



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 STOCK MARKET FUND

CONTENTS

1	Fund's Information	143
2	Report of the Directors of the Management Company	144
3	Condensed Interim Statement of Assets And Liabilities	150
4	Condensed Interim Income Statement (Un-audited)	151
5	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	152
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	153
7	Condensed Interim Cash Flow Statement (Un-audited)	154
8	Notes to and forming part of the Condensed Interim Financial Statements	155

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	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Bank Alfalah Limited Standard Chartered Bank Limited Silk Bank Limited JS Bank Limited Habib Metropolitan Bank Limited	
Auditors	Ernst & Young Ford Rhodes Chartered Accountant Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
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 Stock Market Fund** accounts review for the quarter ended September 30, 2019.

ECONOMY 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 a 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, PSM generated a return of -3.50% as compared to a return of -5.38% witnessed by the KSE100 Index, outperforming the benchmark by 1.88%. Overall equity exposure stood at 90.1% on September 30, 2019. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. The allocation was mainly held in Commercial Banks, Oil & Gas Exploration Companies and Fertilizers. The Net Assets of the fund as at September 30, 2019 stood at Rs. 7,933 million as compared to Rs. 9,556 million as at June 30, 2019 registering a decrease of -16.98%.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 76.5265 as compared to opening NAV of Rs. 79.3006 per unit as at June 30, 2019 registering a decrease of -2.7741 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 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.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
October 24, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ

اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پرہونی 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 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 منڈا 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 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 اشاکس کی کارکردگی میں بھی یہی عکاسی ہوتی ہے جہاں اشاکس کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اشاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اشاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔

ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن

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 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 پُر زہ 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 لاگوں 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

دوران مدت فنڈ نے -3.50 فیصد منافع حاصل کیا جبکہ KSE-100 انڈیکس کا منافع -5.38 فیصد تھا، یعنی فنڈ کی کارکردگی بچ مارک سے 1.88 فیصد بہتر تھی۔ ایکویٹی میں مجموعی سرمایہ کاری 30 ستمبر 2019ء کو 90.1 فیصد تھی۔ خارجی عوامل سے چونکا رہتے ہوئے فنڈ کی سرمایہ کاری کے لائحہ عمل میں بنیادی ترقیاتی اقدامات کے مطابق ترمیم کی گئی۔ فنڈ کی اکثر سرمایہ کاری کمرشل بینکوں، تیل اور گیس کی دریافت کی کمپنیوں اور کھاد کے شعبے میں رہی۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 7,933 ملین روپے تھے جو 30 جون 2019ء کی سطح 9,556 ملین روپے کے مقابلے میں 16.98 فیصد کمی ہے۔

30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 76.5265 روپے تھی جو 30 جون 2019ء کی سطح 79.3006 روپے فی یونٹ کے مقابلے میں 2.7741 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 اسٹاک مارکیٹ 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) یو این یو (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 ایم 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 بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد و شمار سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔

وسیع پیمانے کی مینوفیکچرنگ (ایل ایس ایم) میں توقع کے مطابق کمی کا رجحان جاری رہا کیونکہ درآمدات پر مبنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبع گردش شعبہ جات تھے۔ گاڑیوں اور اسٹیل کی مینوفیکچرنگ میں مانگ بالترتیب 27.5 فیصد اور 15.5 فیصد سُکڑ گئی۔ ٹیکس کے حصول کے عارضی اعداد بھی حوصلہ افزا تھے۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) نے موجودہ مالی سال کی پہلی سہ ماہی میں 962 بلین روپے ٹیکس جمع کیا جو گزشتہ سال کی مماثل مدت کے مقابلے میں 16 فیصد زیادہ ہے۔ اگر مقامی اور بین الاقوامی اعتبار سے علیحدہ علیحدہ دیکھا جائے تو کارکردگی زیادہ بہتر تھی کیونکہ مقامی سطح پر ٹیکس کی آمدنی میں 28 فیصد YoY اضافہ ہوا۔ ٹیکس کے علاوہ وصولی بھی عارضی تخمینوں کے مطابق حوصلہ افزا تھے۔ حکومت نے 400 بلین روپے ٹیکس جمع کیا جس کا اکثر حصہ اسٹیٹ بینک آف پاکستان (ایس بی پی) سے فاضل منافع اور ٹیلی کام سیکٹر لائسنس کی فروخت سے حاصل ہوا۔ عارضی تخمینوں کے مطابق پرائمیری 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 نظریئے 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			
Balances with banks	6.	666,204	929,080
Investments	7.	7,300,029	8,600,528
Receivable against sale of investments		23,074	163,621
Dividend and profit receivables		96,261	29,655
Advances, deposits and other receivables		15,456	9,473
Total assets		8,101,024	9,732,357
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	9.	27,918	29,739
Payable to Central Depository Company of Pakistan Limited - Trustee	10.	808	1,020
Payable to the Securities and Exchange Commission of Pakistan	11.	413	10,579
Payable against purchase of investments		6,754	-
Payable against redemption of units		386	386
Accrued expenses and other liabilities	8.	132,034	134,799
Total liabilities		168,313	176,523
NET ASSETS		7,932,711	9,555,834
Unit holders' fund (as per statement attached)		7,932,711	9,555,834
Contingencies and Commitments	12.		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		103,659,670	120,501,368
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		76.5265	79.3006

The annexed notes 1 to 18 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

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

INCOME

Loss on sale of investments - net	(90,877)	(29,783)
Dividend income	143,611	128,073
Income from Government securities	12,154	13,161
Profit on balances with banks	13,449	13,944
Unrealised loss on re-measurement of investments classified as at fair value through profit or loss - net	7.1 (382,378)	(171,821)
Other (loss) / income	-	-
Total Income	(304,041)	(46,425)

EXPENSES

Remuneration of the Management Company	41,256	56,449
Sindh Sales Tax on remuneration of the Management Company	5,363	7,338
Remuneration of the Trustee	2,314	3,075
Sindh Sales Tax on remuneration of the Trustee	301	400
Annual fee of the Securities and Exchange Commission of Pakistan	413	2,681
Allocated expenses	2,063	3,189
Marketing And Selling expenses	12,773	11,289
Auditors' remuneration	208	211
Securities transaction cost	4,064	6,743
Settlement and bank charges	653	525
Legal and professional charges	46	44
Fees and subscriptions	19	23
Printing and related charges	25	25
Total expenses	69,498	91,995

Provision for Sindh Workers' Welfare Fund	8.1 -	-
Net Loss for the period before taxation	(373,539)	(138,420)

Taxation	13. -	-
Net loss for the period	(373,539)	(138,420)

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	-	-

Loss per unit	14. -	-
----------------------	-------	---

The annexed notes 1 to 18 form an integral part of these interim financial statements.

**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**

	September 30,	
	2019	2018
	----- (Rupees in '000) -----	
Net Loss for the period after taxation	(373,539)	(138,420)
Other comprehensive (loss) / income:		
<i>Items to be reclassified to income statement in subsequent period</i>		
Total comprehensive Loss for the period	<u>(373,539)</u>	<u>(138,420)</u>

