



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2019
(UNAUDITED)

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



MCB PAKISTAN ASSET ALLOCATION FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem 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
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Silk Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Zarai Taraqiati Bank Limited JS Bank Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited First Micro Finance Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Pakistan Asset Allocation Fund** 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.

EQUITIES MARKET OVERVIEW

Fiscal year 2020 had a dismal start with the market posting a loss of ~5.4% during the first quarter. While, fixed income market continued to cherish the stabilization measures, continuous selling from Mutual Funds amidst redemption measures resulted in weak sentiments in the local bourse. While foreigners continued to accumulate exposure (USD 23 million), Mutual Funds and Insurance companies were the biggest sellers, selling stocks worth of ~USD 82/23 million respectively. During the quarter, average trading volumes amounted to ~94 million shares compared to ~129 million shares during the preceding quarter. Similarly, Average trading value during the quarter was down by 12.7% QoQ to ~PKR 3,710 million.

Automobile Parts, Automobile Assemblers, Cement & Oil and Gas Marketing companies were the major laggards posting negative returns of 28.1%/17.7%/14.5%/13.3% respectively. Massive decline in automobile volumes was witnessed after manufacturers raised prices to an unprecedented level, keeping the investors at bay from the sector. Similarly, Cement sector continued to remain weak as the local supply glut put pressure on cement prices while cost pressures continued to mount (Axle Load Limit). Poor result announcement by HASCOL Petroleum dragged the performance of the entire sector.

FUND PERFORMANCE

The fund posted a return of -2.20% during the period under review against the benchmark return of -1.62%. The fund has gradually increased exposure in equities which reached to 60.0% by the end of September, 2019 and at the same time it also increased exposure in cash to 21.7% at the end of September, 2019.

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

On the equity side, the fund was mainly invested in Commercial Banks and Oil & Gas Exploration Companies. On the fixed income side, exposure in TFCs stood at 15.4% while exposure in T-Bills was at 1.4%.

The Net Assets of the Fund as at September 30, 2019 stood at Rs. 1,576 million as compared to Rs. 2,048 million as at June 30, 2019 registering a decrease of 23.02%. The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 69.6651 as compared to opening NAV of Rs. 71.2294 per unit as at June 30, 2019 registering a decrease of 1.5643 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% 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.

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

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
October 24, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹرز رپورٹ

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۔ گروشی 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، ڈائریکٹرز 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

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 سُست 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 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

ایکویٹیز مارکیٹ کا مجموعی جائزہ

مالی سال 2020ء کا آغاز ناخوشگوار تھا کیونکہ مارکیٹ کو پہلی سہ ماہی کے دوران 5.4 فیصد خسارے کا سامنا تھا۔ اگرچہ مقررہ آمدنی کی مارکیٹ میں استحکام کے اقدامات کا خیر مقدم کرنے کا سلسلہ جاری رہا لیکن میوچل فنڈز سے مسلسل فروخت بمع بازیابی کے اقدامات کے نتیجے میں مقامی صرانے میں مایوسی چھائی رہی۔ غیر ملکیوں نے شمولیت میں اضافے کا سلسلہ جاری رکھا (23 ملین ڈالر) اور میوچل فنڈز اور بیمہ کمپنیاں سب سے بڑے فروخت کار تھے جنہوں نے بالترتیب 82 ملین ڈالر اور 23 ملین ڈالر مالیت کے اسٹاکس فروخت کیے۔ دوران سہ ماہی اوسط تجارتی حجم 94 ملین حصص تھے جبکہ گزشتہ سہ ماہی میں 129 ملین حصص تھے۔ اسی طرح اوسط تجارتی قدر بھی دوران سہ ماہی 12.7 فیصد QoQ کم ہو کر 3,710 ملین روپے ہو گئی۔

