



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACTA

HALF YEAR REPORT

DECEMBER
2019
(UNAUDITED)

Half Year Report for Funds Under Management of
MCB-Arif Habib Savings and Investments Limited

MCB CASH MANAGEMENT OPTIMIZER

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan Zarai Traqiati Bank Limited Bank Al Falah Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Bank of Punjab Limited Faysal Bank Limited	
Auditors	A.F. Ferguson & Co Chartered Accountants (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 Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Cash Management Optimizer** accounts review for the half year ended December 31, 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 ~75% on a Year on Year (YoY) basis to USD 2.1 billion in the first half of FY20. Imports of goods and services continued to nosedive as it compressed by 18.5% while exports of goods and services increased by 4.8% in the first half of fiscal year. Remittances provided a moderate buffer, increasing by 3.3% to USD 11.4 billion during the period. Foreign exchange reserves increased by a massive USD 4.1 billion during the period as Pakistan received flows from IMF and multilateral institutions, 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 11.1% YoY for the first half of FY20. Food inflation took a toll on the overall CPI, as it increased by 14.9% during the period. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1% for the period. All the monetary policy meetings held during period kept interest rates on a status quo citing near term inflation as the major concern.

The outlook on GDP growth ranged in between 2.5% to 3.5% according to various institutions. However, as of late it was expected to remain on the lower side as weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected LSM growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~5.9% in the first five months of FY20, with most of the decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 37.7% and 13.8% respectively.

Provisional number of tax collection were also encouraging as FBR collected PKR 2,080 billion in the first half of the current fiscal year, which was 17% 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 target for primary deficit is also expected to be met as the government had generated significant buffer during the first quarter.

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. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. 3 Year bonds eased off by 221 bps while the longer tenor (10Y) bonds eased off by nearly ~300 bps during the first half. While, the State Bank of Pakistan (SBP) left the Policy Rate unchanged at 13.25% during the all monetary policies held in the quarter, citing the outlook on near term inflation however, it vowed to bring down inflation to 5-7% over the course of next 2 years.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 12.95% as against its benchmark return of 12.67%, an out performance of 0.28%. WAM of the fund was 1 day at December end.

The fund was 92.3% in cash as of December end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at December 31, 2019 increased by 45.8% to Rs. 20,271 million as compared to Rs. 13,903 million as at June 30, 2019.

The Net Asset Value (NAV) per unit as at December 31, 2019 was Rs. 100.9688 as compared to opening NAV of Rs. 100.6423 per unit as at June 30, 2018 registering an increase of Rs. 0.3265 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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 2.3% of GDP. We have assumed crude oil prices at USD 70/BBL for the remaining part of the year, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~14 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Oct'19 REER at 95.9) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

CPI is expected to average ~11.9% in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. However, with a stable currency and high base effect, we expect headline inflation to ease off in the next year and decline to an average of ~8.8%. Risk to our expectations are any adverse increase in international commodity prices along with more than expected adjustment in utility tariffs. We believe current real interest rate is sufficient to cater for the near term inflation. However, given the room in real interest rates going forward, we do not rule out monetary easing at the start of the next fiscal year. Based on our outlook of inflation, we expect interest rates to ease off by 150-200 bps in the next 12 months.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.3% 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 a revised tax collection of PKR 5.2 trillion (up 30% 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 1.6 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a net shortfall of PKR ~300-400 billion. The result of provisional tax collection for 1H assert our view as there was a shortfall of PKR 120 billion during the period. Resultantly, the shortfall in tax collection will trickle down to a lower development spending.

From the capital market perspective, we believe investor confidence should renew towards risk assets as macroeconomic stability will be cherished after a bout of volatile years. Equity market has still a lot to offer despite the recent bull run (up 40%+ since the trough). Reversal in monetary policy will be a key theme to eye in CY20 as slowdown in inflation will provide much needed room to central bank to cut down the interest rates. We foresee interest rates easing of 150-200 bps in the next 12 months, albeit majority of them coming in the second half of the calendar year. Double digit earnings growth and cheap valuations will drive the total returns of equities. Generally, earnings rebound sharply after an economic downturn as equities tend to exhibit inflation hedging behavior. During the last few years earnings growth has not caught up with the nominal GDP growth, which generally tends to revert whenever the difference widens. Hence, we expect earnings growth to remain in double digits over the span of next few years, a key reason behind our optimism for equities.

We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have already priced in some of the expected monetary easing during the course of year. Further capital gains are contingent on earlier than expected reversal in monetary cycle along with quantum of interest rate cuts. Liquidity in the monetary system will also define yield on bonds since the government has liberalized its sources of financing, particularly opening avenues from external sources.

