounts	4	10,111,642	12,048,477
In current account	4	972	9,332
Term Deposit Receipts	5	2,800,000	-
		<u>12,912,614</u>	<u>12,057,809</u>

15. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.26% (2018: 1.12%) which includes 0.33% (2018: 0.29%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market

16. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provision of the Trust Deed.

The details of transactions and balances at year end with related parties / connected persons are as follows:

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

	For the year ended	
	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	118,855	92,168
Allocated expenses including indirect taxes	11,238	14,428
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	12,029	11,199
CDS charges	7	7
MCB Bank Limited		
Profit on Bank deposits	1,874	383
Bank charges	132	48
Purchase of securities - Face value: Rs. Nil (2018: Rs. 4,000,000,000)	-	4,189,757
Sale of securities - Face value: Rs. 8,250,000,000 (2018: Rs. 5,065,000,000)	8,193,772	5,016,148

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended	
	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
Silk Bank Limited		
Purchase of securities - Face value: Rs. 9,450,000,000 (2018: Rs. Nil)	9,305,932	-
Sale of securities - Face value: Rs. 33,429,200,000 (2018: Rs. 9,673,000,000)	32,895,553	9,554,402
Arif Habib Limited		
Brokerage*	4	13
Next Capital Limited		
Brokerage*	-	35

* The amount disclosed represents the amount of brokerage paid or payable, as the case may be, 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.

16.2 Amounts outstanding at year end

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	11,432	8,027
Sales tax payable on remuneration to the Management Company	1,486	1,044
Payable against allocated expenses	754	1,183
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	901	895
Sindh Sales tax payable on remuneration of Trustee	117	116
MCB Bank Limited		
Bank balance	836,414	10,050
Profit receivable on bank deposits	1,385	328
Arif Habib Limited		
Brokerage payable	4	7
Next Capital Limited		
Brokerage payable	-	4

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

	June 30, 2019							
	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019
	Units ----- (Rupees in '000) -----							
Associated Companies								
MCB - Arif Habib Savings and Investments Limited - Management Company	4,005,353	35,699,215	37,596,063	2,108,505	424,450	3,577,182	3,792,270	212,205
Adamjee Insurance Co. Ltd.	2,550,579	293,609	2,818,482	25,706	270,287	29,522	285,000	2,587
Nishat Mills Limited Employees Provident Fund Trust	133,739	6,549,669	6,541,582	141,826	14,172	658,000	658,548	14,274
Adamjee Life Assurance Co. Ltd.-Nuil Fund	-	-	-	-	-	-	-	-
Adamjee Insurance Co Limited Employees Provident Fund	432,553	23,340	455,893	-	45,838	2,347	45,861	-
MCB Financial Services Limited	574,808	155,295	-	730,103	60,913	15,415	-	73,479
D.G. Khan Cement Company Ltd	2	-	-	2	-	-	-	-
Nishat Power Limited Employees Provident Fund Trust	-	142,541	31,907	110,634	-	14,364	3,216	11,134
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	-	539,068	294,237	244,831	-	54,274	29,622	24,640
Adamjee Insurance Co.Ltd Employees Provident Fund	-	1,077,242	588,037	489,205	-	108,485	59,200	49,235
Security General Insurance Co. Ltd	-	999,135	999,135	-	-	100,458	100,638	-
Security General Insurance Co. Ltd. Employees Provident Fund Trust	40,384	5,913	-	46,297	4,280	594,580	-	4,659
Key management personnel	8,771	314,281	199,270	123,782	929	31,565	20,073	12,458
Mandate Under Discretionary Portfolio Services	5,164,874	40,526,539	30,746,571	14,944,842	547,325	4,061,412	3,101,510	1,504,083
Unit holders holding 10% or more units *	-	80,001,642	36,138,758	43,862,884	-	8,339,153	3,644,664	4,414,462

