



**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 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 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 Tameer 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	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<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

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Pakistan Income 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 13.76% as against its benchmark return of 14.10%.

At period end, the fund was 26.1% in TFCs and 71.7% in Cash. Weighted average maturity of the fund stood at 350 days. The Net Assets of the Fund as at September 30, 2019 stood at Rs. 1,571 million as compared to Rs. 1,392 million as at June 30, 2019 registering an increase of 12.86%.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 55.6906 as compared to opening NAV of Rs. 53.8234 per unit as at June 30, 2019 registering an increase of Rs. 1.8672 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

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، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں 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 ڈائریکٹر،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

24 اکتوبر، 2019ء

## ڈائریکٹر رپورٹ

کے مقابلے میں 2.8798 روپے فی یونٹ اضافہ 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۔

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

زیر بحث مالی سال کے لیے سی پی آئی کا اوسط موجودہ سہ ماہی کے اوسط 10.1 فیصد سے 11.0 فیصد تک بڑھ جانے کی توقع ہے جس کا سبب اشیائے خورد و نوش کے افراط زر میں اضافہ اور یوٹیلٹی کی بڑھتی ہوئی قیمتیں ہیں۔ لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل (NFNE) سے ظاہر ہونے والی اصل افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد سے کم متوقع ہے۔ ہمیں اُمید ہے کہ 12 ماہانہ فارورڈ سی پی آئی موجودہ مالی سال کے نصف آخر سے 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 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 کمی کی 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،



الحمداء اسلامک انکم 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 اثرات 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) بیزنس (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۔

صاری 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 شمال 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 سیکلر انٹرنس 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 ميعاد 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 ميعاد 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۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 11.29 فیصد تھا جبکہ منافع 5.73 فیصد تھا۔

فنڈ کی سرمایہ کاری 32.9 فیصد کارپوریٹ سسٹم میں جبکہ باقی نقد میں تھی۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 2,188 ملین روپے تھے جو 30 جون 2019ء کی سطح 2,335 ملین روپے کے مقابلے میں 6.30 فیصد کمی ہے۔

30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 104.1019 روپے تھی جو 30 جون 2019ء کو ابتدائی قدر 101.2221 روپے فی یونٹ

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

		(UNAUDITED) September 30, 2019	(AUDITED) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	6	1,187,079	899,104
Investments	7	431,636	492,339
Profit receivable		17,167	19,976
Advances, deposits, prepayments and other receivables		19,181	15,933
<b>Total Assets</b>		<b>1,655,063</b>	<b>1,427,352</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8.	3,881	1,767
Payable to Central Depository Company of Pakistan Limited - Trustee	9.	111	191
Payable to the Securities and Exchange Commission of Pakistan	10.	74	1,121
Payable against redemption of units		47	47
Dividend payable		-	14,367
Accrued expenses and other liabilities	11.	80,019	18,328
<b>Total liabilities</b>		<b>84,132</b>	<b>35,821</b>
<b>NET ASSETS</b>		<b>1,570,931</b>	<b>1,391,531</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,570,931</b>	<b>1,391,531</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12.		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>28,208,221</b>	<b>25,853,633</b>
		(Rupees)	
<b>NET ASSETS VALUE PER UNIT</b>		<b>55.6906</b>	<b>53.8234</b>

