



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2019

Funds Under Management of  
MCB-Arif Habib Savings and Investments Limited



# **PAKISTAN CASH MANAGEMENT FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Mirza Qamar Beg 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; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Amir Qadir	
<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 Zarai Taraqiati Bank Limited	
<b>Auditors</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountant (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	



# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

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Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Pakistan Cash Management Fund's** accounts review for the year ended June 30, 2019.

## ECONOMY AND MONEY MARKET OVERVIEW

Pakistan's economy inherited myriad of challenges entering into fiscal year 2019, particularly a weak balance of payment and fiscal situation. The macroeconomic imbalances were coped with vigilant policy actions from central bank which resultantly took its toll on the economic growth. Gross Domestic Product (GDP) growth as per the preliminary estimates slowed down to 3.3% compared to 5.2% witnessed during the preceding year. All the three major sectors namely Agriculture, Industrial, and Services witnessed a slowdown posting growth of 0.9%, 1.4% and 4.7% respectively. Agricultural growth faltered as growth in major crops receded, evident from the decline in production of Sugarcane, Cotton & Rice which fell by 19.4%, 17.5% and 3.3% respectively. Industrial growth also weakened as large scale manufacturing (LSM) could not bear the brunt of contractionary policies pursued by central bank to achieve macroeconomic stabilization. LSM posted a decline of 3.7% as industries dependent on government spending and imports faced reduced demand. Among the major LSM sectors, Automobiles and Iron & Steel witnessed a demand contraction of 11.7% and 11.2% respectively. Nevertheless, Services sector provided some rescue to the economic growth, thanks to Finance and Insurance (up 5.4% YoY) and Government Services (up 8.0% YoY). Dollar denominated size of GDP stood at USD ~280 billion compared to USD ~315 billion in the last year, witnessing a contraction of 11%.

At the onset of year, Pakistan was plagued by one of the biggest balance of Payment crisis in its history. While it was facing a Current Account Deficit (CAD) north of USD 19 billion and external repayments worth USD 9 billion, the crisis was compounded by the fact that foreign exchange reserves of mere USD ~10 billion were at hand. Timely policy action by the central bank particularly adjusting the currency by 32% during the year helped in arresting the CAD. Real Effective Exchange Rate (REER) dropped from the overvalued territory in June 18 to become undervalued by 10%. Resultantly, the CAD contracted by 32.1% to USD 13.5 billion during the year. While exports growth did not materialize, improvement in CAD was driven from declining imports of Non-oil goods and services (down 11.8% YoY) and improved remittances (up 9.7% YoY). Default on loan obligations was also averted after Pakistan was successful in getting material inflows (USD ~10 billion) from its friendly allies. Although, narrowing current account deficit along with bilateral flows did provide some breathing space to the balance of payment, State Bank of Pakistan's (SBP) foreign reserves still declined by USD 2.5 billion to USD 7.5 billion due to the gravity of external crisis. At last, Pakistan also signed up for an IMF program during the month of May'19, putting all uncertainty to an end on the external front. The staff level agreement of USD 6.2 billion was reached for a period of three years.

The headline inflation as represented by Consumer Price Index (CPI) accelerated to an average of 7.3% in FY19 compared to 3.9% in the last year. Higher utility tariffs particularly a hike in gas prices (up ~64% YoY) and increased petroleum prices (up ~23% YoY) contributed to the rise in inflation. The regulator allowed for adjustments in utility tariffs as government eliminated the subsidies, while petroleum prices were adjusted after PKR depreciated by more than 30% against USD during the year. Similarly, the lagged impact of PKR depreciation resulted in more pronounced inflation in the second half which increased to an average of 8.6%, compared to 6.0% witnessed in the first half of the fiscal year. In order to control inflation and bring stability to the macroeconomic imbalances, the central bank continued its monetary tightening and increased the interest rates by 75 bps during the course of the year.

Fiscal books of the government continued to deteriorate, with the fiscal deficit reaching an unprecedented 8.9% of the GDP. Total revenue declined by 6% during the year, marred by a sharp drop in non-tax revenue of 44% during the period. Surplus profitability from SBP collapsed to nearly zero, after central bank recorded massive exchange losses due to currency devaluation. Tax collection also remained dismal as YoY collection remained flat, owing to tax exemptions announced in the last budget and a weak economy. On the other hand, total expenditures increased by 11%, despite a 25% cut in development spending. The increase in expenditures was propelled by a surge in current expenditures, particularly as

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

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the debt servicing costs escalated by 40% YoY due to increase in interest rates. Government relied on domestic sources to fund its deficit, as financing from external sources (Multilateral agencies) dried up since IMF program was not available during the most part of the year. Within the domestic channel, the government relied heavily on central bank borrowing as nearly 70% of the borrowing out of PKR 3 trillion was funded through SBP.

On the money market side, the yield curve shifted on upward trajectory after record monetary tightening by the central bank during the fiscal year. SBP cited rising inflation, twin deficits and declining forex reserves as the prime reasons behind the policy decisions. In the first half of fiscal year, concerns over external front along with unadjusted policy decisions kept market participants at bay from longer tenor instruments. However, by the end of the fiscal year as the policy adjustments were fully in place, market participants drew much comfort which resulted in a massive demand for longer tenor bonds. In fact, the yield curve turned inverted as 10 Year PIB's traded at much lower level compare to short term security papers.

During the year, SBP persistently tried to develop the market for floating rate bonds by conducting regular auctions. The central bank accepted a cumulative amount of PKR 714 billion at a credit spread of 70-75 bps over base rate (6M T-bill yield). On the other hand, the government matured PKR 314 billion of Ijara Sukuks causing a dearth of Shariah Compliant avenues. However, to fund the circular debt, SBP introduced Pakistan Energy SUKUK amounting to PKR 200 billion exclusively for Islamic Banks at 80 bps premium over base rate. Nevertheless, liquidity position throughout the period remained comfortable owing to regular OMOs conducted by SBP.

### FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.48% as against its benchmark return of 8.72%.

The fund's exposure was shifted towards T-Bills but still major chunk was invested in Cash at the year-end due to attractive rates offered by the commercial banks.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 190 million as compared to Rs. 889 million as at June 30, 2018 registering a decrease of 78.62%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 50.3639 as compared to opening NAV of Rs. 52.6287 per unit as at June 30, 2018 registering a decrease of Rs. 2.2648 per unit.

### FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The beginning for the year has been very promising as CAD for July'19 shrank to USD ~600 million, compared to USD ~2,000 million seen during the same period of last year. Our forecast at very conservative assumptions is that CAD will settle at 2.7% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~13 billion (up 1.8x) by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Jun'19 REER at 91) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

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Inflation is expected to pick up to an average of 11.7% in FY20 compared to 7.3% witnessed during the last year. Multiple reason are attributed for the surge in inflation. Firstly, the government is aiming to recover the full cost of utilities resulting in the price adjustment of utilities. Secondly, tax exemptions provided to multiple industries have been withdrawn causing a hike in prices. Finally, we have assumed PKR to be north of 170 against USD by the end of fiscal year, while crude oil is assumed at USD 70/BBL which will keep the overall CPI high. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We deem that current real interest rate is sufficient to cater for the expected inflation, therefore, in general we do not expect any further increase in interest rates. However, more than expected inflation and any deterioration in fiscal accounts can result in modest tightening in the monetary policy.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~300-400 billion. As a result, the axe can fall on the development spending.

### Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With six (6) non-executive directors including two (2) independent Directors on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2019, the Fund is in compliance with the requirement of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2019:

### 1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid (Chairman)	9	9	7	2
2. Mr. Ahmed Jahangir	9	9	9	-
3. Mr. Nasim Beg	9	9	9	-
4. Mr. Mirza Qamar Beg	9	9	9	-

### 2. Meeting of the Human Resource and Remuneration Committee.

During the year, one (1) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Dr. Syed Salman Shah (Chairman)*	1	1	1	-
2. Mr. Nasim Beg	1	1	1	-
3. Mr. Ahmed Jahangir	1	1	1	-
4. Mr. Haroun Rashid	1	1	1	-
5. Mr. Muhammad Saqib Saleem (CEO)	1	1	1	-

\*Dr. Syed Salman Ali Shah resigned from the Board effective June 10, 2019 and Mirza Qamar Beg was included as a member and also appointed as Chairman of the Committee.

