



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2019
(UNAUDITED)

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



PAKISTAN INCOME ENHANCEMENT FUND

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FUND'S INFORMATION

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

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

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Pakistan Income Enhancement Fund** accounts review for the quarter ended September 30, 2019.

ECONOMY AND MONEY MARKET OVERVIEW

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

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

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

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

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

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 14.49% against its benchmark return of 14.43%. WAM of fund stood at 1.3 years. The fund was mainly invested in Cash & TFCs.

At period-end, the fund was 71.1% invested in Cash, 27.2% in TFCs.

The Net Assets of the fund as at September 30, 2019 stood at Rs. 735 million as compared to Rs. 698 million as at June 30, 2019 registering an increase of 5.3%.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 55.0919 as compared to opening NAV of Rs. 53.1512 per unit as at June 30, 2019 registering an increase of Rs. 1.9407 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.

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

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

(35 فیصد YoY زیادہ) ٹیکس جمع کرنے کا پُر عزم ہدف طے کر رہی ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے، تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کا ایک توسیعی پبلک سیکٹر ڈویلپمنٹ پروگرام (پی ایس ڈی پی) کے لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی کے ہدف کو بے حد مثبت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس میں 400 سے 500 بلین روپے کی کمی آئے گی۔ پہلی سہ ماہی میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 100 بلین ڈالر کی کمی ہوئی تھی۔ ٹیکس وصولی میں کمی کے نتیجے میں ترقیاتی اقدامات کے لیے کم رقم خرچ کی جائے گی۔

ایکویٹی کی جہت میں ہم سمجھتے ہیں کہ گزشتہ دو برسوں کی مارکیٹ کی کارکردگی (بلند ترین سطحوں سے تقریباً 39 فیصد کم) سے سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی، اور گردش اسٹاکس کی کارکردگی میں بھی عکاسی ہوتی ہے جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پُرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اسٹاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اسٹاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔

ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پر ہونی چاہیے اور کلاں معاشی میدان میں تبدیل ہوتے ہوئے عوامل سے مستفید ہونے والے شعبے (کمرشل بینکوں) کو زیادہ وزن دیا جانا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ سے برآمدات پر منحصر شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی (IT) کے لیے مستقبل کے امکانات روشن ہوں گے۔ 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، سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

24 اکتوبر، 2019ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 14.49 فیصد تھا جبکہ بیج مارک منافع 14.43 فیصد تھا۔
فنڈ کی باوزن اوسط میچورٹی (WAM) کی سطح 1.3 سال تھی۔ فنڈ کی اکثر سرمایہ کاری نقد اور ٹرم فنانس سرٹیفکیٹس (TFCs) میں تھی۔
اختتام مدت پر فنڈ کی سرمایہ کاری 71.1 فیصد نقد میں اور 27.2 فیصد TFCs میں تھی۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 735 ملین روپے تھے جو 30 جون 2019ء کی سطح 698 ملین روپے کے مقابلے میں 5.3 فیصد اضافہ ہے۔

30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 55.0919 روپے تھی جو 30 جون 2019ء کی ابتدائی قدر 53.1512 روپے فی یونٹ کے مقابلے میں 1.9407 روپے فی یونٹ اضافہ ہے۔

معیشت اور بازار - 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 آ جائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔
ادائیگی کے توازن کی 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 منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لا کر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی شدہ سہولت سے بھی زرمبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زرمبادلہ کے ذخائر میں 12 بلین ڈالر اضافہ متوقع ہے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اگست 2019ء 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 ٹرلین روپے

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

پاکستان انکم اینہینسمنٹ فنڈ کے بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لیے فنڈ کے گوشواروں کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

حکومت نے استحکام کے لیے جو اقدامات کیے بالآخر ان کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال 2019-20ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) ییز آن ییز (YoY) بنیاد پر 55 فیصد کم ہو کر 1.3 بلین ڈالر ہو گیا۔ پہلے دو ماہ میں درآمدات میں 23.5 فیصد کمی ہوئی جبکہ برآمدات میں 1.4 اضافہ ہوا۔ دوسری جانب ترسیل زر میں 8 فیصد کمی ہوئی اور اس کمزور صورتحال کا سبب ایام کاری کم تعداد تھی۔ زرمبادلہ کے ذخائر میں دورانِ مدت 1.2 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف سے 1.3 بلین ڈالر کی پہلی قسط موصول ہوئی، جبکہ سی اے ڈی سے اخراج کا سلسلہ محدود رہا۔

