



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 FREQUENT PAYOUT FUND**



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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	<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 United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shahra-e-Faisal, Karachi -75350.	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	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

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**Dear Investor,**

On behalf of the Board of Directors, We are pleased to present MCB Pakistan Frequent Payout Fund's 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

During the period under review, the fund posted a return of 4.77% compared to the benchmark return of 7.24%. The fund was mostly invested in cash (71.5%), TFC's (22.8%) and Stocks/Equities (1.1%).

The Net Assets of the Fund as at March 31, 2019 stood at Rs. 272 million as compared to Rs. 487 million as at June 30, 2018. The Net Asset Value (NAV) per unit as at March 31, 2019 was Rs. 101.6832, an increase of Rs. 0.4114 over June 30, 2018.

## 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


## 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



**ڈائریکٹر رپورٹ**  
برائے نو ماہ اختتام پذیر 31 مارچ 2019ء

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 سبب 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 ایکٹیو 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۔ گردشی 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 منجمنٹ 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 بچ 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 لوٹے۔ دوران سہ ماہی غیر ملکی شہداء 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 فریٹلائزرز 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۔

انڈسٹریل سیکٹر 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۔ فریٹلائزرز 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 سُست رفتاری پیدا کر دی۔ معاشی سُست 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

زیر جائزہ مدت کے دوران فنڈ نے 4.77% منافع پوسٹ کیا جبکہ بچ مارک منافع 7.24% تھا۔ فنڈ کی زیادہ تر سرمایہ کاری نقد (71.5%)، ٹرم فنانس سرٹیفکیٹس (22.8%) اور اسٹاکس / ایکویٹیز (1.1%) میں تھی۔

31 مارچ 2019ء کو فنڈ کے net اثاثہ جات 272 ملین روپے تھے جبکہ 30 جون 2018ء کو 487 ملین روپے تھے۔ 31 مارچ 2019ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) نی پونٹ 101.6832 روپے تھی، جو 30 جون 2018ء کے مقابلے میں 0.4114 روپے نی پونٹ زیادہ 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 بیشی 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 سُست 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 بیشی متوقع ہے۔

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 تر قیمت، اور آمدنی ٹیکس میں چھوٹ، ٹیلی کام محصولات میں کمی اور درآمدات میں سُست روی کے باعث آمدنی جمع کرنے کی سُست رفتار کارکردگی



## عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان فریکوئنٹ پے آؤٹ 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 خطرے 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 برآں، حالیہ رجحان زیادہ اُمید افزا ہے کیونکہ فروری 2019ء کا کرنٹ اکاؤنٹ کا خسارہ 400 بلین 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 کمزور زرعی ترقی (کپاس اور گندم ہدف تک نہیں پہنچ سکیں گے) کے ساتھ ساتھ خوردہ اور تھوک تجارت میں قابل ذکر کمی (درآمداتی کمپیشن) 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 پیشی کے ساتھ ساتھ روپے کی قدر میں کمی کے سبب رواثر کے باعث اگلے مالی سال میں برقرار رہے گی۔ افراط زر میں متوقع مزید اضافے اور ادائیگیوں کے توازن کی کمزور 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 عنقریب دستخط کرنے 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 مسترد کرنا پڑا۔ خارجی میدان میں خدشات نے مارکیٹ کے شرکاء کو طویل المیعاد ڈریزری 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) -----	
<b>ASSETS</b>			
Balance with banks	4	201,649	348,931
Investments	5	67,452	136,603
Dividend and profit receivable		3,213	1,848
Advances, deposits and prepayments		4,380	4,259
Preliminary expenses and floatation costs		237	347
Receivable against sale of investments		-	37,388
Receivable from National Clearing Company of Pakistan Limited		5,180	2,285
<b>Total assets</b>		<b>282,112</b>	<b>531,661</b>
<b>LIABILITIES</b>			
Payable to the Management Company		468	591
Payable to MCB Financial Services Limited - Trustee		48	54
Payable to the Securities and Exchange Commission of Pakistan		251	631
Dividend payable		1,668	-
Payable against purchase of investments		-	36,167
Accrued expenses and other liabilities	6	7,502	7,667
<b>Total liabilities</b>		<b>9,937</b>	<b>45,110</b>
<b>NET ASSETS</b>		<b>272,175</b>	<b>486,551</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>272,175</b>	<b>486,551</b>
<b>Contingencies and commitments</b>	7		
		(Number of units)	
<b>Number of units in issue</b>		<b>2,676,696</b>	<b>4,804,405</b>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>		<b>101.6832</b>	<b>101.2718</b>

