



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 FREQUENT PAYOUT FUND

CONTENTS

1	Fund's Information	324
2	Report of the Directors of the Management Company	325
3	Condensed Interim Statement of Assets And Liabilities	332
4	Condensed Interim Income Statement (Un-audited)	333
5	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	334
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	335
7	Condensed Interim Cash Flow Statement (Un-audited)	336
8	Notes to and forming part of the Condensed Interim Financial Statements	337

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	MCB Financial Services Limited 4th Floor, Pardesi House, Old Queens Road, Karachi - Pakistan. Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mchfsl.com.pk	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan Silk 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, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

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

During the period under review, the fund posted a return of 2.50% compared to the benchmark return of 3.55%. On the equities front, the overall allocation in equity was 0.0%. On the fixed income side, the fund's exposure in Cash stood at 63.3% and inTFCs at 30.6%.

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

The Net Assets of the Fund as at September 30, 2019 stood at Rs.196 million as compared to Rs.254 million as at June 30, 2019 registering a decrease of 22.83%. The Net Asset Value (NAV) per unit as at September 30, 2019 was unchanged at Rs.102.1021 as compared to June 30, 2019.

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۔ گردش 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، سکیورٹیز 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 پریشانیوں 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 منگی 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 ڈیولپمنٹ 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 گردش 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 نتیجے میں مقامی صرافے 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 پڑزہ جات، آٹوموبائل اسمبلرز، سینٹ 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 سینٹ کا شعبہ بدستور کمزور رہا کیونکہ بے تحاشا مقامی فراہمی نے سینٹ کی قیمتوں کو دباؤ میں ڈال دیا جبکہ لاگتوں کے دباؤ بڑھتے رہے (ایکسل لوڈ لٹ)۔ ہسکول پٹرولیم کے مایوس گن 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 بیچ 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 سرٹیفیکیٹس (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 درآمدات 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

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

ایم سی بی پاکستان Asset ایلوکیشن 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 پنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبج 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 خطر 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 خطر 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

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Balance with banks	6	130,773	186,929
Investments	7	63,205	65,469
Dividend and profit receivable		2,874	1,761
Advances, deposits and prepayments		4,291	4,298
Preliminary expenses and floatation costs		164	201
Receivable from National Clearing Company of Pakistan Limited		5,180	5,180
Total assets		206,487	263,838
LIABILITIES			
Payable to the Management Company	8	488	456
Payable to MCB Financial Services Limited - Trustee		46	46
Payable to the Securities and Exchange Commission of Pakistan	9	11	312
Dividend payable		1,688	1,905
Accrued expenses and other liabilities	10	7,904	7,608
Total liabilities		10,137	10,327
NET ASSETS		196,350	253,511
Unit holders' fund (as per statement attached)		196,350	253,511
Contingencies and commitments	11		
		(Number of units)	
Number of units in issue		1,923,076	2,482,916
		(Rupees)	
NET ASSET VALUE PER UNIT		102.1021	102.1021

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		Three months ended September 30,	
		2019	2018
Note		(Rupees in '000)	
	INCOME		
	Income from government securities	429	378
	Capital gain / (loss) on sale of investments - net	172	(394)
	Income from term finance certificates	2,260	1,940
	Profit on bank deposit and term deposit receipts	4,411	6,058
	Dividend income	-	81
	Markup income on margin trading system	-	178
	Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	(185)	(601)
7.5	Other income	26	1
	Total income	7,114	7,641
	EXPENSES		
	Remuneration of the Management Company	895	1,268
	Sindh Sales Tax on remuneration of the Management Company	116	165
	Remuneration of the MCB Financial Services Limited - Trustee	126	131
	Sindh Sales Tax on remuneration of Trustee	16	17
	Securities and Exchange Commission of Pakistan - annual fee	11	101
	Allocated expense	53	120
	Marketing and selling expense	198	-
	Securities transaction cost	106	151
	Provision for Sindh Workers' Welfare Fund	105	106
	Legal and professional charges	46	45
	Amortization of preliminary expenses and formation costs	37	37
	Auditors' remuneration	142	148
	Other expenses	132	158
	Total expenses	1,982	2,447
	Net income for the period before taxation	5,132	5,194
	Taxation	-	-
	Net income for the period	5,132	5,194
	Allocation of net income for the period:		
	Net income for the period	5,132	5,194
	Income already paid on units redeemed	(68)	(86)
		5,064	5,108
	Accounting income available for distribution		
	- Relating to capital gains	-	-
	- Excluding capital gains	5,064	5,108
		5,064	5,108
	Earnings per unit		
13.			

