



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 STOCK MARKET 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 Mr. Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. 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
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Faisal Ahmed	
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	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Bank Alfalah Limited Standard Chartered Bank Limited JS Bank Limited Habib Metropolitan Bank Limited Silk Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
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 Stock Market Fund** accounts review for the half year ended December 31, 2019.

ECONOMY 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.

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.

FUND PERFORMANCE

During the period, PSM generated a return of 15.71% as compared to a return of 20.16% witnessed by the KSE100 Index. Overall equity exposure stood at 93.4% on December 31, 2019. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. The allocation was mainly held in Commercial Banks, Oil & Gas Exploration Companies and Fertilizers.

The Net Assets of the fund as at December 31, 2019 stood at Rs. 9,574 million as compared to Rs. 9,556 million as at June 30, 2019 registering an increase of 0.19%.

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

The Net Asset Value (NAV) per unit as at December 31, 2019 was Rs. 91.7558 as compared to opening NAV of Rs. 79.3006 per unit as at June 30, 2019 registering an increase of 12.4552 per unit.

FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Our forecast at very conservative assumptions is that CAD will settle at 2.3% 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.

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

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

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

موجودہ مالی سال کے لیے سی پی آئی کا متوقع اوسط 11.9 فیصد ہوگا جس کا سبب روپے کی قدر کی سُست رفتار اثر پذیری 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 یوٹیلیٹی کی محصولات وغیرہ میں متوقع سے زیادہ تریمبات 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 ڈولپمنٹ پروگرام (پی ایس ڈی پی) کے لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی کے ہدف کو بے حد رجائیت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس کے حصول میں 300 سے 400 بلین روپے کی کمی آئے گی۔ نصف اوّل میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 120 بلین ڈالر کم کی وصولی ہوئی جس کے نتیجے میں ترقیاتی اقدامات کے لیے بھی کم خرچ کیا جائے گا۔

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 2020ء 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 سیکٹرز اور اسٹاک کا خورد نظریہ زیادہ اہمیت کا حامل رہے گا اور سرمایہ کاری کے انتخاب کے لیے ایسی کمپنیوں پر توجہ مرکوز ہونی چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح، اُن کمپنیوں کی جانب بھی توجہ مبذول ہونی چاہیے جن کی درمیانی میعاد کی آمدنی میں زبردست ترقی متوقع ہے۔

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 التواء ہے۔

ڈائریکٹر رپورٹ

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 ایکویٹی 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 افراط زر کا مقابلہ کر کے اسے اگلے چوبیس ماہ میں 5 سے 7 فیصد تک لانے کے عہد کیا ہے، افراط زر کی صورتحال میں متوقع بہتری ہوئی اور اس کے نتیجے میں بانڈ مارکیٹس میں تیز رفتار ترقی ہوئی۔ نصف اول کے دوران اکثر گردش شعبوں کی کارکردگی شاندار رہی کیونکہ کم قیمت قدر کے تعین کے ساتھ ساتھ درمیانی مدت کی متوقع ترقی نے محرک فراہم کیا۔ مزید برآں، متعدد برسوں بعد پہلی مرتبہ روپے کی قدر میں اضافے سے گردش شعبوں کو مطلوبہ افزودگی فراہم ہوئی۔ انجینئرنگ اور فارماسیوٹیکلز شعبوں نے دوران مدت 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 بینکوں 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 مدت کے دوران فنڈ نے 15.71 فیصد منافع حاصل کیا جبکہ KSE-100 انڈیکس کا منافع 20.16 فیصد تھا۔ 31 دسمبر 2019ء کو ایکویٹیز میں مجموعی شمولیت 93.4 فیصد تھی۔ فنڈ خارجی عوامل سے چوکتار ہا اور بنیادی ترقیاتی اقدامات کو مد نظر رکھتے ہوئے سرمایہ کاری کی حکمت عملی میں ترمیم کی گئی۔ زیادہ تر اختصاص کمرشل بینکوں، تیل اور گیس کی دریافت کی کمپنیوں اور کھاد کے شعبے میں تھی۔

