



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

PAKISTAN CAPITAL MARKET FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan Standard Chartered Bank Pakistan Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountant State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box Karachi, Sindh-74000, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

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

MARKET & ECONOMIC REVIEW

Economy and Money Market 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.

FUND PERFORMANCE

During the period under review, the fund posted a negative return of 6.18% compared to a negative return of 8.43% posted by the benchmark.

On the equities front, the overall allocation was slightly decreased to 63.8% from 65.8%. Exposure in cash was increased from 32.9% to 34.8% at the end of the period under review. Sector-wise, the fund increased its exposure in Fertilizers & Banks.

On the fixed income side, the fund maintained its exposure in T-Bills at 0% as of 31st December, 2018 and in TFCs at 0.2%.

The Net Assets of the Fund as at December 31, 2018 stood at Rs. 546 million as compared to Rs. 619 million as at June 30, 2018 registering a decrease of 11.80%.

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

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 10.4700 as compared to opening NAV of Rs. 11.1600 per unit as at June 30, 2018 showing a decrease of Rs. 0.69 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.

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
Vice Chairman / Director

ڈائریکٹرز رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

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 اڈل کے 8 بلین ڈالر کے مقابلے میں سسٹ 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 کثیر الجہت 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، گیس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی بیشی کے سسٹ 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 سسٹ 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 منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ 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 ایکویٹی 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 بھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریسٹ 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 دوچار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اظہار تشکر

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، ڈائریکٹرز منجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز،

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

18 فروری، 2019ء

نسیم بیگ

وائس چیئرمین / ڈائریکٹر

پاکستان نے Bai Muajjal کی نیلامی منعقد کی جس میں 76.55 بلین کی کل شرکت میں سے 72.55 بلین قبول کیے گئے۔

ایکویٹی مارکیٹ کا جائزہ

سال رواں میں بیج 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 ہو سکا 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۔

نصف اول میں اکثر بڑے شعبہ جات مثلاً ریفائنریز، آئوز، 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

زیر جائزہ مدت کے دوران فنڈ نے 6.18% منفی منافع پوسٹ کیا جبکہ بیج مارک نے 8.43% منفی منافع پوسٹ کیا۔ ایکویٹیز میں مجموعی سرمایہ کاری کو 65.8% سے کم کر کے 63.8% کر دیا گیا، جبکہ نقد میں سرمایہ کاری کو 32.9% سے بڑھا کر 34.8% کر دیا گیا۔ سیکٹر کے اعتبار سے کھاد اور بینک کے شعبوں میں فنڈ کی سرمایہ کاری میں اضافہ کیا گیا۔ مقررہ آمدنی کی جہت میں 31 دسمبر 2018ء کو فنڈ کی سرمایہ کاری ٹی بلز میں 0% اور ٹرم فنانس سرٹیفکیٹس (TFCs) میں 0.2% کی سطح پر برقرار تھی۔ 31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 546 ملین روپے تھے، جو 30 جون 2018ء کو 619 ملین روپے کے مقابلے میں 11.80% کمی ہے۔ 31 دسمبر 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 10.4700 روپے تھی، جو 30 جون 2018ء کو 11.1600 روپے فی یونٹ کے مقابلے میں 0.69 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 کارگری کاؤنٹ 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

