



MCB-ARIF HABIB  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2020**  
(UNAUDITED)

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



# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	Bank Alfalah Limited Habib Metropolitan Bank Limited MCB Bank Limited United Bank limited Zarai Taraqiati Bank Limited JS Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance Bank Limited U Microfinance Bank Limited Khushali Microfinance Bank Limited Tameer Microfinance Bank Limited Finca Microfinance Bank Limited First Microfinance Bank Limited National Bank of Pakistan Allied Bank Limited Faysal Bank Limited Bank Al Habib Limited Habib Bank Limited Silk Bank Limited	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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## Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Asset Allocation Fund** accounts review for the quarter ended March 31, 2020

## ECONOMY AND MONEY MARKET OVERVIEW

The third quarter of FY20 was full of gloom and doom, after the Coronavirus (Covid-19) outbreak wreaked havoc on the global economy. Global cases topped 1.5 million, while more than 80,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. While China took stringent measures to rein in the coronavirus, the other part of the globe especially EU and US was hit hard by the pandemic. On the flip side, the number of cases on the domestic side still dwarfed the developed world (~4,500 cases as of now), however, the situation was still uncertain as of now. The country has also been forced into a semi lockdown, which has affected the domestic businesses.

The outlook on GDP growth ranged from 2.4%-3.0% according to various institutions, prior to Covid-19 outbreak. However, as of late, the outbreak of COVID-19 has created uncertainty relative to trajectory of the GDP growth going forward. The weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected LSM growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.4% in the first seven months of FY20, with most of the decline emanating from petroleum production and cyclical sectors.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit in the first eight months of this year contracted by ~70% on Year on Year basis to USD 2.8 billion. Imports of goods and services continued to decline as it compressed by ~15% while exports have started to inch up registering increase of ~3.2% in first eight months of FY20. Remittances provided some cushion to BoP position increasing by ~5% over the period. The country received net foreign investment in debt securities worth ~USD 3.1 billion during Jul-Feb period. However, USD 1.8 billion worth of sovereign debt was divested in the month of March. The foreign exchange reserves increased by USD 2.9 billion from Jul-Mar FY20 supported by flows from IMF, multilateral institutions and foreign portfolio investors along with a curtailed current account deficit.

FBR has collected provisional taxes of PKR 3,050 billion during the first nine months of this fiscal year. Provisional tax collection prior to month of March was very encouraging, growing at a rate of 17% YoY. However, lockdown enforced during the month of March led to a shortfall of nearly PKR 100-150 billion, which weakened the overall growth to 13% in the first nine months of FY20.

Average CPI for clocked in CPI in at 11.5% YoY for the first nine months of FY20. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. However, the inflationary pressures have started trending downwards with inflation for March clocking in at 10.2% as lower petroleum prices along with easing food inflation put breaks on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1% for the period.

The MPC committee in its first meeting of the month reduced the interest rate by 75 bps citing the easing outlook on inflation. During the month, another emergent meeting was called whereby the MPC decided to reduce the interest rates by a further of 150 bps following a global trend of easing by the central banks as a response to coronavirus outbreak.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. The cumulative decline of 225 bps in interest rates further yields downwards in third quarter of this fiscal year. 3 Year bonds eased off by ~500 bps while the longer tenor (10Y) bonds also eased off by nearly ~450 bps during the first nine months of FY20.

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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## EQUITIES MARKET OVERVIEW

As panic hit equity markets around the globe post novel coronavirus spread, KSE-100 Index was no different. The benchmark index plunged by ~28% in the third quarter of the current fiscal year, reversing all the previous gains of the fiscal year. This took the cumulative negative return of nine months of FY20 to 13.8%. Also, KSE had its worst month since the financial crisis of 2008 as the global pandemic took a toll on all risk assets. Foreigners continued to shun risk assets across the emerging market and Pakistan did not turn out to be an exception. FIPI selling during the quarter amounted to USD 130 million during the period. Individuals were the main buyers during the period taking exposure of USD 144 million in equities, while commercial banks and mutual funds turned out to be net sellers reducing their exposure by USD 48 million and USD 85 million respectively. Volumes and values traded averaged around 191 mn shares/ PKR 7.1 bn during the period.

The energy chain underperformed severely during the quarter as crude oil prices had its one of the worst month of history, after Saudi Arabia started a price war as an agreement wasn't reached between OPEC and Russia. Alongside, a weak global demand amidst the contagious virus added fuel to the fire. Oil prices touched its 18-year low during the month. E&Ps, and OMC's lost more than 40% during the quarter. Commercial banks also lost nearly 30% during the period, as central bank continued its easing policy, while foreigners continued to dump local banks as they shunned risk assets. Fertilizers and Pharmaceutical sectors outperformed the index as defensive plays remained in the radar of investors.

## FUND PERFORMANCE

The fund posted a return of -14.80% during the period under review against the benchmark return of 7.90%. Equity exposure of the fund at March end was 63.8% whereas cash exposure was 9.4%.

On the equity side, the fund was mainly invested in Commercial Banks and Cements. On the fixed income side, exposure in TFCs stood at 4.0% while exposure in T-Bills was at 4.3%.

The Net Assets of the Fund as at March 31, 2020 stood at Rs. 1,092 million as compared to Rs. 2,048 million as at June 30, 2019 registering a decrease of 46.68%. The Net Asset Value (NAV) per unit as at March 31, 2020 was Rs. 60.6905 as compared to opening NAV of Rs. 71.2294 per unit as at June 30, 2019 registering a decrease of 10.5389 per unit.

## FUTURE OUTLOOK

The COVID-19 outbreak has created uncertainty related to economic numbers. Independent reports point out that Pakistan can lose up to 4.0% of GDP, if the lockdown is enforced for at least one more month. While Pakistan currently lags behind developed countries in terms of number of cases, we still await more data to have a clearer picture. Global picture also points out that with social distancing in place, things will get in control over the course of next two months. If the trend continues, we expect global growth to show sign of recoveries by the third quarter. Albeit, if a second wave erupts, our optimism will not hold true. On the local side, the current data shows some light at the end of the tunnel. However, if things get out of control, Pakistan will have a more severe impact as it lacks health infrastructure along with fiscal muscles to combat the pandemic in the short run.

Government has announced fiscal stimulus worth PKR 700-800 billion to protect the vulnerable industries and segments of the society which are worst hit from the pandemic. With lower tax collection (PKR 500 billion shortfall expected from our expectation) and higher expenditures we expect fiscal deficit to fall north of 9% of GDP. We believe the government will get a waiver from IMF to meet the primary balance target this year.

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 plunge of international oil prices to USD 34/BBL has come as a blessing in disguise. Global slowdown would be detrimental for exports and remittances from oil producing nations would be affected due to lower oil prices. Our forecast is that CAD will settle at 2.3% of GDP for FY20 and 1.3% of GDP for FY21, assuming the global economy starts picking up from third quarter of the calendar year. Given the rise in bond yields of emerging market countries, we expect the idea of raising funds from Eurobond to be shelved. Alongside privatization flows are also expected to be deferred for next year. Furthermore, we expect portfolio flows to revert back to

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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zero this year. To meet the shortfall in external financing, a lot would depend on whether multilateral and bilateral institutions will facilitate deferred debt payments along with extension of additional credit. We expect additional financing of USD 2 billion from IMF and multilateral institutions, while we also expect Pakistan will be able to restructure debt of USD 2.5 billion. Assuming if the scenario plays out as we are expecting, the currency should stabilize at current levels as the REER as per our estimates is undervalued by 10% at current level (PKR 167 vs USD).

