



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

PAKISTAN CAPITAL MARKET FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Standard Chartered Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan JS Bank Limited	
Auditors	A.F Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Capital Market 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.

FUND PERFORMANCE

During the period under review, the fund posted a negative return of 1.34% compared to a negative return of 4.90% posted by the benchmark.

On the equities front, the overall allocation was increased to 68.0% from 65.8%. Exposure in cash was decreased from 32.9% to 29.5% at the end of the period under review. Sector-wise, the fund increased its exposure in E&Ps and Fertilizers.

On the fixed income side, the fund maintained its exposure in T-Bills at 0% as of 31st March, 2019 and in TFCs at 0.2%.

The Net Assets of the Fund as at March 31, 2019 stood at Rs. 562 million as compared to Rs. 619 million as at June 30, 2018 registering a decrease of 9.21%.

The Net Asset Value (NAV) per unit as at March 31, 2018 was Rs. 11.0100 as compared to opening NAV of Rs. 11.1600 per unit as at June 30, 2018 showing a decrease of Rs. 0.15 per unit.

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

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.

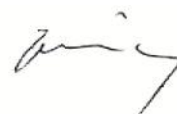
ACKNOWLEDGMENT

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

ڈائریکٹرز رپورٹ
برائے نو ماہ اختتام پذیر 31 مارچ 2019ء

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، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
19 اپریل، 2019ء

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے 1.34% منفی منافع پوسٹ کیا جبکہ بیج مارک منفی منافع 4.90% تھا۔ ایکویٹیز کے میدان میں مجموعی اختصاص 65.8% سے بڑھا کر 68.0% کر دیا گیا، جبکہ نقد میں شمولیت کو 32.9% سے کم کر کے 29.5% کر دیا گیا۔ شعبہ جاتی اعتبار سے فنڈ نے ایکسپلوریشن اینڈ پروڈکشن اور فریٹ لائزرز کے شعبے میں شمولیت میں اضافہ کیا۔ مقررہ آمدنی کی جہت میں فنڈ نے ٹریڈری بلز میں شمولیت کو 0% پر اور ٹرم فنانس سٹرٹیکٹس میں شمولیت کو 0.2% پر برقرار رکھا۔ 31 مارچ 2019ء کو فنڈ کے net اثاثہ جات 562 ملین روپے تھے، جو 30 جون 2018ء کی سطح 619 ملین روپے کے مقابلے میں 9.21% کمی ہے۔ 31 مارچ 2019ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 11.0100 روپے تھی، جو 30 جون 2018ء کی ابتدائی سطح 11.1600 روپے فی یونٹ کے مقابلے میں 0.15 روپے فی یونٹ کمی ہے۔

مارکیٹ اور معیشت - 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 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 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 سست روی کے باعث آمدنی جمع کرنے کی سست رفتار کارکردگی 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 کرنسی 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 کم 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 (کرسٹل 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

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان کپٹل مارکیٹ 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 برآں، 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 ملین 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 مینیوفیکچرنگ (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 رواتر 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 ٹریڈری 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

	Note	(Un-Audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2018 -----
ASSETS			
Balances with banks	4	170,674	210,758
Investments	5	383,081	422,928
Dividend and profit receivables		8,049	2,422
Advances, deposits and prepayments		5,090	5,067
Advance Against IPO subscription		11,295	
Total assets		578,189	641,175
LIABILITIES			
Payable to the Management Company		1,701	1,372
Payable to the Central Depository Company of Pakistan Limited - Trustee		109	119
Payable to the Securities and Exchange Commission of Pakistan		379	536
Payable against purchase of investment		-	6,325
Payable against redemption of units		216	216
Accrued expenses and other liabilities	6.	13,489	14,028
Total liabilities		15,894	22,596
NET ASSETS		562,295	618,579
Unit holders' fund (as per statement attached)		562,295	618,579
Contingencies and commitments	7.		
(Number of units)			
NUMBER OF UNITS IN ISSUE		51,077,710	55,412,733
----- (Rupees) -----			
NET ASSETS VALUE PER UNIT		11.01	11.16

