



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

# QUARTERLY REPORT

SEPTEMBER  
**2019**  
(UNAUDITED)

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



# **PAKISTAN CAPITAL MARKET FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Amir Qadir	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Standard Chartered Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan JS Bank Limited	
<b>Auditors</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants (A Members Firm of PWC Network) State Life Building 1-C, I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

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

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**Dear Investor,**

On behalf of the Board of Directors, We are pleased to present **Pakistan Capital Market Fund's** 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 nose dive 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 -1.98% compared to the return of -3.01% posted by the benchmark.

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

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On the equities front, the overall allocation stood at 64.5%. The exposure was mainly held in Commercial Banks, Oil & Gas Exploration Companies, and Fertilizer.

On the fixed income side, the fund maintained its exposure towards cash to benefit from attractive rates offered by banks. The Net Assets of the Fund as at September 30, 2019 stood at Rs. 453 million as compared to Rs. 504 million as at June 30, 2019 registering a decrease of 10.12%.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 9.91 as compared to opening NAV of Rs. 10.11 per unit as at June 30, 2019 showing a decrease of Rs.0.2 per unit.

### FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them. Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Our forecast at very conservative assumptions is that CAD will settle at 2.6% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~12 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Aug'19 REER at 92.71) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

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

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~400-500 billion. The result of provisional tax collection for 1Q assert our view as there was a shortfall of PKR 100 billion during the quarter. Resultantly, the shortfall in tax collection will trickle down to a lower development spending. On the equity side, we believe, the last two years' market performance (down approx. 39% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

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

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

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### 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

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، سیکیورٹیز 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

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 ملٹری 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 REER 92.7 فیصد پر) اور کرنٹ اکاؤنٹ کا خسارہ قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

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

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.4 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف تبدیل ہو سکتا ہے لیکن پرائمری خسارے کو جی ڈی پی کے 0.6 فیصد پر محدود کر دینے کی آئی ایم کی بنیادی شرط کو پورا کرنا لازمی ہے۔ اس مقصد کے لیے ایف بی آر 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس جمع کرنے کا پُر عزم ہدف طے کر رہی ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے، تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کا ایک توسیعی پبلک سیکٹر 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 گردشی اسٹاکس کی کارکردگی میں بھی یہی عکاسی ہوتی ہے جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پُرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اسٹاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اسٹاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔

ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پر ہونی چاہیے اور کلاں معاشی میدان میں تبدیل ہوتے ہوئے عوامل سے مستفید ہونے والے شعبے (کمرشل بینکوں) کو زیادہ

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

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 1.98- فیصد منافع حاصل کیا جبکہ بنچ مارک منافع 3.01- فیصد تھا۔ ایکویٹی کی جہت میں مجموعی سرمایہ کاری 64.5 فیصد تھی۔ سرمایہ کاری کا اکثر حصہ کمرشل بینکوں، تیل اور گیس کی دریافت کی کمپنیوں اور کھاد کے شعبے میں تھی۔ مقررہ آمدنی کی جہت میں فنڈ کی سرمایہ کاری کو نقد میں برقرار رکھا گیا تاکہ بینکوں کی طرف سے پیش کردہ پُرکشش شرحوں سے فائدہ اٹھایا جاسکے۔ 30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 453 ملین روپے تھے جو 30 جون 2019ء کی سطح 504 ملین روپے کے مقابلے میں 10.12 فیصد کمی ہے۔ 30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 9.91 روپے تھی جو 30 جون 2019ء کی ابتدائی قدر 10.11 روپے فی یونٹ کے مقابلے میں 0.2 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 کے لیے رکاوٹیں دور ہوتی ہیں۔

پاکستان کپٹل 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) یز آن یز (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 بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد و شمار سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔

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

زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر مانگ کے سبب پیداواری خم جھک گیا کیونکہ بازار میں شامل ہونے والے نئے فریق استحکام کے اقدامات سے مطمئن ہو کر افراط زر میں کمی کی توقع کر رہے تھے۔ دوران سہ ماہی دو سالہ بانڈز 86 بیسیس پوائنٹس کی ایزنگ ہوئی جبکہ اسی مدت کے دوران طویل تر میعاد والے (دس سالہ) بانڈز میں 154 بیسیس پوائنٹس کی خطیر ایزنگ ہوئی۔ ایس بی پی نے اپنے تازہ ترین دو ماہانہ مالیاتی پالیسی بیان میں افراط زر اور ادائیگی کے توازن کی صورتحال کو متعادل کرنے پر مانیٹری پالیسی کمیٹی کے 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) -----	
<b>ASSETS</b>			
Balances with banks	6	143,098	192,760
Investments	7	303,247	316,053
Dividend and profit receivables		4,172	1,157
Advances, deposits and prepayments		5,144	5,086
Receivable against sale of investments		13,401	4,655
<b>Total assets</b>		<b>469,062</b>	<b>519,711</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	1,639	1,521
Payable to the Central Depository Company of Pakistan Limited - Trustee		83	95
Payable to the Securities and Exchange Commission of Pakistan	10	23	490
Payable against redemption of units		216	216
Accrued expenses and other liabilities	8.	13,705	13,753
<b>Total liabilities</b>		<b>15,666</b>	<b>16,075</b>
<b>NET ASSETS</b>		<b>453,396</b>	<b>503,636</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>453,396</b>	<b>503,636</b>
<b>Contingencies and commitments</b>	11.		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>45,768,118</b>	<b>49,824,042</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>9.91</b>	<b>10.11</b>

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

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

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

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

  
\_\_\_\_\_  
Director

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

		September 30,	
		2019	2018
		(Rupees in '000)	
Note			
<b>INCOME</b>			
	Dividend income	5,793	4,676
	Income from government securities	736	2,101
	Profit on bank deposits	4,657	2,105
	Income from term finance certificate	31	22
	Capital (loss) / gain on sale of investments - net	(580)	2,586
	Income on NCCPL deposit against exposure margin	17	2
	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	7.4 (17,679)	(3,349)
	<b>Total income</b>	<b>(7,025)</b>	<b>8,145</b>
<b>EXPENSES</b>			
	Remuneration of the Management Company	2,324	3,116
	Sindh Sales Tax on remuneration of the Management Company.	302	405
	Remuneration of the Central Depository Company of Pakistan Limited - Trustee	232	312
	Sales Tax on remuneration of the trustee	30	41
	Securities and Exchange Commission of Pakistan - fee	23	132
	Allocated expense	116	176
	Marketing and selling expense	717	623
	Securities transaction cost	251	115
	Settlement, bank charges	148	429
	Fees and subscription	19	23
	Auditors' remuneration	132	132
	Printing and related cost	25	25
	Legal and professional charges	46	45
	<b>Total expenses</b>	<b>4,365</b>	<b>5,573</b>
	<b>Net (loss) / income from operating activities</b>	<b>(11,391)</b>	<b>2,571</b>
	Provision for Workers' Welfare Fund	-	(51)
	<b>Net (loss) / income for the period before taxation</b>	<b>(11,391)</b>	<b>2,520</b>
	Taxation	13 -	-
	<b>Net (loss) / income for the period after taxation</b>	<b>(11,391)</b>	<b>2,520</b>
<b>Allocation of net (loss) / income for the period:</b>			
	Net income for the period	-	2,520
	Income already paid on units redeemed	-	(47)
		-	2,473
<b>Accounting income available for distribution:</b>			
	- Relating to capital gains	-	-
	- Excluding capital gains	-	2,473
	<b>Accounting income available for distribution</b>	<b>-</b>	<b>2,473</b>
	<b>Loss per unit</b>	14.	