The annexed notes 1 to 18 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	September 30, 2019				September 30, 2018			
	Capital Value	Undistributed income / (loss)	Unrealised appreciation on available for sale investments	Total	Capital Value	Undistributed income / (loss)	Unrealised appreciation on available for sale investments	Total
	(Rupees in '000)							
Net assets at the beginning of the period	6,482,505	3,073,329	-	9,555,834	5,096,092	4,646,316	370,176	10,112,584
Issuance of 9,046,891 (2018: 31,450,970) units:								
- Capital value (at net asset value per unit at the beginning of the period) at Rs.79.3006	717,424	-	-	717,424	2,981,728	-	-	2,981,728
- Element of loss	(48,158)	-	-	(48,158)	(38,027)	-	-	(38,027)
	669,266	-	-	669,266	2,943,701	-	-	2,943,701
Redemption of 25,888,589 (2018: 12,271,215) units:								
- Capital value (at net asset value per unit at the beginning of the period) at Rs.79.3006	(2,052,981)	-	-	(2,052,981)	(1,163,380)	-	-	(1,163,380)
- Element of income	134,131	-	-	134,131	18,542	-	-	18,542
	(1,918,850)	-	-	(1,918,850)	(1,144,838)	-	-	(1,144,838)
Total comprehensive Loss for the period	-	(373,539)	-	(373,539)	-	(138,420)	-	(138,420)
Re-designation of Equity investment previously classified as Available for sale at the beginning of period	-	-	-	-	370,176	-	(370,176)	-
Net (loss) / income for the period less distribution	-	(373,539)	-	(373,539)	370,176	(138,420)	(370,176)	(138,420)
Net assets as at the end of the period	5,232,921	2,699,790	-	7,932,711	7,265,131	4,507,896	-	11,773,027
Undistributed income brought forward comprising of:								
- Realised		4,858,310				5,081,999		
- Unrealised		(1,784,981)				(435,683)		
		3,073,329				4,646,316		
Accounting income available for distribution:								
- Relating to capital gains		-				-		
- Excluding to capital gains		-				-		
Net loss for the period		(373,539)				(138,420)		
Undistributed income carried forward		2,699,790				4,507,896		
Undistributed income brought forward comprising of:								
- Realised		3,082,168				4,679,717		
- Unrealised		(382,378)				(171,821)		
		2,699,790				4,507,896		
					(Rupees)	(Rupees)		
Net assets value per unit as at beginning of the period					79.3006	94.8056		
Net assets value per unit as at end of the period					76.5265	93.5508		

The annexed notes 1 to 18 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	September 30, 2019	2018
	---- (Rupees in '000) ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss for the period before taxation	(373,539)	(138,420)
Adjustments for non cash and other items:		
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	(382,378)	171,821
	(755,917)	33,401
Decrease /(Increase) in assets		
Investments - net	1,682,878	(704,318)
Receivable against sale of investments	140,547	52,923
Dividend and profit receivable	(66,606)	(108,003)
Advances, deposits and receivables	(5,983)	(196)
	1,750,836	(759,593)
(Decrease)/ Increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(1,821)	1,797
Payable to Central Depository Company of Pakistan Limited - Trustee	(212)	79
Payable to the Securities and Exchange Commission of Pakistan	(10,166)	(7,283)
Payable against purchase of investments	6,754	(133,713)
Payable against redemption of units	-	-
Accrued expenses and other liabilities	(2,765)	1,849
	(8,210)	(137,271)
Net cash used in operating activities	986,708	(863,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	669,266	2,943,701
Amount paid on redemption of units	(1,918,850)	(1,144,838)
Net cash generated from / (used) in financing activities	(1,249,584)	1,798,863
Net increase / (decrease) in cash and cash equivalents during the period	(262,876)	935,400
Cash and cash equivalents at the beginning of the period	929,080	664,008
Cash and cash equivalents at the end of the period	666,204	1,599,408

The annexed notes 1 to 18 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan.
- 1.3** The Fund has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4** The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of "AM2++" dated October 08, 2019 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document 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
- The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and 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 2018 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.
- 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.

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

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) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
6. BALANCES WITH BANKS			
In current accounts	6.1	9,313	11,672
In savings accounts	6.2	656,891	917,408
		<u>666,204</u>	<u>929,080</u>

6.1 These include a balance of Rs.3.309 (June 30, 2019: Rs.5.66) million maintained with MCB Bank Limited, a related party.