The annexed notes from 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 (UN-AUDITED) FOR 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) -----			
INCOME					
Dividend income		16,097	11,246	23,508	5,252
Income from government securities		7,551	4,159	(2,347)	1,768
Profit on bank deposits, TDR & LOP		6,668	8,937	950	1,991
Income from term finance certificate		74	54	28	18
Capital (loss) / gain on sale of investments - net		(1,402)	13,548	(1,402)	40,126
Income on NCCPL deposit against exposure margin		24	11	(3,395)	3
Impairment on investment in equity securities		-	(2,032)	(2)	-
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.4	(22,220)	15,951	15,779	31,888
Total income		6,792	51,874	33,119	81,046
EXPENSES					
Remuneration of the Management Company		8,920	9,407	2,831	3,140
Sindh Sales Tax on remuneration of the Management Company.		1,160	1,223	368	408
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		892	941	283	314
Sales Tax on remuneration of the trustee		116	122	37	41
Securities and Exchange Commission of Pakistan - fee		379	400	120	134
Allocated expense		492	531	148	177
Marketing and selling expense		1,784	-	566	-
Securities transaction cost		922	2,130	214	939
Settlement, bank charges		390	505	124	369
Fees and subscription		44	83	6	6
Auditors' remuneration		433	483	139	150
Printing and related cost		49	(213)	25	(214)
Legal and professional charges		139	118	48	24
Total expenses		15,719	15,729	4,908	5,489
Net (loss) / income from operating activities		(8,928)	36,144	28,210	75,557
Provision for Workers' Welfare Fund			(723)	-	(723)
Net (loss) / income for the period before taxation		(8,928)	35,421	28,210	74,834
Taxation	9	-	-	-	-
Net (loss) / income for the period		(8,928)	35,421	28,210	74,834
Allocation of net (loss) / income for the period:					
Net income for the period			35,421		74,834
Income already paid on units redeemed			(414)		(414)
			35,007		74,420
Accounting income available for distribution:					
- Relating to capital gains			29,132		71,648
- Excluding capital gains			5,875		2,772
Accounting income available for distribution			35,007		74,420
(Loss) / Earnings per unit					

The annexed notes from 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	(8,928)	35,421	28,210	74,834
Other comprehensive loss for the period				
<i>Items that may be reclassified to profit and loss account</i>				
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'		(16,568)	-	(12,239)
Total comprehensive (Loss) / income for the period	(8,928)	18,853	28,210	62,595

The annexed notes from 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 MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine Months Ended March 31,							
	2019				2018			
	(Rupees in '000)							
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total
Net assets at beginning of the period	573,580	42,884	2,115	618,579	613,064	68,003	(5,885)	675,182
Change in Accounting policy-Note 3.3		2,115	(2,115)					
Net assets at beginning of the period	573,580	44,999	-	618,579	613,064	68,003	(5,885)	675,182
Issuance of 2,013,430 units (2018: 5,967,134 units)								
- Capital value (at net asset value per unit at the beginning of the period)	20,887	-	-	20,887	68,802	-	-	68,802
- Element of income	271	-	-	271	(1,955)	-	-	(1,955)
Total proceeds on issuance of units	21,159	-	-	21,159	66,847			66,847
Redemption of 6,348,453 units (2018: 9,336,380 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(69,267)			(69,267)	(107,648)	-	-	(107,648)
- Amount paid out of element of income						(414)	-	(414)
- Relating to 'Net income for the period after taxation'	752	-	-	752	4,187	-	-	4,187
- Element of income								
Total payments on redemption of units	(68,515)	-	-	(68,515)	(103,462)	(414)	-	(103,876)
Total comprehensive income for the period	-	(8,928)	-	(8,928)	-	35,421	(16,568)	18,853
Distribution during the period	-	-	-	-	-	-	-	-
Net (loss) / Income for the period	-	(8,928)	-	(8,928)	-	35,421	(16,568)	18,853
Net assets at end of the period	526,223	36,071	-	562,295	576,449	103,010	(22,453)	657,007
Undistributed income brought forward								
- Realised		67,904				72,282		
- Unrealised		(25,020)				(4,279)		
		42,884				68,003		
Change in Accounting policy-Note 3.3		2,115				-		
Undistributed income brought forward		44,999				68,003		
Accounting income available for distribution								
- Relating to capital gains		-				29,132		
- Excluding capital gains		-				5,875		
		-				35,007		
Net loss for the period after taxation		(8,928)				-		
Distribution during the period		-				-		
Undistributed income carried forward		36,071				103,010		
Undistributed income carried forward								
- Realised		58,292				150,010		
- Unrealised		(22,220)				(47,000)		
		36,071				103,010		
				(Rupees)		(Rupees)		
Net assets value per unit at beginning of the period				11.16		11.53		
Net assets value per unit at end of the period				11.01		11.90		

