



MCB-ARIF HABIB
Savings and Investments Limited

AM2
by NACFA

HALF YEAR REPORT

DECEMBER
2019
(UNAUDITED)

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

MCB PAKISTAN FREQUENT PAYOUT FUND

CONTENTS

1	Fund's Information	400
2	Report of the Directors of the Management Company	401
3	Trustee Report to the Unit Holders	408
4	Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Statements	409
5	Condensed Interim Statement of Assets And Liabilities	410
6	Condensed Interim Income Statement (Un-audited)	411
7	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	412
8	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	413
9	Condensed Interim Cash Flow Statement (Un-audited)	414
10	Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	415

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	MCB Financial Services Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqjati Bank Limited Silk Bank Limited Dubai Islamic Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahr-e-Faisal, Karachi-75350.	
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 Pakistan Frequent Payout Fund** 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 nose dive 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.

EQUITIES MARKET OVERVIEW

While fiscal year 2020 had a dismal start during the first quarter, it sharply rebounded during the second quarter posting an astounding return of 27.0% during the second quarter, taking the cumulative return of first half to 20.2%. Foreigners after an extended period turned out to be net buyers, whilst accumulating a moderate USD 8 million during the first half. Individuals turned out to be major buyers during the period taking a exposure of USD 140 million in equities, while commercial banks and mutual funds turned out to be net sellers reducing their exposure by USD 91 million and USD 53 million respectively. Volumes and values traded averaged around 180.49 mn shares/ PKR 6.54 bn during the period.

Confidence in the risk assets was rejuvenated after data on external sector pointed out towards stability while currency appreciated by ~6% from its lows. Reversal of long term bond yields also proved to be a major catalyst for bull run in the equity markets. Bond markets rallied as the outlook on inflation improved after a stable currency and perhaps as the central bank vowed to fight inflation and bring it in a range of 5-7% in next 24 months. Most of the cyclicals had a stellar performance during the first half as cheap valuations along with a better medium term growth outlook provided the impetus. Along with that, appreciation in local currency for the first time after several years provided the much required boost to cyclicals. Engineering & Pharmaceutical sectors delivered significant outperformance (~43/36% respectively) during the period. While, E&Ps, Fertilizer, & Banks underperformed the market generating returns of 19%/17% and 12% respectively.

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

FUND PERFORMANCE

During the period under review, the fund posted a return of 5.08% compared to the benchmark return of 7.15%. On the equities front, the overall allocation in equity was 0.0%. On the fixed income side, the fund's exposure in Cash stood at 73.6% and inTFCs at 20.6%.

The Net Assets of the Fund as at December 31, 2019 stood at Rs.179 million as compared to Rs.254 million as at June 30, 2019 registering a decrease of 29.53%. The Net Asset Value (NAV) per unit as at December 31, 2019 was unchanged at Rs.102.1021 as compared to June 30, 2019 due to dividend distribution.

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 2.3% 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

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

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.

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

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ Money مارکیٹ فنڈز پالیسی شرحوں کی عکاسی بلا رکاوٹ 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 صد اے 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۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری ڈائریکٹرز رپورٹ کی تاریخ پر زیر التواء ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز 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

ڈائریکٹر رپورٹ

کے قریب منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لاکر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی ہوئی 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 ۲۰۱۹ء 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 پذیریری 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 کی 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 دورانِ سہ ماہی 120 بلین ڈالر کم کی وصولی ہوئی جس کے نتیجے میں ترقیاتی اقدامات کے لیے بھی کم خرچ کیا جائے گا۔

کمپیٹل 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 سست 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 لوٹی 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 سیکٹرز اور اشاک 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، ان کمپنیوں کی جانب بھی توجہ مبذول ہونی چاہیے جن کی درمیانی میعاد کی آمدنی میں زبردست ترقی متوقع ہے۔

ڈائریکٹر رپورٹ

اگلے دو برسوں کے دوران افرادِ زیر میں 5 تا 7 فیصد کی کا عہد کیا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

