



MCB-ARIF HABIB  
Savings and Investments Limited

AM2  
BY FACRA

# HALF YEAR REPORT

DECEMBER  
**2018**  
(UNAUDITED)

Half Year Report for Funds Under Management of  
MCB-Arif Habib Savings and Investments Limited

# **MCB PAKISTAN STOCK MARKET FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Bank Alfalah Limited Standard Chartered Bank Limited Summit Bank Limited JS Bank Limited Habib Metropolitan Bank Limited Silk Bank Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b> Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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**Dear Investor,**

On behalf of the Board of Directors, We are pleased to present MCB Pakistan Stock Market Fund's Half Yearly Report for the period ended December 31, 2018.

## **MARKET & ECONOMIC REVIEW**

### **Economy Review**

FY19 started off with a positive note as smooth completion of election process resulted in a sigh of relief for the market participants. The new regime inherited many economic challenges particularly on the external front. To cope with the underlying challenges, major policy actions (currency depreciation of 15% along with interest rate hike of 250 bps) were taken to address the imbalances. Furthermore, major success came through diplomatically engaging with the friendly allies. As a result, Pakistan secured BOP support package from Saudi Arabia, UAE and China amounting to USD 14 billion while Saudi Arabia & UAE committed foreign direct investment of USD 20-30 billion.

Average CPI for the first half of current fiscal year clocked in at 6.0%. Nevertheless, it is expected to jack up during the second half, owing to a low base effect and lagged impact of currency adjustments. Furthermore, government is yet to adjust electricity prices as the gap between base tariff and actual cost of generation has widened significantly. We expect CPI to average 8.5% for the 2HFY19 after accounting for electricity adjustments.

Current Account Deficit for the first six months clocked in at ~USD 8 billion which is an improvement of 4.4% from same period last year. CAD was well supported by remittances growth of 10%. However, the improvement in the external position was masked by the higher oil prices and payments for the previous periods reflected in current accounts. The non-oil imports have shown encouraging trend, declining by ~5% over the previous year. Reflecting the elevated oil prices and limited financial flows, reserves declined by ~USD 2.7 bn during the period leading to rupee depreciation of ~13.7%.

The focus of government to stabilize aggregate demand has taken its toll on large scale manufacturing which posted a decline of 0.9% YoY in the first five months of FY19. The decline has been led by reduction in production of oil products followed by slow down in autos, pharmaceuticals, consumer products. LSM growth is reflecting the overall slowdown in economy as envisaged by the steps taken by authorities to control the external imbalances.

The yield curve showed an upward trajectory during the half year as market players continued to expect further monetary tightening. During the first 6 months, State Bank of Pakistan increased the policy rate by 350 bps in line with the expectations of most of the market. Most of PIB auctions during the period under review were rejected by State Bank of Pakistan due to thin volume and participation at higher levels. The 3 year, 5 year and 10 year PIB were accepted in the PIB auction held in December '18 at 12.25%, 12.70% and 13.15% respectively. Two Floater rate PIB auction were conducted during 1HFY19. The first was accepted at a benchmark rate +70 bps. The second was rejected due to higher level of participation. Concerns over external front kept market participants at bay from longer tenor Treasury instruments with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout the period owing to regular OMOs conducted by SBP. During the second quarter, 117.7 billion worth of floater rate GOP Ijara Sukuk matured. No fresh GOP Ijara Sukuk were issued whereas SBP conducted auction of Bai Muajjal in which 72.55 billion was accepted out of total participation of 76.55.

### **Equity Market Review**

CY18 closed itself on a negative note for the consecutive second year, as the benchmark Index KSE100 posted a loss of 8.4%. Half year/Quarterly return amounted to ~9.5%/11.5% respectively. The month of Dec'18 was the worst month of the year as KSE100 retreated by 8.5%, as unexpected monetary tightening by 150 bps during the last month created a negative environment for equities. Even announcement for support of USD 3 billion by UAE could not come to rescue as overall uncertainty continued to linger towards the economy. Foreign selling during the first half continued with foreigners offloading USD ~404 mn worth of equities, most of which was absorbed by Insurance Companies and Individuals who bought USD ~173 and ~USD 152 mn respectively. Volumes and values averaged around 179 mn shares/ PKR 7.68 bn, depicting a considerable decrease of ~6/~7% as compared to first half.

In the first half, most of the major sectors such Refineries, Autos, OMCs, E&Ps & Cements underperformed the market generating negative returns of 29%/27%/20%/18%/16% respectively. Refineries suffered due to lower throughput and closure of plants amid limited offtake of Furnace Oil. E&Ps took the brunt of plunge in international oil prices by ~30% as compared. Autos, Cements and OMCs followed the thematic decline due to economic slowdown. On the flip side, only

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Textile Composites remained in the positive territory generating a positive return of 20% due to currency depreciation of ~15% as well as supportive export-oriented policies of the newly-elected government.

### FUND PERFORMANCE

During the period, PSM posted a negative return of 10.86% compared to a negative return of 11.56% witnessed by the KSE100 Index. Overall equity exposure stood at 87.8% at the end of the period. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments.

The Net Asset of the Fund as at December 31, 2018 stood at Rs. 10,601 million as compared to Rs. 10,113 million as at June 30 2018 registering an increase of 4.83%.

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 84.5137 as compared to opening NAV of Rs. 94.8056 per unit as at June 30, 2018 registering a decrease of Rs. 10.2919 per unit.

### MARKET & ECONOMY - FUTURE OUTLOOK

The government has managed to arrange adequate financial flows for the next half year supported by deferred payment facilities, loans and deposits from friendly nations. However, the external account balance needs to improve further to reach sustainable levels for future funding of deficits. The exports are expected to show an improved trend supported by lagged impacts of currency depreciation, tax refunds to exporters, better energy supplies and energy price parity with regional peers. Imports are expected to slow down in second half of the year as effects of the one-off adjustments and oil prices neutralize along with impact of currency depreciation becomes further visible. Current account deficit for FY19 is expected to be ~USD 13 bn with CAD for next half year to slow down to ~USD 5 bn compared with first half of ~USD 8 bn. Subsequently, we expect normalize PKR/USD adjustment of around 5% in next half given the REER is close to its fundamental value.

The government has announced to approach the IMF for an economic program for balance of payments support. IMF program would lead to better policy management relative to dealing with the structural issues in the economy along with responsible fiscal management. Besides, entrance into IMF program would allow Pakistan to secure financial flows from other multilateral agencies which would allow better external account management.