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

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

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

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

  
\_\_\_\_\_  
Director



# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

		Nine months ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
<b>INCOME</b>					
		4,576	9,482	4,198	2,150
		(286)	(1,363)	108	1,170
		5,377	3,627	3,437	2,558
		14,383	18,139	8,324	5,327
		393	3,692	312	544
		179	1,876	1	315
		-	(1,477)	-	(196)
	5.5	(1,589)	(775)	(988)	(411)
		7	-	7	-
<b>Total income</b>		<b>23,040</b>	<b>33,201</b>	<b>15,399</b>	<b>11,457</b>
<b>EXPENSES</b>					
		3,447	5,339	2,179	1,727
		448	694	283	225
		380	642	249	191
		49	84	32	25
		251	509	150	152
		294	605	174	180
		-	1,053	-	-
		158	-	121	-
	6.1	329	440	223	166
		554	1,033	421	284
		224	231	124	69
		135	116	90	24
		110	111	73	36
		16	270	2	75
		473	521	325	176
		49	7	24	7
<b>Total expenses</b>		<b>6,919</b>	<b>11,655</b>	<b>4,472</b>	<b>3,337</b>
<b>Net income for the period before taxation</b>		<b>16,121</b>	<b>21,546</b>	<b>10,927</b>	<b>8,120</b>
Taxation	8.	-	-	-	-
<b>Net income for the period</b>		<b>16,121</b>	<b>21,546</b>	<b>10,927</b>	<b>8,120</b>
<b>Allocation of net income for the period:</b>					
		16,121	21,546	10,927	8,120
		(214)	(126)	(107)	(1,715)
		15,907	21,420	10,820	6,405
<b>Accounting income available for distribution</b>					
		-	-	-	564
		15,907	21,420	10,820	5,841
		15,907	21,420	10,820	6,405
<b>Earnings per unit</b>	9.				

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

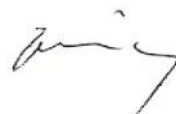
**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**



**Chief Executive Officer**



**Chief Financial Officer**



**Director**



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019**

	<b>Nine months ended March 31,</b>		<b>Quarter ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>----- (Rupees in '000) -----</b>			
<b>Net income for the period after taxation</b>	<b>16,121</b>	21,546	<b>10,927</b>	8,120
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,121</b>	21,546	<b>10,927</b>	8,120

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

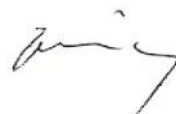
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

		Nine Months Ended March 31,					
Note	2019			2018			
	(Rupees in '000)						
	Capital Value	Undistributed income	Total	Capital Value	Undistribut ed income	Total	
Net assets at beginning of the period		476,396	10,155	486,551	888,279	11,317	899,596
Issue of 59,930 units (2018: 675,080 units)							
- Capital value (at net asset value per unit at the beginning of the period)		6,047	-	6,047	68,470	-	68,470
- Element of income		6	-	6	(177)	-	(177)
Total proceeds on issuance of units		6,053	-	6,053	68,293		68,293
Redemption of 2,187,639 units (2018: 3,397,574 units)							
- Capital value (at net asset value per unit at the beginning of the period)		(220,610)	-	(220,610)	(342,774)		(342,774)
- Amount paid out of element of income		(506)	(214)	(720)	1,001	(126)	875
- Relating to 'Net income for the period after taxation'							
Total payments on redemption of units		(221,116.00)	(214)	(221,330)	(341,773)	(126)	(341,899)
Total comprehensive income for the period		-	16,121	16,121	-	21,546	21,546
Final distribution at the rate of Rs. 0.4280 per unit for the year end June 30, 2018 (declared on July 04, 2018)		-	(2,056)	(2,056)			
Distribution made during the period		(6)	(13,158)	(13,164)	-	(26,392)	(26,392)
Net loss for the period less distribution		(6)	907	901		(4,846)	(4,846)
Net assets at end of the period		261,327	10,848	272,175	614,799	6,345	621,144
Undistributed income brought forward							
- Realised			12,551			11,383	
- Unrealised			(2,396)			(66)	
			10,155			11,317	
Accounting income available for distribution							
- Relating to capital gains			-			-	
- Excluding capital gains			15,907			21,420	
			15,907			21,420	
Net income for the period after taxation			-			-	
Cash distribution during the period			(15,214)			(26,392)	
Undistributed income carried forward			10,848			6,345	
Undistributed income carried forward							
- Realised			12,437			7,083	
- Unrealised			(1,589)			(738)	
			10,848			6,345	
				(Rupees)		(Rupees)	
Net assets value per unit at beginning of the period			101.2718			101.4252	
Net assets value per unit at end of the period			101.6832			100.7523	