صارفی قیمت کے انڈیکس (سی پی آئی) کو 2015-16 کی نئی بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد و شمار سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔

وسیع پیمانے کی مینوفیکچرنگ (ایل ایس ایم) میں توقع کے مطابق کمی کا رجحان جاری رہا کیونکہ درآمدات پر مبنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبع گردش شعبہ جات تھے۔ گاڑیوں اور اسٹیل کی مینوفیکچرنگ میں مانگ بالترتیب 27.5 فیصد اور 15.5 فیصد سُکھ 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۔ دورانِ سہ ماہی دو سالہ بانڈز 86 بیسیس پوائنٹس کی ایزنگ ہوئی جبکہ اسی مدت کے دوران طویل تر میعاد والے (دس سالہ) بانڈز میں 154 بیسیس پوائنٹس کی خطیر ایزنگ ہوئی۔ ایس بی پی نے اپنے تازہ ترین دو ماہانہ مالیاتی پالیسی بیان میں افراط زر اور ادائیگی کے توازن کی صورتحال کو متعادل کرنے پر مانیٹری پالیسی کمیٹی کے نظریے کا حوالہ دیتے ہوئے پالیسی کی شرح کو تبدیل کیے بغیر 13.25 فیصد پر چھوڑ دیا ہے۔ مالیاتی پالیسی نے 8 متواتر اضافوں کے بعد رائج شرح کو برقرار رکھا ہے۔

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

	Note	Sep 30, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
ASSETS			
Balances with banks	6	567,174	473,804
Investments	7	216,905	618,024
Dividend and profit receivable		8,722	9,138
Advances, deposits and prepayments		3,192	3,261
Receivable from National Clearing Company of Pakistan Limited		2,021	2,021
Total assets		798,013	1,106,248
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	1,985	1,125
Payable to Central Depository Company of Pakistan Limited - Trustee	9	51	115
Payable to the Securities and Exchange Commission of Pakistan	10	36	658
Payable against redemption of units		2,079	2,079
Payable against purchase of investment		-	369,326
Accrued expenses and other liabilities	11	59,054	35,185
Total liabilities		63,204	408,488
NET ASSETS		734,809	697,760
Unit holders' fund (as per statement attached)		734,809	697,760
Contingencies and Commitments	12		
(Number of units)			
NUMBER OF UNITS IN ISSUE		13,337,893	13,127,815
(Rupees)			
NET ASSETS VALUE PER UNIT		55.0919	53.1512

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Note	Quarter Ended September 30,	
		2019	2018
		(Rupees in '000)	
INCOME			
Income from government securities		8,288	641
Income from Term Finance Certificates		8,064	11,104
Profit on bank deposits		8,803	7,299
Capital gain / (loss) on sale of investments - net		6,043	(175)
Income on commercial papers		-	1,705
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net		(325)	(3,295)
Other income		45	6
Total income		30,916	17,285
EXPENSES			
Remuneration of Management Company		2,694	2,975
Sindh sales tax on remuneration of Management Company		350	387
Remuneration of Central Depository Company of Pakistan Limited - Trustee		134	415
Sindh Sales tax on remuneration of Central Depository Company of Pakistan Limited - Trustee		17	54
Annual fee to Securities and Exchange Commission of Pakistan		36	190
Allocated expenses including indirect taxes		178	286
Selling and Marketing		816	-
Securities transaction cost		146	109
Provision for Sindh Workers' Welfare Fund		522	249
Fees and subscription		162	170
Legal and professional charges		46	44
Auditors' remuneration		132	132
Bank charges		58	39
Printing and related costs		25	25
Total expenses		5,317	5,074
Net income from operating activities		25,599	12,211
Net income for the period before taxation		25,599	12,211
Taxation	13	-	-
Net income for the period after taxation		25,599	12,211
Allocation of net income for the period:			
Net income for the period		25,599	12,211
Income already paid on units redeemed		(852)	(2,538)
		24,747	9,673
Accounting income available for distribution			
- Relating to capital gains		5,590	-
- Excluding capital gains		19,156	9,673
		24,747	9,673
Earnings per unit	14		

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Quarter Ended	
	September 30,	
	2019	2018
Note	(Rupees in '000)	
Net income for the period after taxation	25,599	12,211
Unrealised appreciation in fair value of investments classified as 'at fair value through other comprehensive income' - net	-	-
Total comprehensive income for the period	<u>25,599</u>	<u>12,211</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

Quarter Ended

September 30, 2019

September 30, 2018

(Rupees in '000)

Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
---------------	----------------------	-------	---------------	----------------------	-------