### 3. Meeting of Risk Management Committee.

During the year, one (1) meetings of the Risk Management Committee were held. The attendance of each participant is as follows:

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Mirza Qamar Beg (Chairman)	1	1	1	-
2. Mr. Nasim Beg	1	1	1	-
3. Mr. Ahmed Jahangir	1	1	1	-

- m. Nil units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

### External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants**, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2020. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2020.

### 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  
September 13, 2019



**Nasim Beg**  
Director / Vice Chairman

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے پاکستان کیش مینجمنٹ فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار زر کا مجموعی جائزہ

پاکستان کی معیشت کو مالی سال 2019ء میں داخل ہوتے ہوئے بے شمار چیلنجز روٹھے میں ملے، خاص طور پر ادائیگی کے توازن اور مالیات کی کمزور صورتحال۔ گلاں معاشیات کے غیر متوازن عناصر سے نمٹنے کے لیے مرکزی بینک نے چوتھے پالیسی اقدامات کیے جن کے نتیجے میں معاشی ترقی متاثر ہوئی۔ مجموعی ملکی پیداوار (GDP) کی ترقی ابتدائی تخمینوں کے مطابق سال گزشتہ (5.2 فیصد) کے مقابلے میں کم ہو کر 3.3 فیصد رہ گئی۔ تینوں بڑے شعبہ جات یعنی زراعت، صنعت اور سروسز سٹ روی کا شکار ہوئے اور ان کی ترقی کی شرح بالترتیب 0.9 فیصد، 1.4 فیصد اور 4.7 فیصد رہی۔ اہم فصلوں کی نمو میں گراوٹ کے سبب زرعی ترقی بھی پسماندگی کا شکار ہوئی جس کا اظہار گٹے، کپاس اور چاول کی پیداوار میں بالترتیب 19.4 فیصد، 17.5 فیصد اور 3.3 فیصد کمی سے ہوتا ہے۔ صنعتی ترقی بھی کمزوری کا شکار ہوئی کیونکہ بڑے پیمانے کی پیداوار (LSM) مرکزی بینک کی گلاں معاشیاتی استحکام کے حصول کے لیے اختیار کردہ کانٹریکٹری (حکومتی خرچ یا مالیاتی توسیع کی شرح میں کمی پر مبنی) پالیسیوں کا خمیازہ برداشت نہیں کر سکی۔ LSM میں 3.7 فیصد کمی ہوئی کیونکہ حکومتی خرچ اور درآمدات پر انحصار کرنے والی صنعتوں کو مانگ میں کمی کا سامنا ہوا۔ LSM کے اہم شعبہ جات میں گاڑیوں کے شعبے میں 11.7 فیصد اور لوہے اور اسٹیل کے شعبے میں 11.2 فیصد مانگ کا تضاد ہوا۔ تاہم سروسز کے شعبے نے معاشی ترقی کو کچھ حد تک ڈھال فراہم کیا جس کا سہرہ فائننس اینڈ انشورنس (5.4 فیصد YoY ترقی) اور حکومتی سروسز (8.0 فیصد YoY ترقی) کے سر جاتا ہے۔ GDP کا ڈالر کے اعتبار سے حجم 280 بلین ڈالر تھا جو سال گزشتہ (315 بلین ڈالر) کے مقابلے میں 11 فیصد تضاد ہے۔

سال کے آغاز پر ہی پاکستان اپنی تاریخ کے سب سے بڑے ادائیگی کے توازن کے بحران کا شکار ہوا۔ اگرچہ اسے 19 بلین ڈالر کرنٹ اکاؤنٹ خسارے (CAD) اور 9 بلین ڈالر خارجی ادائیگی نو کا سامنا تھا لیکن یہ بحران شدت اختیار کر گیا کیونکہ غیر ملکی زرمبادلہ کے ذخائر صرف 10 بلین ڈالر رہ گئے تھے۔ مرکزی بینک کے بروقت پالیسی اقدام، خاص طور پر دوران سال روپے میں 32 فیصد ترمیم سے CAD پر قابو پانے میں مدد ملی۔ حقیقی موثر شرح مبادلہ (REER) جون 2018ء کے اصل سے زائد قدر کی سطح سے نیچے آئی اور اصل سے 10 فیصد کم قدر کی حامل ہو گئی۔ نتیجتاً CAD دوران سال 32.1 فیصد سکڑ کر 13.5 بلین ڈالر ہو گیا۔ اگرچہ برآمدات میں ترقی نہیں ہو سکی لیکن CAD میں بہتری کے اسباب تیل کے علاوہ والی اشیاء اور سروسز کی درآمدات میں 11.8 فیصد YoY (یور اور یور) کی اور ترسیلات زر میں 9.7 فیصد YoY اضافہ ہے۔ پاکستان کے دوستانہ حلیفوں سے مادی آمدات زر (10 بلین ڈالر) حاصل کرنے میں کامیابی کے بعد ادائیگی قرض میں کوتاہی بھی ٹل گئی۔ اگرچہ CAD میں کمی کے ساتھ ساتھ رقوم کی دوطرفہ آمد و رفت سے ادائیگی کے توازن کا کچھ سانس بحال ہوا لیکن خارجی بحران کی شدت کے باعث اسٹیٹ بینک آف پاکستان (SBP) کے غیر ملکی زرمبادلہ کے ذخائر 2.5 بلین ڈالر کم ہو کر 7.5 بلین ڈالر رہ گئے۔ علاوہ ازیں، ماہ مئی 2019ء کے دوران پاکستان نے بالآخر آئی ایم ایف پروگرام پر دستخط کر دیئے جس سے خارجی میدان میں تمام غیر یقینیوں کا خاتمہ ہو گیا۔ 6.2 بلین ڈالر کا اسٹاف لیول معاہدہ تین برسوں کی مدت کے لیے عمل میں آیا۔

مالی سال 2019ء میں صارفی قیمت کے انڈیکس (CPI) کے مطابق افراط زر مزید تیز رفتار ہو کر 7.3 فیصد کے اوسط تک پہنچ گئی جبکہ گزشتہ سال یہ اوسط 3.9 فیصد تھا۔ افراط زر میں اضافے میں یوٹیلٹی کے بلند تر نرخ، خاص طور پر گیس کی قیمتوں میں (64 فیصد YoY) اضافہ اور پٹرول کی قیمتوں میں



(23 فیصد YoY) اضافہ سرگرم عمل ہیں۔ سبسڈیز کے خاتمے کے حکومتی اقدام سے یوٹیلیٹی کے نرخ میں ترمیم کا موقع ملا، جبکہ پٹرول کی قیمتوں میں ترمیم دوران سال روپے کی قدر ڈالر کے مقابلے میں 30 سے زائد فیصد گر جانے کے بعد کی گئی۔ اسی طرح، روپے کی قدر میں کمی کے سبب رفتار اثر کے نتیجے میں افراط زر مالی سال کے نصف ثانی میں شدید تر ہو کر 8.6 فیصد اوسط تک پہنچ گئی جبکہ نصف اول میں 0.6 فیصد تھی۔ افراط زر پر قابو پانے اور گلاس معاشیاتی غیر متوازن عناصر میں استحکام پیدا کرنے کے لیے مرکزی بینک نے مالیاتی سختی کا عمل جاری رکھتے ہوئے انٹریسٹ کی شرحوں میں دوران سال 575 بیسیس پوائنٹس (bps) کا اضافہ کیا۔