گاڑیوں کے پڑھ جات، آٹوموبائل اسمبلرز، سیمنٹ اور آئل اینڈ گیس مارکیٹنگ کمپنیز اصل سست رفتار فریق تھے جنہوں نے بالترتیب 28.1 فیصد، 17.7 فیصد، 14.5 فیصد اور 13.3 فیصد منفی منافع پوسٹ کیا۔ گاڑیوں کے تیار کنندگان کی طرف سے قیمتوں میں بے دریغ اضافے کے بعد گاڑیوں کے حجم میں شدید کمی دیکھنے میں آئی جس کے نتیجے میں سرمایہ کار اس شعبے سے دور رہے۔ اسی طرح سیمنٹ کا شعبہ بدستور کمزور رہا کیونکہ بے تحاشا مقامی فراہمی نے سیمنٹ کی قیمتوں کو دباؤ میں ڈال دیا جبکہ لاگتوں کے دباؤ بڑھتے رہے (ایکسل لوڈ لمٹ)۔ پیسکول پٹرولیم کے مایوس کن نتائج نے پورے شعبے کی کارکردگی کو سست بنا دیا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 2.20- فیصد منافع حاصل کیا جبکہ بنچ مارک منافع 1.62- فیصد تھا۔ فنڈ کی ایکویٹیز میں سرمایہ کاری کو بتدریج بڑھا کر ستمبر 2019ء کے اختتام تک 60.0 فیصد اور بیک وقت نقد میں سرمایہ کاری کو بڑھا کر 30 ستمبر 2019ء کو 21.7 فیصد کر دیا گیا۔

ایکویٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور تیل اور گیس کی دریافت کی کمپنیوں میں تھی۔ مقررہ آمدنی کی جہت میں سرمایہ کاری ٹرم فنانس سٹرٹیکٹس (TFCs) میں 15.4 فیصد اور ٹریڈری بلز میں 1.4 فیصد تھی۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 1,576 ملین روپے تھے جو 30 جون 2019ء کی سطح 2,048 ملین روپے کے مقابلے میں 23.05 فیصد کمی ہے۔ 30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 69.6651 روپے تھی جو 30 جون 2019ء کی ابتدائی قدر 71.2294 روپے فی یونٹ کے مقابلے میں 1.5643 روپے فی یونٹ کمی 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

ایم سی بی پاکستان Asset Allocation فنڈ 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۔ زرمبادلہ 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 سُکھو 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۔

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

	Note	(Un-audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
ASSETS			
Balance with banks	6.	358,884	416,769
Investments	7.	1,268,382	1,569,805
Dividend receivable		11,607	13,402
Receivable against sale of investments		-	130,769
Receivable from National Clearing Company of Pakistan Limited		3,737	3,737
Advances, deposits, prepayments and other receivables		9,131	3,133
Total assets		1,651,740	2,137,615
LIABILITIES			
Payable to the Management Company	8.	5,089	7,257
Payable to the Central Depository Company of Pakistan Limited - Trustee		240	312
Payable to the Securities and Exchange Commission of Pakistan	9.	86	2,765
Payable against purchase of investments		23,539	-
Payable on redemption of units		31	32,370
Accrued expenses and other liabilities	10.	46,419	47,066
Total liabilities		75,403	89,770
NET ASSETS		1,576,337	2,047,845
Unit holders' fund (as per statement attached)		1,576,337	2,047,845
Contingencies and commitments	11.		
		(Number of units)	
Number of units in issue		22,627,359	28,749,977
		(Rupees)	
NET ASSET VALUE PER UNIT		69.6651	71.2294

