



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACRA

QUARTERLY REPORT

MARCH
2019
(UNAUDITED)

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

MCB PAKISTAN ASSET ALLOCATION 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
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 Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Silk Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Faysal Bank Limited Zarai Taraqati Bank Limited JS Bank Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Bank Limited Khushalia Micro Finance Bank Limited Tameer Micro Finance Bank Limited Finca Micro Finance Bank Limited First Micro Finance Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shakra-e-Faisal, Karachi -75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Pakistan Asset Allocation Fund** Nine Months Report for the period ended March 31, 2019.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

At the onset of the fiscal year, the economy inherited deep challenges in the form of external crisis as it was facing a huge current account deficit along with depleting foreign reserves. To cope with the underlying challenges, the central bank took major policy actions (currency depreciation of 16% along with interest rate hike of 425 bps in the current fiscal year). Stabilization efforts finally paid off as indicated by a declining current account deficit, which shrank by 22% during the first 8 months of FY19. Moreover, the recent trend is even more promising as current account deficit for Feb'19 was recorded below USD 400 million, a 3 year low.

While the government remained tentative about IMF program signup, it was able to secure funding from friendly allies which has bridged the gap in external account balance for short term. Saudi Arabia, UAE & China provided balance of payment support to the tune of USD 8 billion. Meanwhile Saudi Arabia announced USD 20 billion of investments for Pakistan, along with providing a USD 3 billion deferred credit facility for oil.

GDP growth is expected to set in a range of 2.5-3.0% as last year's record twin deficits restrict the ability of the government to carry on expansionary fiscal policies. Large scale manufacturing (LSM) is already down by 1.5% during the 7MFY19, while weak agricultural growth (cotton and wheat are expected to miss the targets) along with a considerable decline in Retail and Wholesale trade (Import Compression) will slowdown the overall aggregate demand during the current year.

Amid currency depreciation and utility prices adjustment, CPI has also indicating higher inflationary pressures and the inflation which on average has yet remained below 7% for the year but now looking to remain near 9% in coming months which is also likely to continue to remain in the next fiscal year due to utility tariff adjustments along with the lagged impact of currency depreciation. Central bank raised the interest rates by 500 bps during the current year owing to anticipated higher inflation and a weak balance of payment profile.

The government has indicated that it is close to sign the IMF program. Alongside, the government will have to address the key structural issues to tread on the path of long term sustainable economic growth.

The yield curve showed an upward trajectory during the fiscal year due to continued expectations of monetary tightening by the market participants. During the first 9 months, State Bank of Pakistan increased the policy rate by 425 bps in line with the expectations of most of the market. Several PIB auctions during the period under review had to be rejected by State Bank of Pakistan due to thin volume and participation at higher levels. Concerns over external front kept market participants at bay from longer tenor Treasury instruments similarly participation in Pakistan Investment Bonds also price in healthy liquidity premium. During the period under review, 314.38 billion worth of GOP Ijara Sukuk matured against which no fresh GOP Ijara Sukuk were issued by SBP.

Equity Market Review

The benchmark Index KSE100 recouped some of its losses to post a gain of 4.3% during the third quarter of FY19, limiting the 9MFY19 loss to 7.8%. Balance of Payment Support by friendly allies along with investment commitment by Saudi Arabia provided a breather to the market. Foreigners also turned back to the market after a long haul as currency approached its real value. Foreign participants bought USD 31 million of equities during the quarter, reducing the total selling to USD 373 million for 9MFY19. Volumes and values averaged around 162 mn shares/ PKR 7.1 bn respectively.

During the nine months, Exploration & Petroleum Companies (E&P's) and Fertilizers outperformed the market generating positive returns of ~15% and 6% respectively. On the other hand, Refinery, Chemicals, Power and OMCs underperformed the market generating negative returns of ~19.4%, 10%, 8.5%, 7.2% respectively.

E&Ps rallied after offshore drilling started in one of the highly potential zone of Indus basin. Alongside, PKR depreciation garnered a lot of interest in the sector owing to USD denominated revenues. Fertilizers also outperformed as supply glut ended which resulted in enhanced pricing power of the manufacturers. On the flip side; Refineries suffered due to lower throughput and closure of plants amid limited offtake of Furnace Oil. Also, weak international petroleum products' margins dragged the returns. OMCs followed the thematic decline due to economic slowdown which was reflected in lower sales volumes (Total petroleum products' sales declining by ~23% and FO sales coming down by ~55%).

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

FUND PERFORMANCE

The fund posted a negative return of 2.30% during the period compared to the benchmark return of 7.74%. The fund enhanced its exposure towards equities from 50.1% to +56.3% with changing equity market. The fund has remained focused on maintaining a balance between defensive high yielding and growth stocks.

On the fixed income side, the exposure towards T-bills was decreased to 0% and the Exposure in TFC's was increased to 8.5%.

The Net Assets of the Fund as at March 31, 2019 stood at Rs. 2,825 million as compared to Rs. 3,213 million as at June 30, 2018 registering a decrease of 12.07%.

The Net Asset Value (NAV) per unit as at March 31, 2019 was Rs. 77.1408 as compared to opening NAV of Rs. 78.9595 per unit as at June 30, 2018 registering a decrease of Rs. 1.8187 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The tough measures taken by the incumbent government in the form of currency adjustments and monetary tightening for the purpose of reducing aggregate demand to control external imbalances is bearing fruit. The current account balance has begun to reflect the policy adjustments with the beginning 2 months of the current calendar registering decline of more than 50% in current account balance. The external account is expected to remain at sustainable levels with the impetus expected to come from lagged increase in exports. The balance of payments support availed from friendly nations would be adequate to support financing of the remaining year. Subsequently, we expect normalized PKR/USD adjustment given the Real Effective Exchange Rate is close to its fundamental value.

However, the entrance into IMF program is likely to provide the much needed financial stability relative to external inflows through multilateral agencies along with better policy management related to dealing with structural issues in the economy.