حکومت کے مالیاتی اعداد میں پسماندگی کا سلسلہ جاری رہا اور مالیاتی خسارہ GDP کے 8.9 فیصد تک پہنچ گیا جس کی نظیر نہیں ملتی۔ کل آمدنی میں دوران سال 6 فیصد کمی ہوئی جس کا سبب غیر ٹیکس آمدنی میں دوران مدت 44 فیصد سنگین گراؤ ہے۔ روپے کی قدر میں کمی کے باعث مرکزی بینک کو زرمبادلہ کے خطیر خسارہ جات کا سامنا ہوا اور SBP سے اضافی منافع کے گنجائش تقریباً صفر ہو گئی۔ ٹیکس وصولی بھی مایوس کن رہی کیونکہ گزشتہ بجٹ میں اعلان کردہ ٹیکس استثناءات اور مجموعی طور پر کمزور معیشت کے باعث YoY وصولی میں کوئی اضافہ نہیں ہوا۔ دوسری جانب ترقیاتی خرچ میں 25 فیصد کمی کرنے کے باوجود کل اخراجات میں 11 فیصد اضافہ ہوا۔ اخراجات کے اضافے کو کرنٹ اخراجات میں اضافے نے مزید ہوا دی جس کا اہم سبب انٹریسٹ کی شرحوں میں اضافے کے سبب ادائیگی قرض میں 40 فیصد YoY اضافہ ہے۔ حکومت نے اپنے خسارے کی تلافی کے لیے مقامی ذرائع پر انحصار کیا کیونکہ سال کے اکثر حصے کے دوران آئی ایم ایف پروگرام کی عدم دستیابی کے باعث خارجی ذرائع (کثیرالجہتی ایجنسیاں) غیر مفید ہو گئے تھے۔ مقامی ذرائع میں حکومت نے سب سے زیادہ انحصار سینٹرل بینک پر کیا کیونکہ 3 ٹریلین روپے قرض میں سے تقریباً 70 فیصد کا انتظام SBP کے ذریعے کیا گیا۔

دوران مالی سال مرکزی بینک کی طرف سے تاحال سب سے زیادہ مالیاتی سختی کے باعث بازار زر کا پیداواری خم بلندی کی طرف مائل ہوا۔ SBP نے بڑھتی ہوئی افراط زر، جڑواں خساروں اور زرمبادلہ کے گھٹتے ہوئے ذخائر کو پالیسی سے متعلق فیصلوں کے عوامل قرار دیا۔ مالی سال کے نصف اول میں خارجی میدان کے ساتھ ساتھ پالیسی کے غیر ترمیم شدہ فیصلوں سے متعلق خدشات نے مارکیٹ کے شرکاء کو طویل تر ميعاد کے انسٹرومنٹس سے دور رکھا۔ تاہم مالی سال کے اختتام کے قریب جب پالیسی کی ترمیمات پوری طرح نافذ ہو گئیں تب مارکیٹ کے شرکاء نے سکون کا سانس لیا جس کے نتیجے میں طویل تر ميعاد کے بانڈز کی خطیر مانگ پیدا ہو گئی۔ حتیٰ کہ دس سالہ پاکستان انویسٹمنٹ بانڈز کی تجارت مختصر مدت کے سیکورٹی پیپرز کے مقابلے میں کافی پست سطح پر ہونے کے سبب پیداواری خم اوندھا ہو گیا۔

دوران سال SBP نے باقاعدہ نیلامیوں کا انعقاد کر کے فلوٹنگ ریٹ بانڈز کے لیے مارکیٹ کی ترقی کی مسلسل کوشش کی۔ مرکزی بینک نے base ریٹ (6M ٹریژری بلز پیداوار) کے اوپر 70 سے 75 bps کریڈٹ اسپریڈ پر 714 بلین روپے کی مجموعی رقم قبول کی۔ دوسری جانب حکومت نے 314 بلین روپے کے اجارہ سکک میچور کیے جس کے سبب شریعت کی تعمیل پر مبنی مواقع کی کمی ہو گئی۔ تاہم گردش قرضے کے لیے رقم کی فراہمی کے لیے SBP نے خاص طور پر اسلامک بینکوں کے لیے base ریٹ کے اوپر 80 bps پر 200 بلین روپے کے پاکستان انرجی سکک متعارف کرائے۔ علاوہ ازیں، SBP کی طرف سے باقاعدہ OMOs کے انعقاد کی بدولت پوری مدت کے دوران نقدیت کی صورتحال تسلی بخش رہی۔

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 7.48 فیصد تھا جبکہ مقررہ معیار 8.72 فیصد تھا۔

فنڈ کی شمولیت ٹریڈری بلز میں منتقل کی گئی لیکن کمرشل بینکوں کی پُرکشش شرحوں کے پیش نظر سال کے اختتام پر اکثر سرمایہ کاری نقد میں تھی۔

30 جون 2019ء کو فنڈ کے Inet اثاثہ جات 190 ملین روپے تھے جو 30 جون 2018ء (889 ملین روپے) کے مقابلے میں 78.62

فیصد کمی ہے۔

30 جون 2019ء کو Inet اثاثہ جاتی قدر (NAV) فی یونٹ 50.3639 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (52.6287

روپے فی یونٹ) کے مقابلے میں 2.2648 روپے فی یونٹ کمی ہے۔

## مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں گلاں معاشیاتی یکجہایت عمل میں آئے گی، چنانچہ معاشی ترقی چھوٹے اعداد تک محدود رہے گی۔ حکومت کی اختیار کردہ سختی پر مبنی پالیسیوں کے پیش نظر آئی ایم ایف نے مالی سال 2020ء میں پاکستان کی GDP کی ترقی میں 2.5 فیصد سُست روی کی پیش گوئی کی ہے۔ صنعتی ترقی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبہ جات میں ترقی، جمود کا شکار رہے گی۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیوں سے کچھ مہلت ملے گی کیونکہ حکومت نے ان میں ترغیبات متعارف کرائی ہیں، اور توانائی کی فراہمی میں اضافے کی بدولت ان کی رکاوٹیں بھی دور ہوتی ہیں۔

ادائیگی کی توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی طرف سے پالیسی اقدامات کے بعد CAD ترمیم سے گزر کر معقول سطح تک آ گیا ہے۔ سال کا آغاز بہت حوصلہ افزا رہا کیونکہ جولائی 2019ء کا CAD سال گزشتہ کی مماثل مدت کے CAD (2,000 ملین ڈالر) کے مقابلے میں سیکڑوں 600 ملین ڈالر رہ گیا تھا۔ ہمارے بہت مختلط مفروضوں پر مبنی پیشن گوئی ہے کہ CAD کی سطح GDP کے 2.7 فیصد تک پہنچ کر رُک جائے گی۔ ہم نے خام تیل کی قیمتیں 70 ڈالر فی BBL کی سطح پر فرض کی ہیں جو موجودہ طور پر 60 ڈالر فی BBL کے آس پاس ہے۔ ایک آئی ایم ایف پروگرام پر دستخط کرنے کے بعد پاکستان بین الاقوامی مواقع کو استعمال کر کے اپنی مجموعی مالیات کے لیے رقم فراہم کر سکے گا۔ سعودی عرب کی طرف سے تیل کی ملتی شدہ سہولت بھی غیر ملکی زرمبادلہ کے ذخائر کو مختصر المیعاد مطلوبہ توقف فراہم کرے گی۔ ہمیں توقع ہے کہ موجودہ مالی سال کے اختتام تک غیر ملکی زرمبادلہ کے ذخائر بڑھ کر 13 بلین ڈالر تک پہنچ جائیں گے (1.8 ضربے زیادہ)۔ روپے کے توازن کی سطحوں (جون 2019ء REER: 91) تک ہم آہنگ ہونے اور CAD کے پائیدار حد میں ہونے کی وجہ سے روپے کی قدر میں اس کے ماضی کے اوسط کی بنیاد پر اب معمولی کمی ہونی چاہیے۔