The annexed notes from 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 CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	<div> <div>Nine Months Ended</div> <div>March 31,</div> <div>2019</div> <div>2018</div> </div>	
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	(8,928)	35,421
Adjustments for:		
Unrealised diminution in value of investments classified as at fair value through profit or loss - net	22,220	(15,951)
	22,220	(15,951)
Increase in assets		
Investments	17,627	87,371
Dividend and profit receivables	(5,627)	(2,924)
Advances, deposits and prepayments	(23)	982
Advance Against IPO subscription	(11,295)	-
Receivable against sale of investment	-	(12,194)
	682	73,235
(decrease) / Increase in liabilities		
Payable to the Management Company	330	(252)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(10)	(4)
Payable to the Securities and Exchange Commission of Pakistan	(157)	(168)
Payable against purchase of investment	(6,325)	3,234
Accrued expenses and other liabilities	(539)	264
	(6,702)	3,074
Net cash generated from operating activities	7,272	95,779
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units sold	21,159	66,847
Cash paid on units redeemed	(68,515)	(103,876)
Net cash used in financing activities	(47,356)	(37,028)
Net increase in cash and cash equivalents during the period	(40,084)	58,751
Cash and cash equivalents at beginning of the period	210,758	204,777
Cash and cash equivalents at end of the period	170,674	263,528

The annexed notes from 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** Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee on October 27, 2003. The Investment Adviser of Pakistan Capital Market Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on November 5, 2003.
- 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 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3** During 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange.
- 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.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned as asset manager of AM2++ (Positive outlook) dated April 08, 2019 to the Management Company and long term performance rating of 4-star and short term performance rating of 4-star to the Fund dated October 31, 2018.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as 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 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

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

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 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. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN:

- 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.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt and equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment

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

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 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:

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

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.

4 BALANCES WITH BANKS

		(Unaudited) March 31, 2019 ---- (Rupees in '000) ----	(Audited) June 30, 2018
Current accounts	4.1	2,786	4,996
Savings accounts	4.2	167,888	205,762
		<u>170,674</u>	<u>210,758</u>

4.1 These include Rs. 0.007 million (2018: Rs 0.007 million) maintained with MCB Bank Limited, a connected person / related party.

4.2 These carry profit at the rates ranging between 3.75% to 11.6% (2018: 3.75% and 7.35%) per annum and include Rs. 1.387 million maintained with MCB Bank Limited, (a related party) which carries profit at the rate of 8% per annum.

**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 ---- (Rupees in '000) ----	(Audited) June 30, 2018
5	INVESTMENTS	Note		
	<i>At fair value through profit or loss</i>			
	Listed equity securities	5.1	382,091	409,902
	Government securities	5.2	-	-
	Unlisted debt security	5.3	990	998
			383,081	410,900
	<i>Available for sale</i>			
	Listed equity securities	3.3	-	12,028
			383,081	422,928

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. 12.028 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).