ڈائریکٹر رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیپٹل مارکیٹ فنڈ کی 31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی ششماہی رپورٹ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلارکاوٹ 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 نہرو آزماتہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% 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 پسٹ base effect اور کرنسی میں کمی بیشی کے سسٹ 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 زر میں 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 YoY 0.9% کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دواسازی اور صارفی مصنوعات میں سسٹ روی ہے۔ LSM میں ترقی معیشت میں مجموعی سسٹ روی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔ دوران ششماہی مالیاتی تنگی میں اضافے کے حوالے سے مارکیٹ کے فریقوں کی توقع برقرار رہی، چنانچہ پیداواری خم بلندی کی طرف مائل ہوا۔ ابتدائی چھ ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو بازار کے زیادہ تر حصے کی توقعات کے مطابق بڑھا کر 350 bps کر دیا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز (PIB) کی اکثر نیلامیوں کو اسٹیٹ بینک آف پاکستان نے کمزور حجم اور بلند سطح پر شرکت کے باعث مسترد کر دیا۔ تین سالہ، پانچ سالہ اور دس سالہ PIB کو دسمبر 2018ء میں ہونے والی نیلامی میں بالترتیب 12.25%، 12.70% اور 13.15% پر قبول کیا گیا۔ مالی سال 2019ء کی پہلی ششماہی کے دوران Two Floater شرح کے PIB کی نیلامیاں منعقد ہوئیں۔ پہلی کو بیچ مارک شرح 70 bps + پر قبول کیا گیا۔ دوسری کو شرکت کی بلند سطح کے باعث مسترد کر دیا گیا۔ خارجی صورتحال پر خدشات کے باعث طویل تر میعاد کے ٹریڈری انفر وٹمنس میں بازار کی شرکت متاثر ہوئی اور 3 ماہ یا اس سے کم مدت کے دستاویزات میں بدستور اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان کے باقاعدگی سے منعقدہ OMOs کی بدولت نقدیت پوری مدت کے دوران سہل سطح پر رہی۔ دوسری سہ ماہی کے دوران 117.7 بلین مالیت کے حکومت پاکستان کے فلوٹر ریٹ اجارہ سلگ کی مدت مکمل ہوئی۔ حکومت پاکستان کے تازہ اجارہ سلگ کا اجراء نہیں کیا گیا جبکہ اسٹیٹ بینک آف

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 Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



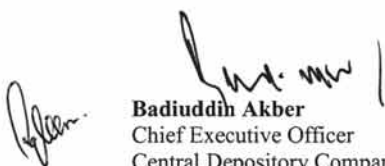
TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL 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 Pakistan Capital 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





A.F. FERGUSON & CO.

AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Capital Market Fund** (the Fund) as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2018. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The condensed interim financial statements of the Fund for the half year ended December 31, 2017 were reviewed and the financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 26, 2018 and September 14, 2018 respectively.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 22, 2019

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■ KARACHI ■ LAHORE ■ ISLAMABAD

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

		December 31, 2018 (Unaudited) (Rupees in '000)	June 30, 2018 (Audited)
	Note		
ASSETS			
Balances with banks	4	196,043	210,758
Investments	5	359,559	422,928
Dividend and profit receivables		1,518	2,422
Advances, deposits and prepayments		5,083	5,067
Total assets		562,203	641,175
LIABILITIES			
Payable to MCB - Arif Habib Savings and Investments Limited - Management Company	6	1,746	1,372
Payable to Central Depository Company of Pakistan Limited - Trustee		110	119
Payable to Securities and Exchange Commission of Pakistan		259	536
Payable against purchase of investment		-	6,325
Payable against redemption of units		216	216
Accrued expenses and other liabilities	7	13,655	14,028
Total liabilities		15,986	22,596
NET ASSETS		546,217	618,579
Unit holders' fund (as per statement attached)		546,217	618,579
Contingencies and commitments	8.		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		52,180,064	55,412,733
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		10.47	11.16

The annexed notes from 1 to 16 form an integral part of these condensed 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

		Six months period ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note	(Rupees in '000)		(Rupees in '000)	
INCOME					
Capital loss on sale of investments-net		(7,411)	(26,578)	(9,997)	(10,752)
Dividend income		9,898	5,994	5,222	3,828
Income from government securities		5,718	2,391	3,617	510
Income from term finance certificates		46	36	24	18
Income from term deposit receipts		-	1,145	-	410
Profit on bank deposits		3,419	5,801	1,314	3,440
Income on deposit with NCCPL against exposure margin		2	8	-	3
Unrealised (diminution) / appreciation on re-measurement of investments classified at fair value through profit or loss - net		(37,999)	(15,937)	(34,650)	6,119
Total income		(26,327)	(27,140)	(34,470)	3,576
Impairment loss on investment in equity securities classified as available for sale - net		-	(2,032)	-	(2,032)
EXPENSES					
Remuneration of the Management Company	6.1	6,089	6,267	2,973	3038
Sindh sales tax on remuneration of Management Company	6.2	792	815	387	395
Remuneration of Central Depository Company of Pakistan Limited - Trustee		609	627	297	304
Sindh sales tax on remuneration of the trustee		79	81	38	39
Annual fee to the Securities and Exchange Commission of Pakistan		259	266	127	129
Allocated expenses	11	344	354	168	172
Marketing and selling expense		1,218	-	595	-
Securities transaction cost		708	1,191	593	668
Settlement and bank charges		266	357	(163)	128
Fees and subscription		38	77	15	42
Auditors' remuneration		294	333	162	153
Printing and related cost		24	(221)	(1)	(300)
Legal and professional charges		91	94	46	35
Total expenses		10,811	10,241	5,237	4803
Net loss from operating activities		(37,138)	(39,413)	(39,707)	(1,227)
Reversal of provision for Workers' Welfare Fund		-	-	51	-
Net loss for the period before taxation		(37,138)	(39,413)	(39,656)	(1,227)
Taxation	9	-	-	-	-
Net loss for the period after taxation		(37,138)	(39,413)	(39,656)	(1,227)
Allocation of net loss for the period:					
Net income for the period		-	-	-	-
Income already paid on units redeemed		-	-	-	-
Accounting income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	-	-
Accounting income available for distribution		-	-	-	-
Loss per unit	10				