The annexed notes 1 to 18 form an integral part of these 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	September 30, 2019	September 30, 2018
		(Rupees in '000)	
<b>INCOME</b>			
Gain on sale of investments - net		12,777	558
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net		247	(1,839)
Profit / mark-up on:			
- Government securities		11,901	1,062
- term finance certificates		13,812	12,156
- term deposit receipts		-	-
- bank balances		23,408	17,862
Dividend Income		-	-
Other income		56	8
Income on spread transactions and margin trading system		-	4,269
<b>Total income</b>		<b>62,201</b>	<b>34,076</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		6,120	3,454
Sindh sales tax on remuneration of the Management Company		795	449
Remuneration of the Trustee		279	579
Sindh sales tax on remuneration of the Trustee		36	75
Annual fee to Securities and Exchange Commission of Pakistan		74	321
Allocated expenses and related taxes		373	484
Selling & Marketing expense		477	-
Brokerage expense		316	9
Legal, professional and other charges		46	39
Settlement and bank charges		141	699
Fees and subscription		162	170
Auditors' remuneration		139	145
Provision against Sindh Workers' Welfare Fund	11.1	1,064	545
Printing and related costs		25	25
<b>Total operating expenses</b>		<b>10,047</b>	<b>6,994</b>
<b>Net income from operating activities</b>		<b>52,154</b>	<b>27,082</b>
<b>Net income for the year before taxation</b>		<b>52,154</b>	<b>27,082</b>
Taxation	13.	-	-
<b>Net income for the year after taxation</b>		<b>52,154</b>	<b>27,082</b>
<b>Earnings per unit</b>	14.		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		52,154	27,082
Income already paid on units redeemed		(4,293)	(2,376)
		<b>47,861</b>	<b>24,706</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		12,114	-
- Excluding capital gains		35,747	24,706
		<b>47,861</b>	<b>24,706</b>

The annexed notes 1 to 18 form an integral part of these 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 FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019 (Rupees in '000)	September 30, 2018
<b>Net income for the year after taxation</b>	52,154	27,082
Other comprehensive income for the year		
Net unrealised appreciation / (diminution) in the value of investments previously classified as 'available-for-sale'	-	-
<b>Total comprehensive income for the year</b>	<u>52,154</u>	<u>27,082</u>

The annexed notes 1 to 18 form an integral part of these 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 UNITHOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	2019			2018		
	Rupees in thousands					
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
Net assets at beginning of the year	1,266,750	124,781	1,391,531	1,354,270	164,608	1,518,878
Issue of 7,415,222 units (2018: 16,574,563 units) including additional units						
- Capital value (at net asset value per unit at the beginning of the year)	399,113		399,113	891,523	-	891,523
- Element of income	5,566		5,566	6,152	-	6,152
	404,679	-	404,679	897,674	-	897,674
Redemption of 5,060,634 units (2018: 8,295,687 units)						
- Capital value (at net asset value per unit at the beginning of the year)	272,381		272,381	446,213	-	446,213
- Element of income	759	4,293	5,052	687	2,376	3,063
	273,140	4,293	277,433	446,900	2,414	449,276
Total comprehensive income / (loss) for the year	-	52,154	52,154	-	27,082	27,082
Final Distribution for the period Rs. Nil (30 June 2018: Rs. 2.511 per unit declared on 4 July 2018)	-	-	-	(25,134)	(43,654)	(68,788)
Net income / (loss) for the year less distribution	-	52,154	52,154	(25,134)	(16,534)	(41,706)
<b>Net assets at end of the year</b>	<b>1,398,289</b>	<b>172,642</b>	<b>1,570,931</b>	<b>1,779,910</b>	<b>145,660</b>	<b>1,925,570</b>
Undistributed income / (loss) brought forward						
- Realised		133,163			166,821	
- Unrealised		(8,382)			(2,213)	
		124,781			164,608	
Accounting income / (loss) available for distribution						
- Relating to capital gains		12,114			-	
- Excluding capital gains		35,747			24,706	
		47,861			24,706	
Cash distribution for the period		-			(43,654)	
Undistributed income / (loss) carried forward		172,642			145,660	
Undistributed income / (loss) carried forward						
- Realised income		172,395			147,461	
- Unrealised income / (loss)		247			(1,839)	
		172,642			145,622	
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the year	53.8234			56.3297		
Net assets value per unit at end of the year	55.6906			54.6371		

The annexed notes 1 to 18 form an integral part of these 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