ELECTION OF THE BOARD OF DIRECTORS

On February 06, 2020, election of directors of the Management Company was held in an extra ordinary general meeting. Mian Muhammad Mansha and Mr. Samad A. Habib have retired from the Board and Mr. Kashif A. Habib and Ms. Mavra Adil Khan have joined the Company as new directors. Details of the new Board is given in Company Introduction. The approval of the Securities and Exchange Commission of Pakistan is pending as on the date of the Directors' Report.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 21, 2020



Nasim Beg
Vice Chairman / Director
February 21, 2020

ڈائریکٹرز رپورٹ

کمپنیل مارکیٹ کے نظریے سے ہم سمجھتے ہیں کہ خطرات کے حامل اثاثہ جات میں سرمایہ کاروں کا اعتماد بحال ہونا چاہیے کیونکہ کئی برسوں کی عدم یقینی کے بعد حاصل ہونے والے کلاں معاشیاتی استحکام کا خیر مقدم کیا جائے گا۔ ایکوٹی مارکیٹ حالیہ bull run (40 فیصد اضافے) کے باوجود بہت استعداد کی حامل ہے۔ موجودہ سال ۲۰۲۰ء میں اہم ترین موضوع مالیاتی پالیسی کی تقلیب ہوگا کیونکہ افراط زر میں کمی سے مرکزی بینک کو انٹریسٹ کی شرحوں میں کمی کرنے کے لیے مطلوبہ محرک فراہم ہوگا۔ ہم اگلے بارہ ماہ میں انٹریسٹ کی شرحوں میں 150 سے 200 بی پی ایس کی دیکھ رہے ہیں، اگرچہ اس کا زیادہ تر حصہ کیلنڈر سال (جنوری تا دسمبر) کے نصف آخر میں ظاہر ہوگا۔ دو اعداد پر مشتمل آمدنیاں اور کم قیمت قدر کا تعین ایکویٹیز کے مجموعی منافعوں کے لیے محرک ثابت ہوں گے۔ کسی معاشی سُست روی کے دور کے بعد عموماً آمدنیاں تیزی سے بڑھتی ہیں کیونکہ ایکویٹیز افراط زر سے تحفظ فراہم کرتی ہیں۔ گزشتہ کچھ برسوں کے دوران آمدنیوں کی ترقی جی ڈی پی کی برائے نام ترقی کے شانہ بشانہ بھی نہیں چل سکی ہے، جو عموماً فرق بڑھنے پر واپس لوٹتی ہے۔ چنانچہ اگلے پانچ برسوں کے دوران آمدنیوں میں ترقی دو اعداد پر برقرار رہنے کی توقع ہے جو ایکویٹیز سے متعلق ہماری رجائیت پسندی کی ایک کلیدی وجہ ہے۔

ہم سمجھتے ہیں کہ اس سال سیٹرز اور اسٹاک کا خورد نظریہ زیادہ اہمیت کا حامل رہے گا اور سرمایہ کاری کے انتخاب کے لیے ایسی کمپنیوں پر توجہ مرکوز ہونی چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح، اُن کمپنیوں کی جانب بھی توجہ مبذول ہونی چاہیے جن کی درمیانی میعاد کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ Money مارکیٹ فنڈز پالیسی شرحوں کی عکاسی بلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ کمپنیل میں مزید منافعوں کا دار و مدار مالیاتی چکر میں متوقع سے قبل تقلیب کے ساتھ ساتھ انٹریسٹ کی شرحوں میں کمی کے حجم پر ہے۔ مالیاتی نظام میں نقدیت سے بھی بانڈز پر منافع کا تعین ہوگا کیونکہ حکومت نے رقم کی فراہمی کے اپنے ذرائع میں آسانیاں پیدا کی ہیں، خاص طور پر خارجی ذرائع سے مواقع میسر کر کے۔

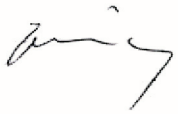
بورڈ آف ڈائریکٹرز کا انتخاب

06 فروری 2020ء کو ایک غیر معمولی عمومی اجلاس میں مینجمنٹ کمپنی کے ڈائریکٹرز کا انتخاب منعقد ہوا۔ میاں محمد منشاء اور جناب صدائے حبیب بورڈ سے ریٹائر ہو گئے ہیں اور جناب کاشف اے حبیب اور محترمہ ماوراء عادل خان کی کمپنی کے نئے ڈائریکٹرز کے طور پر تقرری ہوئی ہے۔ نئے بورڈ کی تفصیلات کمپنی کے تعارف میں دی گئی ہیں۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری ڈائریکٹرز رپورٹ کی تاریخ پر زبر التواء ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر

21 فروری، 2020ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 فروری، 2020ء

ڈائریکٹرز رپورٹ

دسمبر کے اختتام پر فنڈ 92.3 فیصد نقد میں تھا۔ نقد میں بھاری شمولیت کی وجہ بینک ڈپازٹس پر پُرکشش شرحیں تھیں۔

31 دسمبر 2019ء کو فنڈ کے net اثاثہ جات کو 45.8 فیصد بڑھا کر 20,271 ملین روپے کر دیا گیا جو 30 جون 2019ء کو 13,903 ملین روپے تھے۔