31 دسمبر 2019ء کو فنڈ کے net اثاثہ جات 9,574 ملین روپے تھے جو 30 جون 2019ء (9,556 ملین روپے) کے مقابلے میں 0.19 فیصد اضافہ ہے۔ 31 دسمبر 2019ء کو net اثاثہ جاتی قدر (NAV) نی یونٹ 91.7558 روپے تھی جو 30 جون 2019ء کی ابتدائی NAV (79.3006 روپے) کے مقابلے میں 12.4552 روپے نی 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 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 منڈ لا 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۔

ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ کے بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2019ء کو ختم ہونے والی سہ ماہی کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مجموعی معاشی 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 خطرہ اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف اور کثیر الجہتی اداروں سے رقوم موصول ہوئیں، جبکہ سی اے ڈی کے ذریعے رقوم کے خروج کا سلسلہ محدود رہا۔ صارفین کی قیمت کے انڈیکس (کنزیومر پرائس انڈیکس: سی پی آئی) کو سال 2019ء اور 2020ء کی 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 دورانِ 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 چھ بھی قابو میں تھی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔ دورانِ 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 مبنی 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۔ ٹیکس 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۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

اگرچہ مالی سال 2020ء کا آغاز پمپلی 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 اول کا مجموعی منافع 20.2 فیصد تک پہنچ گیا۔ طویل مدت بعد غرملکی افراد net خریدار ثابت ہوئے اور نصف اول کے دوران 8 ملین ڈالر کی معتدل مقدار جمع ہوئی۔ دورانِ مدت 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 مدت تجارت میں لگائے گئے حجم اور قدر تقریباً 180.49 ملین حصص / 6.54 روپے کی اوسط تک پہنچے۔

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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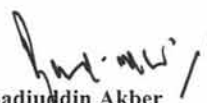
TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN STOCK MARKET 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 MCB Pakistan Stock Market 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 18, 2020



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



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INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of MCB Pakistan Stock Market Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Stock Market Fund** (the Fund) as at **31 December 2019**, the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Cash Flows, condensed interim Statement of Movement in Unit Holders' Fund, and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2019.

Scope of Review

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

A member firm of Ernst & Young Global Limited

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



:- 2 :-

The engagement partner on the review resulting in this independent auditors' review report is
Shaikh Ahmed Salman.

Chartered Accountants

Date: 25 February 2020

Karachi

A member firm of Ernst & Young Global Limited

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	649,807	929,080
Investments	5	9,439,976	8,600,528
Receivable against sale of investments		-	163,621
Dividend and profit receivables		6,061	29,655
Advances, deposits and other receivables		11,609	9,473
Total assets		10,107,453	9,732,357
LIABILITIES			
Payable to Management Company		47,629	29,739
Payable to Trustee		1,007	1,020
Payable to the Securities and Exchange Commission of Pakistan	6	861	10,579
Payable against purchase of investments		314,273	-
Accrued expenses and other liabilities	7	164,731	134,799
Payable against redemption of units		4,886	386
Total liabilities		533,387	176,523
NET ASSETS		9,574,066	9,555,834
Unit holders' fund (as per statement attached)		9,574,066	9,555,834
Contingencies and Commitments	8		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		104,342,935	120,501,368
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		91.7558	79.3006

The annexed notes 1 to 17 form an integral part of these 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