CPI is expected to average ~11.1% in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. The plunge in oil prices has provided much needed respite to inflationary outlook. With subdued oil prices and high base effect, we expect headline inflation to ease off in the next year and decline to an average of ~7.4%. Risk to our expectations are significant increase in international commodity prices along with more than expected adjustment in utility tariffs. Based on our outlook of inflation, we expect interest rates to ease off by 100-150 bps in the next 12 months. However, if recessionary pressures build over the course of time, we do not rule out further cuts in interest rate from our base case.

From capital market perspective, particularly equities, we await more clarity on local status of Covid-19. Equities in terms of valuations have not been as cheap as they are now, however, at the same time, the economic outlook has not been as uncertain as it is now owing to Covid-19. On the flip side, the bond market is pricing a relatively normal economic scenario, whereby it expects inflation to significantly fall and economic activities to resume in the short run after the lockout period. If that is the case, then equities as an asset class is bound to outperform all the relative asset classes in the domestic market. The risk premiums (difference between earnings yield and 10Y bonds) have moved into unseen territory. Risk premium is currently close to ~10.0% against the historical average of 0.9% and a 15-year low of 6.0% (happened in the financial crisis of 2008-09). We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in most of the expected monetary easing expected going forward. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

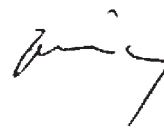
### ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem  
Chief Executive Officer  
April 20, 2020



Nasim Beg  
Director/Vice Chairman

## ڈائریکٹر زپورٹ

اضافے کے ساتھ ساتھ بیلٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترمیمات کے باعث ہماری توقعات غلط ثابت ہو سکتی ہیں۔ افراط زر سے متعلق ہماری پیش بینی کی بنیاد پرائمریٹ کی شرحوں میں اگلے بارہ ماہ میں 100 سے 150 بی پی ایس تک کی کمی کی اُمید ہے۔ تاہم اگر وقت گزرنے کے ساتھ کساد بازاری کے دباؤ میں اضافہ ہو تو پرائمریٹ کی شرحوں میں مزید کمی بعید از قیاس نہیں ہے۔

کمپیٹل مارکیٹ خصوصاً ایکویٹیز کے معاملے میں ہم کو وڈ۔۱۹ کی مقامی صورتحال مزید واضح ہونے کے منتظر ہیں۔ ایکویٹیز اپنی قدر کے اعتبار سے جتنی سستی فی الوقت ہیں اتنی پہلے کبھی نہیں تھیں، تاہم، بیک وقت، معاشی مستقبل بھی اتنا غیر یقینی پہلے کبھی نہیں تھا جتنا کو وڈ۔۱۹ کی وجہ سے فی الوقت ہے۔ دوسری طرف بانڈ مارکیٹ نسبتاً معمول کے مطابق معاشی منظر پیش کر رہی ہے جس میں لاک آؤٹ مدت کے بعد مختصر میعاد میں افراط زر میں بڑی کمی اور معاشی سرگرمیوں کی بحالی کی اُمید کی جا رہی ہے۔ اگر ایسا ہی ہو تو ایکویٹیز ایک اثاثہ جاتی زمرے کی حیثیت سے مقامی مارکیٹ میں ضرورتاً دیگر اثاثہ جاتی زمروں سے کارکردگی میں سبقت لے جائیں گی۔ خطرات کے پرمیئم (منافعوں اور دس سالہ بانڈز میں فرق) نامعلوم مقام پر چلے گئے ہیں۔ موجودہ طور پر خطرات کے پرمیئم تقریباً 10.0 فیصد کے قریب ہیں جبکہ اس کا تاریخی اوسط 0.9 فیصد ہے اور گزشتہ پندرہ برسوں کی کم ترین سطح 6.0 فیصد ہے (جو 2008-09ء کے مالی بحران کے دوران دیکھی گئی تھی)۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی وسیع تصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈ دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ مزید برآں، مینجمنٹ ٹیم کی کاوشوں کو بھی ڈائریکٹر ز کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

برائے اور من جانب بورڈ

نسیم بیگ  
ڈائریکٹر اوٹس چیئرمین

محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
20 اپریل 2020ء



31 مارچ 2020ء کو فنڈ کے net اثاثہ جات 1,092 ملین روپے تھے جو 30 جون 2019ء کو 2,048 ملین روپے کے مقابلے میں 46.68 فیصد کمی ہے۔ 31 مارچ 2020ء کو net اثاثہ جاتی قدر (این اے وی) 60.6905 روپے فی یونٹ تھی جو 30 جون 2019ء کو ابتدائی این اے وی 71.2294 روپے فی یونٹ کے مقابلے میں 10.5389 روپے فی یونٹ کی ہے۔

### مستقبل کے امکانات

کووڈ-۱۹ کے باعث معاشی اعداد میں عدم یقینی پیدا ہو گئی ہے۔ آزاد ذرائع کی رپورٹس اشارہ کر رہی ہیں کہ اگر لاک ڈاؤن کم سے کم بھی ایک اور مہینہ نافذ رہتا ہے تو پاکستان کو جی ڈی پی کے 4 فیصد تک کا نقصان ہو سکتا ہے۔ اگرچہ پاکستان میں کورونا وائرس سے متاثرہ افراد کی تعداد تاحال ترقی یافتہ ممالک کے مقابلے میں کم ہے لیکن واضح صورتحال جاننے کے لیے مزید معلومات اور اعداد و شمار درکار ہیں۔ عالمی منظر نامے سے ظاہر ہوتا ہے کہ سماجی فاصلہ اختیار کرنے سے اگلے دو ماہ کے دوران حالات قابو میں آ سکتے ہیں۔ اگر یہ رجحان برقرار رہا تو تیسری سہ ماہی تک عالمی ترقی میں بحالی کی علامات ظاہر ہونے کے امکانات موجود ہیں۔ تاہم اگر وبا کی دوسری لہر ابھر آئی تو ہماری رجائیت پسندی درست ثابت نہیں ہوگی۔ مقامی سطح پر موجودہ اعداد و شمار کچھ حد تک اُمید کی کرن ثابت ہو سکتے ہیں۔ لیکن اگر حالات قابو سے باہر ہو گئے تو پاکستان شدید متاثر ہوگا کیونکہ یہاں صحت عامہ کے شعبے کا ڈھانچہ اور مالیاتی پٹھے کمزور ہونے کے باعث مختصر میعاد میں اس وبا کا مقابلہ کرنے کی صلاحیت کا فقدان ہے۔