Inflationary pressures are expected to become more visible in second half of the year as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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### 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  
February 18, 2019



**Nasim Beg**  
Director / Vice Chairman

ڈائریکٹر ز رپورٹ  
برائے ششماہی اختتام پذیر 31 دسمبر 2018ء


دریہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور ممکنہ ناپسندیدہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکوٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات قیمت شدہ ہیں یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) ان کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دو چار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اعلیٰ ہر فکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر ز مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹر ز،



نسیم بیگ  
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر

18 فروری، 2019ء



## ڈائریکٹر رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

نصف اول میں اکثر بڑے شعبہ جات مثلاً ریفائنریز، آئوز، OMCs، E&Ps اور سینٹ نے مارکیٹ کے مقابلے میں کمزور کارکردگی کا مظاہرہ کیا اور بالترتیب 29%، 27%، 20%، 18% اور 16% منفی منافع دیا۔ ریفائنریز مال کی پست سطح اور فرنیس آئل کے محدود offtake کے باعث پلانٹس بند ہو جانے سے متاثر ہوئیں۔ E&Ps تیل کی بین الاقوامی قیمتوں میں 30% کمی سے متاثر ہوئیں، اور آئوز، سینٹ اور OMCs کے شعبے بھی اسی ضمن میں معاشی سست روی کے باعث تنزلی کا شکار ہوئے۔ دوسری جانب صرف ٹیکسٹائل Composites مثبت احاطے میں رہے اور 20% مثبت منافع حاصل کیا جس کی وجہ روپے کی قدر میں 15% کمی اور منتخب حکومت کی برآمدات کی معاونت کرنے والی پالیسیاں ہیں۔

### فنڈ کی کارکردگی

دوران مدت PSM کا 10.86% منفی منافع، جبکہ KMI 100 انڈیکس کا 11.56% منفی منافع تھا۔ اختتام مدت پر فنڈ کی ایکویٹیز میں مجموعی سرمایہ کاری 87.8% تھی۔ فنڈ خارجی عوامل کے حوالے سے چونکار ہا اور بنیادی ترقیاتی تبدیلیوں کے پیش نظر سرمایہ کاری کے لائحہ عمل میں ترمیم کی گئی۔ 31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 10,601 ملین روپے تھے، جو 30 جون 2018ء کو 10,113 ملین روپے کے مقابلے میں 4.83% اضافہ ہے۔

31 دسمبر 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 84.5137 روپے تھی، جو 30 جون 2018ء کو 94.8056 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 10.2919 روپے فی یونٹ کمی ہے۔

### بازار اور معیشت - مستقبل کا منظر

حکومت اگلی ششماہی کے لیے خاطر خواہ مالیاتی فراہمی کا انتظام کر پائی ہے جس کی معاونت دوست ممالک کی طرف سے تاخیر سے ادائیگی کی سہولیات، قرضوں اور deposits سے ہوتی ہے۔ تاہم کارجی اکاؤنٹ کے توازن میں مزید بہتری درکار ہے تاکہ مستقبل میں مالیات کی فراہمی اور خساروں کی قابل بقاء سطحوں تک رسائی ہو سکے۔ برآمدات میں بہتری کا رجحان متوقع ہے جس کی معاونت روپے کی قدر میں کمی، برآمد کاروں کو ٹیکس کی واپسی، توانائی کی بہتر فراہمیوں اور توانائی کی قیمتوں میں علاقائی فریقوں سے مساوات کے سست اثر سے ہوگی۔ درآمدات میں سال کے نصف آخر میں سست روی متوقع ہے کیونکہ یکبارگی کمی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اول کے 8 بلین ڈالر کے مقابلے میں سست روی کا شکار ہو کر 5 بلین ڈالر رہ جائے گا۔ بعد ازاں، اگلے نصف سال میں REER کے بنیادی قدر کے قریب ہونے کی صورت میں پاکستانی روپے / امریکی ڈالر میں تقریباً 5% ایڈجسٹمنٹ متوقع ہے۔

حکومت نے اعلان کیا ہے کہ ادائیگیوں کے توازن میں معاونت کے معاشی پروگرام کے لئے آئی ایم ایف سے رجوع کیا جائے گا۔ آئی ایم ایف پروگرام کی بدولت پالیسی کے انتظام میں بہتری ہوگی جس سے معیشت کی ساخت سے متعلق مسائل سے نمٹا جاسکے گا اور ذمہ دارانہ مالیاتی انتظام ممکن ہو سکے گا۔ علاوہ ازیں، آئی ایم ایف پروگرام میں داخل ہونے سے پاکستان کو دیگر کثیرالجبہ ایجنسیوں سے مالیات حاصل کرنے میں مدد ملے گی جس کی بدولت خارجی اکاؤنٹ کا بہتر انتظام ممکن ہو سکے گا۔ افراط زر کے دباؤ سال کے نصف آخر میں مزید واضح ہونے کی توقع ہے کیونکہ کرنسی کی قدر میں کمی، ٹیکس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی بیشی کے سست اثرات کا احاطہ کیا جائے گا۔ تاہم مالیاتی تنگی کا اکثر حصہ مکمل کیا جا چکا ہے جس میں آنے والے افراط زر کے دباؤ کی عکاسی ہوتی ہے، اور مزید تنگی 50 bps کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سست روی کا شکار رہے گی کیونکہ کرنسی میں کمی بیشی اور مالیاتی پالیسی میں مزید تنگی صرفی رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی تنظیم کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے

## ڈائریکٹرز رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ کی 31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی نصف سالانہ رپورٹ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار زر کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلار کاؤٹ تکمیل کے نتیجے میں مارکیٹ کے فریقوں نے اطمینان کا سانس لیا۔ نئی حکومت کو متعدد معاشی مسائل وراثت میں ملے، خاص طور پر خارجی میدان میں۔ درپیش مشکلات سے نبرد آزما ہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% کی کمی کے ساتھ ساتھ انٹریسٹ کی شرح میں 250 bps اضافہ) تاکہ عدم توازن سے نمٹا جاسکے۔ مزید برآں، اہم ترین کامیابی دوست اتحادیوں سے سفارتی تعلقات قائم کرنے سے حاصل ہوئی۔ نتیجتاً، پاکستان کو سعودی عرب، متحدہ عرب امارات اور چین سے ادائیگیوں کے توازن میں معاونت کے لیے 14 بلین ڈالر کے پیکیج حاصل ہوئے، جبکہ سعودی عرب اور متحدہ عرب امارات نے 20 سے 30 بلین ڈالر کی براہ راست غیر ملکی سرمایہ کاری کا وعدہ کیا۔

موجودہ مالی سال کی پہلی ششماہی کے لیے CPI کا اوسط 6% تھا۔ لیکن دوسری ششماہی میں پس پڑنے والی اثرات اور کرنسی میں کمی بیشی کے سبب اثر کے باعث اس اوسط میں اضافہ متوقع ہے۔ مزید برآں، حکومت کی طرف سے بجلی کی قیمتوں میں کمی بیشی ہونا باقی ہے کیونکہ پیداوار کی بنیادی چنگی اور اصل قیمت کے درمیان فاصلے میں اچھا خاصا اضافہ ہو گیا ہے۔ مالی سال 2019ء کی دوسری ششماہی کے لیے CPI کا اوسط بجلی میں کمی بیشی کے اثر کا احاطہ کرنے کے بعد 8.5% متوقع ہے۔