اگرچہ مالی سال 2020ء کا آغاز پہلی سہ ماہی کے دوران مایوس کن تھا لیکن دوسری سہ ماہی کے دوران اس نے تیزی سے رُخ بدلا اور 27 فیصد کا حیران کن منافع حاصل کیا جس سے نصف اوّل کا مجموعی منافع 20.2 فیصد تک پہنچ گیا۔ طویل مدّت بعدِ غرملکی افراد net خریدار ثابت ہوئے اور نصف اوّل کے دوران 8 ملین ڈالر کی معتدل مقدار جمع ہوئی۔ دورانِ مدّت افراد (بالمقابل ادارے) بڑے خریدار ثابت ہوئے اور ایکویٹیز میں 140 ملین ڈالر کی شمولیت ہوئی جبکہ کمرشل بینک اور میوچل فنڈز net فروخت کار ثابت ہوئے جن کی شمولیت کم ہو کر بالترتیب 91 ملین ڈالر اور 53 ملین ڈالر ہو گئی۔ دورانِ مدّت تجارت میں لگائے گئے حجم اور قدر تقریباً 180.49 ملین حصص / 6.54 روپے کی اوسط تک پہنچے۔

خارجی شعبے کے اعداد و شمار نے استحکام کی طرف اشارہ کیا جس کی بدولت خطرات پر مبنی اثاثہ جات میں اعتماد بحال ہوا جبکہ روپے کی قدر گزشتہ پست سطح سے اٹھ کر 6 فیصد تک پہنچ سکی۔ طویل المیعاد بانڈز کے منافعوں میں کمی بھی ایکویٹیز مارکیٹس میں حصص کی قیمتوں میں اضافے (bull run) کے لیے بڑا محرک ثابت ہوئی۔

روپے میں استحکام کے باعث، اور شاید اس وجہ سے بھی کہ مرکزی بینک نے افرادِ زیر کا مقابلہ کر کے اسے اگلے چوبیس ماہ میں 5 سے 7 فیصد تک لانے کے عہد کیا ہے، افرادِ زیر کی صورتحال میں متوقع بہتری ہوئی اور اس کے نتیجے میں بانڈ مارکیٹس میں تیز رفتار ترقی ہوئی۔ نصف اوّل کے دوران اکثر گردشیں شعبوں کی کارکردگی شاندار رہی کیونکہ کم قیمت قدر کے تعین کے ساتھ ساتھ درمیانی مدّت کی متوقع ترقی نے محرک فراہم کیا۔ مزید برآں، متعدد برسوں بعد پہلی مرتبہ روپے کی قدر میں اضافے سے گردشیں شعبوں کو مطلوبہ افزودگی فراہم ہوئی۔ انجینئرنگ اور فارماسیوٹیکلز شعبوں نے دورانِ مدّت قابل ذکر بہتر کارکردگی کا مظاہرہ کیا (بالترتیب 43 فیصد اور 36 فیصد) جبکہ دریافت اور پیداوار (ایکسپلوریشن اینڈ پروڈکشن: ای اینڈ پی)، کھاد اور بیٹیکوں کے شعبوں نے بالترتیب 19 فیصد، 17 فیصد اور 12 فیصد منافع حاصل کر کے مارکیٹ کے مقابلے میں کم تر کارکردگی کا مظاہرہ کیا۔

فنڈ کی کارکردگی

زیر جائزہ مدّت کے دوران فنڈ نے 5.08 فیصد منافع حاصل کیا جبکہ مقررہ معیار (بچ مارک) 7.15 فیصد تھا۔ ایکویٹیز کے شعبے میں مجموعی اختصاص 0.00 فیصد تھا۔ مقررہ آمدنی کی جہت میں فنڈ کی نقد میں شمولیت 73.6 فیصد اور ٹرم فنانس سرٹیفیکیٹس میں 20.6 فیصد تھی۔ 31 دسمبر 2019ء کو فنڈ کے net اثاثہ جات 179 ملین روپے تھے جو 30 جون 2019ء (254 ملین روپے) کے مقابلے میں 29.53 فیصد کی ہے۔ 31 دسمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ میں 30 جون 2019ء کی ابتدائی NAV کے مقابلے میں کوئی تبدیلی نہیں ہوئی تھی، یعنی 102.1021 روپے، ڈویڈنڈ سٹریٹیشن کی وجہ سے