حکومت نے وبا سے سب سے زیادہ متاثرہ صنعتوں اور سماجی طبقات کے تحفظ کے لیے 700 سے 800 بلین روپے مالیت کی مالی امداد کا اعلان کیا ہے۔ ٹیکس کے وصولی میں (متوقع طور پر 500 بلین روپے کی) کمی اور خرچوں میں اضافے کی بدولت اُمید کی جاسکتی ہے کہ مالیاتی خسارے میں جی ڈی پی کے 9 فیصد سے زائد کمی ہوگی۔ ہمارے اندازے کے مطابق حکومت کو آئی ایم ایف کی طرف سے سال رواں بقایا جات کا بنیادی ہدف پورا کرنے کی چھوٹ مل جائے گی۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 34 ڈالر فی بیرل تک کم ہو جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی سطح پر سنست روی کے برآمدات پر منفی اثرات مرتب ہوں گے اور تیل کی پست قیمتوں کے باعث تیل کی پیداوار کرنے والے ممالک سے ترسیلات زر بھی متاثر ہوں گی۔ ہماری پیشن گوئی ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2019-20ء کے لیے مجموعی ملکی پیداوار کے 2.3 فیصد پر، اور مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار کے 1.3 فیصد پر آ کر رکے گا، اس مفروضے کی بنیاد پر کہ عالمی معیشت میں جولائی سے بحالی کا سلسلہ شروع ہو جائے گا۔ ابھرتی ہوئی مارکیٹوں کے ممالک میں بانڈ کے منافع جات میں اضافے کے پیش نظر ہمیں توقع ہے کہ ایورو بانڈ کے ذریعے فنڈ میں اضافے کی حکمت عملی کو فی الوقت اختیار نہیں کیا جائے گا۔ ساتھ ساتھ نجکاری سے ہونے والی آمدات متوقع طور پر اگلے سال کے لیے ملتی کر دی جائیں گی۔ مزید براں ہمیں توقع ہے کہ پورٹ فولیو آمدات سال رواں واپس صفر تک چلی جائیں گی۔ خارجی فنانسنگ میں کمی کو پورا کرنے کے لیے بہت کچھ اس بات پر منحصر ہوگا کہ کثیر الجہتی اور دو جہتی ادارے قرضہ جات کی ملتی شدہ ادائیگیوں کی سہولت کے علاوہ اضافی قرضوں کی توسیع فراہم کر رہے ہیں یا نہیں۔ ہمیں آئی ایم ایف اور کثیر الجہتی اداروں سے 2 بلین ڈالر کی اضافی رقم کی فراہمی کی توقع ہے، جبکہ ہمیں یہ بھی اُمید ہے کہ پاکستان 2.5 بلین ڈالر قرض کی تشکیل نو کر سکے گا۔ اگر صورتحال ہماری توقعات کے مطابق رہی تو ہمارا تخمینہ ہے کہ روپیہ موجودہ سطحوں پر مستحکم ہو جائے گا کیونکہ REER کی قدر موجودہ سطح پر ہمارے تخمینوں کے مطابق 10 فیصد کم مقرر ہوئی ہے (167 روپے بمقابلہ امریکی ڈالر)۔

موجودہ مالی سال میں صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 11.1 فیصد ہوگا جس کا سبب روپے کی قدر کی سست رفتار پذیریری اور اشیائے خورد و نوش کی افراط زر میں اضافہ ہے۔ تیل کی قیمتوں میں چھلانگ سے افراط زر کے رجحان کو مطلوبہ مہلت حاصل ہوئی۔ تیل کی گھٹی ہوئی قیمتوں اور بلند base effect کی بنیاد پر ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 7.4 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی

## ڈائریکٹر رپورٹ

اس کا اوسط 8.1 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) نے اپنے پہلے ماہانہ اجلاس میں افراط زر کی صورتحال میں بہتری کا حوالہ دیتے ہوئے انٹریسٹ کی شرح میں 75 بیسیس پوائنٹس (بی پی ایس) کمی کی۔ دورانِ ماہ ایک اور اجلاس منظرِ عام پر آیا جس میں ایم پی سی نے کورونا وائرس کی وبا کے ردِ عمل کے طور پر عالمی سطح پر مرکزی بینکوں کے رجحان کی پیروی کرتے ہوئے انٹریسٹ کی شرحوں میں مزید 150 بی پی ایس کمی کا فیصلہ کیا۔

زیرِ جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر طلب کے باعث پیداواری خم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت اضافی نقد آیا جس کے باعث منافعوں میں کمی ہوئی۔ موجودہ مالی سال کی تیسری سہ ماہی میں انٹریسٹ کی شرحوں میں 225 بی پی ایس کی مجموعی کمی منافعوں میں بھی مزید کمی کا باعث بنی۔ مالی سال 2019-20ء کے ابتدائی نو ماہ کے دوران تین سالہ بانڈز میں تقریباً 500 بی پی ایس جبکہ طویل تر میعاد کے (دس سالہ) بانڈز میں تقریباً 450 بی پی ایس کمی ہوئی۔

### ایکویٹیز مارکیٹ کا مجموعی جائزہ

کورونا وائرس کی وبا پھیلنے کے بعد دنیا بھر میں ایکویٹیز مارکیٹس کو نقصان ہوا، اور کراچی اسٹاک ایکسچینج (کے ایس ای -100) کا معاملہ کچھ مختلف نہ تھا۔ انڈیکس کا یہ مقررہ معیار موجودہ مالی سال کی تیسری سہ ماہی میں تقریباً 28 فیصد گر گیا جس کے باعث مالی سال کے دوران ہونے والے تمام سابقہ منافع جات رائیگاں ہو گئے۔ اس کے نتیجے میں مالی سال 2019-20ء کے نو ماہ کا مجموعی منفی منافع 13.8 فیصد تک پہنچ گیا۔ مزید برآں، 2008ء کے مالی بحران کے بعد کے ایس ای کے لیے یہ بدترین مہینہ تھا کیونکہ عالمی وبائے خطرات پر مبنی اثاثہ جات کو زبوں حالی کا شکار کر دیا۔ غیر ملکیوں نے پوری اُبھرتی ہوئی مارکیٹ میں خطرات پر مبنی اثاثہ جات سے گریز کیا اور پاکستان اس صورتحال سے مستثنیٰ نہیں تھا۔ دورانِ سہ ماہی غیر ملکی سرمایہ کاروں کے دائرہ کار کی سرمایہ کاری (ایف آئی پی آئی) کی فروخت 130 ملین ڈالر کی سطح پر تھی۔ دورانِ سہ ماہی بنیادی خریدار افراد تھے جنہوں نے ایکویٹیز میں 48 ملین ڈالر کی سرمایہ کاری کی جبکہ کمرشل بینک اور میوچل فنڈ حتیٰ فروخت کار رہے جنہوں نے سرمایہ کاری میں بالترتیب 48 ملین ڈالر اور 85 ملین ڈالر کی۔ دورانِ مدت خرید و فروخت ہونے والے حجم اور قدروں کا اوسط تقریباً 191 ملین حصص 7.1 ملین روپے تھا۔

دورانِ سہ ماہی توانائی کی کاروباری زنجیر میں کارکردگی شدید ناقص رہی کیونکہ خام تیل کی قیمتوں کی تاریخ کا یہ ایک بدترین مہینہ تھا۔ سعودی عرب نے قیمت کی جنگ شروع کر دی تھی کیونکہ پٹرولیم برآمد کرنے والے ممالک کی تنظیم (اوپیک) اور روس کے ساتھ معاہدہ طے نہیں پاسکا تھا۔ ساتھ ساتھ متعدد وائرس کے باعث کمزور عالمی مانگ نے صورتحال کو مزید خراب کر دیا۔ تیل کی قیمتیں گزشتہ اٹھارہ برسوں کی پست ترین سطح پر پہنچ گئیں۔ (تیل کی دریافت اور پیداوار (ای این ڈی پی) اور تیل کی مارکیٹنگ کی کمپنیوں (اویم سی) کو دورانِ سہ ماہی 40 فیصد سے زائد کا نقصان ہوا۔ کمرشل بینکوں کو بھی تقریباً 30 فیصد خسارے کا سامنا ہوا کیونکہ مرکزی بینک نے تسہیل کی پالیسی جاری رکھی جبکہ غیر ملکیوں میں خطرات پر مبنی اثاثہ جات سے گریز اور اس کے نتیجے میں مقامی بینکوں سے بے اعتنائی کا رجحان برقرار رہا۔ کھاد اور دواسازی کے شعبوں کی کارکردگی انڈیکس سے سبقت لے گئی کیونکہ سرمایہ کاروں کی توجہ دفاعی حکمت عملی پر مرکوز رہی۔

### فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے -14.80 فیصد منافع پوسٹ کیا جبکہ بنچ مارک منافع 7.90 فیصد تھا۔ اختتام مارچ پر فنڈ کی ایکویٹی میں شمولیت 63.8 فیصد تھی جبکہ نقد میں شمولیت 9.4 فیصد تھی۔

ایکویٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ کی کمپنیوں میں تھی۔ مقررہ آمدنی کی جہت میں ٹرم فنانس سرٹیفکیٹس (ٹ ایف سی) میں شمولیت 4.0 فیصد جبکہ ٹریڈری بلنز (ٹی بلنز) میں شمولیت 4.3 فیصد تھی۔

### عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان Asset Allocations فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مختتمہ 31 مارچ 2020ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2019-20ء کی تیسری سہ ماہی تاریکی و تباہی سے بھرپور تھی کیونکہ کورونا وائرس (کووڈ-19) کی وبا نے عالمی معیشت میں آفت مچا دی۔ دیکھتے ہی دیکھتے یہ قاتل وبا دنیا بھر میں پھیل گئی جس سے پندرہ لاکھ سے زائد افراد متاثر ہوئے جبکہ ۸۰ ہزار سے زائد لقمہء اجل بن گئے۔ چین نے سخت اقدامات اٹھا کر کورونا وائرس کو شکست دی جبکہ دنیا کے دوسرے حصے خصوصاً یورپی یونین اور امریکا بڑی طرح متاثر ہوئے۔ دوسری جانب اگرچہ ہمارے ملک میں متاثرہ افراد کی تعداد اب تک ترقی یافتہ دنیا کے مقابلے میں کم ہے (تقریباً 4,500 تا حال) لیکن صورت حال فی الوقت غیر یقینی ہے۔ ملک بھر میں نیم لاک ڈاؤن نافذ ہے جس سے مقامی کاروبار متاثر ہوئے ہیں۔

کووڈ-19 کی وبا پھیلنے سے قبل مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی مختلف اداروں کے مطابق 2.4 فیصد سے 3.0 فیصد تک تھی۔ تاہم وبا کے باعث جی ڈی پی کی ترقی غیر یقینی صورتحال کا شکار ہو گئی ہے۔ اہم فصلوں (کپاس، گندم اور چینی) کی پیداوار میں متوقع کمی کے ساتھ ساتھ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) کی متوقع سے کم ترقی کے نتیجے میں سست صنعتی پیش رفت کے باعث مجموعی ترقی متاثر ہونے کا امکان ہے۔ ایل ایس ایم توقع کے مطابق کمی کا شکار رہی کیونکہ درآمداتی کھپت کی مانگ ہوا میں تحلیل ہو گئی۔ مالی سال 2019-20ء کے ابتدائی سات ماہ میں ایل ایس ایم میں تقریباً 3.4 فیصد کمی ہوئی جس کا بڑا تناسب پٹرولیم کی پیداوار اور گردش شعبوں سے متعلق ہے۔

مالیاتی سختی اور زرمبادلہ کی شرحوں میں ترمیمات کے لحاظ سے پالیسی اقدام کے تاخیر شدہ اثرات کے اثرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن (بی او پی) کی صورتحال میں بہتری سے ہوتی ہے۔ سال رواں کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ سال در سال (YoY) بنیاد پر تقریباً 70 فیصد کم ہو کر 2.8 بلین ڈالر ہو گیا۔ مالی سال 2019-20ء کے ابتدائی آٹھ ماہ میں اشیاء اور خدمات کی درآمدات میں کمی کا سلسلہ جاری رہا اور یہ تقریباً 15 فیصد کم ہوئیں جبکہ برآمدات میں اضافے کا سلسلہ شروع ہو گیا ہے اور ان میں تقریباً 3.2 فیصد اضافہ ہوا۔ ترسیلات زر سے بی او پی کی حالت کو کچھ سہارا ملا کیونکہ دوران مدت ان میں تقریباً 5 فیصد اضافہ ہوا۔ جولائی تا فروری کی مدت کے دوران ملک میں قرضہ جاتی سکیورٹیز میں تقریباً 3.1 بلین ڈالر مالیت کی حتمی غیر ملکی سرمایہ کاری ہوئی۔ تاہم مارچ کے مہینے میں 1.8 بلین مالیت کے خود مختار قرضوں کی سرمایہ کاری واپس لے لی گئی۔ زرمبادلہ کے ذخائر میں جولائی تا مارچ کے دوران 2.9 بلین ڈالر اضافہ ہوا جس کی معاونت انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف)، کثیرالجہتی اداروں اور غیر ملکی دائرہ کار کے سرمایہ کاروں سے آمدات کے ساتھ ساتھ کرنٹ اکاؤنٹ کے خسارے میں کمی سے ہوئی۔

مالی سال کے ابتدائی نو ماہ کے دوران فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 3,050 بلین روپے کے عارضی ٹیکس جمع کیے۔ مارچ کے مہینے سے پہلے عارضی ٹیکس کی وصولی بہت حوصلہ افزا تھی اور اس میں 17 فیصد سال در سال ترقی ہو رہی تھی۔ تاہم مارچ کے مہینے میں لاک ڈاؤن کے نفاذ کے نتیجے میں تقریباً 100 سے 150 بلین روپے کی کمی ہوئی جس سے مالی سال 2019-20ء کے ابتدائی نو ماہ میں مجموعی ترقی 13 فیصد کم ہو گئی۔

مالی سال 2019-20ء کے ابتدائی نو ماہ کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 11.5 فیصد تھا۔ بھارت سے درآمدات پر پابندی عائد ہونے کے بعد جلد خراب ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافے کے باعث اشیائے خورد و نوش کی افراط زر پر بڑی ضرب پڑی۔ تاہم افراط زر کے دباؤ میں کمی کا رجحان شروع ہو گیا ہے جو مارچ میں 10.2 فیصد تھی کیونکہ پٹرولیم کی قیمتوں اور اشیائے خورد و نوش کی افراط زر میں کمی سے مجموعی افراط زر میں بھی کمی ہوئی ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ دیگر شعبوں میں پیمائش کردہ بنیادی افراط زر قابو میں رہی اور مذکورہ مدت کے لیے

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2020

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Balance with banks	5	108,975	416,769
Investments	6.	1,024,684	1,569,805
Profit receivable		4,601	17,139
Receivable against sale of investments		-	130,769
Advances, deposits, prepayments and other receivables		16,097	3,133
<b>Total assets</b>		<b>1,154,357</b>	<b>2,137,615</b>
<b>LIABILITIES</b>			
Payable to the Management Company		7,536	7,257
Payable to the Central Depository Company of Pakistan Limited - Trustee		215	312
Payable to the Securities and Exchange Commission of Pakistan		238	2,765
Payable against purchase of investments		7,300	-
Payable on redemption of units		31	32,370
Accrued expenses and other liabilities	7.	47,104	47,066
<b>Total liabilities</b>		<b>62,423</b>	<b>89,770</b>
<b>NET ASSETS</b>		<b>1,091,934</b>	<b>2,047,845</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,091,934</b>	<b>2,047,845</b>
<b>Contingencies and commitments</b>	8.		
(Number of units)			
<b>Number of units in issue</b>		<b>17,991,837</b>	<b>28,749,977</b>
(Rupees)			
<b>NET ASSET VALUE PER UNIT</b>		<b>60.6905</b>	<b>71.2294</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

