



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

PAKISTAN INCOME ENHANCEMENT FUND

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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 Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	A.F. Ferguson & Co Chartered Accountants (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 **Pakistan Income Enhancement 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 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 12.76% against its benchmark return of 14.32%. WAM of fund stood at 2.3 years. The fund was mainly invested in Cash & TFCs. At period-end, the fund was 46.5% invested in Cash, 20.1% in TFCs.

The Net Assets of the fund as at December 31, 2019 stood at Rs. 760 million as compared to Rs. 698 million as at June 30, 2019 registering an increase of 8.88%.

The Net Asset Value (NAV) per unit as at December 31, 2019 was Rs. 56.5695 as compared to opening NAV of Rs. 53.1512 per unit as at June 30, 2019 registering an increase of Rs. 3.4183 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

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 سیکنڈ ہالفاک کا خورد نظر یہ 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 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 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 زیر 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

ڈائریکٹر رپورٹ

31 دسمبر 2019ء کو فنڈ کے net اثاثہ جات 760 ملین روپے تھے جو 30 جون 2019ء (698 ملین روپے) کے مقابلے میں 8.88 فیصد اضافہ ہے۔
31 دسمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 56.5695 روپے تھی جو 30 جون 2019ء کی ابتدائی NAV (53.1512 روپے) کے مقابلے میں 3.4183 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں کلاں معاشیاتی استحکام ہوگا جس کے باعث موجودہ سال کے لیے معاشی ترقی چھوٹے اعداد تک محدود ہو جائے گی۔ آئی ایم ایف کی پیش گوئی کے مطابق حکومت کی اختیار کردہ تنگی پر مبنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 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 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 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 اثر پذیر اور ایشیائے 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 ڈیولپمنٹ 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 اوڈل 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۔

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

پاکستان انکم اینہنسمنٹ فنڈ 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 2020ء 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 کثیرالجہتی اداروں سے رقم موصول ہوئی، جبکہ سی اے ڈی کے ذریعے رقم کے خروج کا سلسلہ محدود رہا۔ صارفین کی قیمت کے انڈیکس (کنزیمر پرائس انڈیکس: سی پی آئی) کو سال 2019ء اور 2020ء والی بنیاد پر دوبارہ مقرر کیا گیا اور مالی سال 2020ء 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 پنی کھپت کی طلب میں بتدریج کمی کے باعث ایل ایس ایم میں کمی کا سلسلہ جاری رہنے کا امکان ہے۔ مالی سال 2020ء 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 تر ميعاد 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 ميعاد 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 12.76 فیصد تھا جبکہ مقررہ معیار (بنچ مارک) منافع 14.32 فیصد تھا۔

فنڈ کی WAM (ویبڈ ایورج میچورٹی) 2.3 سال تھی۔ اختتام مدت پر فنڈ کی زیادہ تر سرمایہ کاری نقد (46.5 فیصد) اور ٹرم فنانس سرٹیفکیٹس (20.1 فیصد) میں تھی۔

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME ENHANCEMENT FUND

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 Pakistan Income Enhancement Fund (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 PAKISTAN INCOME ENHANCEMENT FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Income Enhancement Fund** (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.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2020

Karachi

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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	4 542,623	473,804
	Investments	5 602,602	618,024
	Mark-up and other receivables	14,200	9,138
	Receivable from National Clearing Company of Pakistan Limited	2,234	2,021
	Advances, deposits and prepayments	6,138	3,261
	Total assets	1,167,797	1,106,248
LIABILITIES			
	Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6 2,929	1,125
	Payable to Central Depository Company of Pakistan Limited - Trustee	7 53	115
	Payable to the Securities and Exchange Commission of Pakistan (SECP)	8 74	658
	Payable against redemption of units	2,079	2,079
	Payable against purchase of investments	372,945	369,326
	Accrued expenses and other liabilities	9 29,238	35,185
	Total liabilities	407,318	408,488
	NET ASSETS	760,479	697,760
	Unit holders' fund (as per statement attached)	760,479	697,760
	Contingencies and Commitments	10	
		(Number of units)	
	NUMBER OF UNITS IN ISSUE	13,443,265	13,127,815
		------(Rupees)-----	
	NET ASSET VALUE PER UNIT	56.5695	53.1512