In IMF program, focus is expected to shift towards fiscal side. The substantial curtailment of development budget has failed to curtail the fiscal deficit given the higher cost of borrowing for the government and sluggish performance in revenue collection due to relief in income tax, curtailment of telecom duties and import slowdown. The impact of monetary tightening is expected to be more visible in this half towards expenditures side. The revenue shortfall is expected to lead towards a fiscal deficit of more than 6% for this year. The focus of next budget is expected to be towards revenue generation measures particularly, higher taxation, duties, etc.

Inflationary pressures are expected to become more visible as reflected in the recent reading of 9.4% 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 may provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.


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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
April 19, 2019



Nasim Beg
Vice Chairman / Director

آئی ایم ایف پروگرام میں توجہ کا رخ مالیاتی جانب منتقل ہونے کا امکان ہے۔ ترقیاتی بجٹ میں قابل ذکر کمی کے نتیجے میں مالیاتی خسارے میں کمی نہیں ہو سکی جس کی وجہ حکومت کے لیے حصول قرض کی بلند قیمت، اور آمدنی ٹیکس میں چھوٹ، ٹیلی کام محصولات میں کمی اور درآمدات میں سست روی کے باعث آمدنی جمع کرنے کی سست رفتار کا کردار ہے۔ مالیاتی تنگی کے اثرات رواں ششماہی میں اخراجات کی جہت میں مزید ظاہر ہونے کی توقع ہے۔ کم آمدنی کے نتیجے میں رواں سال 6% سے زیادہ مالیاتی خسارہ ہونے کا امکان ہے۔ اگلے بجٹ کی زیادہ توجہ متوقع طور پر آمدنی پیدا کرنے کے اقدامات، بلند تر ٹیکس اور محصولات وغیرہ کی طرف ہوگی۔

افراط زر کے دباؤ متوقع طور پر مزید ظاہر ہوں گے جیسا کہ روپے کی قدر میں کمی کے سست رفتار اثرات، گیس کی قیمت میں اضافہ اور بجلی کی قیمت میں کمی بیشی کو شامل کرنے پر 9.4% کی حالیہ سطح سے عکاسی ہوتی ہے۔ تاہم زیادہ تر مالیاتی تنگی آئندہ افراط زر کے دباؤ کی عکاسی کے لیے کی گئی ہے، اور مزید تنگی کی وسعت 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 کرنی میں کمی بیشی اور مالیاتی پالیسی میں مزید تنگی کھپت کے 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 کی قیمت کا تعین کر دیا گیا ہے یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریسٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) اُن 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 ٹرسٹیوں 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

19 اپریل، 2019ء

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2019ء کی تیسری سہ ماہی کے دوران بیج مارک انڈیکس KSE100 نے اپنے کچھ خساروں کی تلافی کر کے 4.3% منافع حاصل کیا اور یوں نو ماہ کے خسارے کو 7.8% تک محدود کر دیا۔ دوستانہ اتحادیوں کی طرف سے ادائیگیوں کے توازن میں معاونت کے ساتھ ساتھ سعودی عرب کی طرف سے سرمایہ کاری کے وعدے نے مارکیٹ کو اطمینان کا سانس فراہم کیا۔ روپے کے اپنی اصل قدر کے قریب پہنچنے پر غیر ملکی بھی طویل عرصے بعد مارکیٹ کو لے۔ دوران سہ ماہی غیر ملکی شرکاء نے 31 ملین ڈالر مالیت کی ایکویٹی خریدیں اور یوں مالی سال 2019ء کے نو ماہ کے لیے کل فروخت کم ہو کر 373 ملین ڈالر رہ گئیں۔ حجم اور قدر کا اوسط بالترتیب تقریباً 162 ملین حصص / 7.1 بلین روپے تھا۔

نو ماہ کے دوران ایکسپلوریشن اور پٹرولیم (E&Ps) اور فریڈیلایزرز نے بالترتیب 15% اور 6% مثبت منافع حاصل کر کے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب ریفا ئنری، کیمیکل، پاور اور OMCs نے بالترتیب 19.4%، 10%، 8.5% اور 7.2% منفی منافع حاصل کر کے مارکیٹ سے کم تر کارکردگی کا مظاہرہ کیا۔

انڈس بیسن کے سب سے زیادہ استعداد کے حامل علاقوں میں سے ایک میں ڈرلنگ کے آغاز کے بعد E&Ps بھرپور انداز میں آگے بڑھے۔ ساتھ ساتھ امریکی ڈالر میں آمدنی کے باعث پاکستانی روپے کی قدر میں کمی سے شعبے کی طرف بہت دلچسپی مائل ہوئی۔ فریڈیلایزرز نے بھی عمدہ کارکردگی کا مظاہرہ کیا کیونکہ رسد کی بھرمار ختم ہوئی جس کے نتیجے میں مینوفیکچررز کی قیمتوں کے تعین کی قوت میں اضافہ ہوا۔ دوسری جانب فرنیس آئل کے محدود اخراج کے ساتھ ساتھ مال کی پست سطح اور پلانٹس کے بند ہونے کے باعث ریفا ئنریز متاثر ہوئیں۔ علاوہ ازیں، پٹرولیم مصنوعات کی کمزور بین الاقوامی margins نے منافع میں سست رفتاری پیدا کر دی۔ معاشی سست روی کے باعث OMCs بھی متاثر ہوئیں جس کی عکاسی فروخت کے حجم میں کمی سے ہوتی ہے (پٹرولیم مصنوعات کی مجموعی فروخت میں 23% کمی ہوئی اور FO فروخت میں 55% کمی ہوئی)۔

فنڈ کی کارکردگی

دوران مدت فنڈ نے 2.30% منفی منافع پوسٹ کیا جبکہ بیج مارک منافع 7.74% تھا۔ ایکویٹی مارکیٹ میں تبدیلیوں کے پیش نظر فنڈ کی ایکویٹی میں شمولیت کو 50.1% سے بڑھا کر 56.3% کر دیا گیا۔ فنڈ نے دفاعی بلند پیداوار اور ترقیاتی اسٹاکس کے درمیان توازن برقرار رکھنے پر توجہ مرکوز رکھی۔ مقررہ آمدنی کی جہت میں ٹریڈری بلز میں شمولیت کو کم کر کے 0% کر دیا گیا جبکہ ٹرم فنانس سرٹیفکیٹس میں شمولیت کو بڑھا کر 8.5% کر دیا گیا۔ 31 مارچ 2019ء کو فنڈ کے net اثاثہ جات 2,825 ملین روپے تھے، جو 30 جون 2018ء کی سطح 3,213 ملین روپے کے مقابلے میں 12.07% کمی ہے۔