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Six months period ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000)		(Rupees in '000)	
Net loss for the period after taxation	(37,138)	(39,413)	(39,656)	(1,227)
Other comprehensive income / (loss) for the period				
Unrealised diminution on re-measurement of investments classified as 'available-for-sale' - net	-	(4,329)	-	(1,598)
Total comprehensive loss for the period	<u>(37,138)</u>	<u>(43,742)</u>	<u>(39,656)</u>	<u>(2,825)</u>

The annexed notes from 1 to 16 form an integral part of these condensed 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

	Six months period ended December 31, 2018				Six months period ended December 31, 2017			
	(Rupees in '000)							
	Capital Value	Undistributed income	Unrealised appreciation/(diminution) on "Available for sale" investments	Total	Capital Value	Undistributed income	Unrealised appreciation/(diminution) on "Available for sale" investments	Total
Net assets at beginning of the period	573,580	42,884	2,115	618,579	613,064	68,003	(5,885)	675,182
Change in accounting policy - note 3.3	-	2,115	(2,115)	-	-	-	-	-
Net assets at beginning of the period	573,580	44,999	-	618,579	613,064	68,003	(5,885)	675,182
Issuance of 1,779,551 units (2017: 3,672,810 units)								
- Capital value (at net asset value per unit at the beginning of the period)	19,860	-	-	19,860	42,347	-	-	42,347
- Element of income	232	-	-	232	(1,607)	-	-	(1,607)
Total proceeds from issuance of units	20,092	-	-	20,092	40,740	-	-	40,740
Redemption of 5,012,220 units (2017: 6,416,134 units)								
- Capital value (at net asset value per unit at the beginning of the year)	55,936	-	-	55,936	(73,978)	-	-	(73,978)
- Amount paid out of element of income	(620)	-	-	(620)	-	-	-	-
- Refund / (adjustment) on units as element of income	-	-	-	-	3,362	-	-	3,362
Total payments on redemption of units	55,316	-	-	55,316	(70,616)	-	-	(70,616)
Total comprehensive loss for the period	-	(37,138)	-	(37,138)	-	(39,413)	(4,329)	(43,742)
Net assets at end of the period	538,356	7,861	-	546,217	724,420	28,590	(10,214)	742,796
Undistributed income brought forward								
- Realised		67,904				72,282		
- Unrealised loss		(25,020)				(4,279)		
		42,884				68,003		
Change in accounting policy - note 3.3		2,115				-		
Undistributed income brought forward-restated		44,999				68,003		
Accounting income available for distribution								
- Relating to capital gains	-				-			
- Excluding capital gains	-				-			
Net loss for the period after taxation		(37,138)				(39,413)		
Undistributed income carried forward		<u>7,861</u>				<u>28,590</u>		
Undistributed income carried forward								
- Realised		45,860				44,527		
- Unrealised		(37,999)				(15,937)		
		<u>7,861</u>				<u>28,590</u>		
			(Rupees)				(Rupees)	
Net assets value per unit at beginning of the period			<u>11.16</u>				<u>11.53</u>	
Net assets value per unit at end of the period			<u>10.47</u>				<u>10.77</u>	

The annexed notes from 1 to 16 form an integral part of these condensed 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

