



**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

SEPTEMBER  
**2019**  
(UNAUDITED)

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



# **MCB CASH MANAGEMENT OPTIMIZER**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem 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
<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>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	Habib Metropolitan Bank Limited United Bank Limited Habib Bank Limited Bank Al Falah Limited Faysal Bank Limited MCB Bank Limited Bank Al Habib Limited Zarai Taraqati Bank Limited National Bank of Pakistan Allied Bank Limited Bank of Punjab Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited	
<b>Auditors</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants (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, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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**Dear Investor,**

On behalf of the Board of Directors, We are pleased to present **MCB Cash Management Optimizer** accounts review for the quarter ended September 30, 2019.

## **ECONOMY AND MONEY MARKET OVERVIEW**

Stabilization measures pursued by the government have started to bear fruits as the Balance of Payment situation continues to improve. The Current Account Deficit (CAD) contracted by ~55% on an Year on Year (YoY) basis to USD 1.3 billion in the first two months of FY20. Imports of goods continued to nosedive as it compressed by 23.5% while exports increased by 1.4% in the first two months. On the flip side, remittances remained weak amidst lesser number of working days and declined by 8% during the first two months of the fiscal year. Foreign exchange reserves increased by USD 1.2 billion during the period as Pakistan received its first tranche of USD 1.3 billion from IMF, while the outflow from CAD remained restrained.

CPI was rebased with a new base of 2015-16 and the average for newly rebased CPI clocked in at 10.1% YoY. However, the latest monthly readings were recorded north of 11% as rising food and energy prices took its toll on the index. Food inflation during the latest month was recorded at 15.0% YoY. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.4% for the quarter.

Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.3% in July, 2019 primarily decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 27.5% and 15.5% respectively.

Provisional number of tax collection were also encouraging as FBR collected PKR 962 billion in the first quarter of the current fiscal year, which was 16% higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax revenue grew by 28% YoY. The non-tax collection as per the provisional estimates were also promising as the government managed to collect PKR ~400 billion with the major portion driven by Surplus Profitability from SBP and Sale of Telecom sector licenses. The target for primary deficit was also met as per the provisional estimates as government generated a surplus of PKR 200 billion.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. 2 Year bonds eased of by 86 bps during the quarter while the longer end (10Y) saw a massive easing of 154 bps during the same period. The State Bank of Pakistan (SBP) in its latest bi-monthly Monetary Policy Statement also left the Policy Rate unchanged at 13.25%, citing the Monetary Policy Committee's outlook on moderating inflation and balance of payment situation. The monetary policy committee kept the status quo after 8 successive increases.

## **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 12.73% as against its benchmark return of 12.61%, an out performance of 0.12%. WAM of the fund was 9 days at September end.

The fund was 83.4% in cash as of September end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at September 30, 2019 decreased by 3.79% to Rs. 13,376 million as compared to Rs. 13,903 million as at June 30, 2019.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 100.9329 as compared to opening NAV of Rs. 100.6423 per unit as at June 30, 2018 registering an increase of Rs. 0.2906 per unit.

## **FUTURE OUTLOOK**

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. 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. Our forecast at very conservative assumptions is that CAD will settle at 2.6%

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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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 ~12 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Aug'19 REER at 92.71) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

CPI is expected to jack up to an average of ~11.0% for the fiscal year from current quarter average of 10.1% owing to a hike in food inflation and rising utility prices. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We expect the 12 month forward CPI to start slowing down from the second half of this fiscal year, which will open the room for monetary easing as central bank has indicated to opt for more proactive monetary policy approach.

