



MCB-ARIF HABIB  
Savings and Investments Limited

AM2  
BY FACRIA

# HALF YEAR REPORT

DECEMBER  
**2018**  
(UNAUDITED)

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

# **PAKISTAN CASH MANAGEMENT FUND**

## CONTENTS

---

1	Fund's Information	156
2	Report of the Directors of the Management Company	157
3	Trustee Report to the Unit Holders	162
4	Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Statements	163
5	Condensed Interim Statement of Assets And Liabilities	164
6	Condensed Interim Income Statement (Un-audited)	165
7	Condensed Interim Statement of Comprehensive Income (Un-audited)	166
8	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	167
9	Condensed Interim Cash Flow Statement (Un-audited)	168
10	Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	169

## 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 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>	<b>MCB Financial Services Limited</b> 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqjati Bank Limited	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountant State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box Karachi, Sindh-74000, 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, Centre Point, 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

---

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Cash Management 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 generated an annualized return of 5.99% as against its benchmark return of 7.36%. The fund has maintained its allocation in cash at Dec'18 end. The Net Assets of the Fund as at December 31, 2018 stood at Rs. 353 million as compared to Rs. 889 million as at June 30, 2018 registering a decrease of 60.29%. The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 51.8309 as compared to NAV of Rs. 52.6287 per unit as at June 30, 2018 registering a decrease of Rs. 0.7978 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

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

---

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

**ڈائریکٹر رپورٹ**  
برائے ششماہی اختتام پزیر 31 دسمبر 2018ء

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 کثیرالجہت 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 پیشی 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 پیشی 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 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 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 حرکات 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، ڈائریکٹر مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹر،



نسیم بیگ  
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر

18 فروری، 2019ء

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% تنزل لسی ہوئی کیونکہ ماگزشتہ کے دوران 150 bps غیر متوقع مالیاتی تنگی کے باعث ایکویٹیز کے لیے منفی ماحول پیدا ہو گیا تھا۔ جی 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 ریفاٹریز، آلوز، OMCs، E&Ps اور سیمنٹ نے مارکیٹ کے مقابلے میں کمزور کارکردگی کا مظاہرہ کیا اور بالترتیب 29%، 27%، 20%، 18% اور 16% منفی منافع دیا۔ ریفاٹریز مال کی پست سطح اور فرنیس آنکل 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 آلوز، سیمنٹ اور OMCs کے شعبے بھی اسی ضمن میں معاشی سست روی کے باعث تنزل لسی 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 کا ایک سال پر محیط منافع 5.99% تھا جبکہ بیج مارک منافع 7.36% تھا۔ فنڈ نے دسمبر 2018ء کے اختتام پر نقد میں سرمایہ کاری برقرار رکھی۔ 31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 353 ملین روپے تھے، جو 30 جون 2018ء کی سطح 889 ملین روپے کے مقابلے میں 60.29% کمی ہے۔ 31 دسمبر 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 51.8309 روپے تھی، جو 30 جون 2018ء کو 52.6287 روپے فی یونٹ کے مقابلے میں 0.7978 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 کاروباری 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۔

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

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیش مینجمنٹ 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 زر کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلار کا وٹ 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 پیکج 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 پسٹا base effect 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 چٹائی 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 0.9% YoY کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دواسازی اور صارفی مصنوعات میں سبب رومی ہے۔ LSM میں ترقی معیشت میں مجموعی سبب رومی 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 انسٹرومنٹس 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 فلوئڈ 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



## MCB FINANCIAL SERVICES LIMITED

### REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

#### PAKISTAN CASH MANAGEMENT FUND

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

Pakistan Cash Management Fund, an open-end Scheme established under a Trust Deed initially executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by Securities & Exchange Commission of Pakistan (SECP) on February 01, 2008 and was executed on February 08, 2008. The Trust Deed was subsequently amended through a supplemental Trust Deed dated July 21, 2014 according to which Habib Metropolitan Bank Limited stands retired and MCB Financial Services Limited is appointed as the Trustee of the Fund. The effective date of change of trustee is August 20, 2014.

Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL had been changed to MCB Arif Habib Savings and Investments Limited effective from June 27, 2011.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Pakistan Cash Management Fund has, in all material respects, managed Pakistan Cash Management Fund during the period ended 31<sup>st</sup> December 2018 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services 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 Cash Management 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  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ 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		
<b>ASSETS</b>			
Balances with banks	4	366,378	904,003
Investments	5	-	-
Mark-up and other receivables		1,653	702
Advances and Prepayments		529	262
<b>Total assets</b>		<u>368,560</u>	<u>904,967</u>
<b>LIABILITIES</b>			
Payable to MCB - Arif Habib Savings and Investments Limited- Management Company	6	297	273
Payable to MCB Financial Services Limited		226	226
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		132	530
Accrued and other liabilities	7	14,985	14,987
<b>Total liabilities</b>		<u>15,640</u>	<u>16,016</u>
<b>NET ASSETS</b>		<u>352,920</u>	<u>888,951</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>352,920</u>	<u>888,951</u>
<b>Contingencies and commitments</b>	8		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>6,809,081</u>	<u>16,890,983</u>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<u>51.8309</u>	<u>52.6287</u>

The annexed notes from 1 to 17 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,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
Note		----- (Rupees in '000) -----	----- (Rupees in '000) -----	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>INCOME</b>					
Mark-up on bank deposits		4,446	9,657	1,946	4,669
Income from Government securities		10,694	19,113	5,614	5,282
Capital (loss) / gain on sale of investments classified as 'at fair value through profit or loss' - net		(533)	289	(406)	243
Back end load		-	10	-	-
<b>Total income</b>		<b>14,607</b>	<b>29,069</b>	<b>7,154</b>	<b>10,194</b>
<b>EXPENSES</b>					
Remuneration of the Management Company	6.1	1,460	2,904	716	1,017
Sales tax on remuneration of the Management Company	6.2	190	378	93	132
Expenses allocated by the Management Company and related taxes	14	199	532	90	185
Remuneration of the Trustee		1,200	1,200	600	600
Sales tax on remuneration of the Trustee		156	156	78	78
Annual fee to SECP		132	354	60	123
Auditors' remuneration		361	274	243	137
Brokerage, settlement charges		13	104	5	8
Legal and other professional charges		305	235	146	108
Printing and stationery		21	52	(4)	32
Other expenses		28	69	17	37
<b>Total expenses</b>		<b>4,065</b>	<b>6,258</b>	<b>2,044</b>	<b>2,457</b>
<b>Net income from operating activities</b>		<b>10,542</b>	<b>22,811</b>	<b>5,110</b>	<b>7,737</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	211	456	102	155
<b>Net income for the period before taxation</b>		<b>10,331</b>	<b>22,355</b>	<b>5,008</b>	<b>7,582</b>
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		<b>10,331</b>	<b>22,355</b>	<b>5,008</b>	<b>7,582</b>
<i>Allocation of net income for the period:</i>					
Net income for the period after taxation		10,331	22,355	5,008	7,582
Income already paid on units redeemed		(2,030)	(10,655)	(1,449)	(7,103)
		<b>8,301</b>	<b>11,700</b>	<b>3,559</b>	<b>479</b>
<i>Accounting income available for distribution:</i>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		8,301	11,700	3,559	479
		<b>8,301</b>	<b>11,700</b>	<b>3,559</b>	<b>479</b>
<b>Earnings per unit</b>	10				

The annexed notes from 1 to 17 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**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	----- (Rupees in '000) -----	----- (Rupees in '000) -----	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>Net income for the period after taxation</b>	<b>10,331</b>	<b>22,355</b>	<b>5,008</b>	<b>7,582</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><u>10,331</u></u>	<u><u>22,355</u></u>	<u><u>5,008</u></u>	<u><u>7,582</u></u>