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

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

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

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

  
\_\_\_\_\_  
Director

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

	<u>September 30,</u>	
	2019	2018
	----- (Rupees in '000) -----	
<b>Net (Loss) / income for the period after taxation</b>	<b>(11,391)</b>	2,520
Other comprehensive loss for the period	-	-
<b>Total comprehensive (Loss) / income for the period</b>	<b>(11,391)</b>	2,520

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

	2019			September 30, 2018			
				(Rupees in '000)			
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' Investments	Total
Net assets at beginning of the period	512,914	(9,278)	503,636	575,695	42,884	2,115	618,579
Issuance of 636,722 units (2018: 1,147,723 units)							
- Capital value (at net asset value per unit at the beginning of the period)	6,438	-	6,438	12,809	-	-	12,809
- Element of income	(225)	-	(225)	233	-	-	233
Total proceeds on issuance of units	6,214	-	6,214	13,042			13,042
Redemption of 4,692,646 units (2018: 2,009,680 units)							
- Capital value (at net asset value per unit at the beginning of the period)	47,443	-	47,443	22,428	-	-	22,428
- Element of loss	(2,379)	-	(2,379)	(73)	47	-	(26)
Total payments on redemption of units	45,063	-	45,063	22,355	47		22,402
Total comprehensive income for the period	-	(11,391)	(11,391)	-	2,520	-	2,520
Re-designation of Equity Investment at the beginning of period Previously classified as available for sale	-	-	-	2,115	-	(2,155)	-
Net (loss) / Income for the period	-	(11,391)	(11,391)	2,115	2,520	(2,155)	2,520
<b>Net assets at end of the period</b>	<b>474,064</b>	<b>(20,669)</b>	<b>453,396</b>	<b>566,382</b>	<b>45,357</b>	<b>-</b>	<b>611,739</b>
Undistributed income brought forward							
- Realised		50,729			67,904		
- Unrealised		(60,007)			(25,020)		
		(9,278)			42,884		
Accounting income available for distribution							
- Relating to capital gains		-			2,520		
- Excluding capital gains		-			(47)		
		-			2,473		
Net loss for the period after taxation		(11,391)			-		
Distribution during the period		-			-		
Undistributed income carried forward		(20,669)			45,357		
Undistributed income carried forward							
- Realised		(2,989)			48,706		
- Unrealised		(17,679)			(3,349)		
		(20,669)			45,357		
		(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period		10.11			11.16		
Net assets value per unit at end of the period		9.91			11.21		

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

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

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

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

  
\_\_\_\_\_  
Director



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

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

## CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period	(11,391)	2,520
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### Adjustments for:

Unrealised diminution in value of investments classified as at fair value through profit or loss - net

17,679	3,349
17,679	3,349

### (Increase) / Decrease in assets

Investments	(4,874)	25,432
Dividend and profit receivables	(3,015)	(2,089)
Advances, deposits and prepayments	(58)	(154)
Receivable against sale of investments	(8,746)	-
	(16,693)	23,189

### (Decrease) / Increase in liabilities

Payable to the Management Company	118	446
Payable to the Central Depository Company of Pakistan Limited - Trustee	(12)	(5)
Payable to the Securities and Exchange Commission of Pakistan	(467)	(404)
Payable against purchase of investment	-	(6,325)
Accrued expenses and other liabilities	(48)	129
	(409)	(6,159)

Net cash (used in) / generated from operating activities	(10,813)	22,899
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## CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from units sold	6,214	13,042
Cash paid on units redeemed	(45,063)	(22,402)
Net cash used in financing activities	(38,849)	(9,360)

Net increase in cash and cash equivalents during the period	(49,662)	13,539
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Cash and cash equivalents at beginning of the period	192,760	210,758
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Cash and cash equivalents at end of the period	143,098	224,297
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The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