Note	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
----- (Rupees in '000) -----				
<b>Income</b>				
Income from Government securities	18,570	39,525	5,714	9,106
Capital gain on sale of investments - net	9,344	1,855	(74,198)	13,606
Income from term finance certificates	21,529	15,405	4,626	6,088
Income from commercial papers	1,589	782	(0)	782
Dividend income	43,990	63,933	11,682	21,960
Profit on bank deposits and term deposit receipts	17,724	39,737	2,128	16,943
Unrealised (diminution)/appreciation in fair value of investments classified as 'at fair value through profit or loss' - net	5.2 (249,627)	(150,548)	(285,016)	88,960
Other income	241	320	77	96
<b>Total Income</b>	<b>(136,641)</b>	<b>11,010</b>	<b>(334,988)</b>	<b>157,542</b>
<b>Expenses</b>				
Remuneration of the Management Company	23,772	45,565	7,117	14,299
Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	3,090	5,923	925	1,858
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	1,940	3,029	605	962
Sindh Sales Tax on remuneration of Trustee	252	394	78	125
Securities and Exchange Commission of Pakistan - annual fee	238	2,164	71	679
Allocated expenses	1,189	2,528	356	762
Selling and marketing expenses	11,697	9,112	4,627	2,860
Brokerage and settlement charges	6,879	10,564	2,453	1,997
Legal and professional charges	43	136	(49)	45
Auditors' remuneration	622	636	209	189
Provision for workers' welfare fund	-	-	(3,294)	-
Other expenses	514	382	205	135
<b>Total expenses</b>	<b>50,235</b>	<b>80,433</b>	<b>13,302</b>	<b>23,911</b>
<b>Net loss for the period before taxation</b>	<b>(186,876)</b>	<b>(69,423)</b>	<b>(348,290)</b>	<b>133,631</b>
<b>Taxation</b>	<b>9. -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (loss) / Income for the period</b>	<b>(186,876)</b>	<b>(69,423)</b>	<b>(348,290)</b>	<b>133,631</b>
<b>Allocation of net income for the period</b>				
Net (loss) / Income for the period	-	-	-	-
Income already paid on units redeemed	-	-	-	-
<b>Accounting income available for distribution</b>				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	-	-	-	-

**Loss per unit**

10.

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020**

	Nine months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
<b>Net (loss) / income for the period after taxation</b>	<b>(186,876)</b>	(69,423)	<b>(348,290)</b>	133,631
<b>Other comprehensive income</b>				
Unrealised (diminution) / appreciation in fair value of investments classified as 'available-for-sale' - net	-	-	-	-
<b>Total comprehensive (loss) / Income for the period</b>	<b>(186,876)</b>	(69,423)	<b>(348,290)</b>	133,631

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31,						
	2020			2019			
	(Rupees in '000)						
	Capital Value	Undistributed income	Total	Capital Value	Undistribut ed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total
Net assets at beginning of the period	3,214,410	(1,166,565)	2,047,845	4,098,606	(886,757)	800	3,212,649
Impact of adoption of IFRS 9	-	-	-		800	(800)	
Issue of 713,614 units (2019: 4,863,890 units)							
- Capital value (at net asset value per unit at the beginning of the period)	50,830	-	50,830	384,050	-	-	384,050
- Element of loss	1,628	-	1,628	(3,351)	-	-	(3,351)
Total proceeds on issuance of units	52,458	-	52,458	380,699	-	-	380,699
Redemption of 11,471,754 units (2019: 8,923,594 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(817,127)	-	(817,127)	(704,602)	-	-	(704,602)
- Element of income	(4,367)	-	(4,367)	6,159	-	-	6,159
Total payments on redemption of units	(821,493)	-	(821,493)	(698,443)	-	-	(698,443)
Total comprehensive (loss) / income for the period	-	(186,876)	(186,876)	-	(69,423)	-	(69,423)
Net assets at end of the period	2,445,375	(1,353,441)	1,091,934	3,780,862	(955,380)	-	2,825,482
Undistributed loss brought forward							
- Realised loss		(853,369)			(668,329)		
- Unrealised loss		(313,196)			(218,428)		
		(1,166,565)			(886,757)		
Impact of adoption of IFRS 9		-			800		
Net (loss) / income for the period after taxation		(186,876)			(69,423)		
Undistributed loss carried forward		(1,353,441)			(955,380)		
Undistributed income carried forward							
- Realised loss		(1,103,814)			(804,832)		
- Unrealised loss		(249,627)			(150,548)		
		(1,353,441)			(955,380)		
	----- (Rupees) -----						
Net assets value per unit at beginning of the period	71.2294			78.9595			
Net assets value per unit at end of the period	60.6905			77.1408			

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director



# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31,	
	2020	2019
Note	(Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / Income for the period before taxation	(186,876)	(69,423)
<b>Adjustments:</b>		
Unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss' - net	249,627	150,548
	62,751	81,125
<b>(Increase) / decrease in assets</b>		
Investments	295,494	(144,377)
Profit receivable	12,538	(22,157)
Receivable against sale of investments	130,769	32,942
Advances, deposits, prepayments and other receivables	(12,964)	(57,045)
	425,837	(190,637)
<b>Increase/ (Decrease) in liabilities</b>		
Payable to the Management Company	279	(2,347)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(97)	(14)
Payable to the Securities and Exchange Commission of Pakistan	(2,527)	(901)
Payable against purchase of investments	7,300	(50,906)
Payable on redemption of units	(32,339)	6
Accrued expenses and other liabilities	38	(2,202)
	(27,347)	(56,364)
<b>Net cash (used in) / generated from operating activities</b>	461,242	(165,876)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	52,458	380,699
Payments against redemption of units	(821,493)	(698,443)
<b>Net cash used in financing activities</b>	(769,035)	(317,744)
<b>Net decrease in cash and cash equivalents during the period</b>	(307,794)	(483,620)
Cash and cash equivalents at beginning of the period	416,769	1,375,000
<b>Cash and cash equivalents at end of the period</b>	108,975	891,380

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management has been changed from MCB Asset Management Company Limited to MCB-Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 has been changed from 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan to Adamjee House, MCB-AH Savings, 2nd Floor, I.I Chundrigar Rd, Karachi, Pakistan.

The Fund is an open-end collective investment scheme categorized as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the asset manager a rating of "AM2++" on October 08, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2019. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2020 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2019.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

**2.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

**2.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.

**2.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

## **3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

**3.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019.

## **4. FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2019.

	Note	(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) June 30, 2019
<b>5 BALANCE WITH BANKS</b>			
In saving accounts		89,358	414,480
In current accounts	5.1	19,617	2,289
		<b>108,975</b>	<b>416,769</b>

**5.1** This represents bank balance maintained with MCB Bank Limited, (a related party).

	Note	(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) June 30, 2019
<b>6. INVESTMENTS</b>			
<b>At 'fair value through profit or loss'</b>			
Listed equity securities	6.1.1	736,106	1,218,575
Listed debt securities - term finance certificates	6.1.2	9,935	9,976
Unlisted debt securities - term finance certificates	6.1.3	-	104,953
Listed debt securities - Sukuk certificates	6.1.4	36,279	154,890
Government securities - market treasury bills	6.1.5	49,670	-
Government securities - pakistan investment bond	6.1.5	192,693	-
Commerical Paper	6.1.6	-	81,411
		<b>1,024,684</b>	<b>1,569,805</b>