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		September 30,	
		2019	2018
		(Rupees in '000)	
Note			
Income			
	Income from Government securities	2,926	12,399
	Capital (loss) / gain on sale of investments - net	(8,797)	22,650
	Income from term finance certificates	8,846	4,277
	Dividend income	16,632	22,451
	Profit on bank deposits and term deposit receipts	9,714	12,888
	Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	(73,507)	(52,769)
	Other income	1,663	14
	Total Income	(42,523)	21,910
Expenses			
	Remuneration of the Management Company	8,612	16,205
	Sindh Sales Tax on remuneration of the Management Company	1,120	2,107
	Remuneration of the Central Depository Company of Pakistan Limited - Trustee	684	1,063
	Sindh Sales Tax on remuneration of Trustee	89	138
	Securities and Exchange Commission of Pakistan - annual fee	86	770
	Allocated expenses	431	916
	Marketing and selling expenses	2,062	3,241
	Brokerage and settlement charges	795	3,602
	Auditors' remuneration	192	199
10.1	Provision for sindh workers' welfare fund	-	-
	Other expenses	184	190
	Total expenses	14,255	28,431
	Net loss for the period before taxation	(56,778)	(6,521)
	Taxation	-	-
12.	Net loss for the period	(56,778)	(6,521)
Allocation of net income for the period			
	Net Income for the period	-	-
	Income already paid on units redeemed	-	-
		-	-
Accounting income available for distribution			
	- Relating to capital gains	-	-
	- Excluding capital gains	-	-
		-	-
13.	Loss per unit		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	September 30,	
	2019	2018
	----- (Rupees in '000) -----	
Net Loss for the period after taxation	(56,778)	(6,521)
Other comprehensive income		
Unrealised (diminution) / appreciation in fair value of investments classified as 'available-for-sale' - net	-	
Total comprehensive Loss for the period	(56,778)	(6,521)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30,			2018			
	2019			2018			
	(Rupees in '000)			(Rupees in '000)			
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale'	Total
Net assets at beginning of the period	3,214,410	(1,166,565)	2,047,845	4,098,606	(886,757)	800	3,212,649
Issue of 52,290 units (2018: 11,953,194 units)							
- Capital value (at net asset value per unit at the beginning of the period)	3,725	-	3,725	254,856	-	-	254,856
- Element of loss	(123)	-	(123)	(689)	-	-	(689)
Total proceeds on issuance of units	3,602	-	3,602	254,167	-	-	254,167
Redemption of 6,174,908 units (2018: 13,847,639 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(439,836)	-	(439,836)	(366,998)	-	-	(366,998)
- Element of income	21,504	-	21,504	(768)	-	-	(768)
Total payments on redemption of units	(418,332)	-	(418,332)	(367,766)	-	-	(367,766)
Total comprehensive (loss) / income for the period	-	(56,778)	(56,778)	-	(6,521)	-	(6,521)
Re-designation of Equity investment previously classified as Available for sale	-	-	-	800	-	(800)	-
Net assets at end of the period	2,799,680	(1,223,343)	1,576,337	3,985,807	(893,278)	-	3,092,529
Undistributed loss brought forward							
- Realised loss		(853,369)			(668,329)		
- Unrealised loss		(313,196)			(218,428)		
		(1,166,565)			(886,757)		
Net loss for the period after taxation		(56,778)			(6,521)		
Undistributed loss carried forward		(1,223,343)			(6,521)		
Undistributed income carried forward							
- Realised loss		(1,149,836)			(840,509)		
- Unrealised loss		(73,507)			(52,769)		
		(1,223,343)			(893,278)		
		(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period		71.2294			78.9595		
Net assets value per unit at end of the period		69.6651			78.7563		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30,	
	2019	2018
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(56,778)	(6,521)
Adjustments:		
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	<u>73,507</u>	52,769
	<u>16,729</u>	46,248
Decrease / (Increase) in assets		
Investments	<u>227,917</u>	(67,076)
Dividend receivable	1,795	(14,972)
Receivable against sale of investments	130,769	2,648
Advances, deposits, prepayments and other receivables	<u>(5,998)</u>	10
	<u>354,483</u>	(79,390)
Decrease in liabilities		
Payable to the Management Company	<u>(2,168)</u>	554
Payable to the Central Depository Company of Pakistan Limited - Trustee	(72)	(3)
Payable to the Securities and Exchange Commission of Pakistan	(2,679)	(2,295)
Payable against purchase of investments	23,539	(33,992)
Payable on redemption of units	(32,339)	-
Accrued expenses and other liabilities	<u>(647)</u>	1,323
	<u>(14,367)</u>	(34,413)
Net cash generated / (used in) from operating activities	<u>356,844</u>	(67,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	<u>3,603</u>	254,167
Payments against redemption of units	<u>(418,332)</u>	(367,766)
Net cash used in financing activities	<u>(414,729)</u>	(113,599)
Net decrease in cash and cash equivalents during the period	<u>(57,885)</u>	(181,154)
Cash and cash equivalents at beginning of the period	<u>416,769</u>	1,375,000
Cash and cash equivalents at end of the period	<u>358,884</u>	1,193,846

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 "MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management has been changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the 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 collective investment scheme categorised as an "asset allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of "AM2++" with a stable outlook (June 30, 2018: AM2++) to the Management Company on October 8, 2019.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 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 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.