Six moths period ended
December 31, 2018 December 31, 2017
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period before taxation (37,138) (39,413)

Adjustments for non-cash and the items

Unrealised diminution in value of investments
classified as at fair value through profit or loss - net 37,999 15,937

(Increase) / decrease in assets

Investments	25,370	85,367
Receivable against sale of investments	-	10,154
Dividend and profit receivables	904	447
Advances deposits and prepayments	(16)	1,031
	26,258	96,999

(Decrease) / Increase in liabilities

Payable to Management Company	374	(315)
Payable to Central Depository Company of Pakistan Limited - Trustee	(9)	(13)
Payable to Securities and Exchange Commission of Pakistan	(277)	(302)
Payable against purchase of investments	(6,325)	6,787
Accrued expenses and other liabilities	(373)	(914)
	(6,610)	5,243

Net cash generated from operating activities 20,509 39,353

CASH FLOWS FROM FINANCING ACTIVITIES

Receipt from issuance and conversion of units	20,092	40,335
Payment against redemption and conversion of units	(55,316)	(70,211)
Net cash used in financing activities	(35,224)	(29,876)

Net (decrease) / increase in cash and cash equivalents during the period (14,715) 9,477

Cash and cash equivalents at beginning of the period 210,758 204,777

Cash and cash equivalents at end of the period 196,043 214,254

The annexed notes from 1 to 16 form an integral part of these condensed 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and the Central Depository Company of Pakistan Limited (CDC) as Trustee on October 27, 2003. The Investment Adviser of Pakistan Capital Market Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Pakistan Capital Market Fund as a closed-end scheme was authorized by SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4** The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities, secured debt securities, money market transactions and reverse repurchase transactions.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned as asset manager of AM2++ (Positive outlook) dated October 08, 2018 to the Management Company and long term performance rating of 4-star and short term performance rating of 4-star to the Fund dated October 31, 2018.
- 1.6** Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting 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 (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 Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. 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 annual published audited financial statements of the Fund for the year ended June 30, 2018.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

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, 2018 except for the change in accounting policy as explained in note 3.3.

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

3.3 Standards and amendments to published accounting and reporting standards that are effective in the current period

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

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

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

The Fund has adopted modified retrospective restatement for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current period.

The effect of this change in accounting policy is as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

The effect of this change in accounting policy is as follows:

	As at June 30, 2018	Change	As at July 1, 2018
	-----Rupees in '000-----		
Impact on Statement of Assets and Liabilities			
Investments - 'Available for sale'	12,028	(12,028)	-
Investments - 'At fair value through profit or loss'	409,902	12,028	421,930
	As at June 30, 2018	Change	As at July 1, 2018
	-----Rupees in '000-----		
Impact on Statement of Unitholders' fund			
Unrealised appreciation / (diminution) on			
'Available-for-sale' investments	2,115	(2,115)	-
Undistributed income	42,884	2,115	44,999

There is no impact on the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim cash flow statement.

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

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2019. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
		-----Rupees in '000-----	
4. BALANCES WITH BANKS	Note		
In current accounts		2,590	4,996
In saving accounts	4.1	193,453	205,762
		<u>196,043</u>	<u>210,758</u>

- 4.1** This includes balances of Rs.1.44 million (June 30, 2018: Rs.3.02 million) maintained with MCB Bank Limited (a related party) that carry profit at 8.00% (June 30, 2018: 3.75%) per annum. These accounts carry profit at the rate ranging from 4.50% to 8.75% (June 30, 2018: 3.75% to 7.35%) per annum.

		December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
		-----Rupees in '000-----	
5. INVESTMENTS	Note		
At fair value through profit or loss			
Listed equity securities	5.1	358,558	409,902
Government securities	5.2	-	-
Unlisted debt security	5.3	1,001	998
		<u>359,559</u>	<u>410,900</u>
Available for Sale			
Listed equity securities	5.4	-	12,028
		<u>359,559</u>	<u>422,928</u>