The annexed notes 1 to 14 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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2019

	Nine Months Ended March 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	16,121	21,546
<b>Adjustments for non cash and other items:</b>		
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	1,589	775
	17,710	22,321
<b>Decrease in assets</b>		
Investments	67,562	72,406
Dividend and profit receivable	(1,365)	(2,037)
Advances, deposit and prepayments	(121)	925
Advance against subscription of term finance certificate		(50,000)
Preliminary expenses and floatation costs	110	112
Receivable against margin trading system transactions		16,065
Receivable against sale of investments	37,388	15,198
Receivable from National Clearing Company of Pakistan Limited	(2,895)	11,970
	100,679	64,639
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(123)	(1,289)
Payable to the MCB Financial Services Limited - Trustee	(6)	(30)
Payable to the Securities and Exchange Commission of Pakistan	(380)	(487)
Payable against purchase of investments	(36,167)	6,174
Dividend payable	1,668	(1,086)
Accrued expenses and other liabilities	(165)	(747)
	(35,173)	2,535
<b>Net cash generated from operating activities</b>	83,215	89,495
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	6,047	68,293
Payments on redemption of units	(221,330)	(341,899)
Distribution during the period	(15,214)	(26,392)
<b>Net cash used in financing activities</b>	(230,497)	(299,998)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(147,282)	(210,503)
Cash and cash equivalents at beginning of the period	348,931	541,451
<b>Cash and cash equivalents at end of the period</b>	201,649	330,948

The annexed notes 1 to 14 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 Frequent Payout Fund ("the Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non Banking Finance Companies and Notified Entities Regulations, 2008. The Fund was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 16, 2015. It was constituted under a Trust Deed dated July 22, 2015 between MCB-Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and MCB Financial Services Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund 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 Fund is listed on the Pakistan Stock Exchange Limited. 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 purchase, redemption, transfer, switching, etc. only during the first five business days of every month. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund.
- 1.4** The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions, spread transactions and transaction under Margin Trading System.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (AM two plus plus) dated April 8, 2019 to the Management Company, while the Fund has been assigned a Fund performance rating of 4-star on October 31, 2018.
- 1.6** Title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; 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. "



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

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- 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.
- 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 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 SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

- 3.1** "The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 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. All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI



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

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. Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as FVPL.

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.

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	---- (Rupees in '000) ----	
<b>4 BALANCE WITH BANKS</b>			
- in saving accounts	4.1	<u>201,649</u>	<u>348,931</u>
<b>4.1</b>	These carry profit at the rates ranging between 8% to 12% (2018: 3.75% and 7.75%) per annum and include Rs. 2.7 million maintained with MCB Limited(2018:0.54 million), (a related party) which carries profit at the rate of 8% per annum and Rs. 137.25 million with silk bank and which carries profit at the rate of 11.75%.		

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	---- (Rupees in '000) ----	
<b>5. INVESTMENTS</b>			
<i>At fair value through profit or loss</i>			
Unlisted debt securities - Term Finance Certificates	5.1	<u>63,344</u>	<u>98,766</u>
Listed debt securities - Sukus Certificates	5.2	<u>990</u>	<u>998</u>
Government securities	5.3	<u>-</u>	<u>19,782</u>
Listed equity securities	5.4	<u>3,118</u>	<u>17,057</u>
		<u>67,452</u>	<u>136,603</u>



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

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

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

Name of investee company	Number of certificates					As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
										%
<b>Commercial banks</b>										
The Bank Of Punjab (23-12-2016 issue)	650	-	-	400	250	24,512	23,697	(815)	8.71	35.13
<b>Fertilizer</b>										
Dawood Hercules Corporation Limited (01-03-2018 issue)	350	-	-	150	200	20,013	20,000	(13)	7.35	29.65
<b>Investment Company</b>										
Jahangir Siddiqui & Company Limited (18-07-2018 issue)*	-	4,000	-	-	4,000	20,000	19,648	(352)	7.22	29.13
<b>Total as at March 31, 2019 (Un-audited)</b>						<b>64,525</b>	<b>63,344</b>	<b>(1,181)</b>		
Total as at June 30, 2018 (Audited)						100,021	100,044	23		

\* Face value of the investment is Rs. 5000

**5.2 Listed debt securities - Sukuks Certificates**

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

Name of investee company	Number of certificates					As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
										%
<b>Commercial banks</b>										
Byco Petroleum Pakistan Limited (18-Jan-17 issue)	10	-	-	-	10	998	990	(8)	0.36	1.47
<b>Total as at March 31, 2019 (Un-audited)</b>						<b>998</b>	<b>990</b>	<b>(8)</b>		
Total as at June 30, 2018 (Audited)						1,000	998	(2)		