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 December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
INCOME					
		21,206	1,149	12,918	508
		16,262	22,908	8,198	11,804
		4,880	(606)	(1,163)	(391)
		13,985	17,523	5,182	10,224
		-	1,705	-	-

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

	Six months period ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	------(Rupees in '000)-----			
Net income for the period after taxation	45,789	31,743	20,187	19,573
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>45,789</u>	<u>31,743</u>	<u>20,187</u>	<u>19,573</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

----- (Rupees in '000) -----

including additional units

454,077	-	454,077	1,134,034	-	-	1,134,034
16,742	-	16,742	20,474	-	-	20,474
470,819	-	470,819	1,154,508	-	-	1,154,508

437,310	-	437,310	1,575,821	-	-	1,575,821
12,849	3,730	16,579	28,796	5,009	-	33,805
450,159	3,730	453,889	1,604,617	5,009	-	1,609,626

	45,789	45,789	-	31,743	-	31,743
-	-	-	(14,799)	(51,272)	-	(66,071)
-	45,789	45,789	(14,799)	(19,529)	-	(34,328)
623,213	137,266	760,479	739,174	121,373	-	860,547

98,350	149,836
(3,143)	(3,885)
<u>95,207</u>	<u>145,951</u>
-	(40)
<u>95,207</u>	<u>145,911</u>

4,481	-
37,578	26,734
42,059	26,734

-	(51,272)
<u>137,266</u>	<u>121,373</u>

137,299	121,882
(33)	(509)
<u>137,266</u>	<u>121,373</u>

(Rupees)	(Rupees)
53.1512	55.8399
<u>56.5695</u>	<u>54.8999</u>

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

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	45,789	31,743
Adjustments for non cash and other items:		
Net unrealised loss on revaluation of investments		
'at fair value through profit or loss	33	509
Provision for Sindh Workers' Welfare Fund (SWWF)	934	-
	<u>46,756</u>	<u>32,252</u>
Decrease / (Increase) in assets		
Investments - net	15,389	215,088
Mark-up and other receivables	(5,062)	(1,332)
Receivable from National Clearing Company of Pakistan Limited	(213)	21,000
Advances, deposits and prepayments	(2,877)	(156)
Advance against subscription of Term Finance Certificate	-	22,000
	<u>7,237</u>	<u>256,600</u>
Decrease / (Increase) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,804	(1,225)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(62)	(42)
Payable to the Securities and Exchange Commission of Pakistan	(584)	(1,017)
Payable against purchase of Investments	3,619	-
Accrued expenses and other liabilities	(6,881)	1,344
	<u>(2,104)</u>	<u>(940)</u>
Net cash generated from operating activities	<u>51,889</u>	<u>287,912</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts against issuance and conversion of units	470,819	1,139,709
Payment against redemption and conversion of units	(453,889)	(1,599,608)
Dividend paid	-	(51,272)
Net cash generated from / (used in) financing activities	<u>16,930</u>	<u>(511,171)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>68,819</u>	<u>(223,259)</u>
Cash and cash equivalents at the beginning of the period	473,804	646,442
Cash and cash equivalents at the end of the period	<u><u>542,623</u></u>	<u><u>423,183</u></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

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** Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as Management Company and 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 June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in 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 the Pakistan Stock Exchange Limited (PSX).
- 1.4** The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions and reverse repurchase transactions, spread transactions and transaction under Margin Trading System.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated October 08, 2019 to the Management Company and "A+(f)" as stability rating dated December 24, 2019 to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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.

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

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 will 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 will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

**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) -----

4 BALANCES WITH BANKS

In current accounts	4.1	6,794	12
In saving accounts	4.2	535,829	473,792
		<u>542,623</u>	<u>473,804</u>

4.1 These include a balance of Rs. 6.784 million (June 30 2019: Rs.0.012 million) maintained with MCB Bank Limited (a related party).

4.2 These include balances of Rs. 2.043 million (June 30, 2019: Rs. 3.494 million) maintained with MCB Bank Limited (a related party) that carry profit at 11.25% per annum (June 30, 2019: 4.50% per annum). Other profit and loss saving accounts of the Fund carry profit rates ranging from 11.25% to 14.50% per annum (June 30, 2019: 4.50% to 13.00% per annum).