	Note	September 30, 2019	September 30, 2018
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year after taxation		52,154	27,120
<b>Adjustments for:</b>			
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net		(247)	1,839
Provision against Sindh Workers' Welfare Fund		1,064	545
		54,569	29,504
<b>Decrease / (Increase) in assets</b>			
Investments - net		59,886	(109,662)
Profit receivable		2,809	262
Receivable against margin trading system		-	65,661
Advances, deposits, prepayments and other receivables		(3,248)	64,918
		59,447	21,179
<b>Increase / (decrease) in liabilities</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		2,114	211
Payable to Central Depository Company of Pakistan Limited - Trustee		(80)	24
Payable to the Securities and Exchange Commission of Pakistan		(1,047)	(803)
Dividend payable		(14,367)	-
Accrued expenses and other liabilities		61,691	467
		48,311	(101)
<b>Net cash flows from operating activities</b>		160,729	50,582
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amount received against issuance of units		404,679	897,674
Amount paid against redemption of units		(277,433)	(449,276)
Distributions paid during the year		-	(68,788)
<b>Net cash flows from financing activities</b>		127,246	379,610
<b>Net increase in cash and cash equivalents during the year</b>		287,975	430,192
Cash and cash equivalents at the beginning of the year		899,104	616,193
<b>Cash and cash equivalents at the end of the year</b>		1,187,079	1,046,385

The annexed notes 1 to 18 form an integral part of these 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 Fund (the Fund) was established under a Trust Deed executed between MCB - Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorised as an "Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other short-term placements/instruments which include short-term corporate debt, government securities, margin trading system transactions and spread transactions. The Fund may also invest a portion of its assets under management in medium term assets in order to provide higher return to the unit holders.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned the asset manager a rating of "AM2++" (2018: AM2++) on October 08, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Furthermore, Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of "A+" (f) to the Fund [2018: A+(f)] on June 27, 2019.
- 1.7 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

- 2.1.1 These Condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act 2017 along with part VIIIA of the repealed Companies ordinance, 1984 ; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements 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 IFRS Standards, 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 the 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.

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

**2. 1.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, whereas the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2018.

**2. 1.4** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

**2. 1.5** "In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund."

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value.

## **2.3 Functional and presentation currency**

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

## **3 SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

## **4. Estimates and Judgements**

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

## **5. Financial Risk Management**

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

	Note	(UNAUDITED) September 30, 2019 (Rupees in '000)	(AUDITED) June 30, 2019
<b>6. BANK BALANCES</b>			
In saving accounts	6.1	1,186,940	885,953
In current accounts		139	13,151
		<b>1,187,079</b>	<b>899,104</b>



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

**6.1** These carry profit at the rates ranging between 11.25% to 14.4% (2019: 10.25% to 13%) per annum. It includes bank balance of Rs. 0.954 million (2019: Rs. 16.173 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 11.25% (2019: 10.25%) per annum and Rs. 968.365 million (2019: Rs. 4.780 million) maintained with Silk Bank Limited (a related party) which carries profit at the rate of 14.2% (2019: 10.25%) per annum.

	(UNAUDITED) September 30, 2019	(AUDITED) June 30, 2019
Note	----- (Rupees in '000) -----	

## 7. INVESTMENTS

### Financial assets 'at fair value through profit or loss' - net

Government securities	7.1.1	-	-
Term Finance Certificates	7.1.2 & 7.1.3	244,363	297,732
Sukuks Certificates	7.1.4 & 7.1.5	187,273	194,607
		431,636	492,339

### 7.1 Financial assets 'at fair value through profit or loss' - net

#### 7.1.1 Government securities

##### 7.1.1.1 Market treasury bills

Particulars	Issue Date	Face value					As at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the year	Sold during the year	Matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)		
----- (Rupees in '000) -----											
Treasury bills - 3 months	18-Jul-19	-	2,400,000	2,400,000	-	-	-	-	-	-	-
Treasury bills - 6 months	18-Jul-19	-	800,000	800,000	-	-	-	-	-	-	-
Treasury bills - 12 months	29-Aug-19	-	3,500,000	3,500,000	-	-	-	-	-	-	-
Treasury bills - 12 months	12-Sep-19	-	500,000	500,000	-	-	-	-	-	-	-
Treasury bills - 12 months	12-Sep-19	-	500,000	500,000	-	-	-	-	-	-	-
Total as at September 30, 2019 (Unaudited)							-	-	-		
Total as at June 30, 2019 (Audited)							-	-	-		