31 مارچ 2019ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 77.1408 روپے تھی، جو 30 جون 2018ء کی ابتدائی سطح 78.9595 روپے فی یونٹ کے مقابلے میں 1.8187 روپے فی یونٹ کمی ہے۔

مستقبل کا منظر

موجودہ حکومت نے خارجی عدم توازن پر قابو پانے کے لیے مجموعی طلب میں کمی کرنے کے مقصد سے روپے کی قدر میں کمی پیشی اور مالیاتی تنگی کی صورت میں جو سخت اقدامات کیے تھے ان کے ثمرات حاصل ہو رہے ہیں۔ موجودہ کیلنڈر کے ابتدائی دو ماہ کے ساتھ ہی کرنٹ اکاؤنٹ میں پالیسی کی تبدیلیوں کی عکاسی ہونے لگی ہے اور 50% سے زائد کی کمی ہوئی۔ برآمدات میں سست رفتار اضافے سے ملنے والی متوقع قوت سے خارجی اکاؤنٹ کے پائیدار سطحوں پر برقرار رہنے کی توقع ہے۔ ادائیگیوں کے توازن کے ضمن میں دوستانہ ممالک سے حاصل ہونے والا تعاون سال کے بقیہ حصے کے دوران رقم کی فراہمی کے لیے کافی ہوگا۔ بعد ازاں، Real Effective شرح مبادلہ اپنی بنیادی قدر کے قریب ہے جس کے باعث پاکستانی روپے اور امریکی ڈالر میں عمومی باہمی کمی پیشی متوقع ہے۔

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان Asset المیکیشن فنڈ کی 31 مارچ 2019ء کو ختم ہونے والے نو ماہ کی رپورٹ پیش خدمت ہے۔

مارکیٹ اور معیشت کا جائزہ

معیشت اور بازار زر کا جائزہ

مالی سال کے آغاز ہی سے معیشت کو کرنٹ اکاؤنٹ کے خطرہ خسارے اور غیر ملکی ذخائر میں کمی کے باعث خارجی بحران کی شکل میں سنگین چیلنجز وراثت میں ملے۔ ان مسائل سے نمٹنے کے لیے مرکزی بینک نے اہم پالیسی اقدامات اٹھائے (موجودہ مالی سال میں روپے کی قدر میں 16% کمی اور انٹریسٹ کی شرح میں 425 bps اضافہ)۔ بالآخر استحکام کی کوششوں کے ثمرات حاصل ہوئے اور مالی سال 2019ء کے پہلے آٹھ ماہ کے دوران کرنٹ اکاؤنٹ کے خسارے میں 22% کمی ہوئی۔ مزید براں، حالیہ رجحان زیادہ اُمید افزا ہے کیونکہ فروری 2019ء کا کرنٹ اکاؤنٹ کا خسارہ 400 ملین ڈالر سے کم تھا جو گزشتہ 3 برسوں کی پست ترین سطح ہے۔

اگرچہ حکومت آئی ایم ایف پروگرام کے حوالے سے غیر یقینی صورتحال سے دوچار رہی لیکن دوستانہ اتحادیوں سے رقم حاصل کرنے میں کامیاب ہوئی جس کی بدولت مختصر میعاد کے لیے خارجی اکاؤنٹ میں موجود خلا پُر ہوگئی۔ سعودی عرب، متحدہ عرب امارات اور چین نے ادائیگیوں کے توازن میں 8 بلین ڈالر تک کی معاونت فراہم کی، جبکہ سعودی عرب نے پاکستان کے لیے 20 بلین ڈالر کی سرمایہ کاریوں کے اعلان کے ساتھ ساتھ تیل کے شعبے میں 3 بلین ڈالر کی پیشگی ادائیگی کی سہولت فراہم کی۔

مجموعی ملکی پیداوار (GDP) میں 2.5 سے 3 فیصد تک ترقی متوقع ہے کیونکہ گزشتہ برس بلند ترین جڑواں خساروں کے سبب توسیعی مالیاتی پالیسیاں جاری رکھنے کی حکومتی صلاحیت متاثر ہوئی۔ وسیع پیمانے کی مینوفیکچرنگ (LSM) مالی سال 2019ء کے ساتویں ماہ میں پہلے ہی پست سطح پر ہے، جبکہ کمزوری ترقی (کپاس اور گندم ہدف تک نہیں پہنچ سکیں گے) کے ساتھ ساتھ خوردہ اور تھوک تجارت میں قابل ذکر کمی (درآمداتی کمپریشن) کے باعث موجودہ سال کے دوران کل مجموعی طلب سست روی کا شکار ہوگی۔

روپے کی قدر اور بجلی اور گیس وغیرہ کی قیمتوں میں کمی کے ساتھ ساتھ CPI افراط زر کے دباؤ میں اضافے کی نشاندہی کرتا رہا ہے۔ افراط زر کا اوسط اس سال 7% سے کم رہا لیکن آنے والے مہینوں میں تقریباً 9% پر قائم رہنے کے لیے پُر امید ہے، اور توقع ہے کہ سطح بجلی اور گیس وغیرہ کی قیمتوں میں کمی بیشی کے ساتھ ساتھ روپے کی قدر میں کمی کے سبب رواتر کے باعث اگلے مالی سال میں برقرار رہے گی۔ افراط زر میں متوقع مزید اضافے اور ادائیگیوں کے توازن کی کمزوری صورتحال کے باعث موجودہ سال میں مرکزی بینک نے انٹریسٹ کی شرحوں میں 500 bps اضافہ کیا۔