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

## 5.3 Government securities - Treasury Bills

Security	Issue Date	Maturity Date	Face value				As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
(Rupees in '000)											
Treasury bills - 3 months	14-FEB-19	09-MAY-19	-	125,000	125,000	-	-	-	-	-	-
Treasury bills - 3 months	19-JUL-18	11-OCT-18	-	100,000	100,000	-	-	-	-	-	-
Treasury bills - 3 months	11-OCT-18	03-JAN-19	-	245,000	245,000	-	-	-	-	-	-
Treasury bills - 3 months	03-JAN-19	28-MAR-19	-	150,000	150,000	-	-	-	-	-	-
Treasury bills - 3 months	02-AUG-18	25-OCT-18	-	20,000	20,000	-	-	-	-	-	-
Treasury bills - 3 months	07-JUN-18	30-AUG-18	20,000	-	20,000	-	-	-	-	-	-
Treasury bills - 3 months	06-DEC-18	28-FEB-19	-	375,000	375,000	-	-	-	-	-	-
<b>Total as at March 31, 2019 (Un-audited)</b>							-	-	-	-	-
Total as at June 30, 2018 (Audited)							19,781	19,782	1		

## 5.4 Listed Equity Securities

Name of the investee company	As at July 1, 2018	Purchases during the period	Sales during the period	As at March 31, 2019	As at March 31, 2019		Market value as a percentage of net assets	Market value as a percentage of total investments	Market Value as a percentage of total paid-up capital of the investee company
					Carrying Value	Appreciation/ (diminution)			
(Rupees in '000)									
Number of shares									
Commercial Banks									
Habib Bank Limited	-	19,100	19,100	-	-	-	-	-	-
MCB Bank Limited	-	83,000	83,000	-	-	-	-	-	-
United Bank Limited	-	100,000	100,000	-	-	-	-	-	-
Investment Banks / Investment Companies / Securities Companies									
Arif Habib Limited*	45,500	-	45,500	-	-	-	-	-	-
Textile Composite									
Gul Ahmed Textile Mills Limited	12,000	-	12,000	-	-	-	-	-	-
Kohinoor Textile Mills Limited	2,400	-	2,000	400	22	18	(4)	0.01	0.03



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

Name of the investee company	As at July 1, 2018	Purchases during the period	Sales during the period	As at March 31, 2019	As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments	Market Value as a percentage of total paid-up capital of the investee company
					Carrying Value	Market value	Appreciation/ (diminution)			
Number of shares (Rupees in '000)										
Power Generation and Distribution Hub Power Company Limited	110,000	-	110,000	-	-	-	-	-	-	-
Real Estate Investment Trust Dolmen City Reit*	271,000	-	-	271,000	3,496	3,100	(396)	1.14	4.60	-
Oil And Gas Marketing Companies Hi-Tech Lubricants Limited	-	40,000	40,000	-	-	-	-	-	-	-
Technology & Communications Neisol Technologies		28,000	28,000		-	-	-	-	-	-
Total as at March 31, 2019 (Un-audited)					3,518	3,118	(400)			
Total as at June 30, 2018 (Audited)					18,197	17,057	(1,140)			

\* These represent transactions with related parties.



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

	<b>Note</b>	<b>(Un-audited) March 31, 2019 (Rupees in '000)</b>	<b>(Audited) 30 June 2018</b>
<b>5.5 Net unrealised appreciation in value of investments at fair value through profit or loss</b>			
Market value of investments	5.1, 5.2, 5.3, & 5.4	<b>67,452</b>	136,603
Carrying value of investments	5.1, 5.2, 5.3, & 5.4	<b>(69,041)</b>	(138,999)
		<b>(1,589)</b>	(2,396)

**6. ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Sindh Workers' Welfare Fund	6.1	<b>2,426</b>	2,097
Provision for federal excise duty and related tax on	6.2		
- Management fee		<b>841</b>	841
- Sales load		<b>3,625</b>	3,625
Brokerage		<b>8</b>	102
Capital gain tax		<b>11</b>	4
Legal advisor		<b>113</b>	130
Auditors' remuneration		<b>424</b>	448
Sindh sales tax payable on allocated expenses		<b>-</b>	270
Printing and related expenditure		<b>55</b>	40
Other		<b>-</b>	110
		<b>7,502</b>	7,667

**6.1 Provision for Sindh Workers' Welfare Fund**

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 by Re. 0.9065 per unit (June 30, 2018 Re. 0.4365 per unit)..