December 31, 2019
(Unaudited)
June 30, 2019
(Audited)
Note ----- (Rupees in '000) -----

5 INVESTMENTS

Investments at fair value through profit or loss

Government securities	5.1	367,968	369,374
Listed debt securities	5.2	58,647	65,932
Unlisted debt securities	5.3	175,987	182,718
		<u>602,602</u>	<u>618,024</u>

5.1 Government securities

Tenure	Issue Date	Face value				At December 31, 2019			Market value as a percentage of	
		At July 01, 2019	Purchased during the period	Sales / matured during the period	At December 31, 2019	Carrying value	Market value	(Diminution) / appreciation	net assets	total invest-ments
----- (Rupees in '000) ----- % -----										

Treasury bills - 3 months

Treasury Bills	23-May-2019	375,000	-	375,000	-	-	-	-	-	-
Treasury Bills	18-Jul-2019	-	850,000	850,000	-	-	-	-	-	-
Treasury Bills	01-Aug-2019	-	450,000	450,000	-	-	-	-	-	-
Treasury Bills	16-Aug-2019	-	850,000	850,000	-	-	-	-	-	-
Treasury Bills	26-Sep-2019	-	850,000	850,000	-	-	-	-	-	-
Treasury Bills	24-Oct-2019	-	500,000	500,000	-	-	-	-	-	-

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

Tenure	Issue Date	Face value				At December 31, 2019			Market value as a percentage of	
		At July 01, 2019	Purchased during the period	Sales / matured during the period	At December 31, 2019	Carrying value	Market value	(Diminution) / appreciation	net assets	total investments

----- (Rupees in '000) ----- % -----

Treasury bills - 6 months

Treasury Bills	18-Jul-2019	-	400,000	400,000	-	-	-	-	-	-
Treasury Bills	10-Oct-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	24-Oct-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	07-Nov-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills				-						

Treasury bills - 12 months

Treasury Bills	29-Aug-2019	-	700,000	700,000	-	-	-	-	-	-
Treasury Bills	12-Sep-2019	-	350,000	350,000	-	-	-	-	-	-
Treasury Bills	26-Sep-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	10-Oct-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills*	24-Oct-2019	-	950,000	725,000	225,000	203,377	203,358	(19)	26.74%	33.75%
Treasury Bills	07-Nov-2019	-	750,000	750,000	-	-	-	-	-	-

Pakistan Investment Bonds

Pakistan Investment										
Bonds - 03 years**	19-Sep-2019	-	550,000	450,000	100,000	93,974	93,677	(297)	12.32%	15.55%
Pakistan Investment	07-Dec-2018	-	250,000	250,000	-	-	-	-	-	-
Bonds - 05 years**	19-Sep-2019	-	150,000	75,000	75,000	70,943	70,933	(10)	9.33%	11.77%
Pakistan Investment	07-Dec-2018	-	37,500	37,500	-	-	-	-	-	-
Bonds - 10 years	19-Sep-2019	-	50,000	50,000	-	-	-	-	-	-

As at December 31, 2019

368,294 367,968 (326)

As at June 30, 2019

369,326 369,374 48

* This will mature at October 22, 2020 and carries effective yield of 13.20% (June 30, 2019: 13.53%) per annum.

** These will mature latest by September 19, 2022 and carries effective yield with rates ranging from 10.99% to 11.64% (June 30, 2019: Nil) per annum.

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

5.2 Listed debt securities - Term Finance Certificates / Sukuks

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

Name of investee company	Number of Certificates					At December 31, 2019			Market value as a percentage of	
	At July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	At December 31, 2019	Carrying value	Market value	diminution	net assets	total investment
						-----Rupees in '000-----			----- % -----	

Fertilizer

Dawood Hercules Corporation Limited - Sukuk (November 16, 2017) *	735	-	-	-	735	58,606	58,647	41	7.71%	9.73%
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Real Estate investment and services

Pace Pakistan Limited (February 15, 2008)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				
						-	-	-	-	-

As at December 31, 2019

58,606	58,647	41
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As at June 30, 2019

63,943	63,592	(351)
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* Face value of the investment is Rs. 100,000

5.3 Unlisted debt securities - Term Finance Certificates

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

Name of investee company	Number of Certificates					As at December 31, 2019			Market value** as a percentage of	
	As at July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2019	Carrying value	Market value	Appreciation / (diminution)	net assets	total investment
						----- Rupees in '000 -----			----- % -----	