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 روی کا شکار ہو کر 2.5 فیصد پر آ جائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ 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

ایم بی پی پاکستان فریکوئنٹ پے آؤٹ فنڈ کے بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2019 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 خطیر 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۔ صارفی قیمت کے انڈیکس (کنزومر 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 سے 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۔ آٹوز 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 تر میعاد کے بانڈز کی خطیر طلب کے باعث پیداواری خم 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 بیسیس پوائنٹس (بی پی ایس) جبکہ طویل تر میعاد 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

TRUSTEE REPORT TO THE UNIT HOLDERS



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

MCB PAKISTAN FREQUENT PAYOUT FUND

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

MCB Pakistan Frequent Payout Fund, an open-end Scheme established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee on 22nd July 2015. The scheme was approved by Securities & Exchange Commission of Pakistan on 16th July 2015.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of MCB Pakistan Frequent Payout Fund has, in all material respects, managed MCB Pakistan Frequent Payout Fund during the period ended 31st December 2019 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 20, 2020

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



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS OF MCB PAKISTAN FREQUENT PAYOUT FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Frequent Payout Fund** (the Fund) as at December 31, 2019, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2019. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim financial information for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.

Deloitte Yousuf Adil
Chartered Accountants

Dated: February 25, 2020
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

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

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	139,260	186,929
Investments	6	38,918	65,469
Dividend and profit receivable		1,175	1,761
Advances, deposits and prepayments		4,578	4,298
Preliminary expenses and floatation costs		-	201
Receivable from National Clearing Company of Pakistan Limited		5,180	5,180
Total assets		189,111	263,838
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	651	456
Payable to MCB Financial Services Limited - Trustee		48	46
Payable to the Securities and Exchange Commission of Pakistan		20	312
Dividend payable		1,594	1,905
Accrued expenses and other liabilities	8	7,772	7,608
Total liabilities		10,085	10,327
NET ASSETS		179,026	253,511
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		179,026	253,511
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		1,753,406	2,482,916
		(Rupees)	
NET ASSET VALUE PER UNIT		102.1021	102.1021

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

		Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
INCOME					
	Income from government securities	3,007	3,664	2,578	3,286
	Capital gain / (loss) on sale of investments - net	127	(548)	(45)	(154)
	Income from term finance certificates	4,285	3,353	2,025	1,413
	Profit on bank deposit	6,286	9,131	1,875	3,072
	Dividend income	-	303	-	222
	Profit on margin trading system	-	179	-	1
	Unrealised appreciation / (diminution) in fair value of investments classified				
	' as at fair value through profit or loss' - net	6.4 (109)	(2,645)	76	(2,044)
	Other income	194	-	168	-
	Total income	13,790	13,437	6,677	5,796
EXPENSES					
	Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	1,572	2,308	677	1,040
	Sindh Sales Tax on remuneration of the Management Company	204	300	88	135
	Allocated expenses	7.2 100	217	47	97
	Remuneration of MCB Financial Services Limited - Trustee	252	257	126	126
	Sindh Sales Tax on remuneration of trustee	33	33	17	16
	Annual fee of Securities and Exchange Commission of Pakistan	20	182	9	81
	Provision for Sindh Workers' Welfare Fund	8.1 202	181	97	75
	Marketing and selling expense	7.3 582	-	384	-
	Securities transaction cost	45	125	18	88
	Settlement and bank charges	227	265	96	132
	Fees and subscriptions	140	140	70	40
	Legal and professional charges	92	91	46	46
	Amortization of preliminary expenses and formation costs	74	74	37	37
	Professional charges on marginal trading system	-	16	-	2
	Auditors' remuneration	351	334	209	186
	Printing and related costs	17	25	8	-
	Total expenses	3,911	4,548	1,929	2,101
	Net income for the period before taxation	9,879	8,889	4,748	3,695
	Taxation	10 -	-	-	-
	Net income for the period	9,879	8,889	4,748	3,695
Allocation of net income for the period:					
	Net income for the period	9,879	8,889	4,748	3,695
	Income already paid on units redeemed	(77)	(107)	(9)	(21)
		9,802	8,782	4,739	3,674
Accounting income available for distribution					
	Relating to capital gains	15	-	31	-
	Excluding capital gains	9,787	8,782	4,708	3,674
		9,802	8,782	4,739	3,674
Earnings per unit					
		11			