* This reflects the position of related party / connected persons status as at June 30, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2018							
	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018
	Units				(Rupees in '000)			
Associated Companies								
MCB - Arif Habib Savings and Investments Limited - Management Company	3,821,037	5,127,728	4,943,413	4,005,353	384,145	529,644	508,500	424,450
Adamjee Insurance Co. Ltd.	10,916,806	2,550,579	10,916,806	2,550,579	1,097,332	270,193	1,120,193	270,287
Nishat Mills Limited Employees Provident Fund Trust	4,820,874	4,660,759	9,347,894	133,739	484,583	478,240	955,810	14,172
Adamjee Life Assurance Co. Ltd.-Nuil Fund	-	96,938	96,938	-	-	10,132	10,000	-
Adamjee Insurance Co Limited Employees Provident Fund	-	865,107	432,553	432,553	-	90,451	45,822	45,838
MCB Financial Services Limited	526,148	67,650	18,991	574,808	52,887	7,000	2,000	60,913
D.G. Khan Cement Company Ltd	-	2	-	2	-	-	-	-
Nishat Power Limited Employees Provident Fund Trust	88,436	22,736	111,173	-	8,889	2,352	11,727	-
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	135,991	298,299	434,290	-	13,669	30,877	45,126	-
Adamjee Insurance Co.Ltd Employees Provident Fund	279,638	588,920	868,558	-	28,109	60,975	90,250	-
Security General Insurance Co. Ltd. Employees Provident Fund Trust	30,559	9,825	-	40,384	3,072	1,000	-	4,280
Key management personnel	9,713	97,535	98,478	8,771	979	10,097	10,237	929
Mandate Under Discretionary Portfolio Services	11,175,921	22,544,225	26,589,774	7,130,272	1,126,846	2,320,868	2,764,074	755,611
Unit holders holding 10% or more units	-	25,381,412	10,913,403	14,468,009	-	2,600,000	1,125,643	1,533,184

FINANCIAL INSTRUMENTS BY CATEGORY

17

Financial assets

Balances with banks	10,112,614	-	10,112,614
Investments	-	3,780,860	3,780,860
Deposits and profit receivable	131,974	-	131,974
	<u>10,244,588</u>	<u>3,780,860</u>	<u>14,025,448</u>

2019		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	13,672	13,672
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	1,018	1,018
Accrued expenses and other liabilities	-	1,285	1,285
	<u>-</u>	<u>15,975</u>	<u>15,975</u>

2019		
At fair value through profit or loss	At amortised cost	Total

Rupees in '000

Financial assets

Balances with banks	12,057,809	-	12,057,809
Investments	-	-	-
Deposits and profit receivable	55,367	-	55,367
	<u>12,113,176</u>	<u>-</u>	<u>12,113,176</u>

2018		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

2018		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
Financial liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	10,254
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	1,011
Accrued expenses and other liabilities	-	4,455
	-	15,720

18. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

18.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances with banks, investment in term deposit receipts and commercial papers. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2019, the Fund holds KIBOR based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets of the and net income for the year would have been higher / lower by Rs 101.12 million (2018: Rs 120.48 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund does hold fixed rate term deposit receipts and commercial papers that may expose the Fund to fair value interest rate risk. However, the same is insignificant due to the short term maturity of these investments.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan (FMAP) are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

June 30, 2019					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total
Rupees in '000					
On-balance sheet financial instruments					
Financial Assets					
Balances with banks	3.75% to 13.70%	10,111,642	-	972	10,112,614
Term deposit receipts	11.59% to 13.50%	2,800,000	-	-	2,800,000
Commercial papers	11.75%	980,860	-	-	980,860
Deposits & profit receivable		-	-	131,974	131,974
		<u>13,892,502</u>	<u>-</u>	<u>132,946</u>	<u>14,025,448</u>
Financial Liabilities					
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	13,672	13,672
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,018	1,018
Accrued expenses and other liabilities		-	-	1,285	1,285
		<u>-</u>	<u>-</u>	<u>15,975</u>	<u>15,975</u>
On-balance sheet gap (a)		<u>13,892,502</u>	<u>-</u>	<u>116,971</u>	<u>14,009,473</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap (a+b)		<u>13,892,502</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative profit rate sensitivity gap		<u>13,892,502</u>	<u>13,892,502</u>	<u>13,892,502</u>	<u>-</u>