6.2 These carry profit at the rates ranging between 11.25% to 14.4% (2019: 10% to 13 %) per annum. It includes bank balance of Rs.10.87 million (2019: Rs 14.9 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. 2.386 million (2019: Rs.3.58 million) maintained with Silk bank Limited (a related party) which carries profit at the rate of 14.2% (2019: 13 %) 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	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
7. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	7.1	7,300,029	8,600,528
Government securities	7.2	-	-
		<u>7,300,029</u>	<u>8,600,528</u>

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

7.1 Listed equity securities - at fair value through profit or loss

Name of the investee company	No. of shares					Balance as at September 30, 2019			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2019	Purchased during the period	Bonus / Right Issue during the period	Sold during the period	As at September 30, 2019	Carrying Value	Market value as at September 30, 2019	Unrealised (loss) / gain		
										(Rupees in '000) (%)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Cable & Electrical Goods										
Pak Elektron Limited	1,850,000	-	-	1,850,000	-	-	-	-	0.00%	0.00%
Cement										
Kohat Cement Limited	553,670	-	-	-	553,670	29,084	25,480	(3,604)	0.32%	0.28%
Lucky Cement Limited	4,061	-	-	4,061	-	-	-	-	0.00%	0.00%
Maple Leaf Cement Factory Limited	1,058,500	-	-	1,058,500	-	-	-	-	0.00%	0.00%
					553,670	29,084	25,480	(3,604)	0.32%	0.28%
Chemicals										
Archroma Pakistan Limited	65,850	-	-	-	65,850	31,289	30,291	(998)	0.38%	0.2%
Engro Polymer and Chemicals Limited	13,400,155	-	-	400,000	13,000,155	350,484	319,154	(31,330)	4.02%	1.43%
Lotte Chemical Pakistan Limited	210,000	-	-	-	210,000	3,203	2,864	(338)	0.04%	0.01%
					13,276,005	384,975	352,309	(32,666)	4.44%	1.63%
Commercial Banks										
Allied Bank Limited	-	425,000	-	-	425,000	37,425	36,877	(547)	0.46%	0.03%
Askari Bank Limited	10,540,000	-	-	-	10,540,000	199,311	185,399	(13,913)	2.34%	0.84%
Bank Al Falah Limited	16,786,100	-	-	1,076,500	15,709,600	684,781	643,151	(41,630)	8.11%	0.88%
Bank Al Habib Limited	5,606,000	798,500	-	-	6,404,500	501,338	427,885	(73,453)	5.39%	0.58%
Bank Of Punjab Limited	1,778,000	-	-	1,778,000	-	-	-	-	0.00%	0.00%
Faysal Bank Limited	7,415,725	-	-	751,000	6,664,725	143,425	106,836	(36,589)	1.35%	0.44%
Habib Bank Limited	2,079,900	-	-	2,079,900	-	-	-	-	0.00%	0.00%
Habib Metropolitan Bank Limited	825,500	-	-	-	825,500	29,784	23,898	(5,886)	0.30%	0.08%
MCB Bank Limited	2,771,900	-	-	2,143,500	628,400	109,624	106,558	(3,067)	1.34%	0.08%
National Bank Of Pakistan	1,238,500	-	-	-	1,238,500	41,688	35,855	(5,833)	0.45%	0.06%
United Bank Limited	209,200	3,391,100	-	150,000	3,450,300	449,656	476,935	27,279	6.01%	0.28%
					45,886,525	2,197,033	2,043,393	(153,639)	25.76%	3.27%
Engineering										
International Industries Limited	667,800	-	66,780	-	734,580	51,467	50,928	(539)	0.64%	0.56%
Mughal Iron & Steel Industries Limited	1,544,760	-	-	-	1,544,760	38,866	43,222	4,356	0.54%	0.61%
					2,279,340	90,333	94,150	3,817	1.19%	1.17%
Fertilizer										
Engro Fertilizer Limited	5,695,500	485,000	-	325,500	5,855,000	376,190	399,487	23,297	5.04%	0.44%
Engro Corporation Limited	1,691,580	380,000	-	519,200	1,552,380	413,162	414,315	1,153	5.22%	0.27%
Fatima Fertilizer Company Limited	4,548,500	-	-	-	4,548,500	135,773	124,356	(11,417)	1.57%	0.22%
Fauji Fertilizer Company Limited	5,085,500	-	-	234,500	4,851,000	423,007	451,289	28,281	5.69%	0.38%
					16,806,880	1,348,132	1,389,446	41,314	17.52%	1.31%
Food & Personal Care Products										
Al shaheer Corporation Limited	23,455	-	-	13,000	10,455	132	114	(18)	0.00%	0.01%
National Foods Limited	246,000	-	-	-	246,000	45,303	46,214	910	0.58%	0.20%
Nestle Pakistan Limited	3,033	-	-	-	3,033	20,221	16,935	(3,286)	0.21%	0.01%
					259,488	65,656	63,262	(2,393)	0.80%	0.22%