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	9,879	8,889	4,748	3,695
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	9,879	8,889	4,748	3,695

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For half year ended December 31,					
	2019			2018		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	238,536	14,975	253,511	476,396	10,155	486,551
Issue of 9,818 units (2018: 59,880 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,003	-	1,003	6,039	-	6,039
- Element of income	-	-	-	9	-	9
	1,003	-	1,003	6,048	-	6,048
Redemption of 739,328 units (2018: 1,629,570 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(75,488)	-	(75,488)	(164,332)	-	(164,332)
- Amount paid out of element of Income relating to net income for the period after taxation	-	(77)	(77)	(282)	(107)	(389)
	(75,488)	(77)	(75,565)	(164,614)	(107)	(164,721)
Final Distribution for the year ended June 30, 2019 Rs: Nil (For the year ended June 30, 2018 Rs. 0.4280 per unit declared on July 04, 2018)	-	-	-	-	(2,056)	(2,056)
Total comprehensive income for the period	-	9,879	9,879	-	8,889	8,889
Distribution made during the period (Note 15)	-	(9,802)	(9,802)	(5)	(7,979)	(7,984)
Net income / (loss) for the period less distribution	-	77	77	(5)	(1,146)	(1,151)
Net assets as at the end of the period	164,051	14,975	179,026	317,825	8,902	326,727
Undistributed income brought forward						
- Realised	14,941			12,551		
- Unrealised	34			(2,396)		
	14,975			10,155		
Accounting income available for distribution						
- Relating to capital gains	15			-		
- Excluding capital gains	9,787			8,782		
	9,802			8,782		
Distributions during the period	(9,802)			(10,035)		
Undistributed income carried forward	14,975			8,902		
Undistributed income carried forward						
- Realised	15,084			11,547		
- Unrealised	(109)			(2,645)		
	14,975			8,902		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	102.1021			101.2718		
Net assets value per unit at end of the period	102.1021			101.0066		

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31,	
	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	9,879	8,889
Adjustments for non cash and other items:		
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	109	2,645
Provision for Sindh Workers' Welfare Fund	202	181
Dividend income	-	(303)
	10,190	11,412
(Increase) / decrease in assets		
Investments	26,442	38,462
Dividend and profit receivable	586	(1,024)
Advances, deposit and prepayments	(280)	(210)
Preliminary expenses and floatation costs	201	347
Receivable against sale of investments	-	37,388
	26,949	74,963
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	195	(226)
Payable to MCB Financial Services Limited - Trustee	2	(6)
Payable to the Securities and Exchange Commission of Pakistan	(292)	(449)
Payable against purchase of investments	-	(36,167)
Dividend payable	(311)	
Accrued expenses and other liabilities	(38)	(320)
	(444)	(37,168)
Dividend income received	-	303
Net cash generated from operating activities	36,695	49,510
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	1,003	6,048
Payments on redemption of units	(75,565)	(164,721)
Distribution during the period	(9,802)	(10,040)
Net cash used in financing activities	(84,364)	(168,713)
Net decrease in cash and cash equivalents during the period	(47,669)	(119,203)
Cash and cash equivalents at beginning of the period	186,929	348,931
Cash and cash equivalents at end of the period	139,260	229,728

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ("the Fund") was established under a Trust Deed dated July 22, 2015 executed between MCB - Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as the Trustee. The Fund was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 16, 2015 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).