Net assets at beginning of the period

602,553 95,207 697,760 1,204,082 145,911 1,349,993

Issue of 3,003,721 units (2018: 3,434,123 units) including additional units

- Capital value (at net asset value per unit at the beginning of the period)
- Element of income

159,651	-	159,651	182,376	-	182,376
2,437	-	2,437	875	-	875
162,088	-	162,088	183,251	-	183,251

Redemption of (2,793,643) units (2018: 11,295,194 units)

- Capital value (at net asset value per unit at the beginning of the period)
- Element of income

(148,485)	-	(148,485)	(599,854)	-	(599,854)
(1,300)	(852)	(2,152)	(369)	(2,538)	(2,907)
(149,785)	(852)	(150,637)	(600,223)	(2,538)	(602,761)

Total comprehensive income for the period

Final Distribution for the period Rs. Nil (Distribution for the year ended June 30, 2018 @ Rs.2.7329 per unit on July 4, 2018)

-	25,599	25,599	-	12,211	12,211
-	-	-	(14,799)	(51,272)	(66,071)
-	25,599	25,599	(14,799)	(39,061)	(53,860)

Net assets at end of the period

614,856 119,954 734,809 772,311 104,312 876,624

Undistributed income brought forward

- Realised
- Unrealised

98,350
(3,143)
95,207

149,796
(3,885)
145,911

Accounting income available for distribution

- Relating to capital gains
- Excluding capital gains

5,590
19,156
24,747

-
9,673
9,673

Cash distribution during the period

-

(51,272)

Undistributed income carried forward

119,954

104,312

Undistributed income carried forward

- Realised
- Unrealised

120,279
(325)
119,954

107,607
(3,295)
104,312

(Rupees)

(Rupees)

Net assets value per unit at beginning of the period

53.1512

55.8399

Net assets value per unit at end of the period

55.0919

53.7311

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


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



Chief Executive Officer



Chief Financial Officer



Director

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

Quarter Ended	
September 30, 2019	September 30, 2018
(Rupees in '000)	

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	25,599	12,171
Adjustments for non cash and other items:		
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net	325	3,295
Provision / (reversal) of Sindh worker's welfare fund - net		249
	25,924	15,715
Increase in assets		
Investments - net	400,794	149,903
Dividend and profit receivable	416	3,740
Advances, deposit and prepayments	69	(279)
Advance against subscription of Term Finance Certificate	-	22,000
Receivable from National Clearing Company of Pakistan Limited	-	21,000
	401,279	196,365
Increase / (Decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	860	(1,496)
Payable to Central Depository Company of Pakistan Limited - Trustee	(64)	(51)
Payable to the Securities and Exchange Commission of Pakistan	(622)	(1,188)
Payable against purchase of investment	(369,326)	-
Accrued expenses and other liabilities	23,869	17,932
	(345,284)	15,197
Net cash generated from operating activities	81,919	227,277

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	-	(66,071)
Receipts against issuance and conversion of units (excluding additional units)	162,088	183,251
Payment against redemption and conversion of units	(150,637)	(602,761)
Net cash generated / (used in) financing activities	11,451	(485,581)
Net increase / (decrease) in cash and cash equivalents during the year	93,370	(258,304)
Cash and cash equivalents at beginning of the period	473,804	646,442
Cash and cash equivalents at end of the period	567,174	388,138

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as Management Company and the Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 14, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 26, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in pursuant to Circular 7 of 2009, dated 6 March 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend. The units are listed on Pakistan Stock Exchange Limited (PSX).
- 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, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated October 08, 2019 to the Management Company and "A+(f)" as stability rating dated June 27, 2019 to the Fund.
- 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 "These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise 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

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

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.

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.

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

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	Note	Sep 30,	June 30,
			2019	2019
			(Un-audited)	(Audited)
			(Rupees in '000)	
	In current accounts	6.1	2,270	12
	In saving accounts	6.2	564,904	473,792
			<u>567,174</u>	<u>473,804</u>

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

- 6.1** This includes balances of Rs. 2.2 million (June 30, 2019: Rs. 0.02 million) maintained with MCB Bank Limited (a related party).
- 6.2** These carry profits at the rates ranging from 11.25% to 14.2% (June 30, 2019: 4.5% to 13%) per annum and include Rs. 0.01 (June 30, 2019: Rs. 0.01) million and Rs. 4.1 million (June 30, 2019: 0.5) maintained with MCB Bank Limited and Silk Bank Limited, a related party which carries profit at the rate of 11.25% (June 30, 2019: 10.25%) and 14.20% per annum (June 30, 2019: 13%).