The annexed notes from 1 to 17 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		
	Capital value	Undistri- buted income / (loss)	Total	Capital value	Undistri- buted income / (loss)	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the period</b>	878,533	10,418	888,951	627,536	297	627,833
Issuance of 2,802,222 ( December 31,2017: 23,090,460) units including additional units						
- Capital value (at net assets value per unit at beginning of the period)	140,985	-	140,985	1,159,284		1,159,284
- Element of income	2,206	-	2,206	5,162		5,162
	143,191	-	143,191	1,164,446		1,164,446
Redemption of 12,884,124 (December 31,2017: 24,663,398) units						
- Capital value (at net assets value per unit at beginning of the period)	648,226	-	648,226	1,240,060		1,240,060
- Element of income	164	2,030	2,194	2,168	10,655	12,823
	648,390	2,030	650,420	1,242,228	10,655	1,252,883
Total comprehensive income for the period	-	10,331	10,331	-	22,355	22,355
Final Distribution for the year ended June 30, 2018 (including additional units) at the rate of Rs. 2.3168 per unit (Declared on July 04, 2018)	(29,012)	(10,121)	(39,133)	-	-	-
	(29,012)	210	(28,802)	-	22,355	22,355
<b>Net assets at end of the period</b>	344,322	8,598	352,920	549,754	11,997	561,751
<b>Undistributed income / (loss) brought forward comprising of:</b>						
- Realised	10,418			308		
- Unrealised (loss) / gain	-			(11)		
	10,418			297		
Accounting income available for distribution:						
- Relating to capital gains	-			151		
- Excluding capital gains	8,301			11,549		
	8,301			11,700		
Cash distribution during the period	(10,121)			-		
<b>Undistributed income carried forward</b>	8,598			11,997		
<b>Undistributed income / (loss) carried forward:</b>						
- Realised	8,598			11,997		
- Unrealised	-			-		
	8,598			11,997		
	Rupees			Rupees		
<b>Net assets value per unit at beginning of the period</b>	<u>52.6287</u>			<u>50.2794</u>		
<b>Net assets value per unit at the end of period</b>	<u>51.8309</u>			<u>51.4709</u>		

The annexed notes from 1 to 17 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 months period ended	
	December 31, 2018	December 31, 2017
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	10,331	22,355
<b>(Increase) / decrease in assets</b>		
Investments	-	65,200
Mark-up and other receivables	(951)	773
Advances and prepayments	(267)	110
	(1,218)	66,083
<b>Increase in liabilities</b>		
Payable to MCB - Arif Habib Savings and Investments Limited-	24	(779)
Payable to MCB Financial Services Limited	-	226
Payable to Securities and Exchange Commission of Pakistan	(398)	345
Payable against purchase of investments	-	549,820
Accrued and other liabilities	(2)	(10,342)
	(376)	539,270
<b>Net cash generated from operating activities</b>	<b>8,737</b>	<b>627,708</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance and conversion of units (excluding additional units)	114,179	1,164,446
Payments on redemption and conversion of units	(650,420)	(1,252,883)
Dividend paid	(10,121)	-
<b>Net cash used in financing activities</b>	<b>(546,362)</b>	<b>(88,437)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(537,625)</b>	<b>539,271</b>
Cash and cash equivalents at beginning of the period	904,003	536,499
<b>Cash and cash equivalents at end of the period</b>	<b>366,378</b>	<b>1,075,770</b>

11

The annexed notes from 1 to 17 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 Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. Subsequently, MCB financial Services Limited has been appointed as trustee of the Fund with effect from July 21, 2014.
- 1.2** The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund is categorised as "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in market treasury bills, short term Government instruments and reverse repurchase transactions against government securities.
- 1.4** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated October 08, 2018 to the Management Company and has assigned stability rating of 'AA+(f)' dated December 28, 2018 to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

- 2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Accounting Standard (IAS) 34, "Interim Financial Reporting" 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;
  - 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.
- 2.1.2** Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial reporting, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and 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. 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.

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

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

3.1 The accounting policies adopted and the methods of computation of balances 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 change in accounting policy as stated in note 3.2.

3.2 The preparation of the condensed interim financial statements in conformity with the accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting 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 judgements 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 financial statements as at and 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.

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 being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

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

There are no other standards, amendments to standards or interpretations that are effective for annual accounting 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 periods beginning on or after January 1, 2019. However, these do not have any significant impact on the Fund's operations, and therefore have not been detailed in these condensed interim financial statements.