		Half year ended		Quarter ended		
		December 31,		December 31,		
		2019	2018	2019	2018	
Note		----- (Rupees in '000) -----				
INCOME						
	Gain / (loss) on sale of investments - net	246,898	(169,262)	337,775	(139,479)	
	Dividend income	273,231	262,269	129,620	134,196	
	Income from Government securities	27,451	30,001	15,297	16,840	
	Profit on balances with banks	26,060	31,271	12,611	17,327	
	Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - net	5.1	842,661	(1,249,948)	1,225,039	(1,078,127)
	Other income	7	-	7	-	
	Total income / (loss)	1,416,308	(1,095,670)	1,720,349	(1,049,244)	
EXPENSES						
	Remuneration of the Management Company	86,121	114,602	44,865	58,153	
	Sindh Sales Tax on remuneration of the Management Company	11,196	14,898	5,833	7,560	
	Remuneration of the Trustee	4,809	6,235	2,495	3,160	
	Sindh Sales Tax on remuneration of the Trustee	625	810	324	410	
	Annual fee of the Securities and Exchange Commission of Pakistan	861	5,444	448	2,763	
9	Allocated expenses	4,306	6,475	2,243	3,286	
10	Selling and marketing expenses	40,830	22,919	28,057	11,630	
	Auditors' remuneration	479	494	271	283	
	Securities transaction cost	15,927	15,760	11,863	9,017	
	Settlement and bank charges	1,166	1,201	488	676	
	Legal and professional charges	92	90	46	46	
	Fees and subscriptions	26	62	7	14	
	Provision for Sindh Workers' Welfare Fund	24,997	-	24,997	-	
	Total expenses	191,435	188,991	121,937	96,999	
Net income / (loss) for the period before taxation		1,224,873	(1,284,661)	1,598,412	(1,146,243)	
11	Taxation	-	-	-	-	
Net income / (loss) for the period		1,224,873	(1,284,661)	1,598,412	(1,146,243)	
12	Earnings / (losses) per unit					
Allocation of net income for the year after taxation						
	Net income for the year	1,224,873	-	1,598,412	-	
	Income already paid on units redeemed	(89,802)	-	(89,802)	-	
		1,135,071	-	1,508,610	-	
Accounting income available for distribution:						
	- Relating to capital gains	998,675				
	- Excluding capital gains	136,396				
		1,135,071				

The annexed notes 1 to 17 form an integral part of these 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**

	<u>Half year ended</u> <u>December 31,</u>		<u>Quarter ended</u> <u>December 31,</u>	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	1,224,873	(1,284,661)	1,598,412	(1,146,243)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>1,224,873</u>	<u>(1,284,661)</u>	<u>1,598,412</u>	<u>(1,146,243)</u>

The annexed notes 1 to 17 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Half year ended December 31, 2019			Half year ended December 31, 2018			
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Unrealised appreciation on available for sale investments	Total
(Rupees in '000)							
Net assets at the beginning of the period	6,482,505	3,073,329	9,555,834	5,096,092	4,646,316	370,176	10,112,584
Re-classification under IFRS 9	-	-	-	-	370,176	(370,176)	-
Issuance of 29,985,224 (2018: 57,214,534) units:							
- Capital value (at net asset value per unit at the beginning of the period) at Rs.79.3006	2,377,847	-	2,377,847	5,424,258	-	-	5,424,258
- Element of income / (loss)	91,936	-	91,936	(129,108)	-	-	(129,108)
	2,469,783	-	2,469,783	5,295,150	-	-	5,295,150
Redemption of 46,143,657 (2018: 38,442,254) units:							
- Capital value (at net asset value per unit at the beginning of the period) at Rs.79.3006	3,659,221	-	3,659,221	3,644,541	-	-	3,644,541
- Element of loss / (income)	(72,599)	89,802	17,203	(122,770)	-	-	(122,770)
	3,586,622	89,802	3,676,424	3,521,771	-	-	3,521,771
Total comprehensive income / (loss) for the period	-	1,224,873	1,224,873	-	(1,284,661)	-	(1,284,661)
Distributions during the period	-	-	-	-	-	-	-
Net income / (loss) for the period less distribution	-	1,224,873	1,224,873	-	(1,284,661)	-	(1,284,661)
Net assets as at the end of the period	5,365,666	4,208,400	9,574,066	6,869,471	3,731,831	-	10,601,302
Undistributed income brought forward comprising of:							
- Realised		4,858,310			5,005,515		
- Unrealised		(1,784,981)			(359,199)		
		3,073,329			4,646,316		
Re-classification under IFRS 9		-			370,176		
Undistributed income brought forward		3,073,329			5,016,492		
Accounting income available for distribution:							
- Relating to capital gains	998,675			-			
- Excluding capital gains	136,396			-			
	1,135,071			-			
Net income for the period		-			(1,284,661)		
Undistributed income carried forward		4,208,400			3,731,831		
Undistributed income carried forward comprising of:							
- Realised	3,365,739			4,981,779			
- Unrealised	842,661			(1,249,948)			
	4,208,400			3,731,831			
			(Rupees)				(Rupees)
Net assets value per unit as at beginning of the period			<u>79.3006</u>				<u>94.8056</u>
Net assets value per unit as at end of the period			<u>91.7558</u>				<u>84.5137</u>