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 ~400-500 billion. The result of provisional tax collection for 1Q assert our view as there was a shortfall of PKR 100 billion during the quarter. Resultantly, the shortfall in tax collection will trickle down to a lower development spending. On the equity side, we believe, the last two years' market performance (down approx. 39% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

The equity strategy should be a mix of macro based theme along with bottom up analysis. The overall strategy should be a focus towards defensive sectors (E&P's, Power, Fertilizers) and sector which will benefit from changing dynamics on macro front (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical stocks, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

### ACKNOWLEDGMENT

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
October 24, 2019



**Nasim Beg**  
Vice Chairman / Director

## ڈائریکٹر رپورٹ

لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی کے ہدف کو بے حد مثبت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس میں 400 سے 500 بلین روپے کی کمی آئے گی۔ پہلی سہ ماہی میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 100 بلین ڈالر کی کمی ہوئی تھی۔ ٹیکس وصولی میں کمی کے نتیجے میں ترقیاتی اقدامات کے لیے کم رقم خرچ کی جائے گی۔

ایکویٹی کی جہت میں ہم سمجھتے ہیں کہ گزشتہ دو برسوں کی مارکیٹ کی کارکردگی (بلند ترین سطحوں سے تقریباً 39 فیصد کم) سے سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی، اور گردشی اسٹاکس کی کارکردگی میں بھی یہی عکاسی ہوتی ہے جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پُرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اسٹاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اسٹاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔ ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پر ہونی چاہیے اور کلاں معاشی میدان میں تبدیل ہوتے ہوئے عوامل سے مستفید ہونے والے شعبے (کمرشل بینکوں) کو زیادہ وزن دیا جانا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ سے برآمدات پر منحصر شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی (IT) کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردشی اسٹاکس میں منفی رجحان کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کوالٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

## 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، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

24 اکتوبر، 2019ء



## ڈائریکٹر رپورٹ

اوسط میچورٹی (WAM) ستمبر کے اختتام پر 9 دن تھی۔

ستمبر کے اختتام پر فنڈ 83.4 فیصد نقد میں تھا۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شرحیں تھیں۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 3.79 فیصد کم ہو کر 13,376 ملین روپے ہو گئے جبکہ 30 جون 2019ء کو 13,903 ملین روپے تھے۔  
30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 100.9329 روپے تھی جو 30 جون 2019ء کو ابتدائی قدر 100.6423 روپے فی یونٹ کے مقابلے میں 0.2906 روپے فی یونٹ اضافہ ہے۔

### مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں کلاں معاشیاتی استحکام ہوگا جس کے باعث موجودہ سال کے لیے معاشی ترقی چھوٹے اعداد تک محدود ہو جائے گی۔ آئی ایم ایف کی پیش گوئی کے مطابق حکومت کی اختیار کردہ تنگی پر مبنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 2019-20ء میں سست ہو کر 2.5 فیصد پر آجائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ ہم بے حد محتاط مفروضوں کی بنیاد پر پیش گوئی کر سکتے ہیں کہ سی اے ڈی مجموعی ملکی پیداوار (جی ڈی پی) کے 2.6 فیصد پر رک جائے گا۔ ہم نے خام تیل کی قیمتوں کو 70 ڈالر فی بی بی ایل فرض کیا ہے جو موجودہ طور پر 60 ڈالر فی بی بی ایل کے قریب منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لا کر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی شدہ سہولت سے بھی زرمبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زرمبادلہ کے ذخائر میں 12 بلین ڈالر اضافہ متوقع ہے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اگست 2019ء 92.7 REER فیصد پر) اور کرنٹ اکاؤنٹ کا خسارہ قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

زیر بحث مالی سال کے لیے سی پی آئی کا اوسط موجودہ سہ ماہی کے اوسط 10.1 فیصد سے 11.0 فیصد تک بڑھ جانے کی توقع ہے جس کا سبب اشیائے خورد و نوش کے افراط زر میں اضافہ اور یوٹیلٹی کی بڑھتی ہوئی قیمتیں ہیں۔ لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل (NFNE) سے ظاہر ہونے والی اصل افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد سے کم متوقع ہے۔ ہمیں اُمید ہے کہ 12 ماہانہ فارورڈ سی پی آئی موجودہ مالی سال کے نصف آخر سے سست رفتار ہونا شروع ہو جائے گا جس کے مالیاتی سہولت کا موقع ملے گا کیونکہ مرکزی بینک نے مالیاتی پالیسی کا زیادہ متحرک لائحہ عمل اختیار کرنے کی طرف اشارہ کیا ہے۔