مالی سال 2020ء میں افراط زر کا اوسط متوقع طور پر 11.7 فیصد بڑھے گا جو سال گزشتہ کے دوران 7.3 فیصد تھا۔ افراط زر میں اس اضافے کے متعدد عوامل ہیں۔ اول، حکومت یوٹیلٹی کی پوری لاگت وصول کرنے کا ارادہ کر رہی ہے جس کے نتیجے میں یوٹیلٹی کی قیمت میں ترمیمات ہوں گی۔ دوم، متعدد صنعتوں کو فراہم کردہ ٹیکس استثنائات واپس لے لی گئی ہیں جس کے نتیجے میں قیمتوں میں اضافہ ہوا ہے۔ آخری یہ کہ ہم نے مالی سال کے اختتام تک 1 ڈالر کو 170 روپے کے برابر فرض کیا ہے جبکہ خام تیل کو 70 ڈالر فی BBL فرض کیا ہے جس سے مجموعی صارفی قیمت کا انڈیکس (CPI) بلند سطح پر رہے گا۔ علاوہ ازیں، ہمیں اُمید ہے کہ اشیائے خورد و نوش اور توانائی کے علاوہ والے شعبوں (NFNE) سے ظاہر ہونے والی بنیادی افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد ہوگا۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح متوقع افراط زر کی ضرورت پوری کرنے کے لیے کافی ہوگی، چنانچہ، عمومی طور پر انٹریسٹ کی شرحوں میں مزید اضافہ متوقع نہیں ہے۔ تاہم توقع سے زیادہ افراط زر یا مالیاتی گوشواروں میں کسی تنزلی کے نتیجے میں مانیٹری پالیسی میں معمولی



حتمی عمل میں آسکتی ہے۔

مالیاتی جہت میں حکومت مالیاتی خسارے کو GDP کے 7.4 فیصد تک محدود کرنے کا ارادہ کر رہی ہے۔ اگرچہ مالیاتی خسارے کے حتمی ہدف میں ارتقاء ہو سکتا ہے لیکن حکومت کو بنیادی خسارے کو GDP کے 0.6 فیصد پر محدود کرنے کی آئی ایم ایف کی بنیادی شرط کو پورا کرنا ہے۔ اس مقصد کے لیے فیڈرل بورڈ آف ریونیو (FBR) 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس وصولی کا عزم بلند کیے ہوئے ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے کے ٹیکس اقدامات کی تجویز دی گئی ہے جبکہ باقی رقم FBR کی کوششوں اور معاشی ترقی پر منحصر رکھی گئی ہے۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات میں سادگی کے اقدامات کا عزم کر رہی ہے تاہم 7.1 ٹریلین روپے (40 فیصد YoY زیادہ) کے ایکسپینڈیچر (یعنی معاشی توسیع پر مبنی) پبلک سیلکٹڈ ویلپمنٹ پروگرام (PSDP) کا منصوبہ بنا رہی ہے۔ ہم ٹیکس وصولی کی ہدف کو بے حد مثبت خیالی پر مبنی سمجھتے ہوئے 300 سے 400 بلین روپے کی کمی کی توقع کر رہے ہیں جس کے نتیجے میں ترقیاتی خرچ پر ضرب پڑے گی۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ چھ (6) غیر ایگزیکٹو ڈائریکٹرز بشمول دو (2) خود مختار ڈائریکٹرز پر مشتمل بورڈ، مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے، عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جو ابدا ہے۔ انتظامیہ بہترین طریقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے کارپوریٹ گورننس کے ضابطہء اخلاق کی شفقت کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

a. مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکوٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار (پاکستان میں اطلاق کی حد تک)، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) کی دفعات 2003ء، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز 2008ء، متعلقہ ٹرسٹ ڈیڈز کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. انٹرئل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔

h. واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز (اگر کوئی ہیں تو) کو مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ / گریجویٹ فنڈ اور پینشن فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔

## ڈائریکٹرز رپورٹ

j. 30 جون 2019 کے اختتام پر، ڈائریکٹرز ٹریننگ پروگرام کے حوالے سے جو مطالبات کوڈ کے regulation نمبر بیس میں درج ہیں، فنڈ اُس سے compliant ہے۔  
 k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔  
 ا۔ بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2019ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

### ۱۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
2	7	9	9	۱۔ جناب ہارون رشید (چیرمین)
-	9	9	9	۲۔ جناب احمد جہانگیر
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ مرزا محمد قمر بیگ

### ۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	1	1	1	۱۔ ڈاکٹر سید سلمان شاہ (چیرمین)*
-	1	1	1	۲۔ جناب نسیم بیگ
-	1	1	1	۳۔ جناب احمد جہانگیر
-	1	1	1	۴۔ جناب ہارون رشید
-	1	1	1	۵۔ جناب محمد ثاقب سلیم (سی ای او)

\* ڈاکٹر سید سلمان علی شاہ نے 10 جون 2019ء کو بورڈ سے استعفیٰ دیا اور مرزا قمر بیگ ممبر کے طور پر شامل کیا گیا اور کمیٹی کے چیرمین کے طور پر بھی ان کی تقرری کی گئی۔

## ڈائریکٹرز رپورٹ

### ۳۔ رسک مینجمنٹ کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	1	1	1	۱۔ جناب مرزا قمر بیگ (چیئر مین)
-	1	1	1	۲۔ جناب نسیم بیگ
-	1	1	1	۳۔ جناب احمد جہانگیر

m. دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور چیف انٹرئل آڈیٹر اور ان کے شریک حیات اور چھوٹے بچوں نے فنڈ کے یونٹس کی کوئی خرید و فروخت نہیں کی۔

### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2020ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ  
ڈائریکٹر / وائس چیئر مین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
13 ستمبر 2019ء

## REPORT OF THE FUND MANAGER

### Fund Type and Category

Pakistan Cash Management Fund (PCF) is an open-end Fund.

### Fund Benchmark

The benchmark for Pakistan Cash Management Fund is 70% three(3) months PKRV rates + 30% three (3) months average deposit rates of three (3) AA rated scheduled Banks selected by MUFAP.

### Investment Objective

The fund aims to deliver regular income and provide high level of liquidity primarily from short duration government securities investments.

### Investment Strategy

The Fund will invest in government securities; mainly Treasury bills and short maturity reverse repurchase transactions against Government Securities. The un-invested funds are kept in deposits with minimum AA rated commercial banks. The overall maturity of the portfolio is kept below 45 days, in order to keep interest rate risk at a relatively low and manageable level and provide high liquidity to investors comparable to current bank deposits. PCF is a long only Fund.

### Manager's Review

During the period under review, the fund generated an annualized return of 7.48% as against its benchmark return of 8.72%.

The fund's exposure was shifted towards T-Bills but still major chunk was invested in Cash at the year-end due to attractive rates offered by the commercial banks.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 190 million as compared to Rs. 889 million as at June 30, 2018 registering a decrease of 78.62%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 50.3639 as compared to opening NAV of Rs. 52.6287 per unit as at June 30, 2018 registering a decrease of Rs. 2.2648 per unit.

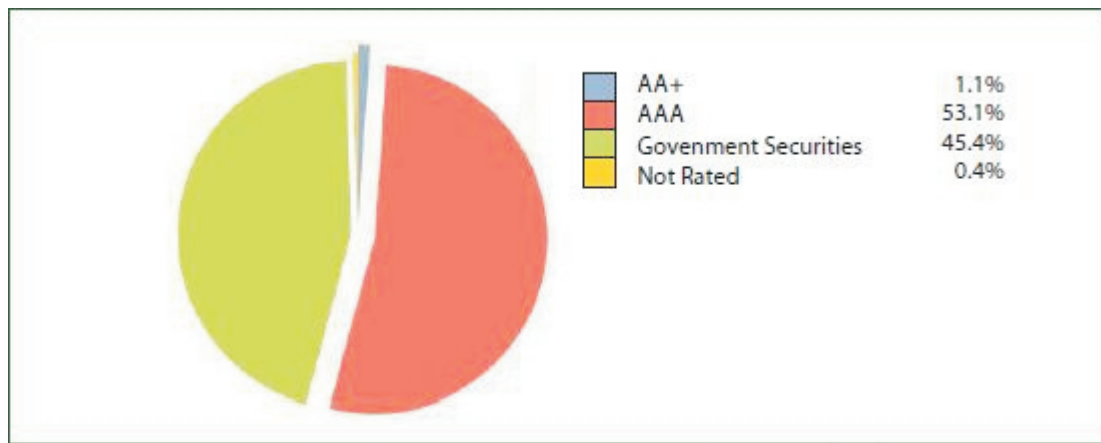
#### Asset Allocation as on June 30, 2019 (% of total assets)

Particulars	Jun-19
Cash	54.2%
Others including receivables	0.4%
T-Bills	45.4%

## REPORT OF THE FUND MANAGER

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Asset Quality as on June 30, 2019 (% of total assets)



-----  
**Saad Ahmed**  
**Fund Manager**

## TRUSTEE REPORT TO THE UNIT HOLDERS



## MCB FINANCIAL SERVICES LIMITED

### REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

#### PAKISTAN CASH MANAGEMENT FUND

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

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

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

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Pakistan Cash Management Fund has, in all material respects, managed Pakistan Cash Management Fund during the year ended 30<sup>th</sup> June 2019 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

A handwritten signature in black ink, appearing to read 'Anwar', is positioned above the printed name of the Chief Executive Officer.