The annexed notes 1 to 18 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 OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Three months ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
Net income for the period after taxation	5,132	5,194
Other comprehensive income for the period	-	-
Total comprehensive income for the period	5,132	5,194

The annexed notes 1 to 18 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

		Three Months Ended September 30,					
Note	2019			2018			
	(Rupees in '000)						
	Capital Value	Undistributed income	Total	Capital Value	Undistribut ed income	Total	
Net assets at beginning of the period							
	238,536	14,975	253,511	476,396	10,155	486,551	
Issue of 76 units (2018: 59,856 units)							
- Capital value (at net asset value per unit at the beginning of the period)	8	-	8	6,031	-	6,031	
- Element of income	-	-	-	15	-	15	
Total proceeds on issuance of units	8	-	8	6,046		6,046	
Redemption of 559,916 units (2018: 1,180,090 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(57,169)	-	(57,169)	(119,005)	-	(119,005)	
- Amount paid out of element of income	-	(68)	(68)	(175)	(86)	(261)	
- Relating to 'Net income for the period after taxation'							
Total payments on redemption of units	(57,169.00)	(68)	(57,237)	(119,266)	(86)	(119,266)	
Total comprehensive income for the period							
Final Distribution for the period Rs. Nil (For the year ended June 30, 2018 Rs. 0.4280 per unit including additional units declared on July 04, 2018) units	-	5,132	5,132	-	5,194	5,194	
Distribution made during the period	-	-	-		(2,056)	(2,056)	
Net loss for the period less distribution	-	(5,064)	(5,064)	(5)	(4,427)	(4,432)	
	-	68	68	(5)	(1,289)	(1,294)	
Net assets at end of the period							
	181,375	14,975	196,350	363,171	8,780	372,037	
Undistributed income brought forward							
- Realised		14,941			12,551		
- Unrealised		34			(2,396)		
		14,975			10,155		
Accounting income available for distribution							
- Relating to capital gains		-			-		
- Excluding capital gains		5,064			5,108		
		5,064			5,108		
Net income for the period after taxation							
		-			-		
Cash distribution during the period							
		(5,064)			(6,483)		
Undistributed income carried forward							
		14,975			8,780		
Undistributed income carried forward							
- Realised		15,160			9,381		
- Unrealised		(185)			(601)		
		14,975			8,780		
			(Rupees)	(Rupees)			
Net assets value per unit at beginning of the period			102.1021	101.2718			
Net assets value per unit at end of the period			102.1021	100.9825			

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Three Months Ended September 30,	
2019	2018
----- (Rupees in '000) -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	5,132	5,194
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Adjustments for non cash and other items:

Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	185	601
	5,317	5,795

Decrease/ (Increase) in assets

Investments	2,079	52,647
Dividend and profit receivable	(1,113)	(889)
Advances, deposit and prepayments	7	22
Preliminary expenses and floatation costs	37	37
Receivable against margin trading system transactions		(1,269)
Receivable against sale of investments	-	37,388
	1,010	87,936

Increase / (decrease) in liabilities

Payable to the Management Company	32	(139)
Payable to the MCB Financial Services Limited - Trustee	-	(8)
Payable to the Securities and Exchange Commission of Pakistan	(301)	(530)
Payable against purchase of investments	-	(36,167)
Dividend payable	(217)	-
Accrued expenses and other liabilities	296	24
	(190)	(36,820)
Net cash generated from operating activities	6,137	56,911