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

Name of the investee company	No. of shares					Balance as at September 30, 2019			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2019	Purchased during the period	Bonus / Right Issue during the period	Sold during the period	As at September 30, 2019	Carrying Value	Market value as at September 30, 2019	Unrealised (loss) / gain		
										(Rupees in '000)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Glass & Ceramics										
Tariq Glass Industries Limited	1,078,200	-	-	-	1,078,200	82,622	84,369	1,747	1.06%	1.47%
						82,622	84,369	1,747	1.06%	1.47%
Insurance										
Pakistan Reinsurance Co. Limited	2,157,000	-	-	-	2,157,000	53,839	39,603	(14,236)	0.5%	0.72%
						53,839	39,603	(14,236)	0.50%	0.72%
Leather & Tanneries										
Service Industries Limited	50,875	-	-	-	50,875	25,098	27,394	2,296	0.35%	0.34%
						25,098	27,394	2,296	0.35%	0.34%
Miscellaneous										
Synthetic Products Limited	1,678,500	-	-	-	1,678,500	37,246	28,786	(8,460)	0.36%	1.97%
						37,246	28,786	(8,460)	0.36%	1.97%
Oil And Gas Exploration Companies										
Mari Petroleum Company Limited	9,865	-	-	-	9,865	-	-	-	0.00%	0.00%
Oil & Gas Development Company Limited	6,593,700	-	-	1,085,000	5,508,700	724,339	677,735	(46,604)	8.54%	0.13%
Pakistan Oilfields Limited	1,267,630	110,000	-	46,800	1,330,830	539,081	505,582	(33,499)	6.37%	0.47%
Pakistan Petroleum Limited	4,300,230	-	-	733,300	3,566,930	515,172	485,209	(29,962)	6.12%	0.16%
						10,406,460	1,778,592	(110,065)	21.03%	0.76%
Oil And Gas Marketing Companies										
Attock Petroleum Limited	29	-	-	29	-	-	-	-	0.00%	0.00%
Hi-Tech Lubricants Limited	651,600	45,500	-	-	697,100	19,154	18,125	(1,030)	0.23%	0.60%
Pakistan State Oil Company limited.	959,840	-	-	959,840	-	-	-	-	0.00%	0.00%
Shell (Pakistan) Limited	21,900	-	-	21,900	-	-	-	-	0.00%	0.00%
Sui Northern Gas Company Limited	4,488,300	343,500	-	130,500	4,701,300	324,956	289,600	(35,356)	3.65%	0.74%
Sui Southern Gas Company Limited	9,500	-	-	9,500	-	-	-	-	0.00%	0.00%
						5,398,400	344,110	(36,385)	3.88%	1.34%
Pharmaceuticals										
AGP Limited	577	-	-	577	-	-	-	-	0.00%	0.00%
The Searle Company Limited	6,146	-	-	297	5,849	857	808	(49)	0.01%	0.00%
						5,849	857	(49)	0.01%	0.00%
Power generation and distribution										
Altern Energy Limited	327,000	-	-	-	327,000	10,902	8,561	(2,341)	0.11%	0.09%
Hub Power Company Limited	7,368,766	159,500	-	1,809,000	5,719,266	449,030	404,638	(44,392)	5.10%	0.44%
						6,046,266	459,932	(46,733)	5.21%	0.53%
Technology and communication										
Hum Network Limited	10,750,000	-	-	-	10,750,000	34,078	29,563	(4,515)	0.37%	1.14%
Systems Limited	1,534,225	-	-	-	1,534,225	147,240	127,724	(19,515)	1.61%	1.24%
						12,284,225	157,287	(24,030)	1.98%	2.38%
Textile composite										
Gul Ahmed Textile Mills Limited	8,301,900	345,000	-	-	8,646,900	405,083	410,209	5,126	5.17%	2.43%
Interloop Limited	3,020,110	-	-	-	3,020,110	133,700	132,673	(1,027)	1.67%	0.35%
Kohinoor Textile Mills Limited	2,586,718	-	-	-	2,586,718	64,797	61,409	(3,389)	0.77%	0.86%
Nishat (Chunian) Limited	275,500	-	-	275,500	-	-	-	-	0.00%	0.00%
Nishat Mills Limited	1,221,600	-	-	1,221,600	-	-	-	-	0.00%	0.00%
						14,253,728	603,581	710	7.62%	3.64%