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.4 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف تبدیل ہو سکتا ہے لیکن پرائمری خسارے کو جی ڈی پی کے 0.6 فیصد پر محدود کر دینے کی آئی ایم کی بنیادی شرط کو پورا کرنا لازمی ہے۔ اس مقصد کے لیے ایف بی آر 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس جمع کرنے کا پُر عزم ہدف طے کر رہی ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے، تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کا ایک توسیعی پبلک سیکٹر ڈویلپمنٹ پروگرام (پی ایس ڈی پی) کے لیے



## ڈائریکٹر رپورٹ

### عزیز سرمایہ دار

ایم سی بی کیش مینجمنٹ آپٹیمائزر کے بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لیے گوشواروں کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

حکومت نے استحکام کے لیے جو اقدامات کیے بالآخر ان کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال 2019-20ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) ییز آن ییز (YoY) بنیاد پر 55 فیصد کم ہو کر 1.3 بلین ڈالر ہو گیا۔ پہلے دو ماہ میں درآمدات میں 23.5 فیصد کمی ہوئی جبکہ برآمدات میں 1.4 اضافہ ہوا۔ دوسری جانب ترسیل زر میں 8 فیصد کمی ہوئی اور اس کمزور صورتحال کا سبب ایام کار کی کم تعداد تھی۔ زیر مبادلہ کے ذخائر میں دوران مدت 1.2 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف سے 1.3 بلین ڈالر کی پہلی قسط موصول ہوئی، جبکہ سی اے ڈی سے اخراج کا سلسلہ محدود رہا۔ صارفی قیمت کے انڈیکس (سی پی آئی) کو 2015-16 کی نئی بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد و شمار سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔

وسیع پیمانے کی مینوفیکچرنگ (ایل ایس ایم) میں توقع کے مطابق کمی کا رجحان جاری رہا کیونکہ درآمدات پر مبنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبع گردش شعبہ جات تھے۔ گاڑیوں اور اسٹیل کی مینوفیکچرنگ میں مانگ بالترتیب 27.5 فیصد اور 15.5 فیصد سُکڑ گئی۔ ٹیکس کے حصول کے عارضی اعداد بھی حوصلہ افزا تھے۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) نے موجودہ مالی سال کی پہلی سہ ماہی میں 962 بلین روپے ٹیکس جمع کیا جو گزشتہ سال کی مماثل مدت کے مقابلے میں 16 فیصد زیادہ ہے۔ اگر مقامی اور بین الاقوامی اعتبار سے علیحدہ علیحدہ دیکھا جائے تو کارکردگی زیادہ بہتر تھی کیونکہ مقامی سطح پر ٹیکس کی آمدنی میں 28 فیصد YoY اضافہ ہوا۔ ٹیکس کے علاوہ وصولی بھی عارضی تخمینوں کے مطابق حوصلہ افزا تھے۔ حکومت نے 400 بلین روپے ٹیکس جمع کیا جس کا اکثر حصہ اسٹیٹ بینک آف پاکستان (ایس بی پی) سے فاضل منافع اور ٹیلی کام سیکٹر لائسنس کی فروخت سے حاصل ہوا۔ عارضی تخمینوں کے مطابق پرائمری خسارے کا ہدف بھی حاصل ہو گیا کیونکہ حکومت نے 200 بلین کا فاضل منافع پیدا کیا۔

زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر مانگ کے سبب پیداواری خم جھک گیا کیونکہ بازار میں شامل ہونے والے نئے فریق استحکام کے اقدامات سے مطمئن ہو کر افراط زر میں کمی کی توقع کر رہے تھے۔ دوران سہ ماہی دو سالہ بانڈز 86 بیسیس پوائنٹس کی ایزنگ ہوئی جبکہ اسی مدت کے دوران طویل تر میعاد والے (دس سالہ) بانڈز میں 154 بیسیس پوائنٹس کی خطیر ایزنگ ہوئی۔ ایس بی پی نے اپنے تازہ ترین دو ماہانہ مالیاتی پالیسی بیان میں افراط زر اور ادائیگی کے توازن کی صورتحال کو متعادل کرنے پر مانیٹری پالیسی کمیٹی کے نظریے کا حوالہ دیتے ہوئے پالیسی کی شرح کو تبدیل کیے بغیر 13.25 فیصد پر چھوڑ دیا ہے۔ مالیاتی پالیسی نے 8 متواتر اضافوں کے بعد رائج شرح کو برقرار رکھا ہے۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 12.73 فیصد تھا جو پنج مارک 12.61 فیصد کے مقابلے میں 0.12 فیصد بہتر کارکردگی ہے۔ فنڈ کی باوزن