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

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

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

6. BALANCE WITH BANKS	Note	(Un-audited)	(Audited)
		September 30, 2019	June 30, 2019
		(Rupees in '000)	
In saving accounts	6.1	357,642	414,480
In current accounts		1,242	2,289
		358,884	416,769

6.1 These carry profit at the rates ranging between 11.25% to 14.40% (2019: 10.25% to 13%) per annum. It includes bank balance of Rs. 1.416 million (2019: Rs 2.6 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 11.25% (2019: 10.25 %) per annum and Rs. 2.928 million (2019: Rs. 0.876 million) maintained with Silk bank Limited (a related party) which carries profit at the rate of 14.20% (2019: 10.25%) per annum.

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

(Un-audited)
September 30,
2019
(Rupees in '000)

(Audited)
June 30,
2019
(Rupees in '000)

Note

7. INVESTMENTS

At 'fair value through profit or loss'

Listed equity securities
Listed debt securities - term finance certificates
Unlisted debt securities - term finance certificates
Listed debt securities - Sukuk certificates
Government securities

7.1.1	990,788	1,218,575
7.1.2	9,974	9,976
7.1.3	104,931	104,953
7.1.4	139,135	154,890
7.1.5	23,553	-
	1,268,382	1,569,805

7.1 At fair value through profit or loss

7.1.1 Listed equity securities

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

Name of investee company	Number of shares				As at September 30, 2019			Market value as a percentage of net assets	Market value as percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)		
Cement										
Cherat Cement Company Limited	362,400	-	-	362,400	-	-	-	-	-	-
Dewan Cement Limited	1,043,500	-	-	-	1,043,500	8,150	6,031	(2,118)	0.00	0.22
Lucky Cement Limited	50	-	-	50	-	-	-	-	-	-
						8,150	6,031	(2,118)		
Commercial Banks										
Askari Bank Limited	1,275,500	-	-	-	1,275,500	24,120	22,436	(1,684)	0.01	0.10
Bank Al Falah Limited	2,456,450	-	-	295,000	2,161,450	94,218	88,490	(5,728)	0.06	0.12
Bank Al Habib Limited	1,099,500	-	-	30,000	1,069,500	83,827	71,453	(12,374)	0.05	0.10
Bank Of Punjab Limited	886,500	-	-	886,500	-	-	-	-	-	-
Faysal Bank Limited	2,093,600	-	-	126,500	1,967,100	42,332	31,533	(10,799)	0.02	0.13
Habib Metropolitan Bank Limited	577,000	-	-	-	577,000	20,818	16,704	(4,114)	0.01	0.06
MCB Bank Limited	479,300	-	-	479,300	-	-	-	-	-	-
United Bank Limited	-	275,000	-	40,000	235,000	31,006	32,484	1,478	0.02	0.02
						296,321	263,100	(33,221)	0.03	
Engineering										
Crescent Steel And Allied Products limited	50,800	-	-	50,800	-	-	-	-	-	-
International Industries Limited	214,200	-	21,420	-	235,620	16,508	16,336	(173)	0.01	0.18
Mughal Iron & Steel Industries Limited	179,500	-	-	-	179,500	4,516	5,022	506	0.00	0.07
						21,025	21,358	333		
Fertilizer										
Engro Fertilizer Limited	578,500	-	-	-	578,500	37,007	39,471	2,464	0.03	0.04
Engro Corporation Limited	175,890	-	-	62,000	113,890	30,249	30,396	147	0.02	0.02
Fauji Fertilizer Company Limited	247,500	100,000	-	50,000	297,500	26,616	27,676	1,060	0.02	0.02
						93,872	97,544	3,672		
Foods & personal care products										
National Foods Limited	149,400	-	-	-	149,400	27,514	28,066	553	0.02	0.12
Shezan International Limited	5,115	-	-	-	5,115	2,161	2,223	63	0.00	0.06
						29,674	30,290	615		