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

5.1 Listed Equity Securities - 'At fair value through profit or loss'

Name of the investee company	As at July 1, 2018	Transfer from 'Available for sale' category upon adoption of IFRS 9- Note 3.3	Number of Shares				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	
			Purchases during the period	Bonus / Right Issue during the period	Sales during the period	Carrying Value		Market Value	Appreciation / (diminution)					
Automobile Assembler														
Atlas Honda Limited	19,300	-	-	-	-	19,300	9,843	7,295	(2,548)	1.30%	1.90%	0.02%		
Indus Motors Company Limited	-	50	4,600	-	4,650	-	-	-	-	0.00%	0.00%	0.00%		
Millat Tractors Limited	9,000	-	-	-	9,000	-	-	-	-	0.00%	0.00%	0.00%		
							9,843	7,295	(2,548)	1.30%	1.90%	0.02%		
Cement														
Kohat Cement Limited	85,000	-	-	25,500	-	110,500	10,461	9,484	(977)	1.69%	2.48%	0.06%		
Lucky Cement Limited	48,100	-	24,000	-	22,000	50,100	25,273	21,455	(3,818)	3.82%	5.60%	0.02%		
							35,734	30,939	(4,795)	5.50%	8.08%	0.08%		
Chemicals														
Engro Polymer & Chemical(R)	64,187	-	-	-	64,187	-	-	-	-	0.00%	0.00%	0.00%		
Engro Polymer and Chemicals Limited	373,500	-	434,187	-	475,000	332,687	10,565	12,083	1,518	2.15%	3.15%	0.04%		
ICI Pakistan Limited	-	7,500	-	-	7,500	-	-	-	-	0.00%	0.00%	0.00%		
Lotte Chemical Pakistan Limited	500,000	-	-	-	500,000	-	-	-	-	0.00%	0.00%	0.00%		
							10,565	12,083	1,518	2.15%	3.15%	0.04%		
Commercial Banks														
Askari Bank Limited	432,500	-	252,000	-	200,000	484,500	11,038	9,908	(1,130)	1.76%	2.59%	0.04%		
Bank Al Falah Limited	734,500	-	-	73,450	-	807,950	38,407	38,030	(377)	6.76%	9.93%	0.05%		
Bank Al Habib Limited	-	-	67,500	-	-	67,500	5,608	5,782	174	1.03%	1.51%	0.01%		
Bank Of Punjab	852,500	-	1,050,000	-	543,000	1,359,500	16,018	17,701	1,683	3.15%	4.62%	0.05%		
Faysal Bank Limited	8,500	-	225,000	-	-	233,500	6,352	5,497	(856)	0.98%	1.43%	0.02%		
Habib Bank Limited	283,000	300	-	-	283,300	-	-	-	-	0.00%	0.00%	0.00%		
Habib Metropolitan Bank Limited	-	-	200,000	-	-	200,000	8,050	8,296	246	1.48%	2.17%	0.02%		
MCB Bank Limited*	142,500	100	-	-	33,000	109,600	21,676	21,540	(136)	3.83%	5.62%	0.01%		
United Bank Limited	30,000	-	338,100	-	261,000	107,100	14,877	14,944	67	2.66%	3.90%	0.01%		
							122,026	121,697	(329)	21.64%	31.77%	0.21%		
Engineering														
International Industries Limited	900	-	-	-	-	900	209	112	(97)	0.02%	0.03%	0.00%		
Mughal Iron & Steel Industries Limited*	86,000	-	70,000	-	156,000	-	-	-	-	0.00%	0.00%	0.00%		
							209	112	(97)	0.02%	0.03%	0.00%		
Fertilizer														
Engro Fertilizer Limited	-	-	279,000	-	-	279,000	20,905	19,962	(943)	3.55%	5.21%	0.02%		
Fatima Fertilizer Company Limited	216,000	-	-	-	-	216,000	6,998	7,210	212	1.28%	1.88%	0.01%		
Fauji Fertilizer Company Limited	193,000	-	262,000	-	193,000	262,000	26,889	27,369	480	4.87%	7.14%	0.02%		
							54,792	54,541	(251)	9.70%	14.24%	0.05%		
Food & Personal Care Products														
Al-Shaheer Corporation	-	805	-	-	-	805	22	14	(7)	0.00%	0.00%	0.00%		
National Foods Limited	-	-	11,000	2,200	-	13,200	3,135	2,495	(640)	0.44%	0.65%	0.01%		
Shezan International Limited	-	2,600	-	260	-	2,860	1,482	1,225	(257)	0.22%	0.32%	0.03%		
							4,639	3,735	(904)	0.66%	0.99%	0.04%		