June 30, 2018					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total
Rupees in '000					
On-balance sheet financial instruments					
Financial Assets					
Balances with banks	3.75% to 6.90%	12,048,477	-	9,332	12,057,809
Deposits and profit receivable		-	-	55,367	55,367
		<u>12,048,477</u>	<u>-</u>	<u>64,699</u>	<u>12,113,176</u>
Financial Liabilities					
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	10,254	10,254
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,011	1,011
Accrued expenses and other liabilities		-	-	4,456	4,456
		<u>-</u>	<u>-</u>	<u>15,721</u>	<u>15,721</u>
On-balance sheet gap (a)		<u>12,048,477</u>	<u>-</u>	<u>48,978</u>	<u>12,097,455</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap (a+b)		<u>12,048,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative profit rate sensitivity gap		<u>12,048,477</u>	<u>12,048,477</u>	<u>12,048,477</u>	<u>-</u>

18.1.3 Price risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

18.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000				
Balances with banks	10,112,614	10,112,614	12,057,809	12,057,809
Investments	3,780,860	3,780,860	-	-
Deposits and profit receivable	131,974	131,974	55,367	55,367
	<u>14,025,448</u>	<u>14,025,448</u>	<u>12,113,176</u>	<u>12,113,176</u>

The analysis below summaries the credit rating quality of the Fund's financial assets.

Bank balances by rating category	2019	2018
	----- % -----	----- % -----
AAA / A1+	97.00	35.25
AAA / A-1+	-	59.31
AA / A1+	3.00	5.44
	<u>100</u>	<u>100</u>

The analysis below summaries the credit quality of the Fund's investment in term deposit receipts as at June 30, 2019 and June 30, 2018:

Investments by rating category	June 30, 2019	June 30, 2018
	----- % -----	----- % -----
AAA	50.00	-
AA, AA+	50.00	-

Concentration of credit risk

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

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

18.3 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

13,672	-	-	-	-	-	13,672
1,018	-	-	-	-	-	1,018
1,285	-	-	-	-	-	1,285
15,975	-	-	-	-	-	15,975

2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

10,254	-	-	-	-	-	10,254
1,011	-	-	-	-	-	1,011
4,455	-	-	-	-	-	4,455
15,720	-	-	-	-	-	15,720

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

June 30, 2019			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets at fair value through profit or loss			
Term Deposit Receipts*	-	2,800,000	-
Commercial Papers**	-	980,860	-
	-	3,780,860	-
			2,800,000
			980,860
			3,780,860

June 30, 2018			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets at fair value through profit or loss			
Term Deposit Receipts	-	-	-
Commercial Papers	-	-	-
	-	-	-
			-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

20. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	16
3	Mr. Saad Ahmed	Head of Fixed Income	MBA	14
4	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	8
5	Syed Muhammad Usama Iqbal	Fund Manager	B.Com, Master in Economics	16

21.1 Mr. Saad Ahmed is the Fund Manager. Details of the other funds being managed by him are as follows:

- Pakistan Cash Management Fund
- MCB DCF Income Fund
- MCB Pakistan Sovereign Fund
- Alhamra Daily Dividend Fund

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

2019
(Percentage)

1	Continental Exchange (Private)	20.52
2	Vector Capital (Private) Limited	18.42
3	Pearl Securities Limited	12.09
4	Invest One Markets (Private)	9.88
5	Optimus Market Private Limited	9.23
6	Bright Capital (Private) Limited	7.85
7	C And M Management (Private)	5.24
8	Paramount Capital (Private) Limited	4.57
9	Bma Capital Management Limited	3.37
10	Al Hoqani Securities (Private)	3.27