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

Name of investee company	Number of shares					As at September 30, 2019			Market value as a percentage of net assets	Market value as percentage of total investments	Market value as a percentage of the paid up capital of the investee company	
	As at July 1, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)				
												(Rupees in '000)
(Number of shares)												
Insurance	295,000	-	-	-	295,000	-	10,340	8,275	(2,065)	0.01	0.01	0.08
	422,500	-	-	-	422,500	10,546	7,757	(2,789)	0.00	0.01	0.14	
						20,885	16,032	(4,854)				
Oil and Gas Exploration Companies	14	-	-	14	-	-	-	-	-	-	-	-
	926,200	-	-	73,200	853,000	112,161	104,945	(7,216)	0.07	0.08	0.02	
	225,530	-	-	15,100	210,430	85,411	79,942	(5,469)	0.05	0.06	0.07	
	553,255	-	-	-	553,255	79,907	75,259	(4,647)	0.05	0.06	0.02	
						277,479	260,146	(17,333)				
Oil and Gas Marketing Companies	525,900	-	-	-	525,900	14,546	13,673	(873)	0.01	0.01	0.45	
	123,440	-	-	123,000	440	75	69	(5)	-	0.00	-	
	348,300	-	-	-	348,300	24,203	21,455	(2,748)	0.01	0.02	0.05	
						38,824	35,198	(3,626)				
Pharmaceuticals	48	-	-	48	-	-	-	-	-	-	-	-
	2,058	-	-	-	2,058	302	284	(17)	0.00	0.00	-	
						302	284	(17)				
Power Generation and Distribution	726,789	-	-	200,000	526,789	-	-	(4,214)	0.02	0.03	0.04	
						41,485	37,270	(4,214)				
Technology and Communication	1,150,000	-	-	-	1,150,000	3,646	3,163	(483)	0.00	0.00	0.12	
	107,250	-	-	-	107,250	10,293	8,929	(1,364)	0.01	0.01	0.09	
						13,938	12,091	(1,847)				
Textile Composite	1,781,000	-	-	-	1,781,000	83,921	84,491	570	0.05	0.07	0.50	
	277,313	-	-	-	277,313	12,277	12,182	(94)	0.01	0.01	0.03	
	652,280	-	-	-	652,280	16,340	15,485	(854)	0.01	0.01	0.22	
	250,000	-	-	-	250,000	8,755	8,368	(388)	0.01	0.01	0.10	
	1,100	-	-	1,100	-	-	-	-	-	-	-	
Leather & Tanneries	1,775	-	-	-	1,775	876	956	80	0.00	0.00	0.01	
						876	956	80				
Chemicals	1,775,036	-	-	-	1,775,036	47,855	43,577	(4,278)	0.03	0.03	0.20	
	-	830,000	-	-	830,000	13,382	11,321	(2,061)	0.01	0.01	0.20	
						61,237	54,898	(6,338)				
Investment Banks / Investment Companies / Securities Companies	312,000	-	-	232,348	79,652	2,519	2,159	(360)	0.00	0.00	0.12	
						2,519	2,159	(360)				
Transport	75,700	-	-	75,700	-	-	-	-	-	-	-	-

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

Name of investee company	Number of shares					As at September 30, 2019			Market value as a percentage of net assets	Market value as percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)			
(Number of shares)											
(Rupees in '000)											
Glass and Ceramic Tariq Glass Industries Limited	260,400	-	-	-	260,400	19,954	20,376	422	0.01	0.01	0.35
						19,954	20,376	422			
Miscellaneous Synthetic Products Limited*	730,500	-	-	-	730,500	16,210	12,528	(3,682)	0.01	0.01	0.86
						16,210	12,528	(3,682)			
Total as at September 30, 2019 (Unaudited)						1,064,043	990,788	(73,255)			
Total as at June 30, 2019 (Audited)						1,530,495	1,218,575	(311,920)			

* These denote related parties / connected persons.

7.1.2 Listed debt securities - Term Finance Certificates

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

Name of investee company	Face value				Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at September 30, 2019						
(Rupees in 000)										
Commercial Banks	2,000	-	-	2,000	9,974	9,974	-	0.01	0.01	0.00
Bank Alfalah Limited-V										
Total as at September 30, 2019 (Unaudited)					9,974	9,974	-			
Total as at June 30, 2019 (Audited)					10,032	9,976	(56)			

7.1.3 Unlisted debt securities - Term Finance Certificates

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

Name of investee company	Face value				Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at September 30, 2019						
(Rupees in 000)										
Commercial Banks	21,228	-	-	21,228	104,931	104,931	-	0.07	0.08	0.01
Bank Al Habib Limited-II										
Total as at September 30, 2019 (Unaudited)					104,931	104,931	-			
Total as at June 30, 2019 (Audited)					105,858	104,953	(905)			

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

7.1.4 Listed debt securities - Sukuk Certificates

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

Name of investee company	Face value			Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size	
	As at July 1, 2019	Purchased during the year	Sold / matured during the year							As at September 30, 2019
	(Rupees in 000)							(%)		
Dawood Hercules Corporation Limited	1,552	-	-	1,552	139,401	139,135	(266)	0.09	0.11	0.00
Total as at September 30, 2019 (Unaudited)					139,401	139,135	(266)			
Total as at June 30, 2019 (Audited)					155,205	154,890	(315)			