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

Name of the Investee Company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.3	As at July 1, 2018 - Adjusted	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2018	As at December 31, 2018			Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total paid up capital of the investee company
								Carrying Value	Market value	Appreciation / (diminution)			
COMMERCIAL BANKS													
Askari Bank Limited	432,500	-	432,500	135,000	-	200,000	367,500	8,230	8,791	561	1.61%	2.44%	0.001%
Bank Al Falah Limited	734,500	-	734,500	-	73,450	-	807,950	38,407	32,795	(5,612)	6.00%	9.12%	0.002%
Habib Bank Limited	283,000	300	283,300	-	-	283,300	-	-	-	-	-	-	-
The Bank Of Punjab Limited	852,500	-	852,500	1,050,000	-	150,000	1,752,500	20,648	20,977	329	3.84%	5.83%	0.001%
Faysal Bank Limited	8,500	-	8,500	225,000	-	-	233,500	6,352	5,620	(732)	1.03%	1.56%	0.000%
MCB Bank Limited	142,600	100	142,700	-	-	100	142,600	28,202	27,603	(599)	5.05%	7.68%	0.002%
United Bank Limited	30,000	-	30,000	338,100	-	111,000	257,100	35,713	31,531	(4,182)	5.77%	8.77%	0.003%
								137,553	127,317	(10,236)	23.31%	35.41%	0.01%
ENGINEERING													
International Industries Limited	900	-	900	-	-	-	900	209	138	(71)	0.03%	0.04%	-
Mughal Iron and Steel Industries Limited **	86,000	-	86,000	-	-	86,000	-	-	-	-	-	-	-
								209	138	(71)	0.03%	0.04%	-
FERTILIZER													
Engro Fertilizer Limited	-	-	-	279,000	-	-	279,000	20,905	19,265	(1,640)	3.53%	5.36%	0.001%
Fatima Fertilizer Company Limited	216,000	-	216,000	-	-	-	216,000	6,998	7,877	879	1.44%	2.19%	0.0004%
Fauji Fertilizer Company Limited	193,000	-	193,000	62,500	-	193,000	62,500	5,764	5,803	39	1.06%	1.61%	0.001%
								33,668	32,945	(723)	6.03%	9.16%	-
FOOD & PERSONAL CARE PRODUCTS													
Al-Shaheer Corporation	-	805	805	-	-	-	805	22	19	(3)	-	0.01%	-
National Foods Limited	-	-	-	11,000	2,200	-	13,200	3,135	2,581	(554)	0.47%	0.72%	0.005%
Shezan International Limited	-	2,600,260	-	-	260	-	2,860	1,482	1,323	(159)	0.24%	0.37%	0.015%
								4,639	3,923	(716)	0.71%	1.09%	0.02%
LEATHER & TANNERIES													
Bata Pakistan Limited	550	-	550	-	-	-	550	1,045	850	(195)	0.16%	0.24%	0.011%
Service Industries Limited	8,900	-	8,900	-	-	1,100	7,800	6,123	5,656	(467)	1.04%	1.57%	0.047%
								7,168	6,506	(662)	1.19%	1.81%	0.06%

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

Name of the Investee Company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.3	As at July 1, 2018 - Adjusted	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2018	As at December 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of total paid up capital of the investee company
								Carrying Value	Market value	Appreciation / (diminution)			
-----Rupees in '000'-----													
-----Number of shares-----													
-----%-----													
OIL & GAS EXPLORATION COMPANIES													
Oil & Gas Development Company Limited	180,000	-	180,000	91,000	-	67,500	203,500	31,363	26,048	(5,315)	4.77%	7.24%	0.001%
Pakistan Oilfields Limited	46,850	-	46,850	-	8,110	33,300	21,660	12,126	9,202	(2,924)	1.68%	2.56%	0.003%
Pakistan Petroleum Limited	60,330	-	60,330	102,000	13,549	-	175,879	30,440	26,322	(4,118)	4.82%	7.32%	0.001%
Mari Petroleum Company Limited	-	15,400	15,400	-	-	15,400	-						
								73,929	61,572	(12,357)	11.27%	17.12%	0.01%
OIL AND GAS MARKETING COMPANIES													
Hi-Tech Lubricants Limited	17,400	-	17,400	-	-	7,000	10,400	1,054	687	(367)	0.13%	0.19%	0.001%
Pakistan State Oil Companylimited.	-	-	-	37,000	7,400	-	44,400	12,432	10,009	(2,423)	1.83%	2.78%	0.003%
Sui Northern Gas Pipelines Limited	113,000	-	113,000	70,000	-	100,000	83,000	7,324	6,397	(927)	1.17%	1.78%	0.001%
								20,810	17,093	(3,717)	3.13%	4.75%	0.004%
PHARMACEUTICALS													
Agp Limited	1,015	-	1,015	82,500	-	83,500	15	1	1	-	-	-	-
The Searle Company Limited	519	-	519	-	77	-	596	176	146	(30)	0.03%	0.04%	0.0001%
								177	147	(30)	0.03%	0.04%	0.0001%
POWER GENERATION & DISTRIBUTION													
Hub Power Company Limited	190,500	-	190,500	65,000	-	64,500	191,000	17,397	16,386	(1,011)	3.00%	4.56%	0.001%
								17,397	16,386	(1,011)	3.00%	4.56%	0.001%
REAL ESTATE INVESTMENT AND SERVICES													
Dolmen City REIT	249,500	-	249,500	-	-	-	249,500	3,219	2,991	(228)	0.55%	0.83%	0.13%
								3,219	2,991	(228)	0.55%	0.83%	0.13%
TECHNOLOGY & COMMUNICATIONS													
Avanceon Limited	150,000	-	150,000	-	-	150,000	-	-	-	-	-	-	-
Hum Network	700,000	-	700,000	-	-	-	700,000	5,663	3,080	(2,583)	0.56%	0.86%	0.002%
								5,663	3,080	(2,583)	0.56%	0.86%	0.002%