  
\_\_\_\_\_  
Director



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

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Capital 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). The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 30, 2003 consequent to which the Trust Deed was executed on October 27, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near KPT Interchange, Karachi, Pakistan.
- 1.3** Pakistan Capital Market Fund as a closed-end scheme was authorized by SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on 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.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned as asset manager of "AM2++" dated October 08, 2019 to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

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

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

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.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

## **4 Estimates and Judgements**

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

## **5 Financial Risk Management**

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

## **6 BALANCES WITH BANKS**

		(Unaudited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
Current accounts	6.1	2,786	6,193
Savings accounts	6.2	140,312	186,567
		<u>143,098</u>	<u>192,760</u>

**6.1** These include Rs. 6.429 million (2019: Rs 4.02 million) maintained with MCB Bank Limited, a connected person / related party

**6.2** These carry profit at the rates ranging between 10.25% to 14.35% (2019: 3.75% and 13%) per annum and include Rs. 0.007 million maintained with MCB Bank Limited, (a related party) which carries profit at the rate of 11.25% per annum

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

(Unaudited)      (Audited)  
September 30,      June 30,  
2019                      2019  
----- (Rupees in '000) -----

**7 INVESTMENTS**

**Note**

*At fair value through profit or loss*

Listed equity securities	7.1	<b>302,427</b>	315,145
Government securities	7.2	-	-
Unlisted debt security	7.3	<b>820</b>	908
		<u><b>303,247</b></u>	<u>316,053</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	As at July 1, 2019	Purchases during the period	Bonus / Right Issue during the period	Sales during the period	As at September 30, 2019	Rupees in '000					%	
						As at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of total paid up capital of the investee company	
						Carrying Value	Market Value	Appreciation / (diminution)				
Automobile Assembler												
Atlas Honda Limited	23,160	-	-	23,160	-	-	-	-	0.00%	0.00%	0.00%	
Pak Elektron Limited	90,000	-	-	90,000	-	-	-	-	0.00%	0.00%	0.00%	
Cement												
Kohat Cement Limited	110,500	-	-	-	110,500	5,805	5,085	(719)	1.12%	1.68%	0.06%	
Chemicals												
Engro Polymer and Chemicals Limited	336,187	220,000	-	-	556,187	15,306	13,654	(1,651)	3.01%	4.50%	0.11%	
Lotte Chemical Pakistan Limited	182,500	552,000	-	-	734,500	12,015	10,019	(1,996)	2.21%	3.30%	0.05%	
						27,320	23,673	(3,647)	5.22%	7.81%	0.17%	
Commercial Banks												
Allied Bank Limited	49,000	74,900	-	-	123,900	12,352	10,751	(1,601)	2.37%	3.55%	0.16%	
Askari Bank Limited	484,500	-	-	-	484,500	9,162	8,522	(640)	1.88%	2.81%	0.01%	
Bank Al Falah Limited*	807,950	-	-	-	807,950	35,219	33,077	(2,141)	7.30%	10.91%	0.05%	
Bank Al Habib Limited	151,500	130,500	-	-	282,000	22,057	18,840	(3,216)	4.16%	6.21%	0.05%	
Faysal Bank Limited	8,500	-	-	250	8,250	178	132	(45)	0.03%	0.04%	0.03%	
Habib Metropolitan Bank Limited	200,000	-	-	-	200,000	7,216	5,790	(1,426)	1.28%	1.91%	0.00%	
MCB Bank Limited	109,600	-	-	78,900	30,700	5,356	5,206	(150)	1.15%	1.72%	0.02%	
National Bank Of Pakistan	15,500	-	-	15,500	-	-	-	-	0.00%	0.00%	0.00%	
United Bank Limited	67,000	16,000	-	-	83,000	12,018	11,473	(545)	2.53%	3.78%	0.00%	
						103,557	93,792	(9,764)	3.68%	3.78%	0.00%	
Engineering												
International Industries Limited	900	-	-	900	-	-	-	-	0.00%	0.00%	0.00%	
						-	-	-	0.00%	0.00%	0.00%	
Fertilizer												
Engro Fertilizer Limited	279,000	135,000	-	-	414,000	26,983	28,247	1,265	6.23%	9.31%	0.05%	
Fatima Fertilizer Company Limited	216,000	-	-	-	216,000	6,448	5,905	(542)	1.30%	1.95%	0.03%	
Fauji Fertilizer Company Limited	262,000	-	-	100,000	162,000	14,126	15,071	944	3.32%	4.97%	0.01%	
						47,557	49,224	1,667	10.86%	6.92%	0.04%	
Food & Personal Care Products												
Al-Shaheer Corporation	805	-	-	-	805	10	9	(1)	0.00%	0.00%	0.04%	
National Foods Limited	13,200	-	-	-	13,200	2,431	2,480	49	0.55%	0.82%	0.00%	
Shezan International Limited	2,860	-	-	-	2,860	1,208	1,243	35	0.27%	0.41%	0.01%	
						3,649	3,732	82	0.82%	1.23%	0.01%	
Glass & Ceramics												
Tariq Glass Industries	26,000	-	-	-	26,000	1,992	2,035	42	0.45%	0.67%	0.04%	
						1,992	2,035	42	0.45%	0.67%	0.04%	
Leather & Tanneries												
Bata Pakistan Limited	3,750	-	-	-	3,750	5,176	4,500	(676)	0.99%	1.48%	0.11%	
Service Industries	9,750	-	-	-	9,750	4,810	5,250	440	1.16%	1.73%	0.05%	
						9,986	9,750	(236)	2.15%	3.22%	0.16%	
Miscellaneous												
Tri-Pak Films	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%	
						-	-	-	0.00%	0.00%	0.00%	