31 دسمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 100.9688 روپے تھی جو 30 جون 2019ء کی ابتدائی NAV (100.6423 روپے) کے مقابلے میں 0.3265 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 نئی پڑنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 20-2019ء میں سست روی کا شکار ہو کر 2.5 فیصد پر آجائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پڑنی 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 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، جی ڈی پی کے 2.3 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 کے حوالے سے توقع ہے کہ وہ بڑھ کر 14 بلین ڈالر تک پہنچ جائیں گے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اکتوبر 2019ء REER 95.9 فیصد پر) اور سی اے ڈی قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

موجودہ مالی سال کے لیے سی پی آئی کا متوقع اوسط 11.9 فیصد ہوگا جس کا سبب روپے کی قدر کی سست رفتار ترقی پڑی اور اشیائے خورد و نوش کے افراط زر میں اضافہ ہے۔ تاہم مستحکم روپے اور بلند base کے اثر کے ساتھ ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 8.8 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یوٹیلٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترمیمات سے ہماری توقعات کو خطرہ لاحق ہو سکتا ہے۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح قریب المیعاد افراط زر سے نمٹنے کے لیے کافی ہے۔ تاہم حقیقی شرح میں اضافے کی گنجائش کو دیکھتے ہوئے اگلے مالی سال کے آغاز میں مالیاتی تسہیل کا امکان بعید نہیں ہے۔ افراط زر سے متعلق ہمارے پیش بینی کی بنیاد پر انٹریسٹ کی شرحوں میں اگلے بارہ ماہ میں 150 سے 200 بی پی ایس تک کمی کی اُمید ہے۔

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.3 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف ارتقاء پذیر ہونے کے باعث 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 (30 فیصد سال در سال زیادہ) ٹیکس جمع کرنے کے لیے مصروف عمل 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 1.5 ٹریلین روپے (40 فیصد سال در سال 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 رجائیت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس کے حصول میں 300 سے 400 بلین روپے کی کمی آئے گی۔ نصف اوّل میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 120 بلین ڈالر کم کی وصولی ہوئی جس کے نتیجے میں ترقیاتی اقدامات کے لیے بھی کم خرچ کیا جائے گا۔

ایم سی بی کیش بینجمنٹ آپٹیمائزر کے بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2019ء کو ختم ہونے والی سہ ماہی کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

استحکام کے حکومتی اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال ۲۰۲۰ء کے نصف اول میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) سال در سال (YoY) بنیاد پر 75 فیصد کم ہو کر 2.1 بلین ڈالر ہو گیا۔ اشیاء اور مصنوعات کی درآمدات میں کمی کا سلسلہ جاری رہا اور 18.5 فیصد کمی ہوئی جبکہ اشیاء اور مصنوعات کی برآمدات میں 4.8 فیصد اضافہ ہوا۔ ترسیلات زر 3.3 فیصد بڑھ کر 11.4 بلین ڈالر ہو گئیں جس سے معتدل رکاوٹ فراہم ہوئی۔ غیر ملکی زرمبادلہ کے ذخائر میں 4.1 بلین ڈالر کا خطرہ اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف اور کثیر الجہتی اداروں سے رقوم موصول ہوئیں، جبکہ سی اے ڈی کے ذریعے رقوم کے خروج کا سلسلہ محدود رہا۔ صارفین کی قیمت کے انڈیکس (کنزیومر پرائس انڈیکس: سی پی آئی) کو سال ۲۰۱۵ء اور ۲۰۱۶ء والی بنیاد پر دوبارہ مقرر کیا گیا اور مالی سال ۲۰۲۰ء کے نصف اول کے لیے نئی بنیاد پر مقرر کردہ سی پی آئی کا اوسط 11.1 فیصد سال در سال بنا۔ اشیاء خورد و نوش کے افراط زر میں دوران مدت 14.9 فیصد اضافہ ہوا اور اس نے مجموعی سی پی آئی کو متاثر کیا۔ اشیاء خورد و نوش کے افراط زر کی سب سے بڑی وجہ بھارت سے درآمدات پر پابندی کے بعد جلد خراب ہو جانے والی اشیاء خورد و نوش کی قیمتوں میں اضافہ ہے۔ بہر حال اشیاء خورد و نوش اور توانائی کے علاوہ پیمائش کردہ بنیادی افراط زر پھر بھی قابو میں تھی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔ دوران مدت ہونے والے تمام مالیاتی اجلاسوں میں انٹریسٹ کی شرحوں کو برقرار رکھا گیا اور مستقبل قریب میں متوقع افراط زر کو ایک بڑا مسئلہ قرار دیا گیا۔