The annexed notes 1 to 17 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

		Half year ended December 31,	
		2019	2018
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before taxation		1,224,873	(1,284,661)
Adjustments for non cash and other items:			
Unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss' - net		(842,661)	1,249,948
		382,212	(34,713)
Decrease / (increase) in assets			
Investments - net		3,213	(1,155,770)
Receivable against sale of investments		163,621	52,923
Dividend and profit receivable		23,594	(17,537)
Advances, deposits and receivables		(2,136)	(3,409)
		188,292	(1,123,793)
Increase / (decrease) in liabilities			
Payable to Management Company		17,890	3,566
Payable to Trustee		(13)	92
Payable to the Securities and Exchange Commission of Pakistan		(9,718)	(4,520)
Payable against purchase of investments		314,273	25,856
Accrued expenses and other liabilities		29,932	(1,885)
Payable against redemption of units		4,500	-
		356,864	23,109
Net cash generated from / (used) in operating activities		927,368	(1,135,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		2,469,783	5,295,150
Amount paid on redemption of units		(3,676,424)	(3,521,771)
Net cash (used) in / generated from financing activities		(1,206,641)	1,773,378
Net (decrease) / increase in cash and cash equivalents during the period		(279,273)	637,981
Cash and cash equivalents at the beginning of the period		929,080	664,008
Cash and cash equivalents at the end of the period		649,807	1,301,989

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The annexed notes 1 to 17 form an integral part of these interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by 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 has been changed from 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan to 2nd Floor, Adamjee House, I.I Chundrigar Rd, Karachi, Pakistan.
- 1.3** The Fund has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated October 08, 2019 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

2. BASIS OF PREPARATION

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards 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;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of 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 IAS 34 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 requirements of the Trust Deed have been followed.

- 2.2** The disclosures made in these condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published audited financial statements of the Fund for the year ended June 30, 2019.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2019 and December 31, 2018 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.4** In compliance with schedule V of the NBFC Regulations, the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2019.
- 2.5** These condensed interim financial statements are presented in Pakistani Rupee, which is the functional and presentation currency of the Fund.

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

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1** The accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Fund for the year ended June 30, 2019.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting 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.

3.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

IFRS 3 Business Combinations: Previously held interests in a joint operation
 IFRS 9 Prepayment Features with Negative Compensation (Amendments)
 IFRS 11 Joint Arrangements: Previously held interests in a joint operation
 IFRS 16 Leases
 IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity (Amendments)
 IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)
 IAS 23 Borrowing Costs: Borrowing costs eligible for capitalisation
 IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)
 IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above amendments to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

- 3.3** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited 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) -----	
4. BALANCES WITH BANKS			
In current accounts	4.1	6,445	11,672
In savings accounts	4.2	<u>643,362</u>	<u>917,408</u>
		<u>649,807</u>	<u>929,080</u>
4.1	These include a balance of Rs.0.43 (June 30, 2019: Rs.5.66) million maintained with MCB Bank Limited, a related party.		
4.2	These carry profits at the rates ranging from 11.25% to 14.45% (June 30, 2019: 10.00% to 13.00%) per annum and include Rs.148.61 (June 30, 2019: Rs.14.90) 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.		
5. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	5.1	9,439,976	8,600,528
Government securities	5.2	-	-
		<u>9,439,976</u>	<u>8,600,528</u>