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2019

		September 2019 (Unaudited)	June 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	6	11,655,247	10,112,614
Investments	7	2,180,627	3,780,860
Advances, deposits, prepayments and other receivable		145,179	134,646
<b>Total assets</b>		13,981,053	14,028,120
<b>LIABILITIES</b>			
Payable to the Management Company	9	13,033	13,672
Payable to Central Depository Company of Pakistan Limited - Trustee	10	817	1,018
Payable to Securities and Exchange Commission of Pakistan	11	678	10,489
Payable against Purchase of investment		480,424	-
Accrued expenses and other liabilities	8	109,993	100,325
<b>Total liabilities</b>		604,945	125,504
<b>NET ASSETS</b>		<u>13,376,109</u>	<u>13,902,616</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>13,376,109</u>	<u>13,902,616</u>
<b>Contingencies and Commitments</b>	12		
		<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>132,524,794</u>	<u>138,138,833</u>
		<b>(Rupees)</b>	
<b>NET ASSETS VALUE PER UNIT</b>		<u>100.9329</u>	<u>100.6423</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

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

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

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM INCOME STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019	September 2018
<b>INCOME</b>	<b>Note</b>	<b>(Rupees in '000)</b>
Capital gain on sale of investments - net	5,790	655
Profit on money market placement	57,377	5,278
Profit on bank deposits	253,831	152,915
Income from government securities	133,178	81,383
Income from commercial papers	19,141	5,265
	469,316	245,496
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.1.2	204
<b>Total income</b>	469,520	245,496
<b>EXPENSES</b>		
Remuneration of Management Company	18,104	20,354
Sindh Sales tax on Management fee	2,353	2,646
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,207	2,450
Sindh Sales tax on remuneration of Central Depository Company of Pakistan Limited- Trustee	287	318
Annual fee of Securities and Exchange Commission of Pakistan	678	2,353
Allocated expenses	3,394	3,546
Marketing And Selling Expense	6,492	-
Legal and professional	46	45
Brokerage expenses	125	57
Auditor's remuneration	225	226
Other expenses	309	221
<b>Total operating expenses</b>	34,222	32,217
<b>Net income from operating activities</b>	435,298	213,279
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(8,706)
<b>Net income for the period before taxation</b>	426,592	209,014
Taxation	13	-
<b>Net income for the period after taxation</b>	426,592	209,014
<b>Allocation of net income for the period:</b>		
Net income for the period	426,592	209,014
Income already paid on units redeemed	(25,831)	(8,536)
	400,761	200,478
<b>Accounting income available for distribution</b>		
- Relating to capital gains	5,579	455
- Excluding capital gains	395,182	200,023
	400,761	200,478
<b>Earnings per unit</b>	14	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<b>September 2019</b>	<b>September 2018</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Net income for the period after taxation</b>	426,592	209,014
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>426,592</u>	<u>209,014</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Note	September 30 2019			September 30 2018		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	13,846,006	56,611	13,902,616	11,617,232	375,424	11,992,656
Issue of 96,862,645 units - including additional units (2018: 79,802,406 units)						
- Capital value (at net asset value per unit at the beginning of the period)	9,748,479	-	9,748,479	8,023,749	-	8,023,749
- Element of income	21,356	-	21,356	12,816	-	12,816
	9,769,835	-	9,769,835	8,036,565	-	8,036,565
Redemption of 102,476,684 units (2018: 53,191,389 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(10,313,489)	-	(10,313,489)	(5,348,139)	-	(5,348,139)
- Element of income	(1,965)	(25,831)	(27,796)	(22,300)	8,536	(13,764)
	(10,315,454)	(25,831)	(10,341,285)	(5,370,439)	8,536	(5,361,903)
Total comprehensive income for the period	-	426,592	426,592	-	209,014	209,014
Final Distribution for the year ended June 30, 2018 (including additional units) at the rate of Rs. 5.4255 per unit (Declared on July 04, 2018)	-	-	-	(283,195)	(330,807)	(614,001)
Interim distribution during the period (including additional units)	(18,709)	(362,940)	(381,649)	(5,784)	(183,034)	(188,818)
	(18,709)	63,652	44,943	(288,979)	(304,826)	(593,805)
<b>Net assets at end of the period</b>	<b>33,912,586</b>	<b>94,432</b>	<b>13,376,109</b>	<b>13,994,379</b>	<b>79,134</b>	<b>14,073,513</b>
Undistributed income brought forward comprising of:						
- Realised		56,611			375,424	
- Unrealised (loss) / gain		-			-	
		56,611			375,424	
Accounting income available for distribution						
- Relating to capital gains		5,579			455	
- Excluding capital gains		395,182			200,023	
		400,761			200,478	
Cash distribution during the period		362,940			513,840	
Undistributed income carried forward		94,432			62,062	
Undistributed income carried forward						
- Realised		94,432			62,062	
- Unrealised		-			-	
		94,432			62,062	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.6423			105.9707	
Net assets value per unit at end of the period		100.9329			100.6829	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