حکومت نے اشارہ دیا ہے کہ وہ آئی ایم ایف پروگرام پر غور و خیریت دیکھنے والی ہے۔ ساتھ ساتھ حکومت کو اہم ترین بنیادی مسائل پر توجہ دینی ہوگی تاکہ طویل المیعاد پائیدار معاشی ترقی کی راہ پر گامزن ہو سکے۔

دوران مالی سال مارکیٹ کے شرکاء کی مالیاتی تنگی کی مسلسل توقعات کے باعث پیداواری خم بلندی کی طرف گامزن رہا۔ پہلے نو ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں 425 bps اضافہ کیا جو مارکیٹ کے بڑے حصے کی توقعات کے مطابق تھا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز کی متعدد نیلامیوں کو کمزور حجم اور بلند سطحوں پر شرکت کے باعث اسٹیٹ بینک آف پاکستان کو مسٹر ڈکرنارڈا۔ خارجی میدان میں خدشات نے مارکیٹ کے شرکاء کو طویل المیعاد ریٹری انسٹرومنٹس سے دور رکھا۔ زیر جائزہ مدت کے دوران 314.38 بلین مالیت کے حکومت پاکستان اجارہ سلک کی مدت مکمل ہوئی، اور ان کی جگہ اسٹیٹ بینک آف پاکستان کی طرف سے تازہ سلک جاری نہیں کیے گئے۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
Balance with banks	4	891,380	1,375,000
Investments	5.	1,890,810	1,896,981
Profit receivable		31,699	9,542
Receivable against sale of investments		4,127	37,069
Advances, deposits, prepayments and other receivables		64,879	7,834
Total assets		2,882,895	3,326,426
LIABILITIES			
Payable to the Management Company		8,821	11,168
Payable to the Central Depository Company of Pakistan Limited - Trustee		371	385
Payable to the Securities and Exchange Commission of Pakistan		2,164	3,065
Payable against purchase of investments		-	50,906
Payable on redemption of units		47	41
Accrued expenses and other liabilities	6.	46,010	48,212
Total liabilities		57,413	113,777
NET ASSETS		2,825,482	3,212,649
Unit holders' fund (as per statement attached)		2,825,482	3,212,649
Contingencies and commitments	7.		
		(Number of units)	
Number of units in issue		36,627,614	40,687,318
		(Rupees)	
NET ASSET VALUE PER UNIT		77.1408	78.9595

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

		Nine Months ended March 31,		Quarter ended March 31,	
	Note	2019	2018	2019	2018
		----- (Rupees in '000) -----			
Income					
Income from Government securities		39,525	36,401	9,106	12,532
Capital gain on sale of investments - net		1,855	7,842	13,606	52,694
Income from term finance certificates		15,405	6,876	6,088	2,635
Income from commercial papers		782	458	782	443
Income from Clean Placements		-	2,570	-	2,570
Dividend income		63,933	49,794	21,960	22,934
Profit on bank deposits and term deposit receipts		39,737	50,890	16,943	11,485
Unrealised (diminution)/appreciation in fair value of investments classified as 'at fair value through profit or loss' - net	9	(150,548)	67,137	88,960	193,162
Other income		320	31	96	20
Total Income		11,010	221,999	157,542	298,475
Expenses					
Remuneration of the Management Company		45,565	48,600	14,299	16,162
Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company		5,923	6,318	1,858	2,101
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		3,029	3,181	962	1,055
Sindh Sales Tax on remuneration of Trustee		394	413	125	137
Securities and Exchange Commission of Pakistan - annual fee		2,164	2,309	679	768
Allocated expenses		2,528	2,746	762	913
Selling and marketing expenses		9,112	9,719	2,860	3,232
Brokerage and settlement charges		10,564	14,984	1,997	6,516
Legal and professional charges		136	123	45	36
Auditors' remuneration		636	785	189	236
Provision for workers' welfare fund		-	2,649	-	2,649
Other expenses		382	386	135	151
Total expenses		80,433	92,213	23,911	33,956
Net loss for the period before taxation		(69,423)	129,786	133,631	264,519
Taxation	8.	-	-	-	-
Net (loss) / Income for the period		(69,423)	129,786	133,631	264,519
Allocation of net income for the period					
Net Income for the period		-	129,786	-	264,519
Income already paid on units redeemed		-	(17,056)	-	(17,056)
		-	112,730	-	247,463
Accounting income available for distribution					
-		-	-	-	-
- Relating to capital gains		-	74,729	-	245,856
- Excluding capital gains		-	38,001	-	1,607
		-	112,730	-	247,463
(Loss) / Earning per unit	9.				

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

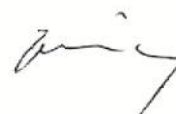
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(69,423)	129,786	133,631	264,519
Other comprehensive income				
Unrealised (diminution) / appreciation in fair value of investments classified as 'available-for-sale' - net	-	(3,217)	-	1,442
Total comprehensive (loss) / Income for the period	(69,423)	126,569	133,631	265,961

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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MCB PAKISTAN ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended March 31,	
	2019	2018
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / Income for the period before taxation	(69,423)	129,786
Adjustments:		
Unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss' - net	150,548	(67,137)
	81,125	62,649
(Increase) / decrease in assets		
Investments	(144,377)	86,050
Profit receivable	(22,157)	(11,172)
Receivable against sale of investments	32,942	83,387
Advances, deposits, prepayments and other receivables	(57,045)	(80,279)
	(190,637)	77,986
Decrease in liabilities		
Payable to the Management Company	(2,347)	7,511
Payable to the Central Depository Company of Pakistan Limited - Trustee	(14)	34
Payable to the Securities and Exchange Commission of Pakistan	(901)	25
Payable against purchase of investments	(50,906)	-
Payable on redemption of units	6	-
Accrued expenses and other liabilities	(2,202)	(19,441)
	(56,364)	(11,871)
Net cash (used in) / generated from operating activities	(165,876)	128,764
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	380,699	964,762
Payments against redemption of units	(698,443)	(1,109,709)
Net cash used in financing activities	(317,744)	(144,947)
Net decrease in cash and cash equivalents during the period	(483,620)	(16,183)
Cash and cash equivalents at beginning of the period	1,375,000	1,232,442
Cash and cash equivalents at end of the period	891,380	1,216,259