7.1.5 Government securities - Market Treasury Bills

Name of investee company	Issue date	Face value				Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at September 30, 2019					
(Rupees in 000)										
Treasury bills - 3 months	12-Sep-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	26-Sep-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 6 months	12-Sep-2019	-	550,000	525,000	25,000	23,539	14	0.01	0.02	0.02
Treasury bills - 6 months	26-Sep-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 12 months	29-Aug-2019	-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury bills - 12 months	12-Sep-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 12 months	26-Sep-2019	-	500,000	500,000	-	-	-	-	-	-

Pakistan Investment Bond

Particulars	Issue date	Face value			As at September 30, 2019	As at September 30, 2019		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the year	Sold / matured during the year		Carrying value	Unrealised appreciation / (diminution)		
(Rupees in 000)									
Pakistan Investment Bond - 3 years	12-Jul-18	-	25,000	25,000	-	-	-	-	-
Pakistan Investment Bond - 3 years	19-Sep-19	-	150,000	150,000	-	-	-	-	-
Pakistan Investment Bond - 5 years	12-Jul-18	-	525,000	525,000	-	-	-	-	-
Pakistan Investment Bond - 5 years	19-Sep-19	-	100,000	100,000	-	-	-	-	-
Pakistan Investment Bond - 10 years	12-Jul-18	-	37,500	37,500	-	-	-	-	-
Pakistan Investment Bond - 10 years	19-Sep-19	-	50,000	50,000	-	-	-	-	-

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

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	(Rupees in '000)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration Payable		2,565	3,868
Sindh sales tax payable on management fee		333	503
Sales load payable		-	164
Allocated Expense Payable	8.1	128	2,529
Selling and Marketing Payable	8.2	2,062	193
		5,089	7,257

8.1 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.

8.2 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.

		(Un-audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note		
Annual fee payable to the SECP	9.1	86	2,765

9.1 SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2019: 0.08%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019.

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
10. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees in '000)	
Provision against Sindh Workers' Welfare Fund	10.1	9,073	9,073
Provision for Federal Excise Duty and related tax on	10.2		
- Management fee		19,027	19,027
- Sales load		16,173	16,173
Auditors' remuneration payable		700	508
Brokerage payable		252	2,222
Withholding tax on capital gains		2	2
Others		1,191	61
		46,419	47,066

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

10.1 Provision for Sindh Workers' Welfare Fund (SWWF)

"There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 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/lower by Re. 0.4009 per unit (June 30, 2019 Re. 0.3156 per unit)."

10.2 Federal Excise Duty on remuneration to the Management Company

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 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/lower by Re. 0.8409 per unit (June 30, 2019: Re. 0.6618 per unit).

11. CONTINGENCIES AND COMMITMENTS

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

12. 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.

13. LOSS PER UNIT

(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.

14. EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 4% to 4.5%. The total expense ratio of the Fund from July 1, 2019 to September 30, 2019 is 0.83% (September 30, 2018: 1.19%) and this includes 0.08% (September 30, 2018: 0.13%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as Asset Allocation scheme.

15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

	For the three months ended September 30, 2019									
	As at July 1, 2019	Issued for cash	Bonus	Redeemed	As at September 30, 2019	As at July 1, 2019	Issued for cash	Bonus	Redeemed	As at September 30, 2019
	Units					(Rupees in '000)				
MCB-Arif Habib Savings and Investments Limited Management Company	-	-	-	-	-	-	-	-	-	-
Associated companies / undertakings										
Adamjee Life Assurance Company Limited (NUIL Fund)	386,879	-	-	-	386,879	27,557	-	-	-	26,952
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	-	28,189	2,008	-	-	-	1,964
Adamjee Life Assurance Company Limited.IMF	5,453,035	-	-	-	5,453,035	388,417	-	-	-	379,886
Adamjee Life Assurance Company Limited.ISF	-	-	-	-	-	-	-	-	-	-
Security General Insurance Company Ltd	-	-	-	-	-	-	-	-	-	-
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	-	35,028	2,495	-	-	-	2,440
Mandate Under Discretionary Portfolio Services **	74,401	4,675	-	4,675	74,401	5,300	319,381	-	323,857	5,183
Directors and Key management personnel **	7	-	-	-	7	-	-	-	-	-