**6.1 At fair value through profit or loss**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

**6.1.1 Listed equity securities**

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

Name of investee company	Number of shares				As at March 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at March 31, 2020	Carrying value	Market value			
							(Rupees in '000)		(%)	
<b>Automobile Assembler</b>										
Honda Atlas Cars(Pakistan) Limited	-	40,000	-	-	40,000	8,340	5,300	0.00	0.01	0.03
Indus Motors Company Limited	-	7,300	-	-	7,300	7,748	5,326	0.00	0.01	0.01
Millat Tractors Limited	-	11,500	-	11,500	-	-	-	-	-	-
						16,088	10,626			
							(5,462)			
<b>Automobile Parts &amp; Accessories</b>										
Thal Limited	-	113,400	-	4,500	108,900	37,129	31,993	0.03	0.03	0.13
						37,129	31,993			
<b>Cable and Electrical Goods</b>										
Pak Elektron Limited	-	1,301,000	-	300,000	1,001,000	27,566	18,589	0.02	0.02	0.20
						27,566	18,589			
<b>Cement</b>										
Cherat Cement Company Limited	362,400	328,500	-	412,400	278,500	19,875	15,426	0.01	0.02	0.14
Dewan Cement Limited	1,043,500	-	-	1,043,500	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	-	685,000	-	310,500	374,500	28,309	22,189	0.02	0.02	0.09
Fauji Cement Company Limited	-	1,000,000	-	-	1,000,000	16,308	14,810	0.01	0.01	0.07
Lucky Cement Limited	50	555,200	-	464,950	90,300	45,705	33,474	0.03	0.03	0.03
Maple Leaf Cement Factory Limited	-	2,404,500	-	1,195,000	1,209,500	30,359	25,061	0.02	0.02	0.11
Pioneer Cement Limited	-	330,000	-	-	330,000	11,313	9,141	0.01	0.01	0.15
						151,868	120,101			
							(31,767)			
<b>Commercial Banks</b>										
Allied Bank Limited	-	569,800	-	-	569,800	57,408	40,524	0.04	0.04	0.05
Askari Bank Limited	1,275,500	-	-	1,275,500	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

Name of investee company	Number of shares					As at March 31, 2020			Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at March 31, 2020	Carrying value	Market value	Appreciation / (Diminution)			
(Number of shares)											
Bank Al Falah Limited	2,456,450	-	-	2,456,450	-	-	-	-	-	-	-
Bank Al Habib Limited	1,099,500	-	-	440,000	659,500	51,692	35,527	(16,164)	0.03	0.03	0.06
Bank Of Punjab	886,500	1,144,000	-	2,030,500	-	-	-	-	-	-	-
Faysal Bank Limited	2,093,600	-	-	2,059,500	34,100	734	473	(261)	0.00	0.00	-
Habib Bank Limited	-	787,100	-	592,200	194,900	31,595	20,120	(11,475)	0.02	0.02	0.01
Habib Metropolitan Bank Limited	577,000	250,000	-	-	827,000	30,318	25,430	(4,888)	0.02	0.02	0.08
MCB Bank Limited*	479,300	315,000	-	549,300	245,000	33,087	36,574	3,487	0.03	0.04	0.02
United Bank Limited	-	1,287,900	-	1,287,900	-	-	-	-	-	-	-
<b>Engineering</b>						204,833	158,648	(46,186)			
Crescent Steel And Allied Products	50,800	-	-	50,800	-	-	-	-	-	-	-
International Industries Limited	214,200	-	21,420	235,500	120	8	9	1	-	-	-
Mughal Iron & Steel Industries Limited	179,500	70,000	-	249,500	-	-	-	-	-	-	-
<b>Fertilizer</b>						8	9	1			
Engro Fertilizer Limited	578,500	200,000	-	578,500	200,000	11,119	11,532	413	0.01	0.01	0.01
Engro Corporation Limited	175,890	151,200	-	269,790	57,300	19,585	15,293	(4,291)	0.01	0.01	0.01
Fauji Fertilizer Company Limited	247,500	811,500	-	520,500	538,500	52,447	50,086	(2,361)	0.05	0.05	0.04
<b>Foods &amp; personal care products</b>						83,151	76,911	(6,239)			
National Foods Limited	149,400	-	29,880	91,700	87,580	13,441	17,405	3,964	0.02	0.02	0.06
AT-TAHUR LIMITED	-	668,500	-	-	668,500	10,670	10,489	(181)	0.01	0.01	0.41
Shezan International Limited	5,115	-	-	-	5,115	2,161	1,255	(906)	0.00	0.00	0.06
<b>Insurance</b>						26,271	29,149	2,878			
Adamjee Insurance Co. Limited*	295,000	380,000	-	295,000	380,000	16,625	10,119	(6,506)	0.01	0.01	0.11
Pakistan Reinsurance Co. Limited	422,500	-	-	133,000	289,500	7,226	7,209	(17)	0.01	0.01	0.10
<b>Oil and Gas Exploration Companies</b>						23,851	17,328	(6,523)			
Mari Petroleum Company Limited	14	29,740	-	14	29,740	39,381	26,501	(12,879)	0.02	0.03	0.02
Oil & Gas Development Company Limited	926,200	95,000	-	679,600	341,600	45,446	26,300	(19,146)	0.02	0.02	0.01
Pakistan Oilfields Limited	225,530	-	-	152,700	72,830	29,561	19,097	(10,464)	0.02	0.02	0.03
Pakistan Petroleum Limited	553,255	660,500	104,651	954,100	364,306	48,587	26,161	(22,426)	0.02	0.03	0.01
						162,974	98,059	(64,915)			
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	-	48,700	-	48,700	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	525,900	-	-	525,900	-	-	-	-	-	-	-
Pakistan State Oil Company Limited.	123,440	-	88	123,528	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	348,300	630,000	-	350,000	628,300	46,095	23,184	(22,910)	0.02	0.02	0.10
						46,095	23,184	(22,910)			

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

Name of investee company	Number of shares				As at March 31, 2020			Market value as a percentage of net assets	Market value as percentage of total investments (%)	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at March 31, 2020	Carrying value	Market value			
							(Rupees in '000)			
<b>Pharmaceuticals</b>										
The Searle Company Limited	2,058	-	-	-	2,058	302	323	0.00	0.00	0.00
AGP Limited	48	-	-	48	-	-	-	-	-	-
<b>Power Generation and Distribution</b>										
Hub Power Company Limited	726,789	672,500	-	905,000	494,289	49,224	33,745	0.03	0.03	0.04
Kot Addu Power Co. Limited	-	270,000	-	-	270,000	7,964	5,208	0.00	0.01	0.03
K-Electric Limited (Face value of 3.5)	-	3,200,000	-	-	3,200,000	15,230	9,056	0.01	0.01	0.01
						72,419	48,009			
<b>Technology and Communication</b>										
Hum Network	1,150,000	-	-	-	1,150,000	3,646	2,473	0.00	0.00	0.12
Systems Limited	107,250	-	-	107,250	-	-	-	-	-	-
						3,646	2,473			
<b>Textile Composite</b>										
Gul Ahmed Textile Mills Limited	1,781,000	-	276,200	777,500	1,279,700	50,250	29,497	0.03	0.03	0.30
Interloop Limited	277,313	-	-	277,313	-	-	-	-	-	-
Kohinoor Textile Mills Limited	652,280	-	-	652,280	-	-	-	-	-	-
Nishat (Chunian) Limited*	250,000	-	-	250,000	-	-	-	-	-	-
Nishat Mills Limited*	1,100	-	-	1,100	-	-	-	-	-	-
						50,250	29,497			
<b>Real Estate Investment Trust</b>										
Dolmen City REIT*	-	1,092,500	-	-	1,092,500	13,332	11,165	0.01	0.01	0.05
						13,332	11,165			
<b>Chemicals</b>										
AKZO Nobel Pakistan Ltd	-	50,000	-	-	50,000	13,500	13,500	0.01	0.01	0.11
Engro Polymer and Chemicals Limited	1,775,036	500,000	-	833,500	1,441,536	42,730	35,346	0.03	0.03	0.16
Lotte Chemical Pakistan Limited	-	830,000	-	830,000	-	-	-	-	-	-
						56,230	48,846			
<b>Investment Banks / Investment Companies / Securities Companies</b>										
Arif Habib Limited *	312,000	-	-	312,000	-	-	-	-	-	-
<b>Glass and Ceramic</b>										
Tariq Glass Industries	260,400	35,000	73,450	148,500	220,350	12,040	11,136	0.01	0.01	0.20
						12,040	11,136			
<b>Miscellaneous</b>										
Synthetic Products Ltd	730,500	-	29,220	759,720	-	-	-	-	-	-
<b>Leather &amp; Tanneries</b>										
Service Industries	1,775	-	18	1,700	93	37	60	0.00	0.00	-
						37	60			
<b>Transport</b>										
Pakistan National Shipping Corporation Limited	75,700	-	-	75,700	-	-	-	-	-	-
						-	-			
<b>Total as at March 31, 2020</b>						<b>988,088</b>	<b>736,106</b>			<b>(251,982)</b>
<b>Total as at June 30, 2019</b>						<b>1,530,495</b>	<b>1,218,575</b>			<b>(311,920)</b>