##### 7.1.1.2 Pakistan investment bonds

Particulars	Issue Date	Face value					As at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchased during the year	Sold during the year	Matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)		
----- (Rupees in '000) -----											
Pakistan Investment Bond - 3 years	19-Sep-19	-	600,000	600,000	-	-	-	-	-	-	-
Pakistan Investment Bond - 5 years	12-Jul-18	-	287,500	287,500	-	-	-	-	-	-	-
Total as at September 30, 2019 (Unaudited)							-	-	-		
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
<b>7.1.2 Listed debt securities - term finance certificates</b>	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
Market value as at	7.1.2.1	<b>134,371</b>	134,378
Less: Opening Provision			
- Pace Pakistan Limited		<b>(49,940)</b>	(49,940)
- Telecard Limited		<b>(31,088)</b>	(31,088)
- Trust Investment Bank Limited		<b>(18,743)</b>	(18,743)
		<b>(99,771)</b>	(99,771)
Less: Provision charged during the year			
- Reversal against carrying value matured		<b>-</b>	-
- Charge against face value receivable		<b>-</b>	-
		<b>-</b>	-
		<b>34,600</b>	34,607

## 7.1.2.1 Listed debt securities - Term finance certificates

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

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 investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold during the year	Matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)			
						----- (Rupees in '000) -----			----- ( % ) -----		
<b>Commercial Bank</b>											
Bank Alfalah Limited	10,381	-	3,443	-	6,938	34,600	34,600	-	2.20	8.02	0.14
<b>Investment Banks / Investment Companies / Securities Companies</b>											
Trust Investment Bank Limited											
- Due but not received	10,000	-	-	-	10,000	-	18,743	-	-	-	-
<b>Miscellaneous</b>											
Pace Pakistan Limited											
- Due but not received	10,000	-	-	-	10,000	-	49,940	-	-	-	-
<b>Technology &amp; Communication</b>											
Telecard Limited											
- Due but not received	19,975	-	-	-	19,975	-	31,088	-	-	-	-
<b>Total as at September 30, 2019 (Unaudited)</b>						<b>34,600</b>	<b>134,371</b>	<b>-</b>			
Total as at June 30, 2019 (Audited)						34,801	134,378	(194)			

## 7.1.2.2 Significant terms and conditions of term finance certificates outstanding as at September 30, 2019 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Commercial Bank</b>				
Bank Alfalah Limited	6 months KIBOR + 1.25%	20-Feb-13	20-Feb-21	AA

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

## 7.1.3 Unlisted debt securities - Term finance certificates

Certificates have a face value of Rs 5,000 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 investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold during the year	Matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----											
----- ( % ) -----											
Commercial Banks											
Askari Bank Limited	19,000	-	-	-	19,000	92,350	92,673	323	5.90	21.47	0.48
The Bank of Punjab Limited	650	-	570	-	80	7,566	7,805	239	0.50	1.81	0.00
Investment Banks / Investment Companies / Securities Companies											
Jahangir Siddiqui & Company Limited	22,000	-	-	-	22,000	109,285	109,285	-	6.96	25.32	1.47
Total as at September 30, 2019 (Unaudited)						209,201	209,763	562			
Total as at June 30, 2019 (Audited)						269,836	263,125	(6,710)			

### 7.1.3.1 Significant terms and conditions of term finance certificates outstanding as at September 30, 2019 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Commercial Banks</b>				
Askari Bank Limited	6 months KIBOR + 1.20%	30-Sep-14	30-Sep-24	AA-
Bank AL Habib Limited	6 months KIBOR + 0.75%	17-Mar-16	17-Mar-26	AA
The Bank of Punjab Limited	6 months KIBOR + 1.25%	23-Apr-18	23-Apr-28	AA-
<b>Investment Banks / Investment Companies / Securities Companies</b>				
Jahangir Siddiqui & Company Limited	6 months KIBOR + 1.40%	6-Mar-18	6-Mar-23	AA+