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

Name of the Investee Company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.3	As at July 1, 2018 - Adjusted	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2018	As at December 31, 2018			Market value as a percentage of total investments	Market value as a percentage of total paid up capital of the investee company
								Carrying Value	Market value	Appreciation / (diminution)		
TEXTILE COMPOSITE												
Gul Ahmed Textile Mills Limited	275,000	-	275,000	60,000	-	60,000	275,000	12,162	12,699	537	2.32%	3.53%
Kohinoor Textile Mills Limited	74,200	79,500	153,700	-	-	-	153,700	8,452	6,929	(1,523)	1.27%	1.93%
Nishat Chunian Limited **	-	-	-	100,000	-	-	100,000	5,762	4,858	(904)	0.89%	1.35%
Nishat Mills Limited **	140,600	-	140,600	-	-	140,000	600	84	76	(8)	0.01%	0.02%
								26,460	24,562	(1,898)	4.50%	6.83%
Total at December 31, 2018								396,560	358,558	(38,002)	65.64%	99.72%
Total at June 30, 2018								434,921	409,902	(25,018)	67.00%	103.98%

** These represent transactions of shares which are related parties.

The above include shares with a market value aggregating to Rs. 29,670 million (June 30, 2018: Rs. 37.26) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

Tenure	Issue Date	Face value				As at December 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Sales / matured during the period	As at December 31, 2018	Carrying value	Market value	Appreciation / (diminution)		
Treasury bills - 3 months										
Market Treasury bills	July 19, 2018	-	175,000	175,000	-	-	-	-	-	-
Market Treasury bills	August 2, 2018	-	200,000	200,000	-	-	-	-	-	-
Market Treasury bills	August 2, 2018	-	150,000	150,000	-	-	-	-	-	-
Market Treasury bills	October 11, 2018	-	175,000	175,000	-	-	-	-	-	-
Market Treasury bills	October 11, 2018	-	25,000	25,000	-	-	-	-	-	-
Market Treasury bills	December 6, 2018	-	175,000	175,000	-	-	-	-	-	-
Market Treasury bills	December 6, 2018	-	150,000	150,000	-	-	-	-	-	-
Market Treasury bills	December 6, 2018	-	100,000	100,000	-	-	-	-	-	-
Total as at December 31, 2018						-	-	-	-	-
Total as at June 30, 2018						-	-	-	-	-

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

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates				As at December 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2018	Carrying value	Market Value	Appreciation / (diminution)	
Byco Petroleum Pakistan Limited (18-01-2017 issue)	10	-	-	-	10	998	1,001	3	0.18% 0.28%
Total as at December 31, 2018						998	1,001	3	
Total as at June 30, 2018						1,000	998	(2)	