Commercial Banks

Askari Bank Limited IV - TFC (September 30, 2014)	8,300	-	-	-	8,300	40,342	40,484	142	5.32%	6.72%
Bank Al Habib Limited (March 17, 2016) TFC -II	-	5,000	-	-	5,000	24,528	24,528	-	3.23%	4.07%
The Bank of Punjab Limited (April 23, 2018)*	220	-	-	220	-	-	-	-	-	-
The Bank of Punjab Limited TFC - I (December 23, 2016)*	475	-	-	-	475	46,981	46,678	(303)	6.14%	7.75%
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	-	-	-	17,000	63,141	63,559	418	8.36%	10.55%

Construction and Material

Byco Petroleum Limited - Sukuk (January 18, 2017) *	10	-	-	-	10	743	738	(5)	0.10%	0.12%
Eden Housing Limited - Sukuk - (March-31-2008) - Due but not received	10,415	-	-	-	10,415	10,251				
Less: Provision for impairment						(10,251)				
						-	-	-	-	-

As at December 31, 2019

175,735	175,987	252
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As at June 30, 2019

185,558	182,718	(2,840)
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* Nominal value of this sukuk certificate is Rs.100,000 per certificate.

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

- 5.4** Significant terms and conditions of term finance certificates and other securities outstanding as at December 31, 2019 are as follows:

Name of security	(Unaudited)						
	Number of certificates	Face value per unit	Face value/ redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
----- (Rupees) -----							
Listed debt securities							
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017)	735	100,000	80,000	3M KIBOR + 1.00%	November 16, 2022	Secured	AA
Unlisted debt securities							
Askari Bank Limited IV - TFC (September 30, 2014)	8,300	5,000	4,990	6M KIBOR + 1.20%	September 30, 2024	Unsecured	AA-
Bank Al Habib Limited - TFC II (March 17, 2016)	5,000	5,000	4,993	6M KIBOR + 0.75%	March 17, 2026	Unsecured	AA
The Bank of Punjab Limited - TFC (December 23, 2016)	475	100,000	99,880	6M KIBOR + 1.00%	December 23, 2026	Unsecured	AA-
Jahangir Siddiqui & Company Limited (July 18, 2017)	17,000	5,000	3,750	6M KIBOR + 1.40%	July 18, 2022	Secured	AA+

5.5 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

"In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2019, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investments as enumerated below:

		-----Unaudited-----				
Category of non-compliant investment	Type of Investment / Name of Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in '000'-----			----- % -----	
Investment in debt securities	a) Pace Pakistan Limited (note 5.2)	74,910	74,910	-	-	-
	b) Eden Housing Limited (note 5.3)	10,251	10,251	-	-	-

5.6 Net unrealised loss on re-measurement of investments classified 'at fair value through profit or loss

Note **December 31, 2019 (Unaudited)** **June 30, 2019 (Audited)**
----- (Rupees in '000) -----

Market value of investments	5.1, 5.2 & 5.3	602,602	618,024
Less: Carrying value of investments	5.1, 5.2 & 5.3	602,635	621,167
		(33)	(3,143)

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

Remuneration Payable	6.1	649	878
Sindh sales tax payable on management fee	6.2	84	114
Sales load payable		696	73
Allocated expense payable	6.3	63	60
Selling and marketing expenses payable	6.4	1,437	-
		2,929	1,125

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

- 6.1** As per amendment in the offering document, the management company with effective from August 08, 2019 can charge management fee up to a maximum of 15% of the gross earnings of the scheme, calculated on a daily basis, subject to a minimum fee of 0.25% of the average daily net assets of the scheme. Previously, the management company has charged remuneration at the rate of 1.5% of the average annual net assets.
- 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.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, Trustee with effect from July 1, 2019 has revised its tariff as follows:

Existing Tariff		Revised Tariff
Net Assets (Rs.)	Fee	(Flat Rate)
-Up to Rs.1 billion	0.17% per annum of Net Assets	0.075% p.a. of Net Assets
- Rs.1 billion to Rs.5 billion	Rs.1.7 million plus 0.085% per annum of net assets exceeding Rs.1 billion	
- Over Rs.5 billion	Rs.5.1 million plus 0.07% per annum of net assets exceeding Rs.5 billion	

Accordingly, the Fund has charged Trustee Fee at the rate of 0.075% per annum of net assets during the current period.