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: September 6, 2019



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Cash Management Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Pakistan Cash Management Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value (NAV)</b> (Refer notes 4 and 5 to the annexed financial statements)  Balances with banks and Investments constitute the most significant component of the NAV. Balances with banks of the Fund as at June 30, 2019 aggregated to Rs 205.926 million and Investments amounted to Rs 172.374 million.  The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none"><li>▪ tested the design and operating effectiveness of the key controls for valuation of investments;</li><li>▪ obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2019 and reconciled them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li></ul>

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A·F·FERGUSON&CO.

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"><li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

## Other Matter

The financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 14, 2018.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

Afferguson & Co

Chartered Accountants  
Karachi

Date: September 26, 2019

# STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	4	205,926	904,003
Investments	5	172,374	-
Advances, prepayments and profit receivable	6	1,300	964
Receivable from MCB-Arif Habib Savings and Investment Limited - Management Company	7	396	-
<b>Total assets</b>		<u>379,996</u>	<u>904,967</u>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company - net	7	-	273
Payable to the MCB Financial Services Limited - Trustee	8	226	226
Payable to the Securities and Exchange Commission of Pakistan	9	220	530
Payable against purchase of investment		172,352	-
Accrued and other liabilities	10	17,614	14,987
<b>Total liabilities</b>		<u>190,412</u>	<u>16,016</u>
<b>NET ASSETS</b>		<u>189,584</u>	<u>888,951</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>189,584</u>	<u>888,951</u>
<b>Contingencies and commitments</b>	11		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>3,764,285</u>	<u>16,890,983</u>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>	3.6	<u>50.3639</u>	<u>52.6287</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	Note	For the year ended	
		June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
<b>INCOME</b>			
Profit on bank deposits		8,369	13,311
Capital (loss) / gain on sale of investments - net		(1,286)	153
Interest income from government securities		19,963	30,312
Unrealised gain in the value of investments - net		22	-
Back end load		-	10
Other income		374	-
<b>Total income</b>		<b>27,442</b>	<b>43,786</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	2,032	4,378
Sales tax on remuneration of the Management Company	7.2	316	569
Allocated expenses including indirect taxes	7.3	305	797
Remuneration of the MCB Financial Services Limited - Trustee	8.1	2,400	2,400
Sales tax on remuneration of the Trustee	8.2	312	312
Annual fee to Securities and Exchange Commission of Pakistan	9	220	530
Auditors' remuneration	12	599	489
Brokerage, settlement and bank charges		93	171
Legal and other professional charges		186	136
Fee and Subscription		215	294
Printing and stationery		48	88
<b>Total expenses</b>		<b>6,726</b>	<b>10,164</b>
<b>Net income for the year from operating activities</b>		<b>20,716</b>	<b>33,622</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	(414)	(672)
<b>Net income for the year before taxation</b>		<b>20,302</b>	<b>32,950</b>
Taxation	13	-	-
<b>Net income for the year after taxation</b>		<b>20,302</b>	<b>32,950</b>
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		20,302	32,950
Income already paid on units redeemed		(7,353)	(22,829)
		<b>12,949</b>	<b>10,121</b>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		22	-
- Excluding capital gains		12,927	10,121
		<b>12,949</b>	<b>10,121</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended	
	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
Net income for the year after taxation	20,302	32,950
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>20,302</u>	<u>32,950</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019			June 30, 2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the year</b>	878,533	10,418	888,951	627,536	297	627,833
Issuance of 10,074,065 (2018: 36,713,099) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	506,845	-	506,845	1,845,913	-	1,845,913
- Element of income	15,187	-	15,187	34,291	-	34,291
	522,032	-	522,032	1,880,204	-	1,880,204
Redemption of 23,200,763 (2018: 32,309,003) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	1,167,274	-	1,167,274	1,624,477	-	1,624,477
- Element of loss	14,751	7,353	22,104	4,730	22,829	27,559
	1,182,025	7,353	1,189,378	1,629,207	22,829	1,652,036
Total comprehensive income for the year	-	20,302	20,302	-	32,950	32,950
Final distribution for the year ended June 30, 2018 @ Rs 2.1680 per unit on July 4, 2018	-	(10,121)	(10,121)	-	-	-
Final distribution for the year ended June 30, 2019 @ Rs 3.7038 per unit on June 28, 2019	-	(12,630)	(12,630)	-	-	-
Refund of capital for the year ended June 30, 2018	(29,015)	-	(29,015)	-	-	-
Refund of capital for the year ended June 30, 2019	(557)	-	(557)	-	-	-
Total distributions during the year	(29,572)	(22,751)	(52,323)	-	-	-
<b>Net assets at end of the year</b>	<b>188,968</b>	<b>616</b>	<b>189,584</b>	<b>878,533</b>	<b>10,418</b>	<b>888,951</b>
<b>Undistributed income / (loss) brought forward</b>						
- Realised	10,418			308		
- Unrealised	-			(11)		
	10,418			297		
Accounting income available for distribution:						
- Relating to capital gains	22			11		
- Excluding capital gains	12,927			10,110		
	12,949			10,121		
Distributions during the year	22,751			-		
<b>Undistributed income carried forward</b>	<b>616</b>			<b>10,418</b>		
<b>Undistributed income carried forward:</b>						
- Realised	594			10,418		
- Unrealised	22			-		
	616			10,418		
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the year</b>		<b>52.6287</b>			<b>50.2794</b>	
<b>Net assets value per unit at end of the year</b>		<b>50.3639</b>			<b>52.6287</b>	

The annexed notes from 1 to 27 form an integral part of these financial statements.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

		For the year ended	
	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		20,302	32,950
<b>Adjustments for:</b>			
Capital (gain) / loss on sale of investments - net		1,286	(153)
Unrealised gain in the value of investments - net		(22)	-
Provision for Sindh Workers' Welfare Fund (SWWF)		414	672
		<u>21,980</u>	<u>33,469</u>
<b>Decrease / (increase) in assets</b>			
Investments		(1,264)	115,337
Advances, prepayments and profit receivable		(336)	1,082
Receivable from MCB-Arif Habib Savings and Investment		(396)	121
		<u>(1,996)</u>	<u>116,540</u>
<b>(Decrease) / increase in liabilities</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		(273)	(883)
Payable to the MCB Financial Services Limited - Trustee		-	226
Payable against purchase of Investment		172,352	-
Annual fee payable to the SECP		(310)	521
Accrued and other liabilities		2,213	(10,537)
		<u>173,982</u>	<u>(10,673)</u>
<b>Net cash generated from operating activities</b>		<u>193,966</u>	<u>139,336</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from issuance of units net of refund of capital		492,460	1,880,204
Payments on redemption of units		(1,189,378)	(1,652,036)
Dividend paid		(22,751)	-
<b>Net cash (used in) / generated from financing activities</b>		<u>(719,669)</u>	<u>228,168</u>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		<u>(525,703)</u>	<u>367,504</u>
Cash and cash equivalents at beginning of the year		904,003	536,499
<b>Cash and cash equivalents at end of the year</b>	14	<u>378,300</u>	<u>904,003</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investment Limited) as Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. Subsequently, MCB Financial Services Limited has been appointed as trustee of the fund with effect from July 21, 2014. The draft Trust Deed was approved by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated February 01, 2008 consequent to which the Trust Deed was executed on February 08, 2008.
- 1.2** The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund is an open-ended mutual fund and has been categorised as "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in market treasury bills, short term Government instruments and reverse repurchase transactions against government securities.
- 1.4** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated April 08, 2019 to the Management Company and has assigned stability rating of 'AA+(f)' dated June 27, 2019 to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:

- International Financial Reporting Standards (IFRSs) 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 Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

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

### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## 2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

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

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective .

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

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

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

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

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

## 2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The area where various assumption and estimates are significant to Fund's financial statements or where judgement was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for SWWF (note 10.1), provision for Federal Excise Duty (note 10.2) and provision for taxation (notes 3.11 and 13).

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for change in accounting policy as explained in note 2.3 to these financial statements.

### **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

### **3.2 Financial assets**

#### **3.2.1 Classification and subsequent measurement**

##### **Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income ("FVOCI")
- at fair value through profit or loss (FVTPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

#### **3.2.2 Impairment**

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects :

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

##### **3.2.2.1 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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### 3.2.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### 3.2.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### 3.2.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured at fair value and the resultant gain or loss is recognised in the Income Statement.

### 3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost using effective interest method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement. Financial liabilities include payable to the Management Company and other liabilities.

### 3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties, charges and transaction costs, if applicable.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## 3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

## 3.9 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on an accrual basis using effective interest method.
- Income on debt securities is recognised on an accrual basis using effective interest method.
- Unrealised gains / (losses) arising on remeasurement of investments classified as at fair value through profit or loss are included in the Income Statement in the year in which they arise.

## 3.10 Expenses

All expenses including Management fee, Trustee fee, Securities and Exchange Commission of Pakistan fee and allocated expenses are recognised in the Income Statement on accrual basis.

## 3.11 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders in cash.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

## 3.12 Earnings / (loss) per unit

Earnings / (loss) 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 EPU is not practicable.

## 3.13 Distribution to units holders fund

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

## 3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	June 30, 2019	June 30, 2018
<b>4 BALANCES WITH BANKS</b>		<b>----- (Rupees in '000) -----</b>	
Deposit accounts	4.1	204,171	901,828
Current account		1,755	2,175
		<u>205,926</u>	<u>904,003</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 4.1 This includes balance of Rs. 4.14 million (2018: Rs. 2.51 million) maintained with MCB Bank Limited (a related party) that carries profit at 4.5% per annum (2018: 3.75% per annum). Other saving accounts of the Fund carry profit rates ranging from 4.5% to 12.6% per annum (2018: 3.75% to 6.9% per annum).

## 5 INVESTMENTS

June 30,      June 30,  
2019      2018  
---- (Rupees in '000) ----

### 5.1 Investments at fair value through profit or loss

Government securities - Market treasury bills

172,374      -

#### 5.1.1 Market treasury bills

Name of security	Issue date	Face value				June 30, 2019			Market value as a percentage of	
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value	Market value	Unrealized gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
Market treasury bills - 3 months	19-Jul-18	-	365,000	(365,000)	-	-	-	-	-	-
Market treasury bills - 3 months	2-Aug-18	-	365,000	(365,000)	-	-	-	-	-	-
Market treasury bills - 3 months	19-Jul-18	-	325,000	(325,000)	-	-	-	-	-	-
Market treasury bills - 3 months	11-Oct-18	-	325,000	(325,000)	-	-	-	-	-	-
Market treasury bills - 3 months	6-Dec-18	-	275,000	(275,000)	-	-	-	-	-	-
Market treasury bills - 3 months	6-Dec-18	-	225,000	(225,000)	-	-	-	-	-	-
Market treasury bills - 3 months	6-Dec-18	-	25,000	(25,000)	-	-	-	-	-	-
Market treasury bills - 3 months	6-Dec-18	-	300,000	(300,000)	-	-	-	-	-	-
Market treasury bills - 3 months	3-Jan-19	-	100,000	(100,000)	-	-	-	-	-	-
Market treasury bills - 3 months	6-Dec-18	-	125,000	(125,000)	-	-	-	-	-	-
Market treasury bills - 3 months	14-Feb-19	-	225,000	(225,000)	-	-	-	-	-	-
Market treasury bills - 3 months	14-Feb-19	-	200,000	(200,000)	-	-	-	-	-	-
Market treasury bills - 3 months	3-Jan-19	-	50,000	(50,000)	-	-	-	-	-	-
Market treasury bills - 3 months	17-Jan-19	-	50,000	(50,000)	-	-	-	-	-	-
Market treasury bills - 3 months	3-Jan-19	-	100,000	(100,000)	-	-	-	-	-	-
Market treasury bills - 3 months	17-Jan-19	-	200,000	(200,000)	-	-	-	-	-	-
Market treasury bills - 3 months	17-Jan-19	-	200,000	(200,000)	-	-	-	-	-	-
Market treasury bills - 3 months	14-Feb-19	-	200,000	(200,000)	-	-	-	-	-	-
Market treasury bills - 3 months	14-Feb-19	-	5,000	(5,000)	-	-	-	-	-	-
Market treasury bills - 3 months	9-May-19	-	200,000	(200,000)	-	-	-	-	-	-
Market treasury bills - 3 months	23-May-19	-	200,000	(200,000)	-	-	-	-	-	-
Market treasury bills - 3 months	23-May-19	-	175,000	(175,000)	-	-	-	-	-	-
Market treasury bills - 3 months *	23-May-19	-	175,000	-	175,000	172,352	172,374	22	90.92%	100.00%
Total as at June 30, 2019						172,352	172,374	22		
Total as at June 30, 2018						-	-	-		

\* This will mature latest by August 15, 2019 (2018: Nil) and carries effective yield at the rate of 11.22% (2018: Nil) per annum.

## 6 ADVANCES, PREPAYMENTS & PROFIT RECEIVABLE

Note      June 30,      June 30,  
2019      2018  
----- (Rupees in '000) -----

Profit on bank deposits		846	702
Advance tax	6.1	270	262
Prepayments		184	-
		<b>1,300</b>	<b>964</b>

- 6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposits to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on bank deposits amounts to Rs. 0.270 million (2018: Rs. 0.262 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on profit on bank deposits has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 (RECEIVABLE) / PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED- NET	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
Remuneration payable - net	(396)	214
Sales tax on remuneration payable	-	28
Payable against allocated expenses	-	31
	<u>(396)</u>	<u>273</u>

7.1 The management fees is being calculated on the lower of 10% of the Fund's operating revenue or 1% of average daily net assets subject to minimum fee of 0.25% (2018: 0.25%) of average daily net assets. As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of an Money market Scheme.

7.2 During the year, an amount of Rs.0.316 million (2018: Rs.0.569 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 2.642 million (2018: Rs.4.88 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

7.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the management continued to charge expenses @ 0.1 percent of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

8 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
Remuneration payable	8.1	200	200
Sales tax on remuneration payable	8.2	26	26
		<u>226</u>	<u>226</u>

8.1 The Trustee shall be entitled to a remuneration equivalent to 1% of the gross earnings of the Fund, calculated on a daily basis, subject to a minimum monthly remuneration of Rs.0.20 million. In respect of any month, other than a complete month, such minimum remuneration shall be prorated on the basis of the actual number of days of such month.

8.2 During the year, an amount of Rs. 0.312 million (2018: Rs. 0.312 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.2.4 million (2018: Rs.2.4 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
Annual fee	9.1	220	530

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 9.1 In accordance with the NBFC Regulations, a collective investment scheme classified as a Money Market scheme is required to pay to the SECP an amount equal to 0.075% (2018: 0.075%) of the average annual net assets of the Fund as annual fee.

	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
<b>10 ACCRUED AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	2,283	1,869
Federal Excise Duty on remuneration to the Management Company	10.2	11,933	11,933
Withholding tax payable		7	233
Brokerage payable		-	10
Auditors' remuneration		324	330
Dividend payable		2,931	-
Payable to legal advisor		75	70
Others		61	542
		<u>17,614</u>	<u>14,987</u>

- 10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.61 (2018: Re. 0.11) per unit.

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs.11.93 million (2018: Rs.11.93 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Rs. 3.17 (2018: Re 0.71) per unit.