جی ڈی پی میں متوقع ترقی مختلف اداروں کے مطابق 2.5 سے 3 فیصد تھی، تاہم حالیہ مدت میں اہم فصلوں (کپاس، گندم اور چینی) کی کمزور متوقع ترقی کے باعث جی ڈی پی میں ترقی بھی پست رہنے کا امکان ہے۔ علاوہ ازیں، بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) میں متوقع کم ترقی کے باعث کمزور صنعتی ترقی سے مجموعی ترقی کے متاثر ہونے کا امکان ہے۔ مزید برآں، درآمدات پر پابندی کھپت کی طلب میں بتدریج کمی کے باعث ایل ایس ایم میں کمی کا سلسلہ جاری رہنے کا امکان ہے۔ مالی سال ۲۰۲۰ء کے ابتدائی پانچ ماہ کے دوران ایل ایس ایم میں 5.9 فیصد کمی ہوئی جس میں سے اکثر کا تعلق گردش شعبوں سے تھا۔ آٹو ز اور اسٹیل مینوفیکچرنگ میں طلب میں بالترتیب 37.7 فیصد اور 13.8 فیصد کمی ہوئی۔

نیکس وصولی کی عارضی تعداد بھی حوصلہ افزا تھی - موجودہ مالی سال کے نصف اول میں فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 2,080 بلین روپے جمع کیے جو گزشتہ سال کی مماثل مدت سے 17 فیصد زیادہ ہے۔ ملکی اور بین الاقوامی وصولی کو علیحدہ علیحدہ دیکھا جائے تو کارکردگی مزید بہتر ہے کیونکہ ملکی سطح پر آمدنی میں 28 فیصد سال در سال اضافہ ہوا۔ پرائمری خسارے کا ہدف بھی پورا ہونے کا امکان ہے کیونکہ حکومت نے پہلی سہ ماہی کے دوران مطلوبہ رکاوٹ پیدا کر دی تھی۔

زیر جائزہ مدت کے دوران طویل تریمعاد کے بانڈز کی خطرہ طلب کے باعث پیداواری ختم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت کثیر نقد کی آمد ہوئی جس کے باعث پیداوار میں کمی ہوئی۔ نصف اول کے دوران تین سالہ بانڈز میں 221 پیس پوائنٹس (بی پی ایس) جبکہ طویل تریمعاد کے (دس سالہ) بانڈز میں تقریباً 300 بی پی ایس کی کمی ہوئی۔ اگرچہ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مذکورہ سہ ماہی میں منعقدہ تمام پالیسی اجلاسوں میں مستقبل قریب کی افراط زر کا حوالہ دیتے ہوئے پالیسی کی شرح کو غیر تبدیل شدہ رکھا لیکن اگلے دو برسوں کے دوران افراط زر میں 5 تا 7 فیصد کمی کا عہد کیا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 12.95 فیصد تھا جو مقررہ معیار (بنچ مارک) منافع 12.67 فیصد کے مقابلے میں 0.28 فیصد بہتر کارکردگی ہے۔ دسمبر کے اختتام پر فنڈ کی WAM (ویٹڈ ایوریج میچورٹی) 1 دن تھی۔

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
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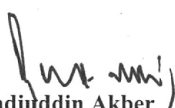
TRUSTEE REPORT TO THE UNIT HOLDERS

MCB CASH MANAGEMENT OPTIMIZER

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Cash Management Optimizer (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2020



AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



A.F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF MCB CASH MANAGEMENT OPTIMIZER

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Cash Management Optimizer** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2020

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2019

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	18,867,290	10,112,614
Investments	5	1,300,000	3,780,860
Advances, deposits, prepayments and profit receivable		255,300	134,646
Total assets		20,422,590	14,028,120
LIABILITIES			
Payable to MCB Arif Habib Savings and Investments Limited - Management Company	6	26,854	13,672
Payable to Central Depository Company of Pakistan Limited - Trustee		1,294	1,018
Payable to the Securities and Exchange Commission of Pakistan	8	1,563	10,489
Accrued expenses and other liabilities	9	121,510	100,325
Total liabilities		151,221	125,504
NET ASSETS		<u>20,271,369</u>	<u>13,902,616</u>
Unit holders' fund (as per statement attached)		<u>20,271,369</u>	<u>13,902,616</u>
Contingencies and Commitments	10		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>200,768,554</u>	<u>138,138,833</u>
		(Rupees)	
NET ASSET VALUE PER UNIT		<u>100.9688</u>	<u>100.6423</u>

The annexed notes from 1 to 19 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Six months period ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note	(Rupees in '000)			
INCOME				
Capital gain / (loss) on sale of investments - net	41,624	(13,370)	35,834	(14,025)
Profit on term deposits	103,942	26,796	46,565	21,518
Profit on bank deposits	627,446	335,021	373,615	182,107
Income from Government securities	290,222	254,581	157,044	173,197
Income from commercial papers	19,141	19,942	-	14,677
Income on letter of placement	5,179	6,993	5,179	6,993
	1,087,554	629,963	618,237	384,467
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	-	(204)	-
Total income	1,087,554	629,963	618,033	384,467
EXPENSES				
Remuneration of MCB Arif Habib Savings and Investments Limited - Management Company	6.1 39,571	49,878	21,467	29,524
Sindh Sales tax on remuneration of the Management Company	6.2 5,144	6,484	2,791	3,838
Allocated expenses	6.3 7,809	7,160	4,415	3,614
Remuneration of Central Depository Company of Pakistan Limited - Trustee	5,077	5,576	2,870	3,126
Sindh Sales tax on remuneration of Trustee	661	725	374	407
Selling and marketing expenses	6.4 24,161	-	17,669	-
Annual fee to the Securities and Exchange Commission of Pakistan	8 1,563	5,552	885	3,199
Legal and professional charges	92	90	46	45
Brokerage expenses	456	235	331	178
Auditor's remuneration	690	452	465	226
Other expenses	616	431	307	210
Total operating expenses	85,840	76,583	51,620	44,367
Net income from operating activities	1,001,714	553,380	566,413	340,099
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1 (20,034)	(11,067)	(11,328)	(6,801)
Net income for the period before taxation	981,680	542,313	555,085	333,299
Taxation	11 -	-	-	-
Net income for the period after taxation	981,680	542,313	555,085	333,299
Allocation of net income for the period:				
Net income for the period	981,680	542,313		
Income already paid on units redeemed	(50,543)	(30,487)		
	931,137	511,826		
Accounting income available for distribution				
- Relating to capital gains	39,642	-		
- Excluding capital gains	891,495	511,826		
	931,137	511,826		