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 has been changed from 24th Floor, Centre point, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan to Adamjee House, MCB-AH Savings, 2nd Floor, I.I Chundrigar Rd, Karachi, Pakistan.

The Fund is an open-end collective investment scheme categorised as an "Asset Allocation" 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 Fund offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions, spread transactions and transaction under Margin Trading System.

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.

The title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information have 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.

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 does 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

In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2019.

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, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2019.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

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

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
5. BANK BALANCES			
In saving accounts	5.1	<u>139,260</u>	<u>186,929</u>

- 5.1** These carry profit rates ranging from 11.25% to 14.25% (June 30, 2019: 10% to 13%) per annum. These balances include Rs 1.197 million (June 30, 2019: Rs 1.577 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 11.25% (June 30, 2019: 10.25%) per annum.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
6. INVESTMENTS			
At fair value through profit or loss			
- Term Finance Certificates - Unlisted	6.1	<u>20,238</u>	44,601
- Sukuk Certificates - Listed	6.2	<u>17,942</u>	19,960
- Sukuk Certificates - Unlisted	6.3	<u>738</u>	908
		<u>38,918</u>	<u>65,469</u>

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

6.1 Term Finance Certificates - Unlisted

Name of investee company	As at July 01, 2019	Purchased during the period	Disposed / matured during the period	As at December 31, 2019	December 31, 2019			Market value		Investment as a percentage of total issue size
					Carrying value	Market value	Unrealised appreciation/ (diminution)	As percentage of net assets	As percentage of total investments	
Rupees in '000										
Number of certificates										
Investment Banks / Investment Companies / Securities Companies										
Jahangir Siddiqui & Company Limited (face value of Rs.5,000 each)	4,000	-	2,000	2,000	9,935	9,920	(15)	5.54	25.49	0.67
Commercial Banks										
The Bank of Punjab (face value of Rs.100,000 each)	250	-	145	105	10,385	10,318	(67)	5.76	26.51	0.42
As at December 31, 2019										
					20,320	20,238	(82)			
As at June 30, 2019					44,507	44,601	94			

6.1.1 The terms and conditions of unlisted term finance certificates outstanding as at December 31, 2019 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
Jahangir Siddiqui & Company Limited	AA+	5 years	Semi-annually	Secured	March 06, 2018	March 06, 2023	6 month KIBOR + 1.40%
The Bank of Punjab	AA-	10 years	Semi-annually	Unsecured	December 23, 2016	December 23, 2026	6 month KIBOR + 1.00%

6.2 Sukuk Certificates - Listed

Certificates having a face value of Rs.100,000 each

Name of investee company	As at July 01, 2019	Purchased during the period	Disposed / matured during the period	As at December 31, 2019	December 31, 2019			Market value		Investment as a percentage of total issue size
					Carrying value	Market value	Unrealised appreciation/ (diminution)	As percentage of net assets	As percentage of total investments	
Rupees in '000 ----- % -----										
----- Number of certificates -----										
Fertilizer										
Dawood Hercules Corporation Limited	200	-	-	200	17,964	17,942	(22)	10.02	46.10	0.33
As at December 31, 2019					17,964	17,942	(22)			
As at June 30, 2019					20,013	19,960	(53)			

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

6.2.1 The terms and conditions of sukuk certificates outstanding as at December 31, 2019 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
--------------------------	--------	--------	---	---------------------	------------	---------------	----------------

Dawood Hercules Corporation Limited	AA	5 years	Quarterly	Secured	March 1, 2018	March 1, 2023	3 month KIBOR + 1.00%
-------------------------------------	----	---------	-----------	---------	---------------	---------------	-----------------------

6.3 Sukuk Certificates - Unlisted

(Certificates having a face value of Rs.100,000 each)

Name of investee company	As at July 01, 2019	Purchased during the period	Disposed / matured during the period	As at December 31, 2019	December 31, 2019			Market value		Investment as a percentage of total issue size
					Carrying value	Market value	Unrealised appreciation / (diminution)	As percentage of net assets	As percentage of total	
Number of certificates					Rupees in '000					%