5.4 Listed equity securities

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

Name of the Investee Company	As at July 1, 2018	Transfers to 'fair value through profit or loss' category upon adoption of IFRS 9 - note 3.3	Balance adjusted as at July 1, 2018	As at December 31, 2018			Market value as percentage of total paid up capital of the investee company
				Carrying Value	Market value / (diminution)	Market value as a percentage of net assets	
AUTOMOBILE AND PARTS							
Indus Motors Company Limited	50	(50)	-	-	-	-	-
				-	-	-	-
CHEMICALS							
ICI Pakistan Limited	7,500	(7,500)	-	-	-	-	-
				-	-	-	-
COMMERCIAL BANKS							
Habib Bank Limited	300	(300)	-	-	-	-	-
MCB Bank Limited	100	(100)	-	-	-	-	-
				-	-	-	-
FOOD AND PERSONAL CARE PRODUCTS							
Al Shaheer Corporation Limited	805	(805)	-	-	-	-	-
Shezan International Limited	2,600	(2,600)	-	-	-	-	-
				-	-	-	-
OIL AND GAS EXPLORATION COMPANIES							
Mari Petroleum Company Limited	15,400	(15,400)	-	-	-	-	-
				-	-	-	-
TEXTILE							
Kohinoor Textile Limited	79,500	(79,500)	-	-	-	-	-
				-	-	-	-
				-	-	-	-
Total				-	-	-	-
Total-June 30, 2018	9,913	12,028		2,115	1.94%	2.84%	

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

		December 31, 2018 (Un-Audited) (Rupees in '000)	June 30, 2018 (Audited)
6	PAYABLE TO THE MANAGEMENT COMPANY		
	Remuneration payable	6.1 974	1,043
	Sindh sales tax payable on management fee	6.2 127	136
	Sales load payable	49	3
	Allocated expenses payable	1	52
	Marketing and selling expense payable	595	138
		<u>1,746</u>	<u>1,372</u>

6.1 The management fees is being calculated at the rate 2% (June 30, 2018: 2%) of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

6.2 Sindh sales tax on management remuneration has been charged at the rate of 13% (June 30, 2018: 13%).

		December 31, 2018 (Un-audited) (Rupees in '000)	June 30, 2018 (Audited)
7	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund	7.1 3,900	3,900
	Provision for Federal Excise Duty and related tax	7.2	
	- On management fee	5,872	5,872
	- Sales load	393	393
	Legal and professional charges	96	63
	Withholding tax	17	24
	Dividend	2,783	2,784
	Auditors' remuneration	265	314
	Zakat	-	1
	Brokerage	29	297
	Others	299	380
		<u>13,655</u>	<u>14,028</u>

7.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 as well as the Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2018 would have been higher by Re.0.07 (June 30, 2018: Re.0.07) per unit.

7.2 Federal Excise Duty and related tax payable

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 5.872 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Assets Value of the Fund as at December 31, 2018 would have been higher by Re 0.11 (June 30, 2018: Re 0.11) per unit.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

9. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute atleast 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has incurred a loss during the current period and accordingly, no provision for taxation has been made in these condensed interim financial statements.

10. 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.

11. ALLOCATED EXPENSE

The Management Company may charge fees and expenses related to registrar services, accounting, operations and valuations services, related to Collective Investment Scheme (CIS) upto a maximum of 0.1% of the average annual net assets of the Scheme. Accordingly, such expenses have been charged at the rate of 0.1% of the average annual net assets of the Scheme being lower than actual expenses.

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

12. TRANSACTIONS WITH CONNECTED PERSON / RELATED PARTIES

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

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

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

12.1 Details of transactions with connected persons are as follows:	Six months period ended December 31,	
	2018	2017
	(Un-audited)	(Un-audited)
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration for the period including indirect taxes	6,881	7,082
Allocated expense	344	354
Arif Habib Limited - Brokerage house		
Brokerage*	40	44
Next Capital Private Limited - Brokerage House		
Brokerage *	14	61
MCB Bank Limited		
Purchase of 100 shares (2017: 80,000 shares)	20	16,873
Sales of 100 shares (2017: Nil shares)	20	-
Sale of securities - Face Value 200,000,000 (2017: Nil)	198,468	-
Bank charges	1	9
Profit on bank deposit	26	44
Dividend income	1,147	661
Silk Bank Limited		
Sale of securities - Face Value Rs 50,000,000 (2017: Rs Nil)	48,891	-
Arif Habib Limited		
Dividend income	-	560
Dolmen City Reit **		
Dividend income	-	649
Synthetic Products Limited		
Dividend income		-
Nishat Chunian Limited		
Purchase of 100,000 shares (2017: 100,000 shares)	5,726	5,400
Sales of Nil shares (2017: 100,000 shares)	-	5,724