Earnings per unit

13

The annexed notes from 1 to 19 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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>December</u>	<u>December</u>	<u>December</u>	<u>December</u>
	<u>31, 2019</u>	<u>31, 2018</u>	<u>31, 2019</u>	<u>31, 2018</u>
	------(Rupees in '000)-----			
Net income for the period after taxation	981,680	542,313	555,085	333,299
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>981,680</u>	<u>542,313</u>	<u>555,085</u>	<u>333,299</u>

The annexed notes from 1 to 19 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' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Six months period ended December 31, 2019			Six months period ended December 31, 2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at the beginning of the period	13,846,005	56,611	13,902,616	11,617,232	375,424	11,992,656
Issue of 266,162,471 units - including additional units (2018: 209,657,818 units)						
- Capital value (at net asset value per unit at the beginning of the period)	26,787,201	-	26,787,201	21,080,087	-	21,080,087
- Element of income	54,016	-	54,016	32,109	-	32,109
	26,841,217	-	26,841,217	21,112,196	-	21,112,196
Redemption of 203,532,750 units (2018: 184,348,282 units)						
- Capital value (at net asset value per unit at the beginning of the period)	20,484,004	-	20,484,004	18,535,335	-	18,535,335
- Element of loss	5,620	50,543	56,163	4,849	30,487	35,336
	20,489,624	50,543	20,540,167	18,540,184	30,487	18,570,671
Total comprehensive income for the period	-	981,680	981,680	-	542,313	542,313
Final distribution for the year ended June 30, 2018 (including additional units) at the rate of Rs. 5.4255 per unit (Declared on July 04, 2018)	-	-	-	(283,195)	(330,807)	(614,002)
Interim distribution during the period (including additional units)	(46,701)	(867,276)	(913,977)	(25,788)	(484,935)	(510,723)
17	(46,701)	114,404	67,703	(308,983)	(273,429)	(582,412)
Net assets at the end of the period	20,150,897	120,472	20,271,369	13,880,261	71,508	13,951,769
Undistributed income brought forward comprising of:						
- Realised		56,611			375,424	
- Unrealised (loss) / gain		-			-	
		56,611			375,424	
Accounting income available for distribution						
- Relating to capital gains		39,642			-	
- Excluding capital gains		891,495			511,826	
		931,137			511,826	
Cash distribution during the period		867,276			815,742	
Undistributed income carried forward		120,472			71,508	
Undistributed income carried forward comprising of:						
- Realised		120,472			71,508	
- Unrealised		-			-	
		120,472			71,508	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		100.6423			105.9707	
Net asset value per unit at the end of the period		100.9688			100.7500	

The annexed notes from 1 to 19 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 HALF YEAR ENDED DECEMBER 31, 2019

Six months period ended
December 31, 2019 December 31, 2018
----- (Rupees in '000) -----

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	981,680	542,313
Adjustments for:		
Provision for Sindh Workers' Welfare Fund (SWWF)	20,034	11,067
	1,001,714	553,379
(Increase) / decrease in assets		
Investments - net	980,860	(1,670,587)
Advances, deposits, prepayments and profit receivable	(120,654)	(84,553)
	860,206	(1,755,140)
(Decrease) / increase in liabilities		
Payable to MCB Arif Habib Savings and Investments Limited - Management Company	13,182	3,271
Payable to the Central Depository Company of Pakistan Limited - Trustee	276	234
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(8,926)	(4,024)
Accrued expenses and other liabilities	1,151	(8,671)
	5,683	(9,190)
Net cash generated from / (used in) operating activities	1,867,603	(1,210,951)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issuance and conversion of units	26,794,516	20,803,213
Payments against redemption and conversion of units	(20,540,167)	(18,570,671)
Cash Distributions made during the period	(867,276)	(815,742)
Net cash generated from financing activities	5,387,073	1,416,800
Net increase in cash and cash equivalents	7,254,676	205,849
Cash and cash equivalents at the beginning of the period	12,912,614	12,057,809
Cash and cash equivalents at the end of the period	12 20,167,290	12,263,658

The annexed notes from 1 to 19 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 (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Cash Management Optimizer (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 Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, 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 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 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 only. The units are listed on Pakistan Stock Exchange Limited (PSX).
- 1.4** The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated October 08, 2019 to the Management Company and a stability rating of 'AA-(f)' dated December 24, 2019 to the Fund.
- 1.6** 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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for 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;
- 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 Regulations) 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 the requirements of the Trust Deed differ with the requirements of IAS 34, 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2019.