2018
(Percentage)

1	Next Capital Limited	19.39
2	Invest Capital Markets Limited	13.18
3	C & M Management Private Limited	11.05
4	BMA Capital Management Limited	11.03
5	Invest One Markets Private Limited	8.20
6	Arif Habib Limited	7.16
7	Bright Capital Private Limited	6.22
8	JS Global Capital Limited	4.73
9	Pearl Securities Limited	4.72
10	BIPL Securities Limited	4.57

23. PATTERN OF UNIT HOLDINGS

	As at June 30, 2019			
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	1,998	27,739,230	2,791,741	20%
Retirement funds	60	11,437,616	1,151,109	8%
Public Listed Companies	59	88,072,567	8,863,829	64%
Associated Companies	9	3,897,109	392,213	3%
Others	29	6,992,311	703,724	5%
	<u>2,155</u>	<u>138,138,833</u>	<u>13,902,616</u>	<u>100%</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	As at June 30, 2018			
	Number of	Number of	Investment	Percentage
	unit holders	units	amount	investment
			(Rupees in '000')	%
Individuals	1,233	17,314,288	1,834,806	15.30
Retirement funds	31	6,048,734	640,988	5.34
Public Listed Companies	47	71,763,969	7,604,875	63.41
Associated Companies	6	7,737,418	819,940	6.84
Others	33	10,305,187	1,092,046	9.11
	<u>1,350</u>	<u>113,169,596</u>	<u>11,992,656</u>	<u>100.00</u>

24. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 143rd, 144th, 145th, 146th, 147th, 148th, 149th and 150th meeting of the Board of Directors were held on August 17, 2018, September 14, 2018, October 22, 2018, October 26, 2018, April 15, 2019, April 19, 2019, June 17, 2019 and June 27, 2019 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings not attended
			Attendance required	Attended	Leave granted	
Mr. Mian Mohammad Mansha	Chairman	8	8	2	6	143rd, 145th, 146th, 147th, 149th & 150th
Mr. Nasim Beg	Director	8	8	8	-	-
Dr. Syed Salman Ali Shah*	Director	6	6	6	-	-
Mr. Haroun Rashid	Director	8	8	5	3	143rd, 145th & 149th
Mr. Ahmed Jahangir	Director	8	8	8	-	-
Mr. Samad A. Habib	Director	8	8	6	2	145th & 150th
Mr. Saqib Saleem	Chief Executive Officer	8	8	8	-	-
Mr. Mirza Qamar Beg	Director	8	8	8	-	-
Mr. Muhammad Asif Mehdi Rizvi	COO and Company Secretary	8	8	8	-	-

*Resigned on June 10, 2019

25. INTERIM DISTRIBUTION DURING THE PERIOD

-----June 30, 2019-----					
Rate per unit	Declaration date	Bonus distribution		Total distribution	
		Units	Amount		
--- (Rupees in '000) ----					
For the period ended Aug 05, 2018	Re 0.6385	Aug 06, 2018	-	-	79,526
For the period ended Aug 19, 2018	Re 0.2540	Aug 20, 2018	-	-	29,994
For the period ended Sep 09, 2018	Re 0.3899	Sep 10, 2018	-	-	47,282
For the period ended Sep 23, 2018	Re 0.2667	Sep 24, 2018	-	-	32,015
For the period ended Oct 05, 2018	Re 0.2837	Oct 08, 2018	-	-	40,646
For the period ended Oct 19, 2018	Re 0.2986	Oct 22, 2018	-	-	44,744
For the period ended Nov 07, 2018	Re 0.3276	Nov 08, 2018	-	-	55,766
For the period ended Nov 16, 2018	Re 0.2637	Nov 19, 2018	-	-	47,899
For the period ended Dec 07, 2018	Re 0.3782	Dec 10, 2018	-	-	68,890
For the period ended Dec 21, 2018	Re 0.3604	Dec 24, 2018	-	-	63,961
For the period ended Jan 20, 2019	Re 0.7131	Jan 20, 2019	-	-	80,514
For the period ended Feb 03, 2019	Re 0.3385	Feb 03, 2019	-	-	37,586
For the period ended Feb 17, 2019	Re 0.3868	Feb 17, 2019	-	-	44,834
For the period ended Mar 03, 2019	Re 0.3667	Mar 03, 2019	-	-	44,955
For the period ended Mar 17, 2019	Re 0.3718	Mar 17, 2019	-	-	42,952
For the period ended April 07, 2019	Re 0.5711	Apr 07, 2019	-	-	67,279
For the period ended Apr 21, 2019	Re 0.3738	Apr 21, 2019	-	-	47,295
For the period ended May 19, 2019	Re 0.7377	May 19, 2019	-	-	130,544
For the period ended June 27, 2019	Re 1.1584	Jun 28, 2019	-	-	162,791
			-	-	1,169,474