Oil Marketing Company

Byco Petroleum Pakistan Limited	10	-	-	10	743	738	(5)	0.41	1.90	0.03
---------------------------------	----	---	---	----	-----	-----	-----	------	------	------

As at December 31, 2019

As at June 30, 2019					<u>743</u>	<u>738</u>	<u>(5)</u>			
					915	908	(7)			

6.3.1 The terms and conditions of sukuk certificates outstanding as at December 31, 2019 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
--------------------------	--------	--------	---	---------------------	------------	---------------	----------------

Byco Petroleum Pakistan Limited	AAA	5 years	Quarterly	Secured	January 18, 2017	January 18, 2022	3 month KIBOR + 1.05%
---------------------------------	-----	---------	-----------	---------	------------------	------------------	-----------------------

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

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
6.4 Net unrealised appreciation in value of investments at fair value through profit or loss			
Market value of investments	6.1 - 6.3	38,918	65,469
Carrying value of investments	6.1 - 6.3	(39,027)	(65,435)
		(109)	34

7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration payable	7.1	223	385
Sindh Sales Tax payable on remuneration of the Management Company		29	50
Allocated expenses payable	7.2	15	21
Marketing and selling payable	7.3	384	-
		651	456

7.1 As per amendment in the offering document, the management company with effect from 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.

7.2 Up till 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% and resultantly, during the current period, the Management Company has charged actual expenses.

7.3 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). It has also removed maximum cap of selling and marketing expense of 0.4% per annum.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	2,763	2,561
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		841	841
- Sales load		3,625	3,625
Brokerage payable		18	16
Auditors' remuneration		312	394
Printing and related expenditure		30	40
Other		183	131
		7,772	7,608

8.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed half year financial

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

information of the Fund, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 1.5758 per unit (June 30, 2019 Re. 1.0315 per unit).

8.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed half year financial information of the Fund, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.4796 per unit (June 30, 2019: Re. 0.3387 per unit).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2019 (June 30, 2019: Nil).

10. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of 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. 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 capital gains to the unit holders. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

11. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed, as in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12. EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 4% to 4.5%. The Total Expense Ratio (annualized) of the Fund is from 01 July to 31 December, 2019 is 3.87% (2018: 1.2%) and this includes 0.44% (2018: 0.19%) representing Government Levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 4.5% (2018: 4%) prescribed under the NBFC Regulation 60 (5) for a Collective Investment Scheme categorised as an asset allocation scheme.

13. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / Connected persons of the Fund include the Management Company, other collective investment schemes being 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 undertaking and unit holders holding more than 10% units of the Fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

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 (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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

For the six months ended December 31, 2019										
	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at December 31, 2019	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at December 31, 2019
	Units					(Rupees in '000)				
Unitholders holding 10% or more	541,619	-	-	-	541,619	55,300	-	-	-	55,300
Mandate under discretionary portfolio	3	-	-	-	3	-	-	-	-	-

For the six months ended December 31, 2018										
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at December 31, 2018	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at December 31, 2018
	Units					(Rupees in '000)				
Unitholders holding 10% or more	546,720	-	-	5,101	541,618	55,367	-	-	-	54,707
Mandate under discretionary portfolio services	3	-	-	-	3	-	-	-	-	-

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

	(Unaudited) December 31, 2019 ----- (Rupees in '000) -----	(Unaudited) December 31, 2018 ----- (Rupees in '000) -----
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	1,776	2,608
Marketing and selling expense	582	-
Allocated expenses	100	217
MCB Financial Services Limited - Trustee		
Remuneration of MCB Financial Services Limited -Trustee	252	257
Sindh Sales Tax on remuneration of the Trustee	33	33
MCB Bank Limited - Holding Company of the Management Company		
Profit on bank deposits	162	32
Bank charges	22	1
Purchase of Nil (2018: 83,000) shares	-	16,666
Sale of Nil (2018: 83,000) shares	-	16,655
Sale of securities having a face value of Nil (2018: Rs 175,000,000)	-	173,578
Dividend	-	132
Dolmen City Reit - Common Directorship		
Dividend income	-	171
Arif Habib Capital Limited - Subsidiary of Associated Company		
Brokerage expense*	-	6
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage expense*	12	6

* 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 transaction with connected persons as the ultimate counter parties are not the connected persons.