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

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / Right Issue during the period	Sales during the period	As at September 30, 2019	As at September 30, 2019			Market value as a percentage of total investments	Market value as a percentage of total paid up capital of the investee company
						Carrying Value	Market Value	Appreciation / (diminution)		
<b>Oil &amp; Gas Exploration Companies</b>										
Oil & Gas Development Company Limited *	242,500	-	-	-	242,500	31,886	29,835	(2,052)	6.58%	9.84%
Mari Petroleum Company Limited	-	5,260	-	-	5,260	4,522	4,730	207	1.04%	1.56%
Pakistan Oilfields Limited	21,660	15,000	-	-	36,660	14,671	13,927	(744)	3.07%	4.59%
Pakistan Petroleum Limited	175,879	-	-	-	175,879	25,402	23,925	(1,477)	5.28%	7.89%
						<b>76,482</b>	<b>72,416</b>	<b>(4,066)</b>	<b>9.39%</b>	<b>12.48%</b>
<b>Oil And Gas Marketing Companies</b>										
Hi-Tech Lubricants Limited	-	171,500	-	-	171,500	4,330	4,459	129	0.98%	1.47%
Pakistan State Oil Company Limited	23,500	-	-	23,500	-	-	-	-	0.00%	0.00%
Sui Northern Gas Company Limited	68,000	-	-	-	68,000	4,725	4,189	(537)	0.92%	1.38%
						<b>9,055</b>	<b>8,648</b>	<b>(407)</b>	<b>1.91%</b>	<b>1.38%</b>
<b>Pharmaceuticals</b>										
Agp Limited	15	-	-	15	-	-	-	-	0.00%	0.00%
The Searle Company Limited	596	-	-	385	211	31	29	(2)	0.01%	0.00%
						<b>31</b>	<b>29</b>	<b>(2)</b>	<b>0.01%</b>	<b>0.00%</b>
<b>Power Generation &amp; Distribution</b>										
Hub Power Company Limited	285,851	65,000	-	285,851	65,000	4,714	4,599	(115)	1.01%	1.52%
						<b>4,714</b>	<b>4,599</b>	<b>(115)</b>	<b>1.01%</b>	<b>1.52%</b>
<b>Real Estate Investment Trust</b>										
Dolmen City REIT	249,500	-	-	-	249,500	2,537	2,448	(89)	0.54%	0.81%
						<b>2,537</b>	<b>2,448</b>	<b>(89)</b>	<b>0.54%</b>	<b>0.81%</b>
<b>Technology &amp; Communications</b>										
Hum Network	700,000	-	-	-	700,000	2,219	1,925	(294)	0.42%	0.63%
						<b>2,219</b>	<b>1,925</b>	<b>(294)</b>	<b>0.42%</b>	<b>0.63%</b>
<b>Textile Composite</b>										
Gul Ahmed Textile Mills Limited	320,500	7,000	-	-	327,500	15,413	15,537	123	3.43%	5.12%
Interloop Limited	134,005	-	-	-	134,005	5,932	5,887	(46)	1.30%	1.94%
Kohinoor Textile Mills Limited	153,700	-	-	-	153,700	3,850	3,649	(201)	0.80%	1.20%
Nishat Mills Limited	600	-	-	600	-	-	-	-	0.00%	0.05%
						<b>25,196</b>	<b>25,072</b>	<b>(124)</b>	<b>2.10%</b>	<b>1.20%</b>
<b>Total at September 30, 2019 (Unaudited)</b>						<b>320,100</b>	<b>302,427</b>	<b>(17,673)</b>		
<b>Total at June 30, 2019 (Audited)</b>						<b>375,145</b>	<b>315,145</b>	<b>(60,000)</b>		