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	Transfer from 'Available for sale' category upon adoption of IFRS 9- Note 3.3	Purchases during the period	Bonus / Right Issue during the period	Sales during the period	As at March 31, 2019	As at March 31, 2019			Market value as a percentage of total investments	Market value as a percentage of capital of the investee company
							Carrying Value	Market Value	Appreciation / (diminution)		
Rupees in '000											
Glass & Ceramics											
Tariq Glass Industries	-	-	26,000	-	-	26,000	2,634	2,633	(1)	0.47%	0.69%
							2,634	2,633	(1)	0.47%	0.69%
Leather & Tanneries											
Bata Pakistan Limited	550	-	3,200	-	-	3,750	6,502	6,368	(135)	1.13%	1.66%
Service Industries Limited	8,900	-	-	-	1,100	7,800	6,123	5,187	(936)	0.92%	1.35%
							12,625	11,555	(1,071)	2.05%	3.02%
Oil and Gas Exploration											
Oil & Gas Development Company Limited	180,000	-	91,000	-	67,500	203,500	31,363	30,026	(1,336)	5.34%	7.84%
Pakistan Oilfields Limited	46,850	-	-	8,110	33,300	21,660	12,126	9,687	(2,438)	1.72%	2.53%
Pakistan Petroleum Limited	60,330	-	102,000	13,549	-	175,879	30,440	32,536	2,096	5.79%	8.49%
							73,928	72,250	(1,678)	12.85%	18.86%
Oil And Gas Marketing Companies											
Hi-Tech Lubricants Limited	17,400	-	-	-	17,400	-	-	-	-	0.00%	0.00%
Pakistan State Oil Company Limited.	-	-	37,000	7,400	-	44,400	12,432	9,598	(2,834)	1.71%	2.51%
Sui Northern Gas Company Limited	113,000	-	70,000	-	100,000	83,000	7,324	6,234	(1,090)	1.11%	1.63%
							19,756	15,833	(3,924)	2.82%	4.13%
Pharmaceuticals											
AGP Limited	1,015	-	82,500	-	83,500	15	1	1	(0)	0.00%	0.00%
The Searle Company Limited	519	-	-	77	-	596	176	141	(35)	0.03%	0.04%
							178	142	(35)	0.03%	0.04%
Power Generation & Distribution											
Hub Power Company Limited	190,500	-	129,000	-	64,500	255,000	23,365	18,699	(4,666)	3.33%	4.88%
							23,365	18,699	(4,666)	3.33%	4.88%
Real Estate Investment Trust											
Dolmen City REIT	249,500	-	-	-	-	249,500	3,219	2,854	(364)	0.51%	0.75%
							3,219	2,854	(364)	0.51%	0.75%
Technology & Communications											
Avanceon Limited	150,000	-	-	-	150,000	-	-	-	-	0.00%	0.00%
Hum Network	700,000	-	-	-	-	700,000	5,663	3,010	(2,653)	0.54%	0.79%
							5,663	3,010	(2,653)	0.54%	0.79%
Textile Composite											
Gul Ahmed Textile Mills Limited	275,000	-	144,500	-	199,000	220,500	10,827	12,562	1,735	2.23%	3.28%
Kohinoor Textile Mills Limited	74,200	79,500	-	-	-	153,700	8,452	6,897	(1,555)	1.23%	1.80%
Nishat (Chunian) Limited*	-	-	100,000	-	-	100,000	5,762	5,174	(588)	0.92%	1.35%
Nishat Mills Limited*	140,600	-	-	-	140,000	600	85	81	(4)	0.01%	0.02%
							25,126	24,713	(413)	4.40%	6.45%
Total at March 31, 2019 (Unaudited)							404,303	382,091	(22,212)		
Total at June 30, 2018 (Audited)							434,921	409,902	(25,018)		