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

13.3 Amount outstanding as at period end / year end

	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	223	385
Sindh sales tax payable on management remuneration	29	50
Payable against allocated expenses	15	21
Payable against marketing and selling expense	384	-
MCB Financial Services Limited - Trustee		
Trustee remuneration payable	42	41
Sindh Sales Tax payable on Trustee remuneration	6	5
MCB Bank Limited - Parent of the Management Company		
Bank balances	1,197	1,577
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage payable*	5	-

* 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 transaction with connected persons as the ultimate counter parties are not the connected persons.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts of fair values of financial assets and financial liabilities including the levels in the fair value hierarchy:

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

December 31, 2019 (Un-Audited)						
	Carrying amount		Fair Value			
	Amortised Cost	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
(Rupees in '000)						
Financial assets measured at fair value						
Term Finance Certificates	-	20,238	20,238	-	20,238	-
Sukuk certificates	-	18,680	18,680	-	18,680	-
	-	38,918	38,918	-	38,918	-
Financial assets not measured at fair value						
Bank balances	139,260	-	139,260			
Dividend and profit receivable	1,175	-	1,175			
Advances and deposits	4,206	-	4,206			
Receivable from National Clearing Company of Pakistan Limited	5,180	-	5,180			
	149,821	-	149,821			
Financial liabilities not measured at fair value						
Payable to the Management Company	622	-	622			
Payable to the Trustee	42	-	42			
Dividend payable	1,594	-	1,594			
Accrued expenses and other liabilities	543	-	543			
	2,801	-	2,801			
June 30, 2019 (Audited)						
	Carrying amount		Fair Value			
	Amortised Cost	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
(Rupees in '000)						
Financial assets measured at fair value						
Term Finance Certificates	-	44,601	44,601	-	44,601	-
Sukuk certificates	-	20,868	20,868	-	20,868	-
	-	65,469	65,469	-	65,469	-
Financial assets not measured at fair value						
Bank balances	186,929	-	186,929			
Profit receivable	1,761	-	1,761			
Receivable from National Clearing Company of Pakistan Limited	5,180	-	5,180			
	193,870	-	193,870			
Financial liabilities not measured at fair value						
Payable to the Management Company	406	-	406			
Payable to the Trustee	41	-	41			
Accrued expenses and other liabilities	581	-	581			
	1,028	-	1,028			

During the year ended December 31, 2019, there were no transfers between levels fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

15. DISTRIBUTIONS MADE DURING THE PERIOD

	<u>Rate per unit</u>	<u>Declaration date</u>	<u>Bonus Units</u>	<u>Distribution Amount</u>	<u>Total Distribution</u>
			----- (Rupees in '000) -----		
For the month ended July 2019	Re. 0.7328	July 31, 2019	-	-	1,539
For the month ended August 2019	Re. 0.9192	August 31, 2019	-	-	1,837
For the month ended September 2019	Re. 0.8776	September 30, 2019	-	-	1,688
For the month ended October 2019	Re. 0.9713	October 31, 2019	-	-	1,859
For the month ended November 2019	Re. 0.6732	November 30, 2019	-	-	1,285
For the month ended December 2019	Re. 0.9090	December 31, 2019	-	-	1,594
			-	-	9,802

As per the distribution policy contained in the offering document, the Fund is required to ensure monthly streams of cash flows to the unit holders. In case, where the Fund suffers losses in the month due to equity portion loss, the monthly payment is required to be made by redeeming the appropriate number of units of the unit holders on the basis of previous 6 months average rate of dividend distribution per unit.

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was 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

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST)

URL: www.mcbah.com, Email: info@mcbah.com