\* These denote related parties / connected persons.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

**6.1.2 Listed debt securities - Term Finance Certificates**

Certificates having a face value of Rs. 5,000 each unless stated otherwise

Name of investee company	Face value			Carrying value as at March 31, 2020	Market value as at March 31, 2020	Unrealised appreciation / (diminution) as at March 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold / matured during the year						
(Rupees in 000)									
Commercial Banks									
Bank Alfalah Limited-V	2,000	-	-	2,000	9,972	9,935	0.01	0.01	0.00
Total as at March 31, 2020					9,972	9,935			
Total as at June 30, 2019					10,032	9,976			

**6.1.3 Unlisted debt securities - Term Finance Certificates**

Certificates having a face value of Rs. 5,000 each unless stated otherwise

Name of investee company	Face value			Carrying value as at March 31, 2020	Market value as at March 31, 2020	Unrealised appreciation / (diminution) as at March 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold / matured during the year						
(Rupees in 000)									
Commercial Banks								(%)	
Bank Al Habib Limited-II	21,228	-	21,228	-	-	-	-	-	-
Total as at March 31, 2020				-	-	-			
Total as at June 30, 2019				105,858	104,953	(905)			

**6.1.4 Listed debt securities - Sukuk Certificates**

Certificates having a face value of Rs. 100,000 each unless stated otherwise

Name of investee company	Face value			Carrying value as at March 31, 2020	Market value as at March 31, 2020	Unrealised appreciation / (diminution) as at March 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold / matured during the year						
(Rupees in 000)									
Dawood Hercules Corporation Limited	1,552	-	1,100	452	36,088	36,279	0.03	0.04	0.00
<b>Total as at March 31, 2020</b>					<b>36,088</b>	<b>36,279</b>	<b>192</b>		
Total as at June 30, 2019					155,205	154,890	(315)		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

## 6.1.5 Government securities - Market Treasury Bills

Name of investee company	Issue date	Face value				Carrying value as at December 31, 2018	Market value as at March 31, 2020	Unrealised appreciation/(diminution) as at March 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at March 31, 2020					
(Rupees in 000)										
Treasury bills - 3 months	19-Dec-19	-	350,000,000	350,000,000	-	-	-	-	-	-
Treasury bills - 3 months	26-Sep-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills - 3 months	29-Aug-19	-	160,000,000	160,000,000	-	-	-	-	-	-
Treasury bills - 3 months	16-Aug-19	-	475,000,000	475,000,000	-	-	-	-	-	-
Treasury bills - 3 months	30-Jan-20	-	550,000,000	500,000,000	50,000,000	49,616	49,670	(54)	-	-
Treasury bills - 3 months	12-Mar-20	-	975,000,000	975,000,000	-	-	-	-	-	-
Treasury bills - 3 months	10-Oct-19	-	375,000,000	375,000,000	-	-	-	-	-	-
Treasury bills - 3 months	27-Feb-20	-	250,000,000	250,000,000	-	-	-	-	-	-
Treasury bills - 3 months	18-Jul-19	-	1,320,000,000	1,320,000,000	-	-	-	-	-	-
Treasury bills - 3 months	12-Sep-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills - 3 months	24-Oct-19	-	675,000,000	675,000,000	-	-	-	-	-	-
Treasury bills - 3 months	21-Nov-19	-	175,000,000	175,000,000	-	-	-	-	-	-
Treasury bills - 3 months	5-Dec-19	-	175,000,000	175,000,000	-	-	-	-	-	-
Treasury bills - 3 months	2-Jan-20	-	150,000,000	150,000,000	-	-	-	-	-	-
Treasury bills - 3 months	7-Nov-19	-	1,275,000,000	1,275,000,000	-	-	-	-	-	-
Treasury bills - 6 months	19-Dec-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills - 6 months	2-Jan-20	-	250,000,000	250,000,000	-	-	-	-	-	-
Treasury bills - 6 months	18-Jul-19	-	525,000,000	525,000,000	-	-	-	-	-	-
Treasury bills - 6 months	12-Mar-20	-	1,250,000,000	1,250,000,000	-	-	-	-	-	-
Treasury bills - 6 months	26-Sep-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills - 6 months	5-Dec-19	-	250,000,000	250,000,000	-	-	-	-	-	-
Treasury bills - 6 months	16-Aug-19	-	175,000,000	175,000,000	-	-	-	-	-	-
Treasury bills - 6 months	24-Oct-19	-	2,500,000,000	2,500,000,000	-	-	-	-	-	-
Treasury bills - 6 months	10-Oct-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills - 6 months	23-May-19	-	50,000,000	50,000,000	-	-	-	-	-	-
Treasury bills -12 months	19-Dec-19	-	250,000,000	250,000,000	-	-	-	-	-	-
Treasury bills -12 months	10-Oct-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills -12 months	26-Sep-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills -12 months	29-Aug-19	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
Treasury bills -12 months	30-Jan-20	-	625,000,000	625,000,000	-	-	-	-	-	-
Treasury bills -12 months	2-Jan-20	-	800,000,000	800,000,000	-	-	-	-	-	-
Treasury bills -12 months	12-Mar-20	-	250,000,000	250,000,000	-	-	-	-	-	-
Treasury bills -12 months	7-Nov-19	-	1,200,000,000	1,200,000,000	-	-	-	-	-	-
Treasury bills -12 months	12-Sep-19	-	500,000,000	500,000,000	-	-	-	-	-	-
Treasury bills -12 months	24-Oct-19	-	900,000,000	900,000,000	-	-	-	-	-	-
Total as at March 31, 2020						49,616	49,670	(54)		
Total as at June 30, 2019						-	-	-		

## Government securities - Pakistan Investment Bonds

Name of investee company	Issue date	Face value				Carrying value as at December 31, 2018	Market value as at March 31, 2020	Unrealised appreciation/(diminution) as at March 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at March 31, 2020					
(Rupees in 000)										
Pakistan Investment Bond-3 years	19-Sep-19		950,000,000	950,000,000	-					(%)
Pakistan Investment Bond-3 years	19-Sep-19		650,000,000	450,000,000	200,000,000	190,547	192,693	2,146		
Pakistan Investment Bond-5 years	12-Jul-18		525,000,000	525,000,000	-					
Pakistan Investment Bond-5 years	19-Sep-19		1,175,000,000	1,175,000,000	-					
Pakistan Investment Bond-10 years	19-Sep-19		150,000,000	150,000,000	-					
Pakistan Investment Bond-10 years	12-Jul-18		37,500,000	37,500,000	-					
Total as at March 31, 2020						190,547	192,693	2,146		
Total as at June 30, 2019						-	-	-		

## 6.1.6 Commercial Papers

Particulars	Profit / mark-up rates	Issue date	Maturity date	Face Value	Amortised Cost at March 31, 2020	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
(Rupees in 000)							
K-Electric Limited-II (AA +)	11.75%	1-Mar-19	2-Sep-19	-	-	-	-
<b>Total as at March 31, 2020</b>					-	-	-
As at June 30, 2019					83,000	81,411	-

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

		(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) June 30, 2019
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>		
Provision against Sindh Workers' Welfare Fund	7.1	9,073	9,073
Provision for Federal Excise Duty and related tax on	7.2		
- Management fee		19,027	19,027
- Sales load		16,173	16,173
Auditors' remuneration payable		350	508
Brokerage payable		2,253	2,222
Withholding tax on capital gains		2	2
Others		225	61
		<u>47,104</u>	<u>47,066</u>

## 7.1 Provision for Sindh Workers' Welfare Fund (SWWF)

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re. 0.5 per unit (June 30, 2019 Re. 0.3156 per unit).