*These represent transactions with related parties.
The above include shares with a market value aggregating to Rs. 34.32 million (June 30 2018: 37.26 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**

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

Issue Date	Tenor	Number of certificates					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 period	Disposed during the period	Matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (Diminution)		
Treasury Bills											
February 14, 2019	3-Months	-	150,000	150,000	-	-	-	-	-	-	-
January 03, 2019	3-Months	-	150,000	150,000	-	-	-	-	-	-	-
May 10, 2018	3-Months	-	150,000	-	150,000	-	-	-	-	-	-
August 02, 2018	3-Months	-	350,000	350,000	-	-	-	-	-	-	-
December 06, 2018	3-Months	-	575,000	575,000	-	-	-	-	-	-	-
July 19, 2018	3-Months	-	175,000	175,000	-	-	-	-	-	-	-
October 11, 2018	3-Months	-	200,000	200,000	-	-	-	-	-	-	-
Total as at March 31, 2019 (Un-audited)											
Total as at June 30, 2018 (Audited)											

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

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates					As at 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 during the period	As at March 31, 2019	Carrying value	Market Value	Appreciation / (diminution)			
Rupees in '000											
%											

**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 ---- (Rupees in '000) ----	(Audited) June 30, 2018
	Note		
5.4 Unrealised appreciation / (diminution) in value of investments at fair value through profit or loss - net			
Market value of investments	5.1, 5.2, 5.3	383,081	410,900
Carrying value of investments	5.1, 5.2, 5.3	405,301	(435,919)
		(22,220)	(25,020)
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund		3,900	3,900
Provision for Federal Excise Duty and related tax	6.1		
- On management fee		5,872	5,872
- Sales load	6.2	393	393
Legal and professional charges		50	63
Withholding tax payable		12	24
Dividend payable		2,783	2,784
Auditors' remuneration		237	314
Zakat		0	1
Brokerage		186	297
Other		55	380
		13,489	14,028

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 period ended March 31, 2019. 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. 0.08 per unit (June 30, 2018 Re. 0.07 per unit).

6.2 Provision for Federal Excise Duty and related tax

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 period ended March 31, 2019. 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.0.11 per unit (June 30, 2018: Re. 0.11 per unit).

7. CONTINGENCIES AND COMMITMENTS

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

8 EXPENSE RATIO

Total expense ratio of the Fund is 2.6% as on March 31, 2019 (31 March 2018: 2.63%) and this includes 0.24% (31 March 2018: 0.41%) representing government Levy on the Fund such as Sales tax, Sindh Workers' Welfare Fund, SECP fee, etc. This ratio is within the maximum limit of 4 % prescribed under the NBFC Regulations for a collective investment scheme categorized as a Balanced Scheme.

9 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution

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

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.

10. (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

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.

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

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.