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**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 (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited (which merged with and into Arif Habib Investments Limited with effect from June 27, 2011) as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007.
- 1.2 Pursuant to the merger of MCB-Asset Management Company Limited and Arif Habib Investments Limited, the name of the Management Company (Arif Habib Investments Limited being the surviving entity) has been changed from Arif Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an asset management company under the Non-Banking Finance Companies (Establishment and Regulation) 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.
- 1.4 The Fund is an open-end collective investment scheme categorised as an "asset allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of "AM2++" with a stable outlook (June 30, 2018: AM2++) to the Management Company on April 8, 2019 and has assigned a short-term ranking of "3-Star" & long-term of "3-Star" on October 31, 2018 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

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

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2018.
- 2.1.3 In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2018, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2018.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

- 2.1.4** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited..
- 2.1.5** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.1.6** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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 recognized 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.

"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 investments 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 (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	IAS 39 carrying amount June 30, 2018	Reclassific- ations	Remeasure- ments	IFRS 9 carrying amount July 01, 2018	Retained earnings effect July 01, 2018
	----- Rupees -----				
Financial assets					
FVTPL					
<u>Additions:</u>					
From available for sale (IAS 39)	20,138	20,138	-	20,138	800
Total	20,138	20,138	-	20,138	800

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 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.

	Note	(Un-audited) March 31, 2019 (Rupees in '000)	(Audited) June 30, 2018
4 BALANCE WITH BANKS			
In saving accounts	4.1	889,319	1,374,993
In current accounts	4.2	2,061	7
		891,380	1,375,000

4.1 These carry profit at the rates ranging between 8% to 11.75% (2018: 3.75% and 7%) per annum and include Rs. 0.06 million maintained with MCB Limited (2018: 0.1 million), (a related party) which carries profit at the rate of 8% per annum

4.2 These include Rs. 2.01 million (2018: Rs 5.8 million) maintained with MCB Bank Limited, a connected person / related party.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

5. INVESTMENTS

At 'fair value through profit or loss'

Listed equity securities
Listed debt securities - term finance certificates
Unlisted debt securities - term finance certificates
Listed debt securities - Sukuk certificates
Government securities - market treasury bills
Commerical Paper

Available-for-sale

Listed equity securities
Government securities - Pakistan investment bonds

5.1 At fair value through profit or loss

5.1.1 Listed equity securities

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

INVESTMENTS													Note					
At 'fair value through profit or loss'													(Rupees in '000)					
Listed equity securities	Listed equity securities												5.1.1	1,566,847	1,650,953			
	Listed debt securities - term finance certificates												5.1.2	9,956	10,036			
	Unlisted debt securities - term finance certificates												5.1.3	109,890	105,900			
	Listed debt securities - Sukuk certificates												5.1.4	125,000	100,065			
	Government securities - market treasury bills												5.1.5	-	9,889			
Commercial Paper												5.1.6	79,117	-				
													1,890,810	1,876,843				
Available-for-sale																		
Listed equity securities	Listed equity securities												3.3	-	17,131			
	Government securities - Pakistan investment bonds												3.3	-	3,007			
													-	20,138				
At fair value through profit or loss													1,890,810	1,896,981				
Listed equity securities																		
Ordinary shares have a face value of Rs. 10 each unless stated otherwise																		
Name of investee company	Number of shares					As at March 31, 2019			Market value as a percentage of net assets	Market value as percentage of total investments	Market value as a percentage of the paid up capital of the investee company							
	As at July 1, 2018	Reclassified from 'Available for sale'	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at March 31, 2019	Carrying value	Market value				Appreciation / (Diminution)						
Automobile Assembler																		
Honda Atlas Cars(Pakistan) Limited	8,850	-	-	-	8,850	-	-	-	-	-	-	-	-	-	0.00			
Indus Motors Company Limited	-	-	5,900	-	5,900	-	-	-	-	-	-	-	-	-	0.00			
Cable and Electrical Goods																		
Pak Elektron Limited	-	-	2,282,000	-	2,282,000	-	-	-	-	-	-	-	-	-	0.00			
Cement																		
Cherat Cement Company Limited	-	-	596,700	-	189,300	407,400	31,607	25,593	(6,014)	0.01	0.01	0.01	0.01	0.01	0.23			
Dewan Cement Limited	1,135,500	-	-	-	-	1,135,500	20,439	13,081	(7,358)	0.00	0.00	0.01	0.01	0.01	0.23			
D.G. Khan Cement Company Limited	432,500	-	140,000	-	572,500	-	-	-	-	-	-	-	-	-	-			
Fauji Cement Company Limited	1,211,000	-	-	-	1,211,000	-	-	-	-	-	-	-	-	-	-			
Lucky Cement Limited	270,950	-	139,100	-	141,100	268,950	134,426	115,175	(19,251)	0.04	0.04	0.06	0.06	0.08	0.08			
Maple Leaf Cement Factory Limited	994,000	-	925,000	-	1,269,000	650,000	31,339	24,343	(6,997)	0.01	0.01	0.01	0.01	0.10	0.10			
													217,811	178,191	(39,620)			
Commercial Banks																		
Askari Bank Limited	-	-	3,016,500	-	1,741,000	1,275,500	30,994	26,084	(4,910)	0.01	0.01	0.01	0.01	0.10	0.10			
Bank Al Falah Limited	1,427,000	-	2,435,000	251,450	1,317,500	2,795,950	131,391	131,605	214	0.05	0.05	0.07	0.07	0.16	0.16			
Bank Al Habib Limited	-	-	1,373,000	-	273,500	1,099,500	89,096	94,183	5,087	0.03	0.03	0.05	0.05	0.10	0.10			
Bank Of Punjab	3,280,500	-	11,513,500	-	10,447,500	4,346,500	55,198	56,591	1,394	0.02	0.02	0.03	0.03	0.16	0.16			
Faysal Bank Limited	34,100	-	2,422,000	-	-	2,456,100	60,442	57,817	(2,626)	0.02	0.02	0.03	0.03	0.16	0.16			
Habib Bank Limited	1,156,500	-	-	-	1,156,500	-	-	-	-	-	-	-	-	-	-			