## 11 CONTINGENCIES AND COMMITMENTS

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

		For the year ended	
		June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
<b>12</b>	<b>AUDITORS' REMUNERATION</b>		
	Annual audit fee	250	250
	Half yearly review fee	131	131
	Other certification and services	100	53
	Out of pocket expenses	118	55
		<u>599</u>	<u>489</u>

## **13 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entries Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2019 to the unit holders in the manner as explained above no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

		Note	June 30, 2019	June 30, 2018
			----- (Rupees in '000) -----	
<b>14</b>	<b>CASH AND CASH EQUIVALENTS</b>			
	Deposit accounts	4	204,171	901,828
	Current account	4	1,755	2,175
	Market treasury bills maturing within 3 months	5	172,374	-
			<u>378,300</u>	<u>904,003</u>

## **15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 2.43% which includes 0.43% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% (2018: 2.8%) prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

## **16 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES**

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

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

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

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Details of transactions and balances at year end with related parties / connected persons are as follows:



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

		<u>For the year ended</u>	
		June 30, 2019	June 30, 2018
		----- (Rupees in '000) -----	
<b>16.1</b>	<b>Details of transactions with connected persons are as follows:</b>		
	<b>MCB Arif Habib Savings and Investment Limited - Management Company</b>		
	Remuneration (including indirect taxes)	2,348	4,947
	Allocated expenses (including indirect taxes)	305	797
	<b>Group / associated companies</b>		
	<b>MCB Bank Limited</b>		
	Mark-up on bank deposits	222	234
	Bank charges	12	28
	Purchase of securities having face value of Rs.Nil (2018: Face value of Rs.125,000,000)	-	123,466
	Sale of securities having face value of Rs.300,000,000 (2018: Face value of Rs. NIL)	297,703	-
	<b>MCB Financial Services Limited - Trustee</b>		
	Remuneration (including indirect taxes)	2,712	2,712
	<b>Silk Bank Limited</b>		
	Purchase of securities having face value of Rs. Nil (2018: Face value of Rs.527,500,000)	-	522,327
	Sale of securities having face value of Rs.225,000,000 (2018: Face value of Rs.325,000,000)	220,565	322,856
	<b>Next Capital Limited - Brokerage house</b>		
	Brokerage and settlement charges*	-	3
	<b>Arif Habib Limited - Brokerage house</b>		
	Brokerage and settlement charges*	6	3
		<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees in '000) -----	
<b>16.2</b>	<b>Amounts outstanding at year end</b>		
	<b>MCB Arif Habib Savings and Investment Limited</b>		
	Remuneration payable	-	214
	Remuneration receivable	396	
	Sales tax on remuneration payable	-	28
	Expenses allocated by the Management Company	-	31
	<b>Group / associated companies</b>		
	<b>MCB Bank Limited</b>		
	Balances with bank	4,145	2,515
	Mark-up receivable on bank deposits	101	84
	<b>MCB Financial Services Limited - Trustee</b>		
	Remuneration payable	200	200
	Sales tax on remuneration payable	26	26
	Brokerage and settlement charges payable*	-	1

\* 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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	June 30, 2019							
	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019
	-----Units-----			----- (Rupees in '000) -----				
Associated company								
Arif Habib Dolmen REIT Management Limited	2,250	88	2,338	-	118	4	122	-
Adamjee Insurance Co.LTD. Employees Gratuity Fund	-	331,781	331,781	-	-	17,182	17,285	-
Adamjee Insurance Co.LTD. Employees Provident Fund	-	665,836	665,836	-	-	34,482	34,688	-
MCB Arif Habib savings and investments Limited	-	4,261,643	4,261,643	-	-	222,390	222,525	-
Key management personnel *	10	1,010	1,020	-	1	53	54	-
Mandate under discretionary portfolio services	11,549,890	2,982,577	14,532,467	-	607,856	127,732	738,104	-
Unit holders holding 10% or more units *								
The Central Deposit Company Limited (CDC)	1,220,832	126,432	11,757	1,335,507	64,251	6,361	605	67,262

\* This reflects the position of related party / connected person status as at June 30, 2019

	June 30, 2018							
	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018
	Units				(Rupees in '000)			
Group / associated company								
Arif Habib Dolmen REIT Management Limited	2,250	-	-	2,250	113	-	-	118
Key management personnel	13,189	2,904	16,093	-	663	150	760	-
Mandate under discretionary portfolio services	146,410	11,781,675	378,195	11,549,890	7,361	619,750	19,852	607,856
Unit holders holding 10% or more units	6,690,093	-	6,690,093	-	336,374	-	346,003	-

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

### Assets

Balances with banks  
Investments  
Receivable from MCB-Arif Habib Savings and Limited - Management Company  
Profit on bank deposits

June 30, 2019		
At Amortised cost	Asset classified at fair value through profit or loss	Total
(Rupees in '000)		
205,926	-	205,926
-	172,374	172,374
396	-	396
846	-	846
<u>207,168</u>	<u>172,374</u>	<u>379,542</u>

### Liabilities

Payable to the MCB Financial Services Limited - Trustee  
Payable against purchase of investment  
Accrued and other liabilities

June 30, 2019		
At fair value through profit or loss	At Amortised cost	Total
(Rupees in '000)		
-	226	226
-	172,352	172,352
-	3,391	3,391
-	<u>175,969</u>	<u>175,969</u>

### Assets

Balances with banks  
Investments  
Profit on bank deposits

June 30, 2018		
At Amortised cost	Asset classified at fair value through profit or loss	Total
(Rupees in '000)		
904,003	-	904,003
-	-	-
702	-	702
<u>904,705</u>	<u>-</u>	<u>904,705</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

June 30, 2018		
At fair value through profit or loss	At Amortised cost	Total
----- (Rupees in '000) -----		

## Liabilities

Payable to MCB-Arif Habib Savings and Investments

Limited - Management Company

- 273 273

Payable to the MCB Financial Services Limited - Trustee

- 226 226

Accrued and other liabilities

- 952 952

- 1,451 1,451

## 18 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 18.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The management company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines provided by the board and regulations laid down by Securities and Exchange Commission of Pakistan and Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the Rules).

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### 18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

#### 18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances with banks and Government Securities.

##### a) Sensitivity analysis for variable rate instruments

As of June 30, 2019, the Fund held KIBOR based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these balances, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 2.04 million (2018: Rs. 9.04 million).

##### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund holds fixed rate government securities and is exposed to fair value in interest rate risk.

In case of 100 basis points increase / decrease in interest rate at year end, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 1.724 million (2018: Rs. Nil).

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The interest rate sensitivity related to Financial Assets and Financial Liabilities as at June 30, 2019 can be defined as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

June 30, 2019					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

## On-balance sheet financial instruments

### Financial assets

Balances with banks	4.50% to 10.75%	205,926	-	-	-	205,926
Investments	11.22%	172,374	-	-	-	172,374
Receivable from MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	396	396
Profit on bank deposits		-	-	-	846	846
		378,300	-	-	1,242	379,542

### Financial liabilities

Payable to the MCB Financial Services Limited - Trustee		-	-	-	226	226
Payable against purchase of investment		-	-	-	172,352	172,352
Accrued and other liabilities		-	-	-	3,391	3,391
		-	-	-	175,969	175,969

## On-balance sheet gap (a)

378,300	-	-	(174,727)	203,573
---------	---	---	-----------	---------

## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

-	-	-	-	-
---	---	---	---	---

## Total profit rate sensitivity gap (a+b)

378,300	-	-
---------	---	---

## Cumulative profit rate sensitivity gap

378,300	378,300	378,300
---------	---------	---------

June 30, 2018					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

## On-balance sheet financial instruments

### Financial assets

Balances with banks	3.75% to 6.9%	904,003	-	-	-	904,003
Profit on bank deposits		-	-	-	702	702
		904,003	-	-	702	904,705

### Financial liabilities

Payable to the Management Company		-	-	-	273	273
Payable to the Trustee		-	-	-	226	226
Accrued and other liabilities		-	-	-	952	952
		-	-	-	1,451	1,451

## On-balance sheet gap

904,003	-	-	(749)	903,254
---------	---	---	-------	---------

## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

-	-	-	-	-
---	---	---	---	---

## Total profit rate sensitivity gap (a+b)

904,003	-	-
---------	---	---

## Cumulative profit rate sensitivity gap

904,003	904,003	904,003
---------	---------	---------

## 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The fund does not hold any financial instrument which exposes the Fund to price risk.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## 18.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in market treasury bills are Government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed by financial department in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The table below analyses the Fund's maximum exposure to credit risk:

	2019		2018	
	Balance as per statement of assets and	Maximum exposure to credit risk	Balance as per statement of assets and	Maximum exposure to credit risk
Balances with banks	205,926	205,926	904,003	904,003
Investments	172,374	-	-	-
Receivable from MCB-Arif Habib Savings and Investments Limited - Management company	396	396	-	-
Profit on bank deposits	846	846	702	702
	<u>379,542</u>	<u>207,168</u>	<u>904,705</u>	<u>904,705</u>

The analysis below summaries the credit rating quality of the Fund's financial assets.