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

	Six months period ended December 31,	
	2018	2017
	(Un-audited)	(Un-audited)
	----- (Rupees in '000) -----	
Nishat Mills Limited		
Sales of 140,000 shares (2017: 100,000 shares)	18,427	5,724
Dividend income	3	100
D.G. Khan Cement Limited		
Purchase of Nil shares (2017: 155,200 shares)	-	20,810
Sales of Nil shares (2017: 154,800 shares)	-	20,363
Dividend income	-	3
Mughal Iron and Steel Industries Limited		
Purchase of Nil shares (2017: 214,500 shares)	-	11,901
Sales of 86,000 shares (2017: 90,000 shares)	4,737	6,382
Dividend income	-	156
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	688	708
CDS charges	26	121

* The amount disclosed represents the amount of brokerage paid 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 the connected persons.

** Dolmen City Reit was no longer a related party as at December 31, 2018

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

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	----(Rupees in '000)----	
12.2 Amounts outstanding as at period / year end:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	974	1,043
Sales tax payable on management fee	127	136
Sales load payable	1	3
Allocated expenses payable	49	52
Marketing and selling expense	595	138
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	98	105
Security deposit	300	300
Sales tax payable on trustee fee	12	14
MCB Bank Limited		
Bank balance	846	3,027
Profit receivable on bank deposits	35	38
142,600 shares held (June 30, 2018: 142,600)	27,603	-
Arif Habib Limited - Brokerage House		
Brokerage payable	4	-
Next Capital Private Limited - Brokerage House		
Brokerage payable	5	48
Fatima Fertilizer Company Limited		
216,000 shares held (June 30, 2018: 216,000 shares)	7,878	6,998
Nishat Mills Limited		
600 shares held (June 30, 2018: 140,600 shares)	76	19,813
Nishat (Chunian) Limited		
100,000 shares held (June 30, 2018: Nil shares)	4,858	-
Mughal Iron and Steel Industries Limited		
Nil shares held (June 30, 2018: 86,000 shares)	-	5,282

12.3 UNIT HOLDER'S FUND

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	Amount outstanding as at December 31, 2018
	(Units)						(Rupees in '000)
85,019	-	84,934	85	949	-	945	1

Directors and executives of
the Management Company

June 30, 2018

As at July 01, 2017	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at June 30, 2018	As at July 01, 2017	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	Amount outstanding as at December 31, 2018
	(Units)						(Rupees in '000)
115,210	38,084	68,274	85,019	331	401	731	949

Directors and executives of
the Management Company

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

13 TOTAL EXPENSE RATIO

The expense ratio of the Fund from July 1 2018 to December 31, 2018 is 1.78%, (June 30, 2018: 3.34%) which includes 0.19% (June 30, 2018: 0.38%) representing government levy and SECP fee. This ratio is within the maximum limit of 4% of average net assets as prescribed under the NBFC Regulations for a collective investment scheme categorised as a balanced fund.

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

14.1 FAIR VALUE HIERARCHY

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

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

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

Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Investment classified at 'fair value through profit or loss'				
Listed equity securities	358,558	-	-	358,558
Unlisted debt security - Term Finance Certificate	-	1,001	-	1,001
	<u>358,558</u>	<u>1,001</u>	<u>-</u>	<u>359,559</u>
	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Investment classified at 'fair value through profit or loss'				
Listed equity securities	409,902	-	-	409,902
Unlisted debt security - Term Finance Certificate	-	998	-	998
	<u>409,902</u>	<u>998</u>	<u>-</u>	<u>410,900</u>
Investments classified as Available for sale				
Listed equity securities	12,028	-	-	12,028
	<u>421,930</u>	<u>998</u>	<u>-</u>	<u>422,928</u>

15 GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees.

15.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

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

16 DATE OF AUTHORISATION

- 16.1** These condensed interim financial statements were authorised for issue on February 18, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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