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issuance of units	8	6,046
Payments on redemption of units	(57,237)	(119,266)
Distribution during the period	(5,064)	(6,488)
Net cash used in financing activities	(62,293)	(119,708)

Net (decrease) / increase in cash and cash equivalents during the period

	(56,156)	(62,797)
Cash and cash equivalents at beginning of the period	186,929	348,931
Cash and cash equivalents at end of the period	130,773	286,134

The annexed notes 1 to 18 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 Frequent Payout Fund ("the Fund") was established under a Trust Deed dated July 22, 2015 executed between MCB - Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as the Trustee. The Fund was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 16, 2015 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 Fund offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions, spread transactions and transaction under Margin Trading System.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned the asset manager a rating of "AM2++" (2018: AM2++) on October 08, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International 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.

		(Un-audited)	(Audited)
		September 30,	June 30,
		2019	2019
	Note	---- (Rupees in '000) ----	
6. BALANCE WITH BANKS			
- in saving accounts	6.1	<u>130,773</u>	<u>186,929</u>

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

- 6.1** These carry profit at the rates ranging between 11.25% to 14.4% (2019:10% to 13%) per annum. It includes bank balance Rs. 3.5 million (2019: 1.577 million) maintained with MCB Limited (a related party) which carries profit at the rate of 11.25% (June 2019: 10.25%) per annum and Rs. 111.855 million (2019: Rs.104.782 million) maintained with Silk bank Limited (a related party) which carries profit at the rate of 14.2% (2019: 13%) per annum.

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

At fair value through profit or loss

Unlisted debt securities - Term Finance Certificates	7.1	62,385	64,561
Listed debt securities - Sukuks Certificates	7.2	820	908
Government securities	7.3 & 7.4	-	-
		63,205	65,469

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

7.1 Unlisted debt securities - Term Finance Certificates

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

Name of investee company	Number of certificates					As at September 30, 2019			Market value as a percentage of total investment
	As at July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	As at September 30, 2019	Carrying value	Market value	Appreciation / (diminution)	
									Percentage %
Commercial banks									
The Bank Of Punjab (23-12-2016 issue)	250	-	-	-	250	24,731	24,585	(146)	12.52
Fertilizer									
Dawood Hercules Corporation Limited (01-03-2018 issue)	200	-	-	-	200	17,964	17,930	(34)	9.13
Investment Company									
Jahangir Siddiqui & Company Limited (18-07-2018 issue)*	4,000	-	-	-	4,000	19,870	19,870	-	10.12
Total as at September 30, 2019 (Un-audited)						62,565	62,385	(180)	
Total as at June 30, 2019 (Audited)						64,520	64,561	41	

* Face value of the investment is Rs. 5000

7.2 Listed debt securities - Sukuks Certificates

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

Name of investee company	Number of certificates					As at September 30, 2019			Market value as a percentage of total investment
	As at July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	As at September 30, 2019	Carrying value	Market value	Appreciation / (diminution)	
									Percentage %
Commercial banks									
Byco Petroleum Pakistan Limited (18-Jan-17 issue)	10	-	-	-	10	825	820	(5)	0.42
Total as at September 30, 2019 (Un-audited)						825	820	(5)	
Total as at June 30, 2019 (Audited)						915	908	(7)	

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

7.3 Government securities - Treasury Bills

Security	Issue Date	Maturity Date	Face value			As at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2019	Purchases during the period	Sales / matured during the period	As at September 30, 2019	Carrying value	Market value		
(Rupees in '000)										
Treasury bills - 3 months	18-Jul-19	10-Oct-19	-	200,000	200,000	-	-	-	-	-
Treasury bills - 12 months	26-Sep-19	24-Sep-20	-	500,000	500,000	-	-	-	-	-
Total as at September 30, 2019 (Un-audited)										
Total as at June 30, 2019 (Audited)										