### Bank balances by rating category

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balance s with banks is as follows:

	2019	2018
	----	----
	%	%
AAA	98.03%	99.92%
AA+	1.97%	0.08%
	<u>100%</u>	<u>100%</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

### Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

All of the Fund's concentration of credit risk at the end of financial year 2019 and 2018 are with commercial banks.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

## 18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. The maturity profile of the Fund's liabilities based on contractual maturities is given below:

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

### Financial liabilities

Payable to the MCB Financial Services Limited - Trustee  
Payable against purchase of investment  
Accrued and other liabilities

226						226
172,352	-	-	-	-	-	172,352
3,391						3,391
<b>175,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,969</b>

2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company  
Payable to the MCB Financial Services Limited - Trustee  
Accrued and other liabilities

273	-	-	-	-	-	273
226	-	-	-	-	-	226
952	-	-	-	-	-	952
<b>1,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,451</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

### 19.1 Fair value hierarchy

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

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

June 30, 2019				
Fair value				
Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----				
<b>Financial assets at fair value through profit or loss</b>				
Government securities - Market treasury bills	-	172,374	-	172,374
	-	172,374	-	172,374
June 30, 2018				
Fair value				
Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----				
<b>Financial assets at fair value through profit or loss</b>				
Government securities - Market treasury bills	-	-	-	-
	-	-	-	-

## 20. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirements of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

## 21 PATTERN OF UNIT HOLDING

### Details of pattern of unit holding

June 30, 2019				
	Number of unit holders	Number of units held	Investment amount	Percentage of total investments
(Rupees in '000)				
Individuals	233	1,643,956	82,797	43.67%
Insurance companies	2	212,279	10,691	5.64%
Retirement funds	5	397,476	20,018	10.56%
Others	14	1,510,574	76,078	40.13%
	<u>254</u>	<u>3,764,285</u>	<u>189,584</u>	<u>100.00%</u>

June 30, 2018				
	Number of unit holders	Number of units held	Investment amount	Percentage of total investments
(Rupees in '000)				
Individuals	229	2,467,149	129,843	14.61%
Associated companies	1	2,250	118	0.01%
Insurance companies	3	707,443	37,232	4.19%
Retirement funds	10	3,767,571	198,282	22.31%
Others	11	9,946,570	523,476	58.88%
	<u>254</u>	<u>16,890,983</u>	<u>888,951</u>	<u>100.00%</u>

## 22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID\*

	June 30, 2019 Percentage
1 Invest One Markets Private Ltd	36.40%
2 Arif Habib Limited	26.20%
3 C And M Management Private Ltd	11.08%
4 Continental Exchange Pvt Ltd	7.22%
5 Vector Capital Pvt Ltd	6.01%
6 Currency Market Association	5.67%
7 Js Global Capital Limited	4.13%
8 Icon Securities Private Ltd	3.29%

\* The Fund has only used eight brokers during the year ended June 30, 2019

	June 30, 2018 Percentage
1 EFG Hermes Pakistan Limited	22.50%
2 Invest Capital Markets Limited	20.06%
3 C and M Management (Private) Limited	17.27%
4 BMA Capital Management Limited	10.79%
5 Next Capital Limited	6.68%
6 Bright Capital (Private) Limited	5.28%
7 Arif Habib Limited	5.02%
8 Invest One Market Limited	4.55%
9 Optimus Market (Private) Limited	4.24%
10 Elixir Securities Pakistan (Private) Limited	2.19%

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

During the year 143rd, 144th, 145th, 146th, 147th, 148th, 149th and 150th meeting of the Board of Directors were held on August 17, 2018, September 14, 2018, October 22 2018, October 26, 2018, April 15, 2019, April 19, 2019, June 17, 2019 and June 27, 2019, respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Mian Mohammad Mansha	8	2	6	143rd, 145th, 146th, 147th, 149th and 150th
Mr. Nasim Beg	8	8	-	
Dr. Syed Salman Ali Shah*	6	6	-	
Mr. Haroun Rashid	8	5	3	143rd, 145th and 149th
Mr. Ahmed Jahangir	8	8	-	
Mr. Samad A. Habib	8	6	2	145th and 150th
Mr. Saqib Saleem	8	8	-	
Mr. Mirza Qamar Beg	8	8	-	
Mr. Muhammad Asif Mehdi Rizvi	8	8	-	

\*Resigned on June 10, 2019

### 24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of investment committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	16
3	Mr. Saad Ahmed	Head of Fixed Income	MBA	14
4	Syed Abid Ali	Head of Equities	MBA	11
5	Mr. Awais Abdul Sattar	Head of Reseach	MBA & CFA	8
6	Mr. Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	6

#### 24.1 Other funds managed by the Fund manager

##### Mr. Saad Ahmed

Mr. Saad Ahmed is the Manager of the Fund as at year end. He has obtained a Masters degree in Business Administration. Other funds being managed by him are as follows:

- MCB Cash Management Optimizer Fund;
- MCB DCF Income Fund;
- MCB Pakistan Sovereign Fund;
- Pakistan Income Enhancement Fund;
- Alhamra Daily Dividend Fund.

### 25 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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### 26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 13, 2019 by the Board of Directors of the Management Company.

### 27 GENERAL

Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

27.1 There have been no material reclassifications during the current year.

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



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>No. of Unit Holders</b>	<b>Unit Holdings</b>	<b>Total Units Held</b>
204	0-10000	223,009
44	10001 – 100000	1,222,114
5	100001 – 1000000	983,657
1	1000001 onwards	1,335,507
<hr/> 254 <hr/>		<hr/> <b>3,764,285</b> <hr/>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2019

Performance Information	2019	2018	2017	2016	2015
Total Net Assets Value – Rs. in million	189.584	889	628	1,993	1,442
Net Assets value per unit – Rupees	50.3639	52.6287	50.2794	50.2062	50.1464
Closing Offer Price	50.3639	52.6287	50.2794	50.1993	50.1532
Closing Repurchase Price	50.3639	52.6287	50.2794	50.2062	50.1464
Highest offer price per unit	54.5424	52.6287	53.8342	52.9990	54.2859
Lowest offer price per unit	50.3119	50.2859	50.2136	50.1464	50.0233
Highest Redemption price per unit	53.9811	52.6287	53.8342	52.9990	54.2859
Lowest Redemption price per unit	50.3119	50.2859	50.2136	50.1464	50.0233
Distribution per unit – Rs. *	5.8718		4.0700	2.8915	4.2900
<b>Average Annual Return - %</b>					
One year	7.48	4.67	8.34	5.88	8.86
Two year	6.08	6.51	7.11	7.37	8.64
Three year	6.83	6.30	7.69	7.72	8.76
Net Income for the year – Rs. in million	20.302	32.95	34.755	19.91	38.89
Distribution made during the year – Rs. in million	52.323	-	33.812	17.53	35.05
Accumulated Capital Growth – Rs. in million	(32.02)	32.95	0.943	2.38	3.85
Weighted average Portfolio Duration (days)	41	1	14	18	33

**\* Date of Distribution**

2019	
Date	Rate
30-Jun-19	3.7038
4-Jul-18	2.1680

2018	
Date	Rate
N/A	N/A

2017	
Date	Rate
June 21, 2017	4.07

2016	
Date	Rate
June 22, 2016	2.8900

2015	
Date	Rate
June 24, 2015	4.2900

**Disclaimer**

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

## MCB-Arif Habib Savings and Investments Limited

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