## 7.1.4 Listed debt securities - Sukuk certificates

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 investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold during the year	Matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----											
Dawood Hercules Corporation Limited (16-Nov-17)	1,000	-	-	-	1,000	89,704	89,447	(257)	5.69	20.72	0.02
Dawood Hercules Corporation Limited (1-Mar-18)	250	-	-	-	250	22,455	22,412	(43)	1.43	5.19	0.00
Total as at September 30, 2019 (Unaudited)						112,159	111,859	(300)			
Total as at June 30, 2019 (Audited)						115,196	114,654	(542)			

### 7.1.4.1 Significant terms and conditions of Sukuk certificates outstanding as at September 30, 2019 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Dawood Hercules Corporation Limited	3 months KIBOR + 1.00%	16-Nov-17	16-Nov-22	AA
Dawood Hercules Corporation Limited	3 months KIBOR + 1.00%	1-Mar-18	1-Mar-23	AA

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

## 7.1.5 Unlisted debt securities - Sukuk certificates

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 investments	Investment as a percentage of total issue size
	As at July 1, 2019	Purchased during the year	Sold during the year	Matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----											
----- ( % ) -----											
Chemical											
Ghani Gases Limited	480	-	-	-	480	28,065	28,198	133	1.79	6.53	0.04
Oil and Gas											
Byco Petroleum Pakistan Limited	10	-	-	-	10	825	820	(5)	0.05	0.19	0.00
Miscellaneous											
International Brands Limited	500	-	-	-	500	46,540	46,396	(144)	2.95	10.75	0.02
Total as at September 30, 2019 (Unaudited)						75,430	75,414	(16)			
Total as at June 30, 2019 (Audited)						80,888	79,953	(935)			

7.1.5.1 Significant terms and conditions of Sukuk certificates outstanding as at September 30, 2019 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Chemical</b>				
Ghani Gases Limited	3 months KIBOR + 1.00%	2-Feb-17	2-Feb-23	A
<b>Oil and Gas</b>				
Byco Petroleum Pakistan Limited	3 months KIBOR + 1.05%	18-Jan-17	18-Jan-22	AAA
<b>Miscellaneous</b>				
International Brands Limited	12 months KIBOR + 0.50%	15-Nov-17	15-Nov-21	AA

	Note	September 30, 2019 (Un-audited) (Rupees in '000)	June 30, 2019 (Audited)
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration Payable	8.1	2,882	1,410
Sindh sales tax payable on management fee		375	184
Sales load payable		17	58
Allocated Expense Payable	8.2	130	115
Selling and Marketing Payable	8.3	477	-
		<b>3,881</b>	<b>1,767</b>

- 8.1** As per amendment in the offering document, the management company wef August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis. 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.

# 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>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	9.1	98	169
Sindh sales tax on remuneration of the Trustee		13	22
		<u>111</u>	<u>191</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)

		(UNAUDITED) September 30, 2019	(AUDITED) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to the SECP	10.1	<u>74</u>	<u>1,121</u>

- 10.1** SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2018: 0.095%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019.

		(UNAUDITED) September 30, 2019	(AUDITED) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	11.1	7,698	6,633
Provision for Federal Excise Duty and related tax on			
- Management fee	11.2	9,210	9,210
- Sales load		239	239
Legal and professional charges		92	75
Withholding tax on capital gains		685	146
Auditors' remuneration		511	372
Brokerage		176	70
Sindh sales tax payable on allocated expenses		-	-
Others		<u>61,408</u>	<u>1,583</u>
		<u>80,019</u>	<u>18,328</u>

- 11.1** There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher/lower by Re. 0.2729 per unit (June 30, 2019 Re. 0.2566 per unit).

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

- 11.2** There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher/lower by Re. 0.3265 per unit (June 30, 2019: Re. 0.3563 per unit).

### **12. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments 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.