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

5.1 Listed equity securities - at fair value through profit or loss

Name of the investee company	No. of shares					Balance as at December 31, 2019			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2019	Carrying Value	Market value as at December 31, 2019 (Rupees in '000)	Unrealised gain / (loss)		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile assembler										
Millat Tractors Limited	-	156,000	-	-	156,000	108,858	109,890	1,032	1.15%	0.31%
Automobile parts and accessories										
Thal Limited *	-	574,300	-	-	574,300	195,123	194,245	(878)	2.03%	0.71%
Cable and electrical goods										
Pak Elektron Limited	1,850,000	-	-	1,850,000	-	-	-	-	0.00%	0.00%
Cement										
Kohat Cement Limited	553,670	-	-	-	553,670	29,084	42,854	13,770	0.45%	0.28%
Lucky Cement Limited	4,061	1,307,800	-	4,061	1,307,800	507,971	560,262	52,291	5.85%	0.40%
Maple Leaf Cement Factory Limited	1,058,500	9,300,000	-	5,508,500	4,850,000	112,371	112,229	(142)	1.17%	0.82%
						649,426	715,345	65,919	7.47%	1.50%
Chemical										
Archroma Pakistan Limited	65,850	-	-	35,000	30,850	14,658	18,973	4,315	0.20%	0.09%
Engro Polymer and Chemicals Limited	13,400,155	511,500	-	2,070,500	11,841,155	321,036	393,245	72,209	4.11%	1.30%
Lotte Chemical Pakistan Limited	210,000	-	-	210,000	-	-	-	-	0.00%	0.00%
						335,694	412,218	76,524	4.31%	1.39%
Commercial banks										
Allied Bank Limited	-	1,939,100	-	-	1,939,100	189,007	185,378	(3,629)	1.94%	0.17%
Askari Bank Limited	10,540,000	-	-	6,785,000	3,755,000	71,007	69,618	(1,389)	0.73%	0.30%
Bank Alfalah Limited	16,786,100	-	-	9,207,000	7,579,100	330,373	346,365	15,992	3.62%	0.43%
Bank AL Habib Limited	5,606,000	3,495,000	-	-	9,101,000	689,544	693,131	3,587	7.24%	0.82%
The Bank of Punjab Limited	1,778,000	-	-	1,778,000	-	-	-	-	0.00%	0.00%
Faysal Bank Limited	7,415,725	-	-	3,251,500	4,164,225	89,614	79,204	(10,410)	0.83%	0.27%
Habib Bank Limited	2,079,900	3,284,400	-	2,376,900	2,987,400	460,636	470,276	9,640	4.91%	0.20%
Habib Metropolitan Bank Limited	825,500	-	-	-	825,500	29,784	30,007	223	0.31%	0.08%
MCB Bank Limited	2,771,900	-	-	2,771,900	-	-	-	-	0.00%	0.00%
National Bank of Pakistan Limited	1,238,500	-	-	1,238,500	-	-	-	-	0.00%	0.00%
United Bank Limited	209,200	5,007,000	-	615,300	4,600,900	640,787	756,848	116,061	7.91%	0.38%
						2,500,752	2,630,827	130,075	27.48%	2.65%
Engineering										
International Industries Limited	667,800	-	66,780	667,000	67,580	4,735	7,491	2,756	0.08%	0.05%
Mughal Iron & Steel Industries Limited	1,544,760	-	-	933,000	611,760	15,392	25,064	9,672	0.26%	0.24%
						20,127	32,555	12,428	0.34%	0.29%