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 connected persons are as follows:

	Nine Months Ended March 31,	
	2019	2018
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investment - Management Company		
Remuneration for the period including indirect taxes	10,079	10,630
Allocated expense	492	531
Marketing and selling Expense	1,784	-
Arif Habib Limited - Brokerage house		
Brokerage*	83	128
Next Capital Private Limited - Brokerage House		
Brokerage *	14	91
MCB Bank Limited		
Purchase of Nil shares (2018: 80,000shares)	-	16,873
Sales of 33,000 shares (2018: Nil shares)	6,865	-
Sale of securities - Face Value 200,000,000 (2018: Face value: 25,000,000)	198,468	24,697
Bank charges	2	12
Profit on bank deposit	46	61
Dividend income	1,579	991
Silk Bank Limited		
Sale of securities - Face Value 75,000,000 (2018: Face value: Nil)	73,398	-
Arif Habib Limited		
Dividend income	-	560

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

	Nine Months Ended March 31,	
	2019	2018
	----- (Rupees in '000) -----	
Nishat Chunian Limited		
Purchase of 100,000 shares (2018: 100,000 shares)	5,772	5,400
Sales of Nil shares (2018: 100,000 shares)	-	5,724
Nishat Mills Limited		
Purchase of Nil shares (2018: 140,600 shares)	-	21,430
Sales of 140,000 shares (2018: Nil shares)	18,459	-
Dividend income	3	100
D.G. Khan Cement Limited		
Purchase of Nil shares (2018: 330,200 shares)	-	46,177
Sales of Nil shares (2018: 272,200 shares)	-	38,917
Dividend income	-	3
Mughal Iron & Steel		
Purchase of 70,000 shares (2018: 214,500 shares)	2,625	11,901
Sales of 156,000 shares (2018: 264,000 shares)	7,478	19,629
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	1,008	1,063
CDS charges	32	142

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

(Unaudited) March 31, 2019	(Audited) June 30, 2018
----(Rupees in '000)----	

11.2 Amounts outstanding as at period / year end:

**MCB-Arif Habib Savings and Investment
- Management Company**

Remuneration payable	961	1,043
Sales tax payable on management fee	125	136
Sales load payable	1	3
Sindh sales tax payable on sales load		-
Allocated expense payable	48	52
Marketing and selling expense	566	138

**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	(Audited) June 30, 2018
	----(Rupees in '000)----	
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	300	300
Remuneration payable	96	105
Sales tax payable on trustee fee	13	14
MCB Bank Limited		
Bank balance	1,394	3,027
Profit receivable on bank deposits	35	38
109,600 shares held (June 30, 2018: 142,600 Shares)	21,540	28,202
Arif Habib Limited - Brokerage House		
Brokerage payable	43	-
Next Capital Private Limited - Brokerage House		
Brokerage payable	-	48
Fatima Fertilizer Company Limited		
216,000 shares (June 30, 2018: 216,000) shares held	7,210	6,998
Mughal Iron & Steel		
Nil (June 30, 2018: 86,000 shares held)	-	5,282
Dolmen City REIT		
249,500 shares (June 30, 2018: 249,500) shares held	2,854	3,219
Nishat Mills Limited		
600 shares (June 30, 2018: 140,600) shares held	81	19,183
Nishat Chunian Limited		
100,000 shares (June 30, 2018: Nil) shares held	5,174	-

11.3 Unit Holders' Fund

	March 31, 2019 (Un-Audited)							
	As at July 01, 2018	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at March 31, 2019	As at July 01, 2018	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	Amount outstanding as at March 31, 2019
	----- (Units) -----				----- (Rupees in '000) -----			
Associated Companies								
Asghari Beg Memorial Trust	31,961	-	5,000	26,961	357	-	56	297
Directors and executives of the Management Company	85	38	38	85	1	1	1	1

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

March 31, 2018 (Un-Audited)

As at July 01, 2017	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at March 31, 2018	As at July 01, 2017	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	Amount outstanding as at March 31, 2018
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	(Units)			(Rupees in '000)			
Directors and executives of the Management Company	30,275	37,999	68,274	-	364	400	731

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

13.1 This condensed interim financial information was authorised for issue on April 19, 2019 by the Board of Directors of the Management Company.

MCB-Arif Habib Savings and Investments Limited

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