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

26. CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 13, 2019 by the Board of Directors of the Management Company.

28. GENERAL

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

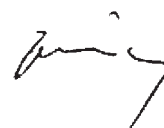
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2019**

No. of Unit Holders	Unit Holdings	Total Units Held
1561	0-10000	2,385,477
468	10001 – 100000	13,982,696
102	100001 – 1000000	26,432,954
24	1000001 onwards	95,337,706
<u>2155</u>		<u>138,138,833</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2019

Performance Information	2019	2018	2017	2016	2015
Total Net Assets Value – Rs. in million	13,902.616	11,993	10,093	3,958	12,533
Net Assets value per unit – Rupees	100.6423	105.9707	100.53	100.34	100.11
Closing Offer Price	100.6423	105.9707	100.53	100.34	100.11
Closing Repurchase Price	100.6423	105.9707	100.53	100.34	100.11
Highest offer price per unit	101.6709	105.9707	106.95	105.64	108.46
Lowest offer price per unit	100.5452	100.579	100.34	100.13	100.00
Highest Redemption price per unit	101.6709	105.9707	106.95	105.64	108.46
Lowest Redemption price per unit	100.5452	100.579	100.34	100.13	100.00
Distribution per unit – Rs. *	13.9047	-	6.90	5.55	8.70
Average Annual Return - %					
One year	8.88	5.41	7.11	5.77	8.83
Two year	7.15	6.26	6.44	7.30	8.53
Three year (inception date September 30, 2009)	7.13	6.10	7.24	7.62	8.75
Net Income for the period – Rs. in million	1,190.9620	673.48	140.68	89.62	130.69
Distribution made during the year – Rs. in million	1,783.4760	-	157.20	13.26	120.58
Accumulated Capital Growth – Rs. in million	-592.5140	673.48	(16.52)	76.37	10.11
Weighted average Portfolio Duration (months)	0.37	0.03	0.23	0.33	1.70

*** Date of Distribution**

2019		2017	
Date	Rate	Date	Rate
4-Jul-18	5.4255	June 19, 2017	6.90
6-Aug-18	0.6385		
20-Aug-18	0.254		
10-Sep-18	0.3899		
24-Sep-18	0.2667		
8-Oct-18	0.2837		
22-Oct-18	0.2986		
8-Nov-18	0.3276		
19-Nov-18	0.2637		
10-Dec-18	0.3782		
24-Dec-18	0.3604		
21-Jan-19	0.7131		
4-Feb-19	0.3385		
18-Feb-19	0.3868		
4-Mar-19	0.3667		
18-Mar-19	0.3718		
8-Apr-19	0.5711		
22-Apr-19	0.3738		
20-May-19	0.7377		
27-Jun-19	1.1584		

2016	
Date	Rate
June 25, 2016	5.55

2015	
Date	Rate
June 22, 2015	8.70

Disclaimer

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

MCB-Arif Habib Savings and Investments Limited

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