\* The above include shares with a market value aggregating to Rs. 24.9 million ( June 30 2019; 31.21 million ) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

## 7.2 Government securities - 'at fair value through profit or loss'

Issue Date	Tenor	Number of certificates					As at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the period	Disposed during the period	Matured during the period	As at September 30, 2019	Carrying value	Market value	Appreciation / (Diminution)		
----- ('000) -----											
----- (Rupees in '000) -----											
----- % -----											
Treasury Bills											
September 26, 2019	12-Months	-	500,000	500,000	-	-	-	-	-	-	-
July 18, 2019	3-Months	-	550,000	550,000	-	-	-	-	-	-	-
Total as at September 30, 2019 (Un-audited)											
-----											
-----											
-----											
-----											
Total as at June 30, 2019 (Audited)											
-----											

## 7.3 Unlisted debt security - 'at fair value through profit or loss'

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates				As at September 30, 2019			Market value as a percentage of net assets	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)
(Rupees in '000)										%
Refinery										
Byco Petroleum Pakistan Limited ( 18-01-2017 issue)	10	-	-	-	10	825	820	(5)	0.18	
									0.27	
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

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>7.4 Unrealised appreciation / (diminution) in value of investments at fair value through profit or loss - net</b>			
Market value of investments	7.1, 7.2, 7.3	303,247	316,053
Carrying value of investments	7.1, 7.2, 7.3	320,926	376,060
		<u>(17,679)</u>	<u>(60,007)</u>

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund	8.1	3,900	3,900
Provision for Federal Excise Duty and related tax			
- On management fee	8.2	5,872	5,872
- Sales load		393	393
Legal and professional charges		83	67
Withholding tax payable		1	-
Dividend payable		2,783	2,784
Auditors' remuneration		500	368
Brokerage		108	328
Other		65	41
		<u>13,705</u>	<u>13,753</u>

### 8.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the period 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. 0.09 per unit (June 30, 2019 Re. 0.08 per unit).

### 8.2 Provision for Federal Excise Duty and related tax

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the period 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.0.13 per unit (June 30, 2019: Re. 0.12 per unit).

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
		----- (Rupees in '000) -----	
<b>9 PAYABLE TO THE MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management fee payable		730	844
Sindh sales tax on management fee		95	110
Payable against allocated expenses	9.1	74	42
Selling and marketing expenses payable	9.2	717	523
Sale load payable		23	2
		<u>1,639</u>	<u>1,521</u>

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

- 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.