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

Name of the investee company	No. of shares					Balance as at December 31, 2019			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2019	Carrying Value	Market value as at December 31, 2019	Unrealised gain / (loss)		
							(Rupees in '000)		(%)	(%)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Fertilizer										
Engro Fertilizer Limited	5,695,500	685,000	-	6,380,500	-	-	-	-	0.00%	0.00%
Engro Corporation Limited	1,691,580	831,000	-	1,331,500	1,191,080	348,001	411,220	63,219	4.30%	0.21%
Fatima Fertilizer Company Limited	4,548,500	-	-	66,500	4,482,000	133,788	119,176	(14,612)	1.24%	0.21%
Fauji Fertilizer Company Limited	5,085,500	2,231,500	-	1,773,000	5,544,000	518,120	562,550	44,430	5.88%	0.44%
						999,909	1,092,946	93,037	11.42%	0.86%
Food and personal care products										
Al-Shaher Corporation Limited	23,455	-	-	13,000	10,455	132	148	16	0.00%	0.01%
National Foods Limited *	246,000	-	49,200	-	295,200	45,303	65,537	20,234	0.68%	0.20%
Nestle Pakistan Limited	3,033	-	-	-	3,033	20,221	24,416	4,195	0.26%	0.01%
						65,656	90,101	24,445	0.94%	0.21%
Glass and ceramics										
Tariq Glass Industries Limited	1,078,200	-	-	43,500	1,034,700	79,289	110,713	31,424	1.16%	1.41%
Insurance										
Pakistan Reinsurance Company Limited	2,157,000	-	-	11,000	2,146,000	53,564	63,114	9,550	0.66%	0.72%
Leather and tanneries										
Service Industries Limited	50,875	40,100	12,718	-	103,693	59,587	80,551	20,964	0.84%	0.55%
Miscellaneous										
Synthetic Products Enterprises Limited	1,678,500	-	67,140	-	1,745,640	37,246	60,923	23,677	0.64%	1.97%
Oil and gas exploration companies										
Mari Petroleum Company Limited	9,865	203,320	-	9,865	203,320	268,177	266,370	(1,807)	2.78%	0.15%
Oil & Gas Development Company Limited	6,593,700	720,000	-	2,091,500	5,222,200	692,822	743,223	50,401	7.763%	0.12%
Pakistan Oilfields Limited	1,267,630	111,600	-	209,000	1,170,230	473,986	522,765	48,779	5.460%	0.41%
Pakistan Petroleum Limited	4,300,230	1,392,900	683,386	2,469,100	3,907,416	489,523	535,862	46,339	5.597%	0.14%
						1,924,508	2,068,220	143,712	21.60%	0.83%
Oil and gas marketing companies										
Attock Petroleum Limited	29	210,000	-	29	210,000	76,413	77,658	1,245	0.81%	0.21%
Hi-Tech Lubricants Limited	651,600	45,500	-	220,000	477,100	13,109	14,857	1,748	0.16%	0.41%
Pakistan State Oil Company Limited	959,840	-	-	959,840	-	-	-	-	0.00%	0.00%
Shell (Pakistan) Limited	21,900	-	-	21,900	-	-	-	-	0.00%	0.00%
Sui Northern Gas Pipelines Limited	4,488,300	3,251,500	-	1,545,500	6,194,300	439,090	471,820	32,730	4.93%	0.98%
Sui Southern Gas Company Limited	9,500	-	-	9,500	-	-	-	-	0.00%	0.00%
						528,612	564,335	35,723	5.89%	1.60%
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	-	97,400	-	-	97,400	41,493	43,516	2,023	0.45%	0.10%
AGP Limited	577	-	-	577	-	-	-	-	0.00%	0.00%
The Seale Company Limited	6,146	-	-	297	5,849	857	1,104	247	0.01%	0.00%
						42,350	44,620	2,270	0.47%	0.10%