7.4 Government securities - Pakistan Investment Bonds

Security	Issue Date	Maturity Date	Face value			As at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2019	Purchases during the period	Sales / matured during the period	As at September 30, 2019	Carrying value	Market value		
(Rupees in '000)										
										%
Pakistan Investment Bonds- 3 years	19-Sep-19	19-Sep-22	-	150,000	150,000	-	-	-	-	-
Pakistan Investment Bonds- 5 years	12-Jul-18	12-Jul-23	-	75,000	75,000	-	-	-	-	-
Pakistan Investment Bonds- 10 years	12-Jul-18	12-Jul-28	-	37,500	37,500	-	-	-	-	-
Total as at September 30, 2019 (Un-audited)										
<hr/>										
<hr/>										
Total as at June 30, 2019 (Audited)										

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) 30 June 2019
	Note		
7.5 Net unrealised appreciation in value of investments at fair value through profit or loss			
Market value of investments	5.1, 5.2, & 5.3,	63,205	65,469
Carrying value of investments	5.1, 5.2, & 5.3,	(63,390)	(65,435)
		(185)	34
8 Payable to MCB-Arif Habib Savings and Investments Limited – Management Company			
Management remuneration payable	8.1	242	385
Sindh Sales Tax payable on management remuneration	8.2	32	50
Payable against allocated expenses	8.3	16	21
Marketing & Selling expenses	8.4	198	-
		488	456
8.1	As per amendment in the offering document, the management company wef August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis.		
8.2	Sales tax on management remuneration has been charged at the rate of 13% (2018: 13%).		
8.3	Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. 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.		
8.4	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.		
9 Payable to Securities and Exchange Commission of Pakistan (SECP)			
	SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2018: 0.095%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019.		
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	10.1	2,666	2,561
Provision for federal excise duty and related tax on	10.2		
- Management fee		841	841
- Sales load		3,625	3,625
Brokerage		25	16
Auditors' remuneration		537	394
Other		212	171
		7,904	7,608

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

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. 1.3862 per unit (June 30, 2019 Re. 1.0315 per unit)..

10.2 Federal Excise Duty and related tax payable

There is no change in the status 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. 0.4371 per unit (June 30, 2019: Re. 0.3387 per unit).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding 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. EARNINGS PER UNIT

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

14 TOTAL 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 0.95% (September 30, 2018: 0.58 %) and this includes 0.12% (September 30, 2018: 0.1%) 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 an Asset Allocation scheme.

15 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

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

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

For the quarter ended September 30, 2019 (unaudited)									
As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at September 30, 2019	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at September 30, 2019
Units					(Rupees in '000)				

Mandate under discretionary
portfolios

3	-	-	-	3	-	-	-	-	-

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

	(Unaudited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
MCB Financial Services Limited - Trustee		
Trustee remuneration payable	41	41
Sindh Sales Tax payable on trustee remuneration	5	5
MCB Bank Limited - Parent of the Management Company		
Bank balances	3,503	1,577
Silk Bank Limited		
Balance with bank	111,855	104,782
Profit receivable on bank balances	1,167	221
Unit holders holding 10% or more		
** Outstanding 541,619 (2019: 541,619) units	55,300	55,300

** "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.

16 INTERIM DISTRIBUTION DURING THE PERIOD

	Dividend per unit up	Declaration date	Bonus Units	Distribution Amount	Total Distribution
	----- (Rupees in '000) -----				
For the month ended July 2019	0.7328	July 31, 2019	-	-	1,539
For the month ended August 2019	0.9192	August 31, 2019	-	-	1,837
For the month ended September 2019	0.8776	September 30, 2019	-	-	1,688
			-	-	5,064

17 GENERAL

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

17.2 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.

18 DATE OF AUTHORISATION FOR ISSUE

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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