پہلے چھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ 8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت کے مقابلے میں 4.4% بہتری ہے۔ CAD کو ترسیل زرمیں 10% اضافے کی بھرپور معاونت حاصل ہوئی۔ تاہم تیل کی بلند قیمتیں اور موجودہ اکاؤنٹس میں سابقہ مدتوں کی ادائیگیوں کی عکاسی خارجی صورتحال میں بہتری کی بھرپور اثر پذیری میں رکاوٹ بنے۔ Non-oil درآمدات میں گزشتہ سال کی نسبت 5% کمی حوصلہ افزا رہا۔ تیل کی بلند قیمتوں اور محدود مالی بہاؤ کی عکاسی کرتے ہوئے دوران مدت ذخائر میں 2.7 بلین ڈالر کمی، اور اس کے نتیجے میں روپے کی قدر میں 13.7% کمی ہوئی۔

مجموعی مانگ کو مستحکم کرنے کی حکومتی توجہ کے نتیجے میں بڑے پیمانے پر ہونے والی مینوفیکچرنگ (LSM) متاثر ہوئی جس میں مالی سال 2019ء کے ابتدائی پانچ ماہ میں 0.9% کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دوا سازی اور صارفی مصنوعات میں سست روی ہے۔ LSM میں ترقی معیشت میں مجموعی سست روی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔

ایکویٹی مارکیٹ کا جائزہ

سال رواں میں بیچ مارک انڈیکس KSE100 نے 8.4% خسارہ پوسٹ کیا، اور یوں متواتر دوسرے سال کا اختتام منفی صورتحال پر ہوا۔ ششماہی اور سہ ماہی منافع بالترتیب 9.5% اور 11.5% تھا۔ دسمبر 2018ء سال کا بدترین مہینہ تھا کیونکہ KSE100 میں 8.5% تنزلی ہوئی کیونکہ ماہ گزشتہ کے دوران 150 bps غیر متوقع مالیاتی تنگی کے باعث ایکویٹیز کے لیے منفی ماحول پیدا ہو گیا تھا۔ حتیٰ کہ متحدہ عرب امارات کی طرف سے 3 بلین ڈالر کے تعاون کے اعلان سے بھی کوئی خاص فائدہ نہیں ہوسکا کیونکہ معیشت میں مجموعی طور پر غیر یقینی صورتحال منڈلاتی رہی۔ نصف اول کے دوران غیر ملکی فروخت جاری رہی؛ غیر ملکیوں نے 404 ملین ڈالر مالیت کی ایکویٹیز فروخت کیں جن میں سے انشورنس کمپنیوں نے 173 ملین ڈالر افراد نے 152 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ ایکویٹیز کے حجم کا اوسط تقریباً 179 ملین حصص تھا جبکہ ایکویٹیز کی قدر کا اوسط تقریباً 7.68 بلین روپے تھا، جو نصف اول کے مقابلے میں 6 سے 7 فیصد کی اچھی خاصی کمی ہے۔

## 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 Shahra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



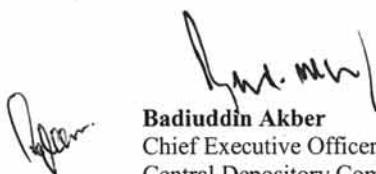
## TRUSTEE REPORT TO THE UNIT HOLDERS

### MCB PAKISTAN STOCK MARKET FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Stock Market Fund (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 six months period ended December 31, 2018 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: February 20, 2019







EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of MCB Pakistan Stock Market Fund

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Stock Market Fund (the Fund)** as at **31 December 2018**, the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Cash Flows, condensed interim Statement of Movement in Unit Holders' Fund, and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2018.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A member firm of Ernst & Young Global Limited

## Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Statements

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-: 2 :-

### ***Other matter***

The condensed interim financial statements for the half year ended 31 December 2017 and the financial statements for the year ended 30 June 2018 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 26 February 2018 and audit report dated 24 September 2018 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

**Chartered Accountants**

**Date:** 21 February 2019

**Karachi**

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

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	4	1,301,989	664,008
Investments	5	9,628,879	9,723,057
Receivable against sale of investments		-	52,923
Dividend and profit receivables		28,516	10,979
Advances, deposits and other receivables		11,492	8,083
<b>Total assets</b>		<b>10,970,876</b>	<b>10,459,050</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		35,666	32,100
Payable to Central Depository Company of Pakistan Limited - Trustee		1,175	1,083
Payable to the Securities and Exchange Commission of Pakistan		5,444	9,964
Payable against purchase of investments		191,284	165,428
Accrued expenses and other liabilities	6	135,620	137,505
Payable against redemption of units		386	386
<b>Total liabilities</b>		<b>369,574</b>	<b>346,466</b>
<b>NET ASSETS</b>		<b>10,601,302</b>	<b>10,112,584</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>10,601,302</b>	<b>10,112,584</b>
<b>Contingencies and Commitments</b>	7		
----- (Number of units) -----			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>125,438,826</b>	<b>106,666,546</b>
----- (Rupees) -----			
<b>NET ASSET VALUE PER UNIT</b>		<b>84.5137</b>	<b>94.8056</b>

The annexed notes 1 to 14 form an integral part of these interim financial statements.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

		Half year ended		Quarter ended	
		December 31,		December 31,	
		2018	2017	2018	2017
Note		----- (Rupees in '000) -----			
<b>INCOME</b>					
		(169,262)	(619,149)	(139,479)	(328,157)
		262,269	220,086	134,196	151,600
		30,001	18,107	16,840	7,836
		31,271	27,076	17,327	14,191
		</			

The annexed notes 1 to 14 form an integral part of these interim financial statements.

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	<u>Half year ended</u> <u>December 31,</u>		<u>Quarter ended</u> <u>December 31,</u>	
	2018	2017	2018	2017
	<u>----- (Rupees in '000) -----</u>			
<b>Net loss for the period after taxation</b>	<b>(1,284,661)</b>	(983,154)	<b>(1,146,241)</b>	(251,895)
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to income statement in subsequent period</i>				
Unrealised diminution on revaluation of investments classified as available for sale - net	-	(332,237)	-	31,725
<b>Total comprehensive loss for the period</b>	<b><u>(1,284,661)</u></b>	<b><u>(1,315,391)</u></b>	<b><u>(1,146,241)</u></b>	<b><u>(283,620)</u></b>

The annexed notes 1 to 14 form an integral part of these interim financial statements.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**



# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31, 2018				Half year ended December 31, 2017			
	Capital Value	Undistributed income / (loss)	Unrealised appreciation on available for sale investments	Total	Capital Value	Undistributed income / (loss)	Unrealised appreciation on available for sale investments	Total
----- (Rupees in '000) -----								
<b>Net assets at the beginning of the period</b>	5,096,092	4,646,316	370,176	10,112,584	6,532,771	4,480,330	616,069	11,629,170
Re-classification under IFRS 9 (refer note 3.1)	-	370,176	(370,176)	-	-	-	-	-
Issuance of 57,214,534 (2017: 38,728,225) units:								
- Capital value (at net asset value per unit at the beginning of the period) at Rs.94.8056	5,424,258	-	-	5,424,258	3,969,707	-	-	3,969,707
- Element of loss	(129,108)	-	-	(129,108)	(261,918)	-	-	(261,918)
	5,295,150	-	-	5,295,150	3,707,789	-	-	3,707,789
Redemption of 38,442,254 (2017: 42,503,625) units:								
- Capital value (at net asset value per unit at the beginning of the period) at Rs.94.8056	(3,644,541)	-	-	(3,644,541)	(4,356,692)	-	-	(4,356,692)
- Element of income	122,770	-	-	122,770	316,660	-	-	316,660
	(3,521,771)	-	-	(3,521,771)	(4,040,032)	-	-	(4,040,032)
Total comprehensive loss for the period	-	(1,284,661)	-	(1,284,661)	-	(983,154)	(332,237)	(1,315,391)
Distributions during the period	-	-	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(1,284,661)	-	(1,284,661)	-	(983,154)	(332,237)	(1,315,391)
<b>Net assets as at the end of the period</b>	<b>6,869,471</b>	<b>3,731,831</b>	<b>-</b>	<b>10,601,302</b>	<b>6,200,528</b>	<b>3,497,176</b>	<b>283,832</b>	<b>9,981,536</b>
<b>Undistributed income / (loss) brought forward comprising of:</b>								
- Realised		5,005,515				5,136,935		
- Unrealised		(359,199)				(656,605)		
		4,646,316				4,480,330		
Re-classification under IFRS 9 (refer note 3.1)		370,176				-		
<b>Undistributed income / (loss) brought forward</b>		<b>5,016,492</b>				<b>4,480,330</b>		
Accounting income available for distribution:								
- Relating to capital gains		-				-		
- Excluding capital gains		-				-		
		-				-		
Net loss for the period		(1,284,661)				(983,154)		
Undistributed income carried forward		3,731,831				3,497,176		
<b>Undistributed income brought forward comprising of:</b>								
- Realised		4,981,779				3,870,266		
- Unrealised		(1,249,948)				(373,090)		
		3,731,831				3,497,176		
				(Rupees)				
Net assets value per unit as at beginning of the period					94.8056			
Net assets value per unit as at end of the period					84.5137			

The annexed notes 1 to 14 form an integral part of these interim financial statements.

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

  
\_\_\_\_\_  
**Chief Executive Officer**

  
\_\_\_\_\_  
**Chief Financial Officer**

  
\_\_\_\_\_  
**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31,	
	2018	2017
	---- (Rupees in '000) ----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period before taxation	(1,284,661)	(983,154)
<b>Adjustments for non cash and other items:</b>		
Unrealised loss on re-measurement of investments classified as at fair value through profit or loss - net	1,249,948	373,090
Impairment loss on available for sale investments	-	75,069
	<u>(34,713)</u>	<u>(534,995)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(1,155,770)	(919)
Receivable against sale of investments	52,923	(15,985)
Dividend and profit receivable	(17,537)	(14,258)
Advances, deposits and receivables	(3,409)	(161)
	<u>(1,123,793)</u>	<u>(31,323)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	3,566	(9,039)
Payable to Central Depository Company of Pakistan Limited - Trustee	92	(192)
Payable to the Securities and Exchange Commission of Pakistan	(4,520)	(5,171)
Payable against purchase of investments	25,856	(259,470)
Accrued expenses and other liabilities	(1,885)	(16,733)
	<u>23,109</u>	<u>(290,605)</u>
<b>Net cash used in operating activities</b>	<u>(1,135,397)</u>	<u>(856,923)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issuance of units	5,295,150	3,707,789
Amount paid on redemption of units	(3,521,771)	(4,040,543)
<b>Net cash generated from / (used) in financing activities</b>	<u>1,773,378</u>	<u>(332,754)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>637,981</b>	<b>(1,189,677)</b>
Cash and cash equivalents at the beginning of the period	<u>664,008</u>	<u>2,228,648</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>1,301,989</b></u>	<u><b>1,038,971</b></u>

The annexed notes 1 to 14 form an integral part of these interim 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 INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan.
- 1.3** The Fund has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4** The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of "AM2++" dated October 8, 2018 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

## 2. BASIS OF PREPARATION

- 2.1** These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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;
  - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed of Trust Deed.

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

- 2.2** The disclosures made in these condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2018 and December 31, 2017 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2018.
- 2.5** These interim financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Fund.

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

## 3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these 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, 2018, except as described in notes 3.1 and 3.2 below:

### 3.1 IFRS 9 Financial Instruments

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 prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Fund's business model was made as at the date of initial application i.e. July 01, 2018.

As a result of the above assessment, the management has concluded that all the equity investments previously classified as Available for Sale will be re-classified at Fair Value through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Fund. The impact has been disclosed in table below.

Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and other financial assets, and concluded that the impact is not material to these interim financial statements.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at June 30, 2018	Change (Rupees)	As at July 01, 2018
<b>Impact on Statement of Assets and Liabilities</b>			
Investments - 'Available for sale'	1,309,693	(1,309,693)	-
Investments - 'At fair value through profit or loss'	8,413,364	1,309,693	9,723,057
<b>Impact on Statement of Unitholders' fund</b>			
Unrealised appreciation on 'Available-for-sale' investments	370,176	(370,176)	-
Undistributed income	4,646,316	370,176	5,016,492

### 3.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

## Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

## Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

IFRS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the interim financial statements, other than IFRS 9, the impact of which has been disclosed in note 3.1 above.

- 3.3** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2018.

	Note	(Un-Audited) December 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2018
<b>4. BALANCES WITH BANKS</b>			
In current accounts	4.1	14,185	14,106
In savings accounts	4.2	<u>1,287,804</u>	<u>649,902</u>
		<u>1,301,989</u>	<u>664,008</u>

- 4.1** These include a balance of Rs.4.66 (June 30, 2018: Rs.4.45) million maintained with MCB Bank Limited, a related party.