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

Name of the investee company	No. of shares					Balance as at September 30, 2019		Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2019	Purchased during the period	Bonus / Right Issue during the period	Sold during the period	As at September 30, 2019	Carrying Value	Market value as at September 30, 2019		

Total as at September 30, 2019 (Un-Audited)

132,421,411 7,682,408 7,300,029 (382,378)

Total as at June 30, 2019 (Audited)

144,558,900 10,385,509 8,600,528 (1,784,981)

Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) security against settlement of the Fund's trades in terms of Circular No.11 dated 2007 issued by SECP:

	(Un-Audited) September 30, 2019	(Audited) June 30, 2019	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
Oil & Gas Development Company Limited	1,000,000	1,000,000	123,030	131,490
The Hub Power Company Limited	2,000,000	2,000,000	141,500	157,500
	3,000,000	3,000,000	264,530	288,990

----- (Rupees in '000) -----

----- (Number of shares) -----

----- (Rupees in '000) -----

7.2 Government securities - at fair value through profit or loss

Name Of Security	Issue date	Maturity date	Face value			As at September 30, 2019		
			As at July 01, 2019	Purchased during the period	Sold / matured during the period	As at September 30, 2019	Carrying Value	Unrealised (loss) / gain
Market Treasury Bills - 3 months	12-SEP-19 16-AUG-19 18-JUL-19 23-MAY-19 26-SEP-19	05-DEC-19 07-NOV-19 10-OCT-19 15-AUG-19 19-DEC-19	- - - - -	500,000,000 500,000,000 8,450,000,000 1,000,000,000 500,000,000	500,000,000 500,000,000 8,450,000,000 1,000,000,000 500,000,000	- - - - -	- - - - -	- - - - -
Total as at September 30, 2019 (Un-Audited)								
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	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	57,875	57,875
Federal Excise Duty payable on management remuneration	8.2	54,774	54,774
Federal Excise Duty payable on sales load		3,933	3,933
Unclaimed dividends		9,682	9,722
Brokerage payable		1,349	7,665
Auditors' remuneration		721	513
Withholding tax payable		203	96
Printing and related charges payable		65	40
Dividend payable		40	175
Others		3,392	6
		<u>132,034</u>	<u>134,799</u>
8.1	There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re. 0.5583 per unit (June 30, 2019 Re. 0.48 per unit).		
8.2	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. 0.5284 per unit (June 30, 2019: Re. 0.45 per unit).		
9. Payable to MCB-Arif Habib Savings and Investments Limited – Management Company			
Remuneration payable		12,667	16,417
Sales tax on remuneration payable		1,647	2,134
Expenses allocated by the Management Company	9.1	633	821
Selling and Marketing expenses	9.2	12,773	10,331
Sales load payable		198	36
		<u>27,918</u>	<u>29,739</u>
9.1	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.		
9.2	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.		
10. Payable to Central Depository of Pakistan - Trustee			
Remuneration payable		715	903
Sales tax on remuneration payable		93	117
		<u>808</u>	<u>1,020</u>

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

11. 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.