### **15. TOTAL EXPENSE RATIO**

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2.0% to 2.5%. The total expense ratio of the Fund from July 1, 2019 to September 30, 2019 is 0.68% (September 30, 2018: 0.41 %) and this includes 0.14% (September 30, 2018: 0.08%) 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 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:

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

## 16.1 Details of transactions with related parties / connected persons during the year

	(UNAUDITED) September 30, 2019 ----- (Rupees in '000) -----	(UNAUDITED) September 30, 2018
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	6,915	3,903
Allocated expenses and related taxes	373	484
Selling & Marketing expense	477	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	315	654
CDS charges	69	95
<b>MCB Bank Limited - Parent of the Management Company</b>		
Profit on Bank deposits	208	62
Bank charges	10	6
<b>Next Capital Limited - Joint Venture of MCB Bank Limited &amp; Arif Habib Corporation Limited</b>		
Brokerage expense *	46	-
<b>Silk Bank Limited - Common Directorship</b>		
Mark-up on deposit accounts	11,333	10,732
Bank charges	3	26
<b>Mandate under discretionary portfolio</b>		
Issue of 1,034 units (2018: Nil units)	57	-
Redemption of 17,864 units (2018: Nil units)	977	-
<b>Directors and Executives of the Management Company</b>		
Issue of 104,064 units (2018: Nil units)	5,774	-
Redemption of 104,064 units (2018: Nil units)	5,784	-

## 16.2 Details of balances with related parties / connected persons as at year end

	(Un-Audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	2,882	1,410
Sindh sales tax payable on management remuneration	375	184
Sales load payable	17	58
Selling and Marketing Payable	477	-
Back office payable	130	115

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

	(Un-Audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	98	169
Sindh sales tax payable on Trustee remuneration	13	22
Security deposit	200	200
 <b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balance	954	16,173
Profit receivable on bank deposits	70	167
Sales load payable	2,866	1,068
 <b>Silk Bank Limited - Common Directorship</b>		
Bank balance	968,365	4,780
Profit receivable	9,116	33
 <b>Next Capital Limited - Joint Venture of MCB &amp; Arif Habib</b>		
Brokerage payable *	-	5
 <b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage payable *	-	-
 <b>Adamjee Life Assurance Company Limited - employees gratuity fund - Group Company of Parent Company</b>		
Outstanding 85,750 units (2019: 85,750 units)	4,775	4,615
 <b>Mandate under discretionary portfolio</b>		
Outstanding 241,572 units (2019: 258,403 units)	13,453	1,466

\* The amount disclosed represents the amount of brokerage expense or brokerage payable to connected persons and not the purchase or sale value of securities transacted through them as the ultimate counter parties are not connected persons.



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

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

	For the quarter ended September 30, 2019					For the quarter ended September 30, 2018				
	As at July 01, 2019	Issued for cash	Redeemed	As at September 30, 2019	As at July 01, 2019	Issued for cash	Redeemed	As at September 30, 2019	As at July 01, 2018	Issued for cash
	Units					Units				
	(Rupees in '000)					(Rupees in '000)				
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	85,750	-	-	85,750	4,615	-	-	-	4,775	-
Nishat Mills Limited	-	-	-	-	-	-	-	-	-	-
Directors and key management personnel of the Management Company	-	104,064	104,064	-	-	-	5,774	5,784	-	-
Mandate under discretionary portfolio services	258,403	1,034	17,865	241,572	13,908	57	977	13,453	-	-
	Units					Units				
	(Rupees in '000)					(Rupees in '000)				
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	-	79,367	-	79,367	-	4,271	-	4,336	-	-
Nishat Mills Limited	-	5,508,016	-	5,508,016	-	300,000	-	300,942	-	-
Directors and key management personnel of the Management Company	4,294	7,636	1,858	10,072	242	400	100	550	-	-
Mandate under discretionary portfolio services	307,168	351,785	258,572	400,381	17,303	18,655	14,026	21,876	-	-

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

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### 17. GENERAL

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

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

### 18. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on October 24, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

## MCB-Arif Habib Savings and Investments Limited

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