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 Aggressive fixed income scheme was 0.075%.

**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)
9 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	------(Rupees in '000)-----	
Provision for Sindh workers' welfare fund	9.1	7,318	6,383
Provision for federal excise duty on:	9.2		
- Management fee		16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		35	72
Capital gain tax		64	71
Auditors' remuneration		290	351
Printing and related expenditure		30	40
Zakat		-	14
Sales load		55	-
Other		110	6,918
		<u>29,238</u>	<u>35,185</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 the 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.0.54 (June 30, 2019: Re.0.49) 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.

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.

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

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 21.336 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 Assets Value of the Fund as at December 31, 2019 would have been higher by Rs 1.59 (June 30, 2019: Re 1.63) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding 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 in cash 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.

------(Unaudited)-----
December 31, December 31,
2019 2018
------(Rupees in '000)-----

12 CASH AND CASH EQUIVALENTS

Balances with banks

542,623	423,183
542,623	423,183

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 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

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

FOR THE 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:

Security General Insurance Company

Limited Employees Provident Fund

Trust

41,472 - - 41,472 2,044 - - 2,346

Mandate Under Discretionary

Portfolio Services *

7 - - 7 - - - -

Key management personnel*

- 106,287 106,287 - - 5,932 5,934 -

Unit holders holding 10% or more units

Lahore Highcourt, Lahore

1,676,950 - - 1,676,950 94,864 - - 94,864

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

For the six months period 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

- 13,091,079 13,091,079 - - 709,757 710,277 -

Security General Insurance Company

Limited Employees Provident Fund

Trust

36,603 1,884 - 38,487 2,013 43,928 - 2,113

Fatima Fertilizer Company Limited

Management Staff Gratuity Fund

183,106 9,423 192,529 - 10,071 225 10,300 -

Mandate Under Discretionary

Portfolio Services*

1,515,710 67,274 1,582,010 974 84,637 3,572 84,358 53

Key management personnel*

17 38 55 - 1 2 3 -

Unit holders holding 10% or more units

Security General Insurance

Company Limited

3,929,901 181,132 4,111,033 - 219,445 6,350 219,397 -

* This reflects the position of related party / connected persons 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**

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

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
------(Rupees in '000)-----		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	5,361	6,920
Allocated expenses including indirect taxes	370	545
Selling and marketing expenses	2,253	-
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	313	903
CDC settlement charges	10	12
MCB Bank Limited		
Profit on bank deposits	127	6
Bank charges	6	5
Sale of security having Face Value of Rs. 500 million (2018: Face value: Nil)	444,029	-
Next Capital Limited		
Brokerage expense*	30	12
Arif Habib Limited		
Brokerage expense*	47	-

* 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.

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
------(Rupees in '000)-----		
14.3 Amount outstanding as at period end / year end		
MCB - Arif Habib Savings & Investments Limited - Management Company		
Remuneration payable	649	878
Sindh Sale tax payable on remuneration of the Management Company	84	114
Selling and marketing expenses	1,437	-
Sales load payable	696	73
Allocated expenses payable	63	60
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	47	102
Sindh Sales tax payable on remuneration of Trustee	6	13
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	8,827	3,506
Sales load	55	-
Next Capital Limited		
Brokerage expense*	12	19

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

* 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.

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the current period is 2.86%, (December 31, 2018: 1.02%) which includes 0.44% (December 31, 2018: 0.21%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. This ratio is within the maximum limit of 2.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as a aggressive fixed income scheme.

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.

17 FAIR VALUE HIERARCHY

International Financial Reporting Standard IFRS 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:

-----Unaudited-----			
-----December 31, 2019-----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			

Investments classified at fair value through profit or loss

Government securities	-	367,968	-	367,968
Listed debt securities	-	58,647	-	58,647
Unlisted debt securities	-	175,987	-	175,987
	-	602,602	-	602,602

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

-----Audited-----			
-----June 30, 2019-----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			

**Investments classified at fair value
through profit or loss**

Government securities	-	369,374	-	369,374
Listed debt securities	-	65,932	-	65,932
Unlisted debt securities	-	182,718	-	182,718
	-	618,024	-	618,024

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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