3.3 Standards and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

4 BALANCES WITH BANKS	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		------(Rupees in '000)-----	
In current accounts	4.1	13,626	972
In saving accounts	4.2	18,853,664	10,111,642
		<u>18,867,290</u>	<u>10,112,614</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

4.1 The represents balance maintained with MCB Bank Limited (a related party).

4.2 This includes balances of Rs. 23.708 million (June 30, 2019: Rs. 835.441 million) maintained with MCB Bank Limited (a related party) that carry profit at the rate of 11.25% per annum (June 30, 2019: 13.70% per annum). Other profit and loss saving accounts of the Fund carries profit rates ranging from 10.25% to 14.50% per annum (June 30, 2019: 3.75% to 13.70% per annum).

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
5 INVESTMENTS			
5.1 Investments at fair value through profit or loss			
Term deposit receipts	5.1.1	1,300,000	2,800,000
Commercial papers		-	980,860
Market Treasury Bills	5.1.2	-	-
		<u>1,300,000</u>	<u>3,780,860</u>

5.1.1 Term deposit receipts

Particulars	Profit / mark-up rates	Issue date	Maturity date	At December 31, 2019	Carrying value as a percentage of	
					net assets	total investments
					----- (Rupees in '000) ----- % -----	
Bank Al-falah Limited	14.35%	29-Nov-19	13-Jan-20	1,300,000	6.41%	100.00%
As at December 31, 2019				<u>1,300,000</u>		
As at June 30, 2019				<u><u>2,800,000</u></u>		

5.1.2 Market treasury bills

Name of Security	Issue Date	Face value				As at 31 December 2019			Market value as a percentage of	
		As at July 01, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019	Carrying value	Market value	Unrealized gain / (loss)	net assets	total invest-ments
(Rupees in '000)										
Market treasury bills - 3 months										
Market treasury bills	18-Jul-19	-	20,525,000	20,525,000	-	-	-	-	-	-
Market treasury bills	1-Aug-19	-	3,260,000	3,260,000	-	-	-	-	-	-
Market treasury bills	16-Aug-19	-	18,320,000	18,320,000	-	-	-	-	-	-
Market treasury bills	29-Aug-19	-	9,500,000	9,500,000	-	-	-	-	-	-
Market treasury bills	12-Sep-19	-	1,500,000	1,500,000	-	-	-	-	-	-
Market treasury bills	10-Oct-19	-	2,790,000	2,790,000	-	-	-	-	-	-
Market treasury bills	24-Oct-19	-	10,700,000	10,700,000	-	-	-	-	-	-
Market treasury bills	7-Nov-19	-	9,200,000	9,200,000	-	-	-	-	-	-
Market treasury bills	21-Nov-19	-	3,250,000	3,250,000	-	-	-	-	-	-
Market treasury bills	19-Dec-19	-	2,300,000	2,300,000	-	-	-	-	-	-
Market treasury bills - 6 months										
Market treasury bills	18-Jul-19	-	2,000,000	2,000,000	-	-	-	-	-	-
Market treasury bills	12-Sep-19	-	1,000,000	1,000,000	-	-	-	-	-	-
Market treasury bills	26-Sep-19	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	10-Oct-19	-	3,400,000	3,400,000	-	-	-	-	-	-
Market treasury bills	24-Oct-19	-	5,000,000	5,000,000	-	-	-	-	-	-
Market treasury bills	7-Nov-19	-	3,200,000	3,200,000	-	-	-	-	-	-
Market treasury bills	19-Dec-19	-	1,000,000	1,000,000	-	-	-	-	-	-
Total as at December 31, 2019										
Total as at June 30, 2019										

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	---(Rupees in '000)---	
6 PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Remuneration payable	6.1	6,570	11,432
Sindh sales tax on management fee	6.2	854	1,486
Allocated expenses payable	6.3	1,761	754
Selling and marketing expenses payable	6.4	17,669	-
		<u>26,854</u>	<u>13,672</u>

6.1 As per the amendment in the offering document, the management company with effect from August 8, 2019 has charged management fee at the rate up to 7.5% of the gross earnings of the scheme, calculated on a daily basis. Provided that the Fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme. Previously, the Fund has charged management fee at the rate of 7.5% of daily gross income subject to minimum of 0.25% of average annual net assets and maximum of 1% of average annual net assets of the Fund.

6.2 Sindh sales tax on management remuneration has been charged at the rate of 13% (June 30, 2019: 13%).

6.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.