12. CONTINGENCIES AND COMMITMENTS

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

13. TAXATION

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

14. 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

15. 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 0.85% (September 30, 2018: 0.82 %) and this includes 0.08% (September 30, 2018: 0.09%) 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 equity scheme.

16. 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

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

16.1 Unit Holder's Fund

For the three months ended September 30, 2019 (Un-audited)								
	As at July 01, 2019	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at September 30, 2019	As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at September 30, 2019
	(Number of units)				(Rupees in '000)			
MCB-Arif Habib Savings and Investments Limited								
- Management Company	3,227,917	-	-	3,227,917	255,976	-	-	247,021
Group / associated companies								
Adamjee Insurance Company Limited Employees Gratuity Fund	16,433	-	-	16,433	1,303	-	-	1,258
Adamjee Life Assurance Company Limited - IMF *	28,368,367	-	-	28,368,367	2,249,629	-	-	2,170,932
Adamjee Life Assurance Company Limited - NUIL	2,072,157	-	-	2,072,157	164,323	-	-	158,575
Adamjee Insurance Company Limited Employees Provident Fund Trust	32,837	-	-	32,837	2,604	-	-	2,513
D.G. Khan Cement Company Limited Employees Provident Fund Trust	199,265	-	-	199,265	15,802	-	-	15,249
Nishat Mills Employees Provident Fund Trust	6,836,556	-	6,836,556	0	542,143	-	502,923	0
Asghari Beg Memorial Trust	47,260	10	2,400	44,869	3,748	1	182	3,434
Nasim beg	-	1,317	-	1,317	-	101	-	101
Syed Savail Meekal Hussain	37,866	-	-	37,866	3,003	-	-	2,898
Key Management Personnel	95,326	21,391	10,508	106,209	7,559	1,536	761	8,128
Mandate under discretionary portfolio services	4,307,024	1,056,365	2,453,722	2,909,668	341,550	78,472	183,963	222,667
Unit holders holding 10% or more								
CDC-Trustee-Punjab Pension Fund Trust	11,794,969	-	-	11,794,969	935,348	-	-	902,628

For the three months ended September 30, 2018 (Un-audited)								
	(Number of units)				(Rupees in '000)			
MCB-Arif Habib Savings and Investment Limited-Management Company	2,048,988	493,890	468,339	2,074,539	194,256	44,000	44,000	194,075
Associated companies / undertakings								
Adamjee life Assurance Company Limited - NUIL Fund	1,409,006	266,073	-	1,675,079	133,582	25,000	-	156,705
Adamjee life Assurance Company Limited - IMF	19,754,721	3,033,235	1,072,270	21,715,686	1,872,858	285,000	100,000	2,031,520
Adamjee Life Assurance Company Limited - ISF	2,108,051	441,784	-	2,549,835	199,855	41,510	-	238,539
Nishat Power Limited Employees Provident Fund Trust	10,756	22,671	20,160	13,267	1,020	2,114	1,819	1,241
Adamjee Insurance Company Limited Employees Provident Fund	136,117	78,139	65,425	148,831	-	7,219	5,894	13,923
Adamjee Insurance Company Limited Employees Gratuity Fund	69,361	39,029	32,960	75,430	6,576	3,608	2,970	7,057
D.G. Khan Cement Company Limited Employees Provident	199,265	-	-	199,265	18,891	-	-	18,641
Nishat Mills Employees Provident Fund Trust	2,841,551	61,059	-	2,902,610	269,395	5,600	-	271,541
Mandate Under Discretionary Portfolio Services	6,197,875	5,032,615	2,873,604	8,356,886	587,593	463,497	263,726	781,793
Key Management Personnel	60,419	46,876	39,767	67,528	5,728	4,379	3,720	6,317

* 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.