Note

5.1.1
5.1.2
5.1.3
5.1.4
5.1.5
5.1.6

3.3
3.3

1,566,847
9,956
109,890
125,000
-
79,117
1,890,810

1,650,953
10,036
105,900
100,065
9,889
-
1,876,843

17,131
3,007
20,138

1,896,981

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Name of investee company	Number of shares					As at March 31, 2019			Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2018	Reclassified from 'Available for sale'	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at March 31, 2019	Carrying value	Market value			
								(Rupees in '000)	(%)	(%)	(%)
Habib Metropolitan Bank Limited	-	-	700,000	-	100,000	600,000	24,480	24,888	0.01	0.01	0.07
MCB Bank Limited	307,900	-	889,800	-	901,400	296,300	58,117	58,232	0.02	0.03	0.03
United Bank Limited	-	-	4,184,600	-	3,400,900	783,700	112,978	109,350	0.04	0.06	0.06
							562,696	558,750			
								(3,946)			
Engineering											
Crescent Steel And Allied Products	125,800	-	-	-	-	125,800	11,469	4,880	0.00	0.00	0.16
International Industries Limited	214,200	-	-	-	-	214,200	49,757	26,582	0.01	0.01	0.18
Mughal Iron & Steel Industries Limited	-	-	350,000	-	100,000	250,000	10,875	9,765	0.00	0.01	0.10
							72,101	41,227			
								(30,874)			
Fertilizer											
Engro Fertilizer Limited	-	-	1,598,500	-	1,590,000	8,500	652	608	0.00	0.00	0.00
Engro Corporation Limited	99,000	-	301,200	-	240,300	159,900	51,349	52,324	0.02	0.03	0.03
							52,001	52,932			
								931			
Foods & personal care products											
National Foods Limited	-	-	124,500	24,900	-	149,400	33,225	28,243	0.01	0.01	0.12
Shezan International Limited	-	4,650	-	465	-	5,115	2,651	2,191	0.00	0.00	0.06
							35,876	30,434			
								(5,442)			
Insurance											
Adamjee Insurance Co. Limited	295,000	-	-	-	-	295,000	14,375	11,815	0.00	0.01	0.08
Pakistan Reinsurance Co. Limited	472,500	-	-	-	50,000	422,500	13,892	12,781	0.00	0.01	0.14
							28,267	24,595			
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	45,340	-	-	4,534	49,860	14	19	17	-	-	-
Oil and Gas Development Company Limited	974,100	-	14,900	-	164,900	824,100	128,176	121,596	0.04	0.06	0.02
Pakistan Oilfields Limited	99,400	-	332,650	37,760	277,800	192,030	91,990	85,885	-	-	-
Pakistan Petroleum Limited	-	-	986,700	12,555	546,000	453,255	78,587	83,848	0.03	0.05	0.07
							298,773	291,346	0.03	0.04	0.02
								(7,427)			
Oil and Gas Marketing Companies											
Hi-Tech Lubricants Limited	180,400	-	414,000	-	68,500	525,900	40,196	25,422	0.01	0.01	0.45
Pakistan State Oil Company Limited	-	-	222,200	23,840	40,000	206,040	57,128	44,542	0.02	0.02	0.05
Sui Northern Gas Company Limited	781,300	-	628,500	-	1,119,500	290,300	24,538	21,804	0.01	0.01	0.05
							121,863	91,768			
								(30,095)			
Pharmaceuticals											
Agp Limited	48	-	-	-	-	48	4	4	-	-	0.00
The Searle Company Limited	-	1,790	-	268	-	2,058	608	487	0.00	0.00	0.00
							612	491			
Power Generation and Distribution											
Hub Power Company Limited	175,000	-	800,000	-	175,000	800,000	72,220	58,664	0.02	0.03	0.07
K-Electric Limited (face value of Rs 3.5 per share)	4,370,000	-	-	-	4,370,000	-	-	-	-	-	-
							72,220	58,664			
								(13,556)			

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Name of investee company	Number of shares					As at March 31, 2019			Market value as a percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2018	Reclassified from 'Available for sale'	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at March 31, 2019	Carrying value	Market value		
								(Rupees in '000)	(%)	
Technology and Communication										
Hum Network	-	-	1,150,000	-	-	1,150,000	8,338	4,945	0.00	0.12
Neisul Technologies	-	-	181,500	-	181,500	-	-	-	-	-
Systems Limited	390,500	-	-	-	253,000	137,500	13,918	14,644	0.01	0.12
Trig Pakistan	936,500	-	-	-	936,500	-	-	-	-	-
							22,255	19,589	(2,667)	
Textile Composite										
Gul Ahmed Textile Mills Limited	1,892,000	-	1,085,000	-	1,826,000	1,151,000	57,991	65,572	0.02	0.32
Kohinoor Textile Mills Limited	400,000	252,280	-	-	-	652,280	35,869	29,268	0.01	0.22
Nishat (Chunian) Limited	-	-	250,000	-	-	250,000	14,405	12,935	0.00	0.10
Nishat Mills Limited	732,400	-	210,000	-	941,300	1,100	148	148	0.00	-
							108,413	107,923	(490)	
Leather & Tanneries										
Service Industries Limited	1,420	-	-	-	-	1,420	1,115	944	0.00	0.01
							1,115	944	(170)	
Chemicals										
Engro Polymer and Chemicals Limited	3,095,000	-	3,325,036	-	4,782,000	1,638,036	60,103	59,493	0.02	0.18
ENGRO POLYMER & CHEMICAL (R)	960,036	-	-	-	960,036	-	-	-	-	0.00
Lotte Chemical Pakistan Limited	-	-	4,106,000	-	4,106,000	-	-	-	-	0.00
							60,103	59,493	(610)	
Investment Banks / Investment Companies / Securities Companies										
Arif Habib Limited *	330,000	-	-	52,000	70,000	312,000	15,860	12,474	0.00	0.47
							15,860	12,474	(3,386)	
Transport										
PN S.C.	130,700	-	-	-	55,000	75,700	6,203	4,561	0.00	0.06
							6,203	4,561	(1,642)	
Glass and Ceramic										
Tariq Glass Industries	-	-	92,400	-	-	92,400	7,788	9,356	0.00	0.13
							7,788	9,356	1,569	
Miscellaneous										
Synthetic Products Ltd*	730,500	-	-	-	-	730,500	37,330	24,106	0.01	0.86
							37,330	24,106	(13,224)	
Total as at March 31, 2019							1,721,286	1,566,847	(154,440)	
Total as at June 30, 2018							1,868,160	1,650,953	(217,207)	

During the period, the Fund has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 20.14 million have been reclassified from 'Available for sale' as at June 30, 2018 to 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 3.3).