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

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

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019	September 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	426,592	209,014
<b>Adjustments for non cash and other items:</b>		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'	(204)	-
Capital gain / (loss) on sale on investments - net	(5,790)	(655)
	(5,994)	(655)
	420,802	208,359
<b>Decrease / (Increase) in assets</b>		
Investments	1,606,227	(1,855,254)
Prepayments and profit receivable	(10,533)	(7,227)
	1,595,693	(1,862,481)
<b>Decrease / (Increase) in liabilities</b>		
Payable to Management Company	(640)	(2,367)
Payable to Central Depository Company of Pakistan Limited - Trustee	(201)	(116)
Payable to Securities and Exchange Commission of Pakistan	(9,811)	(7,223)
Payable Against Purchase Of Investment - money market	480,424	-
Accrued expenses and other liabilities	9,668	(17,229)
	479,440	(26,934)
<b>Net cash generated / (used in) operating activities</b>	2,495,732	(1,681,056)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issuance and conversion of units (excluding additional units)	9,751,126	8,036,565
Payment against redemption and conversion of units	(10,341,285)	(5,361,903)
Distributions made during the period	(362,940)	(802,819)
<b>Net cash (used in) / generated from financing activities</b>	(953,099)	1,871,843
<b>Net increase in cash and cash equivalents</b>	1,542,633	190,787
Cash and cash equivalents at beginning of the period	10,112,614	12,057,809
<b>Cash and cash equivalents at end of the period</b>	11,655,247	12,248,596

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

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

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

  
\_\_\_\_\_  
Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Cash Management Optimizer (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on Pakistan Stock Exchange Limited (PSX).
- 1.4** The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated October 08, 2019 to the Management Company and "AA+(f)" as stability rating dated June 27, 2019 to the Fund.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

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

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2019.
- 2.1.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, whereas the comparatives in the condensed interim income statement, condensed interim cash flow



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2018.

**2.1.4** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

**2.1.5** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.

## **2.2 Basis of Measurement**

This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2019.

**3.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/ relevant to the Fund**

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

## **4 Estimates and Judgements**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2019.

## **5 Financial Risk Management**

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2019.

		<b>September 2019 (Unaudited)</b>	<b>June 2019 (Audited)</b>
		------(Rupees in '000)-----	
<b>6 BALANCES WITH BANKS</b>			
In current accounts	6.1	205	972
In saving accounts	6.2	11,655,042	10,111,642
		<u>11,655,247</u>	<u>10,112,614</u>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

6.1 This represents balance maintained with MCB Bank Limited.

6.2 These carry profit at the rates ranging between 11.25% to 14.5 % (2019: 3.75% and 13.7%) per annum and include Rs.5.154 million maintained with MCB Bank Limited, (a related party) which carries profit at the rate of 11.25% per annum.