		Sep 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		(Rupees in '000)	
7	INVESTMENTS	Note	
<i>At fair value through profit or loss</i>			
	Government securities	7.1	-
	Listed debt securities	7.2	65,743
	Unlisted debt securities	7.3	151,162
			<u>216,905</u>
			<u>369,374</u>
			<u>65,932</u>
			<u>182,718</u>
			<u>618,024</u>

7.1 Government securities - Fair value through profit or loss

Tenure	Issue Date	Maturity Date	Face value				At Sep 30, 2019			Market value as a percent-age of net assets	Market value as a percent-age of total invest-ments
			At July 01, 2019	Purchased during the period	Sales / matured during the period	At Sep 30, 2019	Carrying value	Market value	(Diminu-tion) / apprecia-tion		
----- (Rupees in '000) ----- % -----											
*Treasury bills - 3 months											
Treasury Bills	May 23, 2019	August 15 2019	375,000	-	375,000	-	-	-	-	-	-
Treasury Bills	July 18, 2019	Oct 10, 2019	-	850,000	850,000	-	-	-	-	-	-
*Treasury bills - 6 months											
	July 18, 2019	Jan 16, 2020	-	400,000	400,000	-	-	-	-	-	-
*Treasury bills - 12 months											
Treasury Bills	Aug 29, 2019	Aug 27, 2019	-	700,000	700,000	-	-	-	-	-	-
Treasury Bills	Sep 12, 2019	Sep 10, 2019	-	350,000	350,000	-	-	-	-	-	-
Treasury Bills	Sep 26, 2019	Sep 24, 2019	-	500,000	500,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years											
	Sep 19, 2019	Sep 19, 2022	-	150,000	150,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years											
Pakistan Investment Bonds	July 12, 2018	July 12, 2023	-	250,000	250,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years											
Pakistan Investment Bonds	July 12, 2018	July 12, 2028	-	37,500	37,500	-	-	-	-	-	-
Pakistan Investment Bonds	Sep 19, 2019	Sep 19, 2029	-	50,000	50,000	-	-	-	-	-	-
As at Sep 30, 2019 (Unaudited)							-	-	-		
As at June 30, 2019 (Audited)							369,326	369,374	48		

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

7.2 Listed debt securities - Term Finance Certificates/Sukuks

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

Name of investee company	Number of Certificates					At Sep 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	At July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	At Sep 30, 2019	Carrying value	Market value	diminution		
-----Rupees in '000----- %-----										
Fertilizer										
Dawood Hercules Corporation Limited (16-11-2017 issue) *-Sukuk	735		-		735	65,932	65,743	(189)	8.95	30.31
Real Estate investment and services										
Pace Pakistan Limited (15-02-08 issue)	15,000	-	-	-	15,000	72,570	(72,570)			
Less: Provision for impairment						-	-	-	-	-
As at Sep 30, 2019 (Unaudited)						65,932	65,743	(189)		
As at June 30, 2019 (Audited)						66,283	65,932	(351)		
* Face value of the investment is Rs. 100.000										

* Face value of the investment is Rs. 100,000

7.3 Unlisted debt securities - Term Finance Certificates/Sukuks - Fair value through profit or loss

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

Name of investee company	Number of Certificates					As at Sep 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 Sep 30, 2019	Carrying value*	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----										

* Nominal value of this sukuk certificate is Rs.100,000 per certificate.

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

		Sep 30, 2019 (Un-audited) (Rupees in '000)	June 30, 2019 (Audited)
8	PAYABLE TO THE MANAGEMENT COMPANY		
	Remuneration Payable	8.1	960
	Sindh sales tax payable on management fee		125
	Sales load payable		24
	Selling and Marketing Payable	8.3	816
	Back office payable	8.2	60
		<u>1,985</u>	<u>1,125</u>

8.1 As per amendment in the offering document, the management company wef August 08, 2019 charged management fee at the rate of up to 15% of the gross earnings of the scheme, calculated on a daily basis. Provided that fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme.

8.2 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1%. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.

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

9 Payable to Central Depository of Pakistan - Trustee

		Sep 30, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
	Payable to Central Depository Company of Pakistan Limited - Trustee	9.1	45
	Sindh Sales tax Payable to Central Depository Company of Pakistan Limited - Trustee		102
		<u>6</u>	<u>13</u>
		<u>51</u>	<u>115</u>

9.1 From July 01, 2019, Central Depository Company of Pakistan Limited vide its letter number CDC/CEO/L-112/18/2019 dated June 27, 2019 changed its tariff structure. The trustee is entitled to a monthly remuneration for services rendered to the Fund at a flat rate of 0.075% of the average net assets calculated on a daily basis plus actual reimbursement of the actual custodial expenses (if any)..