## 7.2 Federal Excise Duty on remuneration to the Management Company

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2019 would have been higher by Rs. 1.06 per unit (June 30, 2019: Re.0.6618 per unit).

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2020 and June 30, 2019.

## 9. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial information.

## 10. LOSS PER UNIT

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



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

## 11. EXPENSE RATIO

The Annualized total expense ratio of the Fund is 4.22% as on March 31, 2020 (March 31, 2019: 3.47%) and this includes 0.30% (March 31, 2019: 0.33%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorized as Asset Allocation Scheme.

## 12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

### 12.1 Transactions during the period with connected persons / related parties in units of the Fund:

For the nine months ended March 31, 2020										
As at July 1, 2019	Issued for cash	Bonus	Redeemed	As at March 31, 2020	As at July 1, 2019	Issued for cash	Bonus	Redeemed	As at March 31, 2020	
Units					(Rupees in '000)					
MCB-Arif Habib Savings and Investments Limited Management Company	-	-	-	-	-	-	-	-	-	-
Associated companies / undertakings										
Adamjee Life Assurance Company Limited (NUIL Fund)	386,879	164,770	-	-	551,649	27,557	10,000	-	-	33,480
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	-	28,189	2,008	-	-	-	1,711
Adamjee Life Assurance Company Limited.IMF	5,453,035	-	-	-	5,453,035	388,417	-	-	-	330,947
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	-	35,028	2,495	-	-	-	2,126
Adamjee Life Assurance Company Limited-Employees Gratuity Fund	28,189	-	-	-	28,189	2,008	-	-	-	1,711
Mandate Under Discretionary Portfolio Services **	74,401	69,367	-	143,768	-	5,300	5,519	-	9,674	-
Directors and Key management personnel **	7	-	-	7	-	-	-	-	1	-
For the nine months ended March 31, 2019										
As at July 1, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	As at July 1, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	
Units					(Rupees in '000)					
MCB-Arif Habib Savings and Investments Limited	-	647,478	-	647,478	-	-	50,000	-	50,123	-
Associated companies / undertakings										
Adamjee Life Assurance Company Limited (NUIL Fund)	71,293	315,586	-	-	386,879	5,629	25,000	-	-	29,844
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	-	28,189	2,226	-	-	-	2,175
Adamjee Life Assurance Company Limited.IMF	2,075,255	2,803,124	-	-	4,878,379	163,861	220,000	-	-	376,322
Adamjee Life Assurance Company Limited.ISF	450,785	129,827	-	-	580,612	35,594	10,000	-	-	44,789
Security General Insurance Company Ltd	3,745,546	-	-	3,745,546	-	295,746	-	-	296,713	-
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	-	35,028	2,766	-	-	-	2,702
Mandate Under Discretionary Portfolio Services **	105,705	1,112	-	106,811	7	8,346	87	-	7,950	1
Directors and Key management personnel **	-	21,359	-	21359	-	-	1,680	-	1,685	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

**12.2 Details of transactions with the connected persons / related parties during the period are as follows:**

	(Un-Audited) March 31, 2020	(Un-Audited) March 31, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	26,862	51,488
Allocated expenses and related taxes	1,189	2,528
Selling and marketing expenses	11,697	9,112
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	2,192	3,423
CDC settlement charges	146	285
<b>MCB Bank Limited - holding company of the Management Company</b>		
Purchase of shares 2020: 315,000 (2019: 889,800)	48,459	175,321
Sale of shares 2020: 549,300 (2018: 901,400)	94,699	185,104
Dividend income	14	4,727
Profit on bank balances	41	2
Bank charges	13	6
Sale of securities Face Value 2020: 300M (2019: 850)	282,204	1,388,516
<b>Adamjee Insurance Company Limited</b>		
Purchase of Shares 2020: 380,000 Nil (2019: Nil )	16,625	-
Sale of Shares 2020: 295,000 Nil (2019: Nil )	12,046	-
Dividend Income	295	295
<b>Aisha Steel Mills Limited</b>		
Sale of Shares 2020: Nil (2019: Nil )	-	-
<b>D. G. Khan Cement Company Limited</b>		
Purchase of Shares 2020: 635,000 (2019: 140,000 )	47,771	15,427
Sale of Shares 2020: 310,500 (2019: 572,500 )	20,179	57,248
<b>Arif Habib Limited</b>		
Sale of Shares 2020: 312,000 (2019: 70,000)	10,949	4,824
Dividend income	-	780
Brokerage expense *	395	704
<b>Next Capital Limited</b>		
Brokerage expense *	182	179
<b>Nishat Mills Limited</b>		
Purchase of Shares 2020: Nil (2019: 210,000)	-	28,310
Sale of Shares 2020: 1,100 (2019: 941,300)	71	133,708
Dividend income	-	-
<b>Nishat Chunian Limited</b>		
Purchase of Shares 2020: 250,000 (2019: 250,000)	-	14,405
Sale of Shares 2020: 250,000 (2019: Nil)	9,403	-
<b>Dolmen City REIT</b>		
Dividend Income	382	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	<b>(Un-Audited) March 31, 2020</b>	<b>(Audited) June 30, 2019</b>
<b>12.3 Amount outstanding as at period end / year end</b>	<b>----- (Rupees in '000) -----</b>	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	<b>2,115</b>	3,868
Sindh sales tax payable on management remuneration	<b>275</b>	503
Sales load payable	<b>413</b>	164
Payable against allocated expenses	<b>106</b>	193
Payable against selling and marketing expenses	<b>4,626</b>	2,529
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	<b>190</b>	276
Sindh Sales Tax payable on trustee remuneration	<b>25</b>	36
Security deposits	<b>100</b>	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	<b>19,828</b>	2,600
Sale load payable	<b>-</b>	-
245,000 shares held by the Fund (June 2019: 479,300)	<b>36,574</b>	83,614
<b>Arif Habib Limited</b>		
Nil shares held by the Fund (June 2019: 31,200 shares)	<b>-</b>	9,869
Brokerage payable *	<b>124</b>	43
<b>Next Capital Private Limited</b>		
Brokerage payable *	<b>-</b>	9
<b>Nishat Mills Limited</b>		
Nil shares held by the Fund (June 2019: 1,100 shares)	<b>-</b>	103
<b>D.G. Khan Cement Company Limited</b>		
374,500 shares held by the Fund (June 2019: Nil)	<b>22,189</b>	-
<b>Adamjee Insurance Company Limited</b>		
380,000 shares held by the Fund (June 2019: Nil 295,000)	<b>10,119</b>	10,340
<b>Dolmen City REIT</b>		
1,092,500 shares held by the Fund (June 2019: Nil shares)	<b>11,165</b>	-

\* The amount disclosed represents the amount of brokerage expense or brokerage payable to related parties / 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 related parties / connected persons.

**13. GENERAL**

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

13.2 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are material re-arrangements / re-classifications to report.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

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**14. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information has been authorised for issue by the Board of Directors of the Management Company in the meeting held on April 20, 2020.

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



Chief Executive Officer



Chief Financial Officer



Director

**MCB-Arif Habib Savings and Investments Limited**

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