6.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, Trustee has revised its tariff as follows:

Existing Tariff		Revised Tariff (Flat Rate)
Net Assets (Rs.)	Fee	
-Upto Rs. 1 billion	0.15% per annum of Net Assets	0.065% p.a. of Net Assets
- Rs. 1 billion to Rs. 10 billion	0.15% per annum of Net Assets	
- Over Rs. 10 billion	Rs. 8.25 million plus 0.06% per annum of Net Assets exceeding Rs. 10 billion	

Accordingly the Fund has charged Trustee Fee at the rate 0.065% per annum of Net Assets during the period.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period. Previously, the rate of annual fee applicable to money market scheme was 0.075%.

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		----- (Rupees in '000) -----	
9 ACCRUED EXPENSES AND OTHER LIABILITIES	Note		
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	63,047	43,013
Provision for Federal Excise Duty on:	9.2		
-Management fee		54,267	54,267
-Sales load		19	19
Brokerage payable		105	82
Withholding Tax Payable		2,944	1,741
Auditor's remuneration		496	594
Printing and related expenditure		30	40
Others		602	569
		<u>121,510</u>	<u>100,325</u>

9.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2019 would have been higher by Re.0.31 (June 30, 2019: Re.0.31) per unit.

9.2 Federal Excise Duty on remuneration of the Management Company and sales load

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 54.267 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2019 would have been higher by Re 0.2704 (June 30, 2019: Re 0.3930) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2019 and June 30, 2019.

11 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 for the year as reduced by capital gains whether realised or unrealised 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 Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised 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. Since the management intends to distribute the income earned by the Fund during the year ending June 30, 2020 to the unit holders atleast 90% of the income therefore, no provision for taxation has been made in these condensed interim financial statements.

	December 31, 2019	December 31, 2018
	----- (Unaudited) -----	----- (Unaudited) -----
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
12 CASH AND CASH EQUIVALENTS		
Balances with banks	18,867,290	10,363,658
Term deposit receipts	1,300,000	1,900,000
	<u>20,167,290</u>	<u>12,263,658</u>

13 EARNINGS PER UNIT

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

14 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the current period is 1.35% (December 31, 2018: 0.59%) which includes 0.35% (December 31, 2019: 0.16%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

15 TRANSACTIONS WITH CONNECTED PERSONS / 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, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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

	Six months period ended December 31,	
	2019	2018
	----- (Unaudited) -----	
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited		
Remuneration of the Management Company and related taxes	44,715	56,362
Allocated expenses	7,809	7,160
Selling and marketing expenses	24,161	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee and related taxes	5,738	6,301
MCB Bank Limited		
Profit on bank deposits	3,209	543
Bank Charges	60	38
Sale of securities - Face Value Rs. 1,000,000,000 (2018: Rs. 8,250,000,000)	997,827	8,193,772
Silk Bank Limited***		
Purchase of securities - Face Value Nil (2018: Rs. 1,600,000,000)	-	1,575,460
Sale of securities - Face Value Nil (2018: Rs. 12,344,200,000)	-	12,156,780
Arif Habib Limited - Brokerage House		
Brokerage expense*	6	-

15.2 Balance outstanding as at the period / year end are as follows:

	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited		
Management fee payable	6,570	11,432
Sindh sales tax payable on management fee	854	1,486
Allocated expenses payable	1,761	754
Selling and Marketing expenses payable	17,669	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	1,145	901
Sindh sales tax payable on trustee fee	149	117
MCB Bank Limited		
Bank deposits**	37,334	836,414
Profit receivable on bank deposits	553	1,385
Arif Habib Limited - Brokerage House		
Brokerage payable*	6	4

* 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.

** This includes Rs 23.708 million (June 30, 2019: Rs 835.441 million) in saving accounts carrying profit at the rate of 11.25% (June 30, 2019: 13.70%) per annum.

*** No longer a related party.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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

	For half year ended December 31, 2019 (Unaudited)							
	As at July 01, 2019	Issued for cash	Redeemed	As at December 31, 2019	As at July 01, 2019	Issued for cash	Redeemed	As at December 31, 2019
	Units				(Rupees in '000)			
Associated Companies								
MCB - Arif Habib Savings and Investments Limited - Management Company	2,108,505	36,252,910	36,184,337	2,177,078	212,205	3,651,065	3,654,768	219,817
Sayyed Engineers Limited	5,116	268	-	5,384	515	26,935	-	544
Adamjee Insurance Company Limited	25,705	2,023,332	2,049,037	-	2,587	203,633	206,846	-
Nishat Mills Limited Employees Provident Fund Trust	141,826	2,952,021	3,072,069	21,778	14,274	297,098	310,000	2,199
Nishat Power Limited Employees Provident Fund Trust	110,634	6,837	-	117,471	11,134	688	-	11,861
MCB Financial Sevices Limited	730,103	88,428	-	818,531	73,479	8,900	-	82,646
D.G. Khan Cement Company Limited	2	-	-	2	1	15	-	-
Security General Insurance Company Limited	-	1,001,021	1,001,021	-	-	100,745	100,999	-
Adamjee Insurance Company Limited. Employees Gratuity Fund	244,831	15,092	7,572	252,351	24,640	1,519	765	25,480
Adamjee Insurance Company Limited Employees Provident Fund	489,204	30,157	14,740	504,621	49,235	3,035	1,489	50,951
Security General Insurance Company Limited Employees Provident Fund Trust	46,297	2,286	48,583	-	4,659	230	4,895	-
Hyundai Nishat Motor (Private) Limited Employees Provident Fund	-	20,947	-	20,947	-	2,108	-	2,115
Directors and executives of the management company *	124,071	15,984,688	699,454	15,409,305	12,487	76,541	70,609	1,555,859
Mandate Under Discretionary Portfolio Services*	11,321,859	29,257,251	31,701,104	8,878,006	1,139,458	2,945,492	3,200,135	896,402
Unit holders holding 10% or more units	30,635,528	50,200,486	4,893,563	75,942,451	3,083,230	5,053,157	492,846	7,667,818