- 4.2** These carry profits at the rates ranging from 8.00% to 10.75% (June 30, 2018: 3.75% to 6.75%) per annum and include Rs.10.93 (June 30, 2018: Rs.92.07) million maintained with MCB Bank Limited, a related party which carries profit at the rate of 8.00% (June 30, 2018: 3.75%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss

Listed equity securities	5.1	9,628,879	8,413,364
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### Available for sale

Listed equity securities	3.1	-	1,309,693
		<u>9,628,879</u>	<u>9,723,057</u>

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

## 5.1 Listed equity securities - at fair value through profit or loss

Name of the investee company	No. of shares					Balance as at December 31, 2018			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company	
	As at July 01, 2018	Re-classified under IFRS 9 (see note 3.1)	Purchased during the period	Bonus / Right Issue during the period	Sold during the period	As at December 31, 2018	Carrying Value	Market value as at December 31, 2018			Unrealised (loss) / gain
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
<b>Automobile assembler</b>											
Indus Motor Company Limited	-	10	-	-	10	-	-	-	-	0.00%	0.00%
Millat Tractors Limited	147,120	-	-	-	147,120	-	-	-	-	0.00%	0.00%
Ghandhara Industries Limited	53,800	-	-	-	53,800	-	-	-	-	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	115,150	-	-	-	115,150	-	-	-	-	0.00%	0.00%
<b>Automobile parts and accessories</b>											
The General Tyre and Rubber Company of Pakistan Limited	222,400	-	-	-	222,400	-	-	-	-	0.00%	0.00%
<b>Cable and electrical goods</b>											
Pak Elektron Limited	500,000	-	-	-	500,000	-	-	-	-	0.00%	0.00%
TPL Trakker Limited	47,000	-	-	-	47,000	-	-	-	-	0.00%	0.00%
<b>Cement</b>											
D.G. Khan Cement Company Limited	350,000	-	1,600,000	-	1,950,000	-	-	-	-	0.00%	0.00%
Kohat Cement Company Limited	425,900	-	-	127,770	-	553,670	52,415	47,029	(5,387)	0.44%	0.28%
Maple Leaf Cement Factory Limited	3,901,100	-	5,943,000	-	3,931,600	5,912,500	254,948	240,343	(14,605)	2.27%	0.90%
Fauji Cement Company Limited	98,000	-	-	-	98,000	-	-	-	-	0.00%	0.00%
Dewan Cement Limited	2,105,500	-	-	-	-	2,105,500	37,899	24,487	(13,412)	0.23%	0.43%
Lucky Cement Limited	300,750	290,100	706,400	-	300,689	996,561	503,758	433,175	(70,583)	4.09%	0.31%
							849,020	745,035	(103,987)	7.03%	1.92%
<b>Chemical</b>											
Engro Polymer & Chemicals Limited	5,764,186	-	13,601,655	1,533,469	6,514,155	14,385,155	465,771	534,265	68,494	5.04%	1.58%
Archroma Pakistan Limited	60,800	5,050	-	-	-	65,850	33,254	33,584	329	0.32%	0.19%
ICI Pakistan Limited	-	64,000	-	-	64,000	-	-	-	-	0.00%	0.00%
							499,025	567,848	68,823	5.36%	1.78%
<b>Commercial banks</b>											
Allied Bank Limited	-	-	300,000	-	300,000	-	-	-	-	0.00%	0.00%
Askari Bank Limited	4,944,000	-	4,221,000	-	-	9,165,000	207,936	219,227	11,290	2.07%	0.73%
Bank Alfalah Limited	16,346,000	-	800,000	1,634,600	2,494,500	16,286,100	772,039	661,053	(110,986)	6.24%	1.01%
Faysal Bank Limited	102,225	-	5,588,500	-	-	5,690,725	144,770	136,976	(7,794)	1.29%	0.37%
Habb Bank Limited	5,019,800	-	623,000	-	3,963,500	1,679,300	265,713	202,272	(63,441)	1.91%	0.11%
Meezan Bank Limited	360	-	-	-	360	-	-	-	-	0.00%	0.00%
Bank AL Habib Limited	3,824,500	-	1,179,000	-	438,500	4,565,000	362,708	314,026	(48,682)	2.96%	0.41%
Habb Metropolitan Bank Limited	1,757,000	-	-	-	1,757,000	-	-	-	-	0.00%	0.00%
MCB Bank Limited	2,122,500	-	902,100	-	517,300	2,507,300	497,566	485,338	(12,228)	4.58%	0.21%
National Bank of Pakistan	352,000	-	-	-	352,000	-	-	-	-	0.00%	0.00%
The Bank of Punjab	13,255,500	-	19,527,500	-	2,565,500	30,217,500	358,854	361,703	2,850	3.41%	0.00%
United Bank Limited	799,200	-	6,032,900	-	871,300	5,960,800	874,589	731,033	(143,556)	6.90%	0.49%
							3,484,175	3,111,627	(372,547)	29.35%	3.34%

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Name of the investee company	No. of shares						Balance as at December 31, 2018			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2018	Re-classified under IFRS 9 (see note 3.1)	Purchased during the period	Bonus / Right Issue during the period	Sold during the period	As at December 31, 2018	Carrying Value	Market value as at December 31, 2018	Unrealised (loss) / gain		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
<b>Engineering</b>											
Aisha Steel Mills Limited	49,500	-	-	-	49,500	-	-	42,457	27,961	(14,496)	0.00%
Mughal Iron & Steel Industries Limited	2,013,500	11,760	-	-	1,334,000	691,260	1,334,000	165,065	109,468	(55,597)	0.26%
International Industries Limited	891,300	-	-	-	180,700	710,600	710,600	-	-	-	1.03%
Ittefaq Iron Industries Limited	2,781	-	-	-	2,781	-	-	-	-	-	0.00%
								207,522	137,429	(70,093)	0.87%
<b>Fertilizer</b>											
Engro Corporation Limited	1,048,500	-	845,800	-	634,000	1,260,300	1,260,300	397,770	366,848	(30,921)	3.46%
Engro Fertilizer Limited	4,113,000	-	3,251,000	-	2,767,500	4,596,500	4,596,500	347,467	317,388	(30,079)	2.99%
Fauji Fertilizer Company Limited	3,777,500	-	1,694,000	-	4,497,000	974,500	974,500	89,129	90,482	1,353	0.85%
Falima Fertilizer Company Limited	-	-	4,548,500	-	-	4,548,500	4,548,500	156,621	165,884	9,263	1.56%
								990,987	940,603	(50,384)	7.31%
<b>Food and personal care products</b>											
Al Shaheer Corporation Limited	-	10,455	13,000	-	-	23,455	23,455	644	561	(83)	0.01%
National Foods Limited	205,000	-	41,000	-	-	246,000	246,000	58,425	48,093	(10,332)	0.45%
Nestle Pakistan Limited	3,033	-	-	-	-	3,033	3,033	34,879	27,297	(7,582)	0.26%
								93,948	75,951	(17,997)	0.72%
<b>Glass and ceramics</b>											
Tariq Glass Industries Limited	403,400	-	-	-	159,200	244,200	244,200	26,168	21,292	(4,876)	0.20%
<b>Insurance</b>											
Pakistan Reinsurance Company Limited	2,157,000	-	-	-	-	2,157,000	2,157,000	70,922	74,934	4,012	0.71%
Adamjee Insurance Company Limited	809,500	-	-	-	809,500	-	-	-	-	-	0.00%
								70,922	74,934	4,012	0.71%
<b>Leather and tanneries</b>											
Service Industries Limited	40,700	-	-	-	-	40,700	40,700	31,949	29,513	(2,436)	0.28%
<b>Miscellaneous</b>											
Synthetic Products Enterprises Limited	1,678,500	-	-	-	-	1,678,500	1,678,500	85,771	56,079	(29,692)	0.5%
<b>Oil and gas exploration companies</b>											
Mari Petroleum Company Limited	280	215,670	-	21,595	75,000	162,545	162,545	222,565	200,883	(21,682)	1.89%
Pakistan Oilfields Limited	473,800	466,600	376,280	-	349,150	967,530	967,530	533,684	411,026	(122,658)	3.88%
Oil & Gas Development Company Limited	4,768,500	968,800	684,000	-	233,200	6,188,100	6,188,100	960,531	792,077	(168,454)	7.47%
Pakistan Petroleum Limited	1,975,600	-	379,530	1,236,200	99,100	3,492,230	3,492,230	644,601	522,647	(121,954)	4.93%
								2,361,381	1,926,633	(434,748)	18.17%
<b>Oil and gas marketing companies</b>											
Hascol Petroleum Limited	-	-	-	-	-	-	-	-	-	-	0.00%
Attock Petroleum Limited	2,150	-	430	-	2,551	29	29	14	13	(2)	0.00%
Hi-Tech Lubricants Limited	283,100	-	445,500	-	77,000	651,600	651,600	51,051	43,071	(7,980)	0.41%
Pakistan State Oil Company Limited	-	-	1,492,040	-	-	1,492,040	1,492,040	410,306	336,351	(73,955)	3.17%
Shell Pakistan Limited	22,200	-	-	-	300	21,900	21,900	6,922	6,715	(206)	0.06%
Sui Northern Gas Pipelines Limited	1,984,800	-	2,554,000	-	1,160,500	3,378,300	3,378,300	307,596	260,366	(47,231)	2.46%
Sui Southern Gas Company Limited	9,500	-	-	-	-	9,500	9,500	312	219	(93)	0.00%
								776,202	646,735	(129,468)	6.10%
											1.50%



# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Name of the investee company	No. of shares					Balance as at December 31, 2018		Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2018	Re-classified under IFRS 9 (see note 3.1)	Purchased during the period	Bonus / Right Issue during the period	Sold during the period	As at December 31, 2018	Carrying Value		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise									
<b>Paper and board</b>									
Cherat Packaging Limited	49	-	1	-	50	-	-	-	0.00%
<b>Pharmaceuticals</b>									
AGP Limited	1,159,577	-	330,000	-	1,489,000	577	53	(2)	0.00%
The Searle Company Limited	-	5,540	18,500	3,606	-	27,646	8,077	(1,288)	0.06%
							8,130	(1,290)	0.01%
<b>Power generation and distribution</b>									
The Hub Power Company Limited	2,594,100	1,872,400	1,607,000	-	413,500	5,660,000	518,912	(33,341)	4.58%
K-Electric Limited (Par value of Rs.3.5)	6,700,000	-	-	-	6,700,000	-	-	-	0.00%
Altam Energy Limited	-	327,000	-	-	-	327,000	12,410	(311)	0.09%
Pakgen Power Limited	-	15,500	-	-	15,500	-	-	-	0.00%
							531,322	(33,652)	4.69%
									0.58%
<b>Technology and communication</b>									
NetSol Technologies Limited	-	631,500	-	-	631,500	-	-	-	0.00%
Systems Limited	1,127,500	750	266,500	-	-	1,394,750	143,234	10,007	1.25%
Hum Network Limited (Par value of Re.1)	9,750,000	-	1,000,000	-	-	10,750,000	86,127	(38,827)	1.14%
							229,361	(28,820)	2.38%
<b>Textile composite</b>									
Kohinoor Textiles Mills Limited	1,591,378	995,340	-	-	-	2,586,718	142,244	(25,634)	1.10%
Gul Ahmed Textile Mills Limited	3,907,400	-	2,663,500	-	645,000	5,925,900	265,651	7,948	2.58%
Nishat Chunian Limited	-	-	673,500	-	-	673,500	38,807	(6,088)	0.31%
Nishat Mills Limited	2,290,100	-	-	-	968,500	1,321,600	186,240	(19,018)	1.58%
							632,942	(42,792)	5.57%
									3.18%
<b>Total as at December 31, 2018 (Un-Audited)</b>							10,878,825	(1,249,948)	
<b>Total as at June 30, 2018 (Audited)</b>							8,772,563	(359,199)	
5.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) security against settlement of the Fund's trades in terms of Circular No.11 dated: October 23, 2007 issued by SECP.									
	(Un-Audited) December 31, 2018	(Audited) June 30, 2018	(Un-Audited) December 31, 2018	(Audited) June 30, 2018					
	---- (Number of shares) ----				---- (Rupees in '000) ----				
Oil & Gas Development Company Limited	1,000,000	1,000,000	128,000	92,160					
The Hub Power Company Limited	2,000,000	2,000,000	171,580	311,240					
	3,000,000	3,000,000	299,580	403,400					



# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

## 5.2 Government securities - at fair value through profit or loss

Name of security	Issue date	Face value			Balances as at December 31, 2018			
		As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Carrying Value	Market Value	Unrealised (loss) / gain
Treasury Bills								
Market Treasury Bills - 3 months	10-May-2018	-	1,223,000,000	1,223,000,000	-	-	-	-
	10-May-2018	-	150,000,000	150,000,000	-	-	-	-
	19-Jul-2018	-	100,000,000	100,000,000	-	-	-	-
	19-Jul-2018	-	400,000,000	400,000,000	-	-	-	-
	2-Aug-2018	-	1,250,000,000	1,250,000,000	-	-	-	-
	2-Aug-2018	-	580,000,000	580,000,000	-	-	-	-
	2-Aug-2018	-	650,000,000	650,000,000	-	-	-	-
	2-Aug-2018	-	200,000,000	200,000,000	-	-	-	-
	2-Aug-2018	-	1,210,000,000	1,210,000,000	-	-	-	-
	11-Oct-2018	-	500,000,000	500,000,000	-	-	-	-
	11-Oct-2018	-	1,050,000,000	1,050,000,000	-	-	-	-
	11-Oct-2018	-	500,000,000	500,000,000	-	-	-	-
	11-Oct-2018	-	200,000,000	200,000,000	-	-	-	-
	11-Oct-2018	-	50,000,000	50,000,000	-	-	-	-
	11-Oct-2018	-	75,000,000	75,000,000	-	-	-	-
	11-Oct-2018	-	250,000,000	250,000,000	-	-	-	-
	11-Oct-2018	-	100,000,000	100,000,000	-	-	-	-
	11-Oct-2018	-	50,000,000	50,000,000	-	-	-	-
	11-Oct-2018	-	93,700,000	93,700,000	-	-	-	-
	11-Oct-2018	-	500,000,000	500,000,000	-	-	-	-
6-Dec-2018	-	800,000,000	800,000,000	-	-	-	-	
6-Dec-2018	-	175,000,000	175,000,000	-	-	-	-	
6-Dec-2018	-	150,000,000	150,000,000	-	-	-	-	
6-Dec-2018	-	1,100,000,000	1,100,000,000	-	-	-	-	
6-Dec-2018	-	500,000,000	500,000,000	-	-	-	-	
6-Dec-2018	-	1,125,000,000	1,125,000,000	-	-	-	-	
Total as at December 31, 2018 (Un-Audited)								
						-	-	-
Total as at June 30, 2018 (Audited)								
						-	-	-