**6.2 Federal Excise Duty and related tax payable**

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 by Re. 0.3141 per unit (June 30, 2018: Re. 0.1750 per unit).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding 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



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

(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. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed, as in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 10. TOTAL EXPENSE RATIO

The total expense ratio of the Fund from July 1, 2018 to March 31, 2019 is 1.88 % (March 31, 2018: 1.63%) and this includes 0.23 % (March 31, 2018: 0.25%) 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".

## 11. TRANSACTIONS WITH 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 rates

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

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

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

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	3,895	6,033
Marketing and selling expense	-	1,053
Allocated expenses including indirect taxes	294	605
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration of MCB Financial Services Limited -Trustee	380	642
Sindh Sales Tax on remuneration of the Trustee	49	84
<b>MCB Bank Limited - Holding Company of the Management Company</b>		



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

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	----- (Rupees in '000) -----	
Profit on bank deposits	57	71
Bank charges	111	2
Purchase of 83,000 (2018: 40,000) shares	16,666	8,599
Sale of 83,000 (2018: 40,000) shares	16,655	8,105
Sale of securities having a face value of Rs 175,000,000 (2018: Rs 50,000,000)	173,578	49,975
Dividend	132	160
<b>Silkbank Bank Limited</b>		
Profit on bank deposits	7,198	1,257
Bank charges	22	4
<b>D.G. Khan Cement Company Limited</b>		
Purchase of Nil (2018: 251,500) shares	-	34,749
Sale of Nil (2018: 60,000) shares	-	6,690
Dividend income	-	1,185
<b>Nishat Mills Limited</b>		
Purchase of Nil (2018: 12,000) shares	-	1,881
Sale of Nil (2018: 12,000) shares	-	1,898
<b>Nishat Chunian Limited</b>		
Purchase of Nil (2018: 44,000) shares	-	2,151
Sale of Nil (2018: 44,000) shares	-	2,096
Dividend income	-	67
<b>Dolmen City RIET</b>		
Dividend income	260	786
<b>Arif Habib Limited - Group company of the Management Company*</b>		
Brokerage expense	6	29
Sale of 45,500 (2018: Nil) shares	2,898	-
<b>Next Capital Limited - Group company of the Management Company*</b>		
Brokerage expense	11	14



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

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

11.2 Amount outstanding as at period end / year end	(Unaudited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	393	488
Sindh sales tax payable on management remuneration	51	63
Payable against allocated expenses	24	40
<b>MCB Financial Services Limited - Trustee</b>		
Trustee remuneration payable	42	48
Sindh Sales Tax payable on trustee remuneration	6	6
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	2,414	1,487
Profit receivable on bank balances	-	6
<b>Silk Bank Limited</b>		
Balance with bank	137,257	847
Profit receivable on bank balances	1,406	902
<b>Dolmen City Reit</b>		
271,000 shares (June 30, 2018: 271,000) shares held	3,100	3,496
<b>Arif Habib Limited</b>		
Nil (June 30, 2018: 45,500) shares held	-	2,776
<b>Next Capital Limited</b>		
Brokerage payable	-	9
<b>Unit holders holding 10% or more</b>		
Nil	-	55,357



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

"These persons became connected persons / related parties during the period due to acquiring unit holding of more than 10% of net assets of the Fund. "

Unit holding as at March 31, 2019 / June 30, 2018 is less than 10%.

## 12. DISTRIBUTIONS MADE DURING THE PERIOD

	Rate per unit up to	Declaration date	Bonus Distribution Units	Amount	Total Distribution
			----- (Rupees in '000) -----		
For the month ended July 2018	Re. 0.5140	July 31, 2018	-	-	2,311
For the month ended August 2018	Re. 0.5145	August 31, 2018	-	-	2,121
For the month ended October 2018	Re. 0.5150	October 31, 2018	-	-	1,774
For the month ended November 2018	Re. 0.5405	November 30, 2018	-	-	1,778
For the month ended January 2019	Re. 0.601	January 31, 2019	-	-	1,799
For the month ended February 2019	Re. 0.5825	February 28, 2019	-	-	1,714
For the month ended March 2019	Re. 0.6230	March 31, 2019	-	-	1,668
			-	-	13,164

As per the distribution policy contained in the offering document, the Fund is required to ensure monthly streams of cash flows to the unit holders. In case, where the Fund suffers losses in the month due to equity portion loss, the monthly payment is required to be made by redeeming the appropriate number of units of the unit holders on the basis of previous 6 months average rate of dividend distribution per unit.

## 13. GENERAL

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

13.2 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.

## 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 19, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director



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

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