		September 2019 (Un-audited)	June 2019 (Audited)
	Note	------(Rupees in '000)-----	
<b>7 INVESTMENTS</b>			
<b>7.1 Investments at fair value through profit or loss'</b>			
Term deposit receipts	7.1.1	1,700,000	2,800,000
Commercial papers		-	980,860
Market Treasury Bills	7.1.2	480,627	-
		2,180,627	3,780,860

## 7.1.1 Term deposit receipts

Particulars	Profit / mark-up rates	Issue date	Maturity date	September 30, 2019		Carrying value as a percentage of	Carrying value as a percentage of
				Carrying Value	Market Value		
(Rupees in '000)							%
The Bank of Punjab	14.41%	8-Aug-19	8-Nov-19	400,000	400,000	2.99%	18.34%
Bank Alfalah Limited	14.35%	27-Sep-19	12-Nov-19	1,300,000	1,300,000	9.72%	59.62%
<b>As at September 30, 2019</b>				<b>1,700,000</b>	<b>1,700,000</b>		
As at June 30, 2019				2,800,000	2,800,000		

## 7.1.2 Market treasury bills

Name of Security	Issue Date	Face value				As at 30 September 2019			Market value	
		As at July 01, 2019	Purchased during the period	Sold / matured during the period	As at Sep 30, 2019	Carrying value	Market value	Unrealized gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) -----										
<u>Market treasury bills</u>										
Market treasury bills - 3 months	August 16, 2019	-	14,220,000,000	14,220,000,000	-	-	-	-	0.00%	0.00%
Market treasury bills - 3 months	September 12, 2019	-	1,500,000,000	1,500,000,000	-	-	-	-	0.00%	0.00%
Market treasury bills - 6 months	September 26, 2019	-	500,000,000	500,000,000	-	-	-	-	0.00%	0.00%
Market treasury bills - 3 months	August 29, 2019	-	5,000,000,000	5,000,000,000	-	-	-	-	0.00%	0.00%
Market treasury bills - 3 months	August 1, 2019	-	960,000,000	960,000,000	-	-	-	-	0.00%	0.00%
Market treasury bills - 6 months	July 18, 2019	-	2,000,000,000	1,500,000,000	500,000,000	480,424	480,627	204	3.59%	22.04%
Market treasury bills - 6 months	September 12, 2019	-	1,000,000,000	1,000,000,000	-	-	-	-	0.00%	0.00%
Market treasury bills - 3 months	July 18, 2019	-	20,525,000,000	20,525,000,000	-	-	-	-	0.00%	0.00%
<b>Total as at September 30, 2019</b>						<b>480,424</b>	<b>480,627</b>	<b>204</b>		
Total as at June 30, 2019						-	-	-		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 30 2019 (Unaudited)	June 30 2019 (Audited)
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		------(Rupees in '000)-----	
Provision for Sindh Workers' Welfare Fund	8.1	51,719	43,013
Provision for Federal Excise Duty and related taxes on:	8.2		
-Management fee		54,267	54,267
-Sales load		19	19
Brokerage payable		124	82
Withholding Tax Payable		1,911	1,741
Auditor's remuneration		819	594
Printing and related expenditure		65	40
Others		1,069	569
		<u>109,993</u>	<u>100,325</u>

## 8.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re.0.3903 per unit (June 30, 2019 Re.0.3114 per unit).

## 8.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re. 0.4095 per unit (June 30, 2019: Re. 0.3928 per unit).

		September 30 2019 (Unaudited)	June 30 2019 (Audited)
<b>9 PAYABLE TO MCB-ARIF HABIB SAVINGS &amp; INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>		------(Rupees in '000)-----	
Management fee payable	9.1	4,804	11,432
Sindh sales tax on management fee		624	1,486
Payable against allocated expenses	9.2	1,112	754
Marketing and Selling Expense	9.3	6,492	-
		<u>13,033</u>	<u>13,672</u>

**9.1** As per amendment in the offering document, the management company wef August 08, 2019 charged management fee at the rate of up to 7.5% of the gross earnings of the scheme, calculated on a daily basis. Provided that fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme.