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>6. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	6.1	57,875	57,875
Federal Excise Duty payable on management remuneration	6.2	54,774	54,774
Federal Excise Duty payable on sales load		3,933	3,933
Unclaimed dividends		9,796	9,838
Brokerage payable		3,480	5,344
Auditors' remuneration		405	567
Withholding tax payable		1,000	1,446
Printing and related charges payable		30	40
Dividend payable		41	16
Others		4,284	3,672
		<b>135,620</b>	<b>137,505</b>

**6.1** There is no change in the status of the SWWF as reported in note 11.2 to the annual financial statements of the Fund for the year ended June 30, 2018.

**6.2** There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty, as reported in note 11.1 to the annual financial statements of the Fund for the year ended June 30, 2018

## **7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at the December 31, 2018

## **8. 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 Fund has incurred a net loss during the period, no provision for taxation has been made in these interim financial statements.

## **9. LOSS PER UNIT**

Loss 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.

## **10. 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, 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.

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Remuneration payable to the Management Company is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

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

## 10.1 Unit Holder's Fund

Unit Holder's Fund	For the half year ended December 31, 2018 (Un-audited)							
	As at July 01, 2018	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at December 31, 2018	As at July 01, 2018	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2018
	----- (Number of units) -----				----- (Rupees in '000) -----			
MCB-Arif Habib Savings and Investments Limited								
- Management Company	2,048,988	2,432,680	1,569,518	2,912,150	194,256	219,087	144,000	246,117
Group / associated companies								
Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of group company	10,756	34,931	30,044	15,643	1,020	3,216	2,715	1,322
Adamjee Insurance Company Limited Employees Gratuity Fund	69,360	122,853	101,103	91,110	6,576	11,159	9,123	7,700
Adamjee Life Assurance Company Limited - IMF *	19,754,721	3,033,235	1,072,270	21,715,686	1,872,858	285,000	100,000	1,835,273
Adamjee Life Assurance Company Limited.-NUIL	1,409,006	266,073	139,328	1,535,751	133,582	25,000	13,000	129,792
Adamjee Insurance Company Limited Employees Provident Fund Trust	136,117	243,973	199,725	180,365	12,905	22,158	18,022	15,243
Adamjee Life Assurance Company Limited - ISF	2,108,051	441,784	-	2,549,835	199,855	41,510	-	215,496
D.G. Khan Cement Company Limited Employees Provident Fund Trust	2,841,551	6,888,764	3,535,877	6,194,438	269,395	631,218	331,950	523,515
Nishat Mills Employees Provident Fund Trust	-	5,116,684	2,665,621	2,451,063	-	495,000	257,000	207,148
Key Management Personnel	134,001	106,367	70,506	169,862	13,735	9,761	6,432	14,356
Mandate under discretionary portfolio services	10,722,140	7,297,653	11,165,188	6,854,605	1,099,037	697,639	1,067,126	579,308

	For the half year ended December 31, 2017 (Un-audited)							
	(Number of units)				(Rupees in '000)			
MCB-Arif Habib Savings and Investments Limited								
- Management Company	2,782,581	557,576	976,209	2,363,948	285,219	49,672	90,000	215,137
Group / associated companies								
Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of group company	11,625	12,101	14,453	9,273	1,192	1,107	1,299	844
Adamjee Insurance Company Limited Employees Gratuity Fund	117,589	187,806	240,088	65,307	12,053	17,980	22,521	5,943
Adamjee Life Assurance Company Limited - IMF	16,932,999	3,742,621	436,214	20,239,406	1,735,661	355,000	45,000	1,841,940
Adamjee Life Assurance Company Limited - NUIL	1,515,637	-	-	1,515,637	155,355	-	-	137,934
Adamjee Insurance Company Limited Employees Provident Fund Trust	225,797	362,997	460,760	128,034	23,145	34,736	43,205	11,652
Adamjee Life Assurance Company Limited - ISF	412,198	945,583	484,683	873,098	42,251	95,000	50,000	79,459
Adamjee Life Assurance Company Limited - ISF II	363,704	188,405	552,109	-	37,500	17,700	52,102	-
D.G. Khan Cement Company Limited Employees Provident Fund Trust	145,730	53,535	-	199,265	14,938	5,000	-	18,135
Nishat Mills Employees Provident Fund Trust	-	5,116,684	2,665,621	2,451,063	-	495,000	257,000	223,065
Key Management Personnel	134,001	106,367	70,506	169,862	13,735	9,761	6,432	15,459
Mandate Under Discretionary Portfolio Services	10,722,140	7,297,653	11,165,188	6,854,605	1,099,037	697,639	1,067,126	623,821

\* The unit holder also holds 10% or more of the units in the Fund.

## 10.2 Transactions during the period:

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

	2018	2017
Remuneration of the Management Company (including indirect taxes)	129,500	115,936
Selling and marketing expenses	22,919	20,519
Issue of 2,432,680 (2017: 557,576) units	219,087	49,672
Redemption of 1,569,518 (2017: 976,209) units	144,000	90,000
Allocated expenses	6,475	5,797

### Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee (including indirect taxes)	7,045	6,366
Central Depository Service charges	401	1,119

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
<b>Arif Habib Capital Limited - Brokerage House</b>		
Brokerage expense*	1,048	1,456
Sale of Nil (2017: 662,000) shares	-	39,040
<b>Next Capital Limited - Brokerage House</b>		
Brokerage expense*	642	1,793
<b>Summit Capital (Private) Limited</b>		
Brokerage expense*	-	66
<b>MCB Bank Limited</b>		
Bank charges	56	46
Profit on balances with banks	6,531	341
Dividend income	20,086	12,358
Purchase of securities having face value of Rs.9.02 (2017: Nil) million	180,698	-
Sale of securities having face value of Rs.5.17 (2017: Nil) million	387,013	-
<b>Silk Bank Limited</b>		
Purchase of securities having face value of Nil (2017: Rs.750) million	-	741,268
Sale of securities having face value of Nil (2017: Rs.750) million	-	743,582
<b>D.G. Khan Cement Company Limited</b>		
Purchase of securities having face value of Rs.16 (2017: Rs.750) million	143,968	279,164
Sale of securities having face value of Rs.19.5 (2017: Rs.750) million	210,769	405,561
<b>Nishat Mills Limited</b>		
Purchase of securities having face value of Nil (2017: Rs.20) million	-	289,948
Sale of securities having face value of Rs.9.7 (2017: Rs.0.5) million	131,145	6,082
<b>Mughal Iron &amp; Steel Industries Limited</b>		
Purchase of securities having face value of Rs.0.1 (2017: Rs.18.9) million	722	120,868
Sale of securities having face value of Rs.13.3 (2017: Rs.25.6) million	76,882	70,910
<b>Fatima Fertilizer Company Limited</b>		
Purchase of securities having face value of Rs.45.5 (2017: Rs.18.9) million	156,621	-
<b>Pakgen Power Limited</b>		
Dividend income	-	16
Sale of securities having face value of Rs.0.2 (2017: Nil) million	299	-
<b>Nishat Chunian Limited</b>		
Dividend income	-	495
Purchase of securities having face value of Rs.6.7 (2017: Nil) million	38,807	-
Sale of securities having face value of Nil (2017: Rs.41.9) million	-	216,706

**NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	<b>Half year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Aisha Steel Mills Limited</b>		
Sale of securities having face value of Rs.0.5 (2017: Rs.25.6) million	<b>693</b>	47,260
<b>Adamjee Insurance Company Limited</b>		
Purchase of securities having face value of Nil (2017: Rs.0.6) million	-	3,733
Sale of securities having face value of Rs.8.1 (2017: Nil) million	<b>38,837</b>	-
<b>Nishat Mills Limited Employees Provident Fund Trust</b>		
Issue of units 6,888,764 (2017: 5,116,684) units	<b>631,218</b>	495,000
Redemption of 3,535,877 (2017: 2,665,621) units	<b>331,950</b>	257,000
<b>Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of a group company</b>		
Issue of 34,931 (2017: 12,101) units	<b>3,216</b>	1,107
Redemption of 30,044 (2017: 14,453) units	<b>2,715</b>	1,299
<b>D. G. Khan Cement Company Limited Employees Provident Fund Trust</b>		
Issue of Nil (2017: 55,535) units	-	5,000
<b>Nishat Mills Limited</b>		
Dividend income	<b>7,329</b>	10,092
<b>Mughal Iron and Steel Industries Limited</b>		
Dividend income	<b>1,521</b>	1,225
<b>Pakgen Power Limited</b>		
Dividend income	-	16
<b>Nishat Chunian Limited</b>		
Dividend income	-	495
<b>Adamjee Life Assurance Company Limited - IMF</b>		
Issuance of 3,033,235 (2017: 3,742,621) units	<b>285,000</b>	355,000
Redemption of 1,072,270 (2017: 436,214) units	<b>100,000</b>	45,000
<b>Adamjee Life Assurance Company Limited - ISF</b>		
Issuance of 441,784 (2017: 945,583) units	<b>41,510</b>	95,000
Redemption of Nil (2017: 484,683) units	-	50,000
<b>Adamjee Life Assurance Company Limited - ISF II</b>		
Issuance of Nil (2017: 188,405) units	-	17,700
Redemption of Nil (2017: 552,109) units	-	52,102
<b>Adamjee Life Assurance Company Limited - NUIL</b>		
Issuance of 266,073 (2017: Nil) units	<b>25,000</b>	-
Redemption of 139,328 (2017: Nil) units	<b>13,000</b>	-
<b>Mandate Under Discretionary Portfolio Services</b>		
Issuance of 12,210,076 (2017: 7,2976,653) units	<b>1,110,043</b>	697,639
Redemption of 10,604,957 (2017: 11,165,188) units	<b>960,455</b>	1,067,126
<b>Key management personnel</b>		
Issuance of 157,529 (2017: 106,367) units	<b>14,460</b>	9,761
Redemption of 105,479 (2017: 70,506) units	<b>9,801</b>	6,432

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
<b>Adamjee Insurance Company Limited Employees Gratuity Fund</b>		
Issuance of 122,853 (2017: 187,806) units	11,159	17,980
Redemption of 101,103 (2017: 240,088) units	9,123	22,521
<b>Adamjee Insurance Company Limited Employees Provident Fund</b>		
Issuance of 243,973 (2017: 362,997) units	22,158	34,736
Redemption of 199,725 (2017: 460,760) units	18,022	43,205
<b>10.3 Balances outstanding at period end:</b>		
	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>		
Remuneration payable	19,043	17,469
Sindh sales tax payable on remuneration	2,476	2,271
Sales load payable including related taxes	1,573	541
Payable against allocated expense	946	873
Payable against marketing and selling expenses	11,628	10,946
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	1,040	958
Sindh sales tax payable on remuneration	135	125
Security deposit	500	500
<b>MCB Bank Limited</b>		
Balance with bank	15,560	96,528
2,503,700 (June 30, 2018: 2,122,500) shares held	485,338	419,767
Profit receivable on bank balances	3,581	159
Sales load payable	5	16
<b>D.G. Khan Cement Company Limited</b>		
Nil (June 30, 2018: 350,000) shares held	-	40,071
<b>Aisha Steel Mills Limited</b>		
Nil (June 30, 2018: 49,500) shares held	-	781
<b>Mughal Iron and Steel Industries Limited</b>		
691,260 (June 30, 2018: 2,013,500) shares held	27,961	123,669
<b>Adamjee Insurance Company Limited</b>		
Nil (June 30, 2018: 809,500) shares held	-	39,447
<b>Synthetic Products Enterprises Limited</b>		
1,678,500 (June 30, 2018: 1,678,500) shares held	56,079	85,771
<b>Nishat Chunian Limited</b>		
673,500 (June 30, 2018: Nil) shares held	32,719	-
<b>Nishat Mills Limited</b>		
1,321,600 (June 30, 2018: 2,290,100) shares held	167,222	322,721
<b>Next Capital Limited - Brokerage House</b>		
Brokerage payable *	20	800
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage payable *	15	90

# NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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 financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

Level 1:	quoted prices in active markets for identical assets or liabilities;
Level 2:	those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3:	those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2018 and June 30, 2018, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>December 31, 2018 (Un-Audited)</b>				
At fair value through profit or loss	9,628,879	-	-	9,628,879
<b>June 30, 2018 (Audited)</b>				
At fair value through profit or loss	8,413,364	-	-	8,413,364
Available for sale	1,309,693	-	-	1,309,693
	9,723,057	-	-	9,723,057

During the period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

The Fund has not disclosed the fair values of other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

## 12. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.66% as on December 31, 2018 (December 31, 2017: 1.78%) and this includes 0.19% (December 31, 2017: 0.19%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations 60(5) for a collective investment scheme categorised as an equity scheme.

## 13. GENERAL

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

## NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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**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 no material re-arrangements / re-classifications to report other than as disclosed in note 3.1.

### **14. DATE OF AUTHORISATION FOR ISSUE**

These interim financial statement were authorised for issue by the Board of Directors of the Management Company in the meeting held on February 18, 2019.

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



Chief Executive Officer



Chief Financial Officer



Director



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

**Head Office:** 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900  
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,  
URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)