For the three months ended September 30, 2018										
As at July 1, 2018	Issued for cash	Bonus	Redeemed	As at September 30, 2018	As at July 1, 2018	Issued for cash	Bonus	Redeemed	As at September 30, 2018	
Units					(Rupees in '000)					
Associated companies / undertakings										
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	-	28,189	2,226	-	-	-	2,220
Adamjee Life Assurance Company Limited (ISF)	450,785	-	-	-	450,785	35,594	-	-	-	35,502
Adamjee Life Assurance Company Limited (NUIL Fund)	71,293	315,586	-	-	386,879	5,629	25,000	-	-	30,469
Adamjee Life Assurance Company Limited.(IMF)	2,075,255	2,543,471	-	-	4,618,726	163,861	200,000	-	-	363,754
Security General Insurance Company Ltd	3,745,546	-	-	3,745,546	-	295,746	-	-	296,713	-
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	-	35,028	2,766	-	-	-	2,759
Mandate Under Discretionary Portfolio Services **										
	-	13,168	-	-	13,168	-	1,037	-	-	1,037
Directors and Key management personnel **										

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

	(Un-Audited) September 30, 2019	(Un-Audited) September 30, 2018
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	9,732	18,312
Allocated expenses and related taxes	431	916
Selling and marketing expenses	2,062	3,241
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	773	1,201
CDC settlement charges	19	116

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

	(Un-Audited) September 30, 2019	(Un-Audited) September 30, 2018
	----- (Rupees in '000) -----	
MCB Bank Limited - holding company of the Management Company		
Purchase of shares 2019: Nil (2018: 353,900)	-	69,115
Sale of shares 2019: 479,300 (2018: 218,700)	81,918	46,319
Dividend income	14	1,771
Bank charges	1	2
Adamjee Insurance Company Limited		
Dividend Income	-	295
Silkbank Limited		
Profit on bank balances	1,547	2,357
Bank charges	2	5
D. G. Khan Cement Company Limited		
Purchase of Shares 2019: Nil (2018: 140,000)	-	15,427
Sale of Shares 2019: Nil (2018: 572,500)	-	57,248
Arif Habib Limited		
Sale of Shares 2019: 232,348 (2018: 70,000)	8,132	4,824
Dividend income	-	780
Brokerage expense *	28	414
Next Capital Limited		
Brokerage expense *	20	61
Nishat Mills Limited		
Sale of Shares 2019: 1,100 (2018: 682,300)	71	96,726
15.3 Amount outstanding as at period end / year end		
	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	2,565	3,868
Sindh sales tax payable on management remuneration	333	503
Sales load payable	0	164
Payable against allocated expenses	128	193
Payable against selling and marketing expenses	2,062	2,529
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	212	276
Sindh Sales Tax payable on trustee remuneration	28	36
Security deposits	100	100
MCB Bank Limited - Parent of the Management Company		
Bank balances	1,416	2,600
Sale load payable	-	-

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

	(Un-Audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
Nil shares held by the Fund (2019: 479,300 shares)	-	83,614
Arif Habib Limited		
79,652 shares held by the Fund (2018: 312,000 shares)	2,159	9,869
Brokerage payable *	-	43
Next Capital Private Limited		
Brokerage payable *	-	9
Nishat Mills Limited		
Nil shares held by the Fund (2019: 1,100 shares)	-	103
Nishat Chunian Limited		
250,000 shares held by the Fund (2019: 250,000 shares)	8,368	8,755
D.G. Khan Cement Company Limited		
Nil shares held by the Fund (2019: Nil shares)	-	-
Mughal Iron & Steel		
179,500 shares held by the Fund (2019: 179,500 shares)	5,022	4,516
Adamjee Insurance Company Limited		
295,000 shares held by the Fund (2019: 295,000 shares)	8,275	10,340
Silkbank Limited		
Bank balance	2,928	876
Profit receivable on bank balance	1,520	237
Synthetic Products Enterprises Limited		
730,500 shares held by the Fund (2019: 730,500 shares)	12,528	16,210

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

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

16. GENERAL

- 16.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.
- 16.2** 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.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Management Company in the meeting held on October 24, 2019.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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