**9.2** 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. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1%. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

- 9.3** SECP vide SRO 639(I)/2019 dated June 20, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Furthermore, maximum cap of selling and marketing expense of 0.4% per annum has also been removed. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.

		September 30 2019 (Unaudited)	June 30 2019 (Audited)
		------(Rupees in '000)-----	
<b>10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	10.1	724	901
Sindh Sales Tax payable on trustee		94	117
		<u>817</u>	<u>1,018</u>

- 10.1** From July 01, 2019, Central Depository Company of Pakistan Limited vide its letter number CDC/CEO/L-112/18/2019 dated June 27, 2019 changed its tariff structure. The trustee is entitled to a monthly remuneration for services rendered to the Fund at a flat rate of 0.065% of the average net assets calculated on a daily basis plus actual reimbursement of the actual custodial expenses (if any).

		September 30 2019 (Unaudited)	June 30 2019 (Audited)
		------(Rupees in '000)-----	
<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE</b>			
Annual fee	11.1	<u>678</u>	<u>10,489</u>

- 11.1** SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2018: 0.075%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019

## **12 CONTINGENCIES AND COMMITMENTS**

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

## **13 TAXATION**

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

## **14 EARNINGS PER UNIT**

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

## **15 TRANSACTIONS WITH CONNECTED PERSONS / 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

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund..

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

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

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

	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
	<b>----- (Rupees in '000) -----</b>	
<b>MCB-Arif Habib Savings and Investments Limited</b>		
Remuneration of the Management Company (including indirect taxes)	20,457	23,000
Allocated expenses	3,394	3,546
Marketing and selling expense	6,492	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	2,495	2,770
<b>MCB Bank Limited</b>		
Profit on bank deposits	2,412	93
Bank Charges	35	14
Sale of securities - Face Value Rs. Nil (2018: Rs. 1,800,000,000)	-	1,794,589
<b>Silk Bank Limited</b>		
Buy of securities - Face Value Rs.3,500,000,000 (2018: Nil)	3,441,663	-
Sale of securities - Face Value Rs. 21,985,000,000 (2018: Rs. 5,000,000,000)	21,568,986	4,922,782

### 15.1 Balance outstanding as at the period / year end are as follows:

	<b>September 2019 (Unaudited)</b>	<b>June 2019 (Audited)</b>
	<b>----- (Rupees in '000) -----</b>	
<b>MCB-Arif Habib Savings and Investments Limited</b>		
Management fee payable	4,804	11,432
Sindh sales tax payable on management fee	624	1,486
Allocated expenses payable	1,112	754
Marketing and Selling payable	6,492	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	724	901
Sindh sales tax payable on trustee fee	94	117

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019 (Unaudited)	June 2019 (Audited)
	----- (Rupees in '000) -----	
<b>MCB Bank Limited</b>		
Bank deposits	5,358	836,414
Profit receivable on bank deposits	536	1,385
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage payable*	-	4

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

	For quarter ended September 30, 2019 (Unaudited)							
	As at July 01, 2019	Issued for cash	Redeemed	As at September 30, 2019	As at July 01, 2019	Issued for cash	Redeemed	As at September 30, 2019
	Units				(Rupees in '000)			
<b>Associated Companies</b>								
MCB - Arif Habib Savings and Investments								
Limited - Management Company	2,108,504	18,055,537	18,313,676	1,850,365	212,205	290,823	321,973	186,763
Nasim Beg	237	3,090	3,226	101	24	311	325	10
Ahmed Jahangir	52	1	-	53	5	1	-	5
Raza Mansha		3,022,763	-	3,022,763	-	304,217	-	305,096
Adamjee Insurance Company Limited	25,705	1,012,506	-	1,038,211	2,587	101,901	-	104,790
Nishat Mills Limited Employees								
Provident Fund Trust	141,826	2,919,472	-	3,061,298	14,274	293,822	-	308,986
D.G Khan Cement Company Limited	2	-	-	2	1	-	-	1
Adamjee Insurance Co Limited								
Employees Provident Fund	489,204	14,238	-	503,443	49,235	1,433	-	50,814
MCB Financial Seviles Limited	730,103	18,032	-	748,134	73,479	1,815	-	75,511
Nishat Power Limited Employees								
Provident Fund Trust	110,634	3,220	-	113,854	11,134	324	-	11,492
Security General Insurance Co. Ltd.	46,298	1,347	-	47,645	4,659	136	-	4,809
Employees Provident Fund Trust								
Adamjee Insurance Co.Ltd.								
Employees Gratuity Fund	244,831	7,126	-	251,957	24,640	717	-	25,431
Hyundai Nishat Motor Private Limited Employees								
Provident Fund	-	20,302	-	20,302	-	2,043	-	2,049
<b>Key management personnel</b>	123,782	151,053	215,454	59,381	12,458	15,218	21,762	5,993
<b>Mandate Under Discretionary</b>								
<b>Portfolio Services</b>	11,871,391	13,347,214	15,707,277	9,511,329	1,194,765	1,343,521	1,585,367	960,006
<b>Unit holders holding 10% or more units**</b>	28,579,957	8,688,879	4,893,563	32,375,274	2,876,353	877,137	493,000	3,267,730