* These denote related parties / connected persons.

** The above include shares with a market value aggregating to Rs. 79.71 million (June 30 2018: 89.69 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with 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 (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

5.1.2 Listed debt securities - Term Finance Certificates

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

Name of investee company	Face value			Carrying value as at March 31, 2019	Market value as at March 31, 2019	Unrealised appreciation / (diminution) as at March 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2018	Purchased during the year	Sold / matured during the year						
Commercial Banks									
Bank Alfalah Limited-V	2,000	-	-	2,000	10,032	9,956	(76)	0.00	0.01
Total as at March 31, 2019					10,032	9,956	(76)		
Total as at June 30, 2018					10,265	10,036	(229)		

5.1.3 Unlisted debt securities - Term Finance Certificates

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

Name of investee company	Face value			Carrying value as at March 31, 2019	Market value as at March 31, 2019	Unrealised appreciation / (diminution) as at March 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2018	Purchased during the year	Sold / matured during the year						
Commercial Banks									
Bank Al Habib Limited-II	21,228	-	-	21,228	105,857	109,890	4,033	0.04	0.06
Total as at March 31, 2019					105,857	109,890	4,033		
Total as at June 30, 2018					106,957	105,900	(1,057)		0.01

5.1.4 Listed debt securities - Sukuk Certificates

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

Name of investee company	Face value			Carrying value as at March 31, 2019	Market value as at March 31, 2019	Unrealised appreciation / (diminution) as at March 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2018	Purchased during the year	Sold / matured during the year						
Dawood Hercules Corporation Limited									
	1,000	250	-	1,250	125,065	125,000	(65)	0.04	0.07
Total as at March 31, 2019					125,065	125,000	(65)		
Total as at June 30, 2018					100,000	100,065	65		0.00

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

5.1.5 Government securities - Market Treasury Bills

Name of investee company	Issue date	Face value			Carrying value as at December 31, 2018	Market value as at March 31, 2019	Unrealised appreciation/(depreciation) as at March 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the year	Sold / matured during the year					
		10,000,000	-	10,000,000	-	-	-	-	-
Treasury bills - 3 months	7-Jun-2018	-	-	-	-	-	-	-	-
Treasury bills - 3 months	2-Aug-2018	-	3,725,000	3,725,000	-	-	-	-	-
Treasury bills - 3 months	3-Jan-2019	-	2,150,000	2,150,000	-	-	-	-	-
Treasury bills - 3 months	6-Dec-2018	-	6,500,000	6,500,000	-	-	-	-	-
Treasury bills - 3 months	10-May-2018	-	1,295,000	1,295,000	-	-	-	-	-
Treasury bills - 3 months	11-Oct-2018	-	2,150,000	2,150,000	-	-	-	-	-
Treasury bills - 3 months	14-Feb-2019	-	1,450,000	1,450,000	-	-	-	-	-
Treasury bills - 3 months	19-Jul-2018	-	555,000	555,000	-	-	-	-	-
Total as at March 31, 2019									
Total as at June 30, 2018					9,889	9,889	-	-	-

5.1.6 Commercial Papers

Particulars	Profit / mark-up rates	Issue date	Maturity date	Face Value	Amortised Cost at March 31, 2019	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
K-Electric Limited-II (AA +)	11.75%	1-Mar-19	2-Sep-19	83,000	79,117	2.80	4.18
Total as at March 31, 2019					79,117		
As at June 30, 2018					-		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
6. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	----- (Rupees in '000) -----	
Provision against Sindh Workers' Welfare Fund	6.1	9,073	9,073
Provision for Federal Excise Duty and related tax on	6.2		
- Management fee		19,027	19,027
- Sales load		16,173	16,173
Auditors' remuneration payable		573	562
Brokerage payable		944	2,033
Withholding tax on capital gains		2	8
Others		217	1,336
		<u>46,010</u>	<u>48,212</u>

6.1 Provision for Sindh Workers' Welfare Fund (SWWF)

"There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2018. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2019 would have been higher/lower by Re. 0.25 per unit (June 30, 2018 Re. 0.22 per unit)."

6.2 Federal Excise Duty on remuneration to the Management Company

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2018. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2019 would have been higher/lower by Re. 0.52 per unit (June 30, 2018: Re. 0.47 per unit).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2019 and June 30, 2018.

8. 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 available for distribution for the year as reduced by capital gains whether realized or unrealized 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 90% of the net accounting income available for distribution other than 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 management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 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.

9. (LOSS) / EARNINGS PER UNIT

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

10. EXPENSE RATIO

The total expense ratio of the Fund from July 1, 2018 to March 31, 2019 is 2.61 % (March 31, 2018: 3.64 %) and this includes 0.25 % (March 31, 2018: 0.37 %) representing government levy, Sindh Worker's Welfare Fund and SECP fee. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorized as a "Asset Allocation Scheme".