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
		----- (Rupees in '000) -----	
<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE</b>			
<b>COMMISSION OF PAKISTAN</b>			
Annual fee	10.1	23	490
		<u>23</u>	<u>490</u>

- 10.1** SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2018: 0.085%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019.

## **11. CONTINGENCIES AND COMMITMENTS**

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

## **12 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 0.94% (September 30, 2018: 0.91%) and this includes 0.07% (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 Balanced Scheme.

## **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) / 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

## **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



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

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

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

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

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

### 15.1 Details of transactions with connected persons are as follows:

	(Unaudited) For the Quarter Ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investment</b>		
<b>- Management Company</b>		
Remuneration for the period including indirect taxes	2,626	3,521
Allocated expense	116	176
Marketing and selling Expense	717	623
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage*	5	22
<b>Next Capital Private Limited - Brokerage House</b>		
Brokerage *	-	9
<b>MCB Bank Limited</b>		
Bank charges	1	-
Dividend income	438	571
Mark-up income	14	8
Purchase of Nil (2018: 100) shares	-	20
Sale of 78,900 (2018: 100) shares	13,401	20
<b>Silk Bank Limited</b>		
Sale of Government Securites Face Value 575,000,000 (2018: Nil)	511,333	-
<b>Nishat Mills Limited</b>		
Sale of 600 (2018: Nil) shares	45	-
<b>Dolmen City REIT</b>		
Dividend Income	82	75
<b>Mughal Iron and Steel Industries Limited</b>		
Sale of Nil (2018: 86,000) shares	-	4,737
<b>Pakgen Power Limited</b>		
Purchase of Nil (2018: 30,000) shares	-	6,270
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	263	352
CDS charges	9	15

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

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

	(Unaudited) September 30, 2019	(Audited) June 30, 2019
<b>15.2 Amounts outstanding as at period / year end:</b>	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investment - Management Company</b>		
Remuneration payable	730	844
Sales tax payable on management fee	95	110
Sales load payable	23	2
Allocated expense payable	74	42
Marketing and selling payable	717	523
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	300	300
Remuneration payable	73	84
Sales tax payable on trustee fee	9	11
<b>MCB Bank Limited</b>		
Bank balance	6,436	4,017
Profit receivable on bank deposits	35	35
30,700 shares held (June 30, 2019: 109,600 Shares)	5,206	19,119
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage payable	-	9
<b>Next Capital Private Limited - Brokerage House</b>		
Brokerage payable	-	48
<b>Fatima Fertilizer Company Limited</b>		
216,000 shares (June 30, 2019: 216,000) shares held	5,905	6,448
<b>Dolmen City REIT</b>		
249,500 (2019: 249,500) shares held	2,448	2,537
<b>Nishat Mills Limited</b>		
Nil (2019: 600) shares held	-	56

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

## 15.3 Unit Holders' Fund

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	Amount outstanding as at September 30, 2019
	(Units)				(Rupees in '000)			
<b>Associated Companies</b>								
Syed Savail Meekal Hussain	4,070	-	-	4,070	41	-	-	40
Asghari Beg Memorial Trust	26,988	-	-	26,988	273	-	-	267
<b>Directors and executives of the Management Company</b>	85	-	-	85	1	-	-	1
<b>Mandate Under Discretionary Portfolio</b>	-	33,548	33,548	-	-	331	327	-

September 30, 2018 (Un-Audited)								
	As at July 01, 2018	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at September 30, 2018	As at July 01, 2018	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at September 30, 2018
	(Units)				(Rupees in '000)			
Directors and executives of the Management Company	85,019	-	84,934	85	949	-	945	1

## 16 GENERAL

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

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

## 17 DATE OF AUTHORISATION FOR ISSUE

17.1 This condensed interim financial information was authorised 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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