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

	December 31, 2018 (Unaudited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>4. BALANCES WITH BANKS</b>		
In current accounts	427	2,175
In saving accounts	<b>365,951</b>	901,828
	<b>366,378</b>	<b>904,003</b>

- 4.1** This includes balances of Rs.2.60 million (June 30, 2018: Rs.2.52 million) maintained with MCB Bank Limited (a related party) that carry profit at 8.00% per annum (June 30, 2018: 3.75%). Other profit and loss saving accounts of the Fund carry profit rates ranging from 4.00% to 11.70% per annum (June 30, 2018: 3.75% to 6.9% per annum).

		December 31, 2018 (Unaudited) ---- (Rupees in '000) ----	June 30, 2018 (Audited)
<b>5 INVESTMENTS</b>			
<b>Investments by category</b>	<b>Note</b>		
<b>'At fair value through profit or loss'</b>			
Government securities - Market treasury bills	5.1	-	-

**5.1 Market treasury bills**

Market treasury bills		Face value				As at December 31, 2018			Market value	
Name of Security	Issue Date	As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Carrying value	Market value	Unrealized gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----										
<b>Market treasury bills - 3 months</b>										
Market treasury bills	19 July 2018	-	365,000,000	365,000,000	-	-	-	-	-	-
Market treasury bills	02 August 2018	-	365,000,000	365,000,000	-	-	-	-	-	-
Market treasury bills	19 July 2018	-	325,000,000	325,000,000	-	-	-	-	-	-
Market treasury bills	11 October 2018	-	325,000,000	325,000,000	-	-	-	-	-	-
Market treasury bills	06 December 2018	-	275,000,000	275,000,000	-	-	-	-	-	-
Market treasury bills	06 December 2018	-	225,000,000	225,000,000	-	-	-	-	-	-
Market treasury bills	06 December 2018	-	25,000,000	25,000,000	-	-	-	-	-	-
<b>Total as at December 31, 2018</b>						<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total as at June 30, 2018</b>						<b>-</b>	<b>-</b>	<b>-</b>		

		December 31, 2018 (Unaudited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>6 PAYABLE TO THE MANAGEMENT COMPANY</b>	<b>Note</b>		
Remuneration payable	6.1	241	214
Sindh sales tax on remuneration payable	6.2	31	28
Back office fee payable		25	31
		<b>297</b>	<b>273</b>

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

- 6.1** The management fees is being calculated on the lower of 10% of the Fund's operating revenue or 1% of average daily net assets subject to minimum fee of 0.25% ( June 30, 2018: 0.25%) of average daily net assets.
- 6.2** Sindh Sales tax on remuneration to the Management Company has been charged at the rate of 13% (June 30, 2018: 13%).

		December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7 ACCRUED AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	2,080	1,869
Federal Excise Duty on remuneration to the Management Company	7.2	11,933	11,933
Withholding tax payable		204	233
Brokerage payable		11	10
Auditors' remuneration		235	330
Others		522	612
		<u>14,985</u>	<u>14,987</u>

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

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 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 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.

The provision for SWWF is now being made on a daily basis. 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.0.31 ( June 30, 2018: Re.0.11) per unit.

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

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

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

Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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 11.933 million is being retained in these condensed 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 Rs 1.752 (June 30, 2018: Re 0.71) per unit.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments 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. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

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.

## 10 EARNINGS PER UNIT

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

## 11 CASH AND CASH EQUIVALENTS

Bank balances

Six months period ended	
December 31, 2018	December 31, 2017
(Unaudited)	(Unaudited)
----- (Rupees in '000) -----	
<b>366,378</b>	<b>1,075,770</b>

## 12 TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund is 1.22% as at December 31, 2018 (June 30, 2018: 1.53%) and this includes 0.19% (June 30, 2018: 0.30%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulation for a collective investment scheme categorised as a money market scheme.