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

11 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

For the nine months ended March 31, 2019									
As at July 1, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	As at July 1, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019
Units					(Rupees in '000)				
MCB-Arif Habib Savings and Investments Limited Management Company	-	647,478	-	647,478	-	-	50,000	-	50,123
Associated companies / undertakings									
Adamjee Life Assurance Company Limited (NUIL Fund)	71,293	315,586	-	-	386,879	5,629	25,000	-	-
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	-	28,189	2,226	-	-	-
Adamjee Life Assurance Company Limited.IMF	2,075,255	2,803,124	-	-	4,878,379	163,861	220,000	-	-
Adamjee Life Assurance Company Limited.ISF	450,785	129,827	-	-	580,612	35,594	10,000	-	-
Security General Insurance Company Ltd	3,745,546	-	-	3,745,546	-	295,746	-	-	296,713
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	-	35,028	2,766	-	-	-
Mandate Under Discretionary Portfolio Services **	105,705	1,112	-	106,811	7	8,346	87	-	7,950
Directors and Key management personnel **	-	21,359	-	21,359	-	-	1,680	-	1,685
For the nine months ended March 31, 2018									
As at July 1, 2017	Issued for cash	Bonus	Redeemed	As at March 31, 2018	As at July 1, 2017	Issued for cash	Bonus	Redeemed	As at March 31, 2018
Units					(Rupees in '000)				
Associated companies / undertakings									
Adamjee Life Assurance Company Limited. Conventional Business	210,744	-	-	-	210,744	17,076	-	-	-
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	-	28,189	2,284	-	-	-
Adamjee Life Assurance Company Limited. Adamjee Life Assurance Company Limited.(IMF)	352,830	-	-	352,830	-	28,589	-	-	28,511
	-	594,106	-	-	594,106	-	50,000	-	-
Security General Insurance Company Ltd	3,745,546	-	-	-	3,745,546	303,488	-	-	-
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	-	35,028	2,838	-	-	-
Mandate Under Discretionary Portfolio Services **	69,466	1,687,715	-	1,661,564	95,618	5,629	135,366	-	134,080
Directors and Key management personnel **	44,589	659	-	45,176	72	3,613	50	-	3,712

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

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

	(Un-Audited) March 31, 2019	(Un-Audited) March 31, 2018
	-----	-----
	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	51,488	54,918
Allocated expenses and related taxes	2,528	2,746
Selling and marketing expenses	9,112	9,719
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	3,423	3,594
CDC settlement charges	285	413
MCB Bank Limited - holding company of the Management Company		
Purchase of shares 2019: 889,800 (2018: 1,253,900)	175,321	264,068
Sale of shares 2019: 901,400 (2018: 903,800)	185,104	190,428
Dividend income	4,727	4,177
Profit on bank balances	2	137
Bank charges	6	36
Sale of securities Face Value 2019: 850M (2018: 80,000,000)	1,388,516	79
Adamjee Insurance Company Limited		
Purchase of Shares 2019: Nil (2018: 145,000)	-	8,409
Dividend Income	295	
Aisha Steel Mills Limited		
Sale of Shares 2019: Nil (2018: 1,000,000)	-	23,488
Silkbank Limited		
Profit on bank balances	11,145	3,203
Bank charges	33	10
Purchase of securities at Face Value 2019: Nil (2018: 1,485,865,000)	-	1,467,302
Sale of securities at Face Value 2019: 3,000M (2018: 2,333,000,000)	2,945,932	2,316,170
D. G. Khan Cement Company Limited		
Purchase of Shares 2019: 140,000 (2018: 1,375,000)	15,427	208,623
Sale of Shares 2019: 572,500 (2018: 1,750,396)	57,248	227,010
Dividend income	-	3
Arif Habib Limited		
Sale of Shares 2019: 70,000 (2018: Nil)	4,824	-
Dividend income	780	2,300
Brokerage expense *	704	917
Next Capital Limited		
Brokerage expense *	179	778

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

(Un-Audited) March 31, 2019	(Un-Audited) March 31, 2018
-----	-----
(Rupees in '000)	

Nishat Mills Limited

Purchase of Shares 2019: 210,000 (2018: 1,279,000)	28,310	199,278
Sale of Shares 2019: 941,300 (2018: 245,000)	133,708	38,957
Dividend income	0	1,796

Mughal Iron and Steel Industries Limited

Purchase of Shares 2019: 350,000 (2018: 310,000)	15,225	21,695
Sale of Shares 2019: 100,000 (2018: 381,000)	3,916	25,127
Dividend income	-	157

Nishat Chunian Limited

Purchase of Shares 2019: 250,000 (2018: Nil)	14,405	-
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Synthetic Products Enterprises Limited

Dividend Income	731	-
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(Un-Audited) March 31, 2019	(Audited) June 30, 2018
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(Rupees in '000)	

11.3 Amount outstanding as at period end / year end

MCB-Arif Habib Savings and Investments Limited - Management Company

Management remuneration payable	4,853	5,173
Sindh sales tax payable on management remuneration	631	672
Sales load payable	235	1,879
Payable against allocated expenses	243	259
Payable against selling and marketing expenses	2,859	3,185

Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration payable	328	341
Sindh Sales Tax payable on trustee remuneration	43	44
Security deposits	100	100

MCB Bank Limited - Parent of the Management Company

Bank balances	2,061	4,062
Sale load payable	-	16
296,300 shares held by the Fund (2018: 307,900 shares)	58,232	60,893

Arif Habib Limited

312,000 shares held by the Fund (2018: 330,000 shares)	12,474	20,130
Brokerage payable *	63	108

Next Capital Private Limited

Brokerage payable *	-	250
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
Nishat Mills Limited		
1,100 shares held by the Fund (2018: 732,400 shares)	148	103,210
Nishat Chunian Limited		
250,000 shares held by the Fund (2018: Nil shares)	12,935	-
D.G. Khan Cement Company Limited		
Nil shares held by the Fund (2018: 432,500 shares)	-	49,517
Mughal Iron & Steel		
250,000 shares held by the Fund (2018: Nil shares)	9,765	-
Adamjee Insurance Company Limited		
295,000 shares held by the Fund (2018: Nil shares)	11,815	-
Silkbank Limited		
Bank balance	1,123	385,112
Profit receivable on bank balance	1,971	2,265
Synthetic Products Enterprises Limited		
730,500 shares held by the Fund (2018: 730,500 shares)	24,106	37,329

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

12. GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified

12.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Management Company in the meeting held on April 19, 2019.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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