10 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% (2019: 0.08%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019.

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

		Sep 30, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
11	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Note		
	Provision for Sindh workers' welfare fund	6,906	6,383
	Provision for federal excise duty and related taxes on		
	- Management fee	16,590	16,590
	- Sales load	4,746	4,746
	Brokerage	19	72
	Capital gain tax	29	71
	Auditors' remuneration	483	351
	Printing and related expenditure	65	40
	Zakat	14	14
	Dividend Payable		6,802
	Legal advisor payable	92	75
	Other	30,110	41
		59,054	35,185

11.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher/lower by Re. 0.52 per unit (June 30, 2019 Re. 0.49 per unit).

11.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at Sep 30, 2019 would have been higher/lower by Re. 1.24 per unit (June 30, 2019: Re. 1.63 per unit).

12 CONTINGENCIES AND COMMITMENTS

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

13 TAXATION

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

14 EARNINGS PER UNIT

Earnings 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.

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

15 TOTAL EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2% to 2.5%. The total expense ratio of the Fund from July 1, 2019 to September 30, 2019 is 0.75% (September 30, 2018: 1.63%) and this includes 0.13% (September 30, 2018: 0.10%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as "Aggressive Fixed Income Scheme".

16 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management 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:"

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

For the Quarter ended September 30, 2019 (unaudited)								
As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at Sep 30, 2019	As at July 01, 2019	Issued for cash	Redeemed	As at Sep 30, 2019
----- Units -----					----- (Rupees in '000) -----			
Associated Companies:								
Security General Insurance Company								
Limited Employees Provident Fund Trust	41,471	-		41,471	2,204	-	-	2,285
Mandate Under Discretionary								
Portfolio Services *	7	-	-	7	-	-	-	-
Unit holders holding 10% or more units								
Lahore Highcourt, Lahore	1,676,950	-	-	1,676,950	89,132	-	-	92,386

For the Quarter ended September 30, 2018 (unaudited)									
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at September 30, 2018	As at July 01, 2018	Issued for cash	Redeemed	As at September 30, 2018
	----- Units -----					----- (Rupees in '000) -----			
Associated Companies:									
Fatima Fertilizer Limited Management Staff Gratuity Fund	183,107	9,423	-	192,530	-	9,847	224	10,300	-
Mandate Under Discretionary Portfolio Services	1,515,710	67,274	-	1,582,010	974	81,514	3,572	84,358	1,584
Key management personnel	17	-	-	-	17	-	-	-	-
Unit holders holding 10% or more units									
Security General Insurance Company Ltd	3,929,900	181,132	-	4,111,032	-	211,158	6,350	219,397	-
Security General Insurance Co. Ltd.									
Employees Provident Fund Trust	36.603	1.884	-	-	38.487	1.968	44	-	2.067

* This reflects position of related party / connected persons status

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

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

	Sep 30, 2019 (Unaudited) ----- (Rupees in '000) -----	Sep 30, 2018 (Unaudited)
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	3,044	3,361
Selling and Marketing	816	-
Allocated expenses including indirect taxes	178	286
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	151	469
CDC settlement charges	6	7
MCB Bank Limited		
Profit on bank deposits	23	6
Bank charges	2	3
Arif Habib Limited		
Brokerage expense*	3	-
Next Capital Limited		
Brokerage expense*	18	-
Silk Bank Limited		
Profit on bank deposits	3,202	3,078
Bank charges	3	19

* 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.

	2019 30 Sep 2019 (Unaudited) ----- (Rupees in '000) -----	2019 30 June 2019 (Audited)
16.3 Amount outstanding as at period end / year end		
MCB - Arif Habib Savings & Investments Limited - Management Company		
Remuneration payable	960	878
Sindh Sale tax payable on remuneration to the Management Company	125	114
Selling and Marketing	816	-
Sales load payable	24	73
Allocated expenses payable excluding related taxes	60	60
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	45	102
Sindh Sales tax payable on remuneration of Trustee	6	13
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	2.21	3,506
Sales Load	110	-
Next Capital Limited		
Brokerage expense*	18	19
Silk Bank Limited		
Bank deposit held	4,185	515
Accrued profit on bank deposit	2,551	40

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.

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 AUTHORIZATION FOR ISSUE

These condensed interim financial statements were 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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