Unit holding as at March 31, 2019 / June 30, 2018 is less than 10%.

16.2 Transactions during the period:

	Three months ended September 30, 2019 2018 ----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company including indirect taxes	46,619	63,788
Marketing and Selling expense	12,773	11,289
Allocated Expenses	2,063	3,189
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	2,615	3,476
Central Depository Service charges	115	196
Arif Habib Capital Limited - Brokerage House		
Brokerage expense*	308	731
Next Capital Limited - Brokerage House		
Brokerage expense*	67	536

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

	Three months ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
MCB Bank Limited		
Bank charges	20	28
Profit on balances with banks	1,221	1,872
Dividend income	6,238	9,773
Purchase of securities having face value of Rs Nil (2018: 250 million)	-	247,109
Sale of securities having face value of Rs Nil (2018: 1,050 million)	-	2,030,552
Purchase of Nil (2018:462,100) shares	-	94,347
Sale of 2,143,500 (2018: Nil) shares	369,241	-
Silk Bank Limited		
Bank charges	1	7
Profit on balances with banks	2,792	2,624
Sale of securities having face value of Rs 1,650 million (2018: Rs Nil million)	1,605,576	-
D.G. Khan Cement Company Limited		
Sale of Nil (2018: 350,000) shares	-	41,166
Nishat Mills Limited		
Sale of 1,221,600(2018: Nil) shares	82,582	-
Mughal Iron & Steel Industries Limited		
Purchase of Nil (2018: 11,760) shares	-	722
Sale of Nil (2018: 1,345,760) shares	-	76,882
Fatima Fertilizer Company Limited		
Purchase of Nil (2018: 4,548,500) shares	-	156,621
Nishat Chunian Limited		
Sale of 275,500 (2018: Nil) shares	8,181	-
Aisha Steel Mills Limited		
Sale of Nil (2018: 49,500) shares	-	693
Adamjee Insurance Company Limited		
Sale of Nil (2018: 809,500) shares	-	38,837
Al Shaheer Corporation Limited		
Purchase of Nil (2018: 23,455) shares	-	644
Sale of 13,000 (2018: Nil) shares	144	-
16.3 Balances outstanding at period end:	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investment Limited - Management Company		
Remuneration payable	12,667	16,417
Sindh sales tax payable on remuneration	1,647	2,134
Sales load payable including related taxes	198	36
Payable against allocated expense	633	821
Payable against marketing and selling expenses	12,773	10,331

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
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	715	903
Sindh sales tax payable on remuneration	93	117
Security deposit	500	500
MCB Bank Limited		
Balance with bank	14,176	20,569
Profit receivable on bank balances	148	365
Sales load payable		1
Silk Bank Limited		
Bank balance	2,386	3,584
Profit receivable on bank balances	2,691	551
MCB Bank Limited		
628,400 shares (2019: 2,771,900 shares)	106,558	483,558
Fatima Fertilizer Company Limited		
4,548,500 shares (2019: 4,548,500 shares)	124,356	135,773
Synthetic Products Limited		
1,678,500 shares (2019: 1,678,500 shares)	28,786	37,246
Nishat Chunian Limited		
Nil shares (2019: 275,500 shares)	-	9,648
Nishat Mills Limited		
Nil shares (2019: 1,221,600 shares)	-	114,024
Mughal Iron and Steel Industries Limited		
1,544,760 shares (2019: 1,544,760 shares)	43,222	38,866
Al Shaheer Corporation Limited		
10,455 shares (2019: 1,544,760 shares)	114	
Next Capital Limited - Brokerage House		
Brokerage payable *	43	707
Arif Habib Limited - Brokerage House		
Brokerage payable *	63	87

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

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

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

Head Office: 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,
URL: www.mcbah.com, Email: info@mcbah.com