* This reflects the position of related party / connected person status as at December 31, 2019

	For half year ended December 31, 2018 (Unaudited)							
	As at July 01, 2018	Issued for cash	Redeemed	As at December 31, 2018	As at July 01, 2018	Issued for cash	Redeemed	As at December 31, 2018
	Units				(Rupees in '000)			
Associated Companies								
MCB - Arif Habib Savings and Investments Limited - Management Company	4,005,352	11,504,507	13,377,362	2,132,498	424,450	1,143,427	1,347,528	214,849
Sayyed Engineers Limited	-	-	-	-	-	-	-	-
Adamjee Insurance Company Limited	2,550,579	217,182	-	2,767,761	270,287	8,092	-	278,852
Nishat Mills Limited Employees Provident Fund Trust	133,739	6,652,431	5,044,345	1,741,825	14,172	668,336	507,764	175,489
Nishat Power Limited Employees Provident Fund Trust	-	-	-	-	-	-	-	-
MCB Financial Services Limited	574,808	125,056	-	699,864	60,913	12,375	-	70,511
D.G. Khan Cement Company Limited	2	-	-	2	-	-	-	-
Security General Insurance Company Limited	-	999,135	999,135	-	-	100,458	100,638	-
Adamjee Insurance Company Limited Employees Provident Fund	432,553	585,925	1,018,478	-	45,838	56,588	102,502	-
Adamjee Insurance Company Limited. Employees Gratuity Fund	-	281,498	281,498	-	-	28,305	28,341	-
Security General Insurance Company Limited. Employees Provident Fund Trust	40,384	3,667	-	44,051	4,280	356	-	4,438
Hyundai Nishat Motor Private Limited Employees Provident Fund	-	-	-	-	-	-	-	-
Directors and executives of the management company*	8,771	119,643	116,221	12,193	929	11,995	11,695	1,228
Mandate Under Discretionary Portfolio Services*	6,913,243	21,009,621	11,659,493	16,263,371	732,601	2,093,255	1,174,390	1,638,534
Unit holders holding 10% or more units	-	34,561,415	-	34,561,415	-	3,474,984	-	3,482,062

* This reflects the position of related party / connected person status as at December 31, 2018

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

16.1 FAIR VALUE HIERARCHY

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund holds the following financial instruments measured at fair value:

	----- (Un-audited) -----			
	December 31, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Investment classified at fair value through profit or loss				
Term deposit receipt *	-	1,300,000	-	1,300,000
	-	1,300,000	-	1,300,000
	----- (Audited) -----			
	June 30, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Investment classified at fair value through profit or loss				
Term deposit receipt *	-	2,800,000	-	2,800,000
Commercial papers **	-	980,860	-	980,860
	-	3,780,860	-	3,780,860

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

17 INTERIM DISTRIBUTION DURING THE PERIOD

(Unaudited)-----					
-----December 31, 2019-----					
Rate per unit	Declaration date	Bonus Distribution		Total Distribution	
		Units	Amount		
--- (Rupees in '000) ----					
For the period ended July 19, 2019	0.6999	July 22, 2019	-	-	95,656
For the period ended August 2, 2019	0.4732	August 5, 2019	-	-	59,326
For the period ended August 16, 2019	0.4808	August 19, 2019	-	-	61,919
For the period ended September 6, 2019	0.8042	September 11, 2019	-	-	108,576
For the period ended September 20, 2019	0.4381	September 23, 2019	-	-	56,172
For the period ended October 4, 2019	0.5100	October 7, 2019	-	-	66,650
For the period ended October 18, 2019	0.5122	October 21, 2019	-	-	70,091
For the period ended November 1, 2019	0.4950	November 4, 2019	-	-	71,330
For the period ended November 15, 2019	0.4501	November 18, 2019	-	-	82,495
For the period ended December 6, 2019	0.6885	December 9, 2019	-	-	138,467
For the period ended December 20, 2019	0.4998	December 23, 2019	-	-	103,295
			-	-	913,977

18 GENERAL

Figures have been rounded off to the nearest thousand rupees.

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 21, 2020 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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