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

	For quarter ended September 30, 2018 (Unaudited)							
	As at July 01, 2018	Issued for cash	Redeemed	As at September 30, 2018	As at July 01, 2018	Issued for cash	Redeemed	As at September 30, 2018
	Units				(Rupees in '000)			
Associated Companies								
MCB-Arif Habib Savings And Investments Ltd.	4,005,352	1,959,847	2,292,574	3,672,625	424,450	183,677	231,000	369,770
Adamjee Insurance Co. Ltd.	2,550,579	172,859	-	2,723,438	270,287	3,635	-	274,204
Nishat Mills Limited Employees Provident Fund Trust	133,739	8,397	75,480	66,655	14,172	281	7,600	6,711
Adamjee Insurance Co Limited Employees Provident Fund	432,553	23,341	455,894	-	45,838	16	45,861	-
Mcb Financial Sevices Limited	574,808	34,574	-	609,382	60,913	3,278	-	61,354
D.G. Khan Cement Company Ltd	2	-	-	2	-	-	-	-
Nishat Power Limited Employees Provident Fund Trust	-	114,855	20,970	93,885	-	11,551	2,114	9,453
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	-	217,174	35,808	181,366	-	21,837	3,608	18,260
Adamjee Insurance Co.Ltd Employees Provident Fund	-	435,684	71,657	364,027	-	43,813	7,219	36,651
Security General Insurance Co. Ltd. Employees Provident Fund Trust	40,384	2,838	-	43,222	4,280	273	-	4,352
Key management personnel	8,771	89,095	16,931	80,935	929	8,924	1,705	8,149
Mandate Under Discretionary Portfolio Services	7,065,709	13,665,293	3,941,943	16,789,059	748,758	1,354,622	397,156	1,690,371

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

## 16 TOTAL EXPENSE RATIO

The total expense ratio of the Fund from July 1, 2018 to September, 2019 is 0.32%. (September 30, 2018: 0.29%)  
The total expense ratio includes 0.09% (September 30, 2018: 0.08%) representing government levy and SECP fee.  
This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme for a collective investment scheme categorized as Money Market Scheme.

## 17. INTERIM DISTRIBUTION DURING THE PERIOD

-----September 30, 2019-----					
----- (Unaudited) -----					
Rate per unit	Declaration date	Bonus Distribution		Total Distribution	
		Units	Amount		
--- (Rupees in '000) -----					
For the period ended 19 July 2019	Re 0.6999	July 22, 2019	-	-	95,656
For the period ended 02 Aug 2019	Re 0.4732	Aug 05, 2019	-	-	59,327
For the period ended 16 Aug 2019	Re 0.4808	Aug 19, 2019	-	-	61,919
For the period ended 06 Sep 2019	Re 0.8042	Sep 11, 2019	-	-	108,576
For the period ended 20 Sep 2019	Re 0.4381	Sep 23, 2019	-	-	56,172

## 18. GENERAL

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

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

## 19. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on October 24, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director



## MCB-Arif Habib Savings and Investments Limited

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