## 13 TRANSACTION 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.

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

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

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

### 13.1 Unit Holders' Fund

December 31, 2018 (Unaudited)								
	As at July 01, 2018	Issued for cash	Redeemed	As at December 31, 2018	As at July 01, 2018	Issued for cash	Redeemed	As at December 31, 2018
	Units				(Rupees in '000)			
<b>Associated company</b>								
Arif Habib Dolmen REIT Management Limited	2,250	88	2,338	-	118	4	119	-
Adamjee Insurance Co.LTD. Employees Gratuity Fund	-	331,781	-	331,781	-	17,182	-	17,196
Adamjee Insurance Co.LTD. Employees Provident Fund	-	665,836	-	665,836	-	34,482	-	34,511
<b>Key management personnel</b>	-	-	-	-	-	-	-	-
<b>Mandate under discretionary portfolio services</b>	11,549,890	531,793	11,065,811	1,015,872	607,856	249	557,333	52,654
<b>Unit holders holding 10% or more units</b>								
International School of Islamabad - Employees' Provident Fund	-	-	-	-	-	-	-	-
IGI Life Insurance Limited	-	-	-	-	-	-	-	-
Central Deposit Company Limited (CDC)	-	-	-	-	-	-	-	-
December 31, 2017 (Unaudited)								
	As at July 01, 2017	Issued for cash	Redeemed	As at December 31, 2017	As at July 01, 2017	Issued for cash	Redeemed	As at December 31, 2017
	Units				(Rupees in '000)			
<b>Associated company</b>								
Arif Habib Dolmen REIT Management Limited	2,250	-	-	2,250	113	-	-	116
<b>Key management personnel</b>	13,189	-	-	13,189	663	-	-	679
<b>Mandate under discretionary portfolio services</b>	146,410	-	-	146,410	7,362	-	-	7,536
<b>Unit holders holding 10% or more units</b>								
International School of Islamabad - Employees' Provident Fund	2,414,353	-	-	-	121,408	-	-	124,269
IGI Life Insurance Limited	-	5,026,790	3,603,084	1,423,706	-	253,915	182,238	73,279
Central Deposit Company Limited (CDC)	1,231,112	-	8,355	1,222,757	61,908	-	-	62,936
<b>Mandate under discretionary portfolio services</b>	11,549,890	531,793	11,065,811	1,015,872	607,856	249	557,333	52,654

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

	December 31, 2018 (Unaudited) ----- (Rupees in '000) -----	December 31, 2017 (Unaudited)
<b>13.2 Transactions during the period:</b>		
<b>Management Company</b>		
<b>MCB Arif Habib Savings and Investment Limited</b>		
Remuneration (including indirect taxes)	1,650	3,282
Expense allocated by the Management Company and related taxes	199	532
<b>Group / Associated Companies</b>		
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	79	137
Bank Charges	2	
Purchase of securities having face value Nil (2017: Rs 125 million)	-	123,466
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration (including indirect taxes)	1,356	1,356
<b>Silk Bank Limited</b>		
Purchase of securities having face value of NIL (2017: Face value of Rs.527,500,000)	-	522,327
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage and settlement charges*	-	1
	December 31, 2018 (Unaudited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>13.3 Balances outstanding at period end:</b>		
<b>Management Company</b>		
<b>MCB Arif Habib Savings and Investment Limited</b>		
Remuneration payable	241	214
Sales tax on remuneration payable	31	28
Expenses allocated by the Management Company	25	31
<b>Group / Associated Companies</b>		
<b>MCB Bank Limited</b>		
Balances with bank	2,609	2,515
Mark-up receivable on bank deposits	102	84
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration payable	200	200
Sales tax on remuneration payable	26	26
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage and settlement charges payable*	-	1

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) 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.

### 14. ALLOCATED EXPENSES

As per regulation 60 of the NBFC Regulations, 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 incurred.

### 15. 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 tradable 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.

#### 15.1 FAIR VALUE HIERARCHY

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). Adoption of IFRS 13 has not affected these financial statements.

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, analysed 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 the Fund does not hold any asset which required fair valuation

### 16. GENERAL

16.1 Figures have been rounded off to the nearest thousand rupee.

### 17. DATE FOR AUTHORISATION FOR ISSUE

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**

**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)