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

Name of the investee company	No. of shares					Balance as at December 31, 2019			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2019	Carrying Value	Market value as at December 31, 2019	Unrealised gain / (loss)		
						(Rupees in '000)	(Rupees in '000)		(%)	(%)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Power generation and distribution										
Altam Energy Limited	327,000	-	-	-	327,000	10,902	9,839	(1,063)	0.10%	0.09%
The Hub Power Company Limited	7,368,766	581,000	-	4,289,000	3,660,766	289,928	341,732	51,804	3.57%	0.28%
Lalpir Power Limited	-	4,000,000	-	-	4,000,000	54,600	58,040	3,440	0.61%	1.05%
						355,430	409,611	54,181	4.28%	1.43%
Refinery										
Attock Refinery Limited	-	650,000	-	650,000	-	-	-	-	0.00%	0.00%
Technology and communication										
Hum Network Limited **	10,750,000	-	-	-	10,750,000	34,078	34,508	430	0.36%	1.14%
Systems Limited	1,534,225	-	-	1,138,000	396,225	38,026	49,251	11,225	0.51%	0.32%
						72,104	83,759	11,655	0.87%	1.46%
Textile composite										
Gul Ahmed Textile Mills Limited	8,301,900	1,312,500	1,628,980	1,302,000	9,941,380	389,812	428,573	38,761	4.48%	2.32%
Interloop Limited	3,020,110	69,000	-	298,500	2,790,610	124,491	161,995	37,504	1.69%	0.32%
Kohinoor Textile Mills Limited	2,586,718	-	-	400,000	2,186,718	54,777	85,435	30,658	0.89%	0.73%
Nishat (Chunian) Limited	275,500	-	-	275,500	-	-	-	-	0.0%	0.00%
Nishat Mills Limited	1,221,600	-	-	1,221,600	-	-	-	-	0.0%	0.00%
						569,080	676,003	106,923	7.06%	3.38%
Total as at December 31, 2019 (Un-audited)						8,597,315	9,439,976	842,661		
Total as at June 30, 2019 (Audited)						10,385,509	8,600,528	(1,784,981)		

* These have a face value of Rs.5 per share.

** These have a face value of Rs.1 per share.

5.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	(Un-audited) December 31, 2019 ---- (Number of shares) ----	(Audited) June 30, 2019 ----	(Un-audited) December 31, 2019 ---- (Rupees in '000) ----	(Audited) June 30, 2019 ----
Oil & Gas Development Company Limited	1,000,000	1,000,000	142,320	131,490
The Hub Power Company Limited	2,000,000	2,000,000	186,700	157,500
	3,000,000	3,000,000	329,020	288,990

5.1.2 There is no change in the status of matter related to bonus shares as reported in note 6.1.2 to the annual financial statements of the Fund for the year ended June 30, 2019. As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.3.67 million (June 30, 2019 :Rs.3.66 million).

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

5.2 Government securities - at fair value through profit or loss

Name of security	Issue date	Face value				Balances as at December 31, 2019		
		As at July 01, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019a	Carrying Value	Market Value	Unrealised (loss) / gain
----- (Rupees in '000) -----								
Treasury Bills								
Market Treasury Bills - 3 months	23-May-2019	-	1,000,000	1,000,000	-	-	-	-
	18-Jul-2019	-	8,450,000	8,450,000	-	-	-	-
	1-Aug-2019		200,000	200,000	-	-	-	-
	16-Aug-2019	-	1,590,000	1,590,000	-	-	-	-
	12-Sep-2019		500,000	500,000	-	-	-	-
	26-Sep-2019	-	500,000	500,000	-	-	-	-
	10-Oct-2019	-	850,000	850,000	-	-	-	-
	24-Oct-2019	-	1,225,000	1,225,000	-	-	-	-
	7-Nov-2019	-	2,525,000	2,525,000	-	-	-	-
	19-Dec-2019	-	250,000	250,000	-	-	-	-
Total as at December 31, 2019 (Un-audited)						-	-	-
Total as at June 30, 2019 (Audited)						-	-	-

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

SECP, vide SRO no. 685(I)/2019 dated June 2019, revised the rate of annual fee at 0.02% (2018: 0.095%) of net assets on all categories of collective investment schemes which is effective from July 01, 2019.

(Un-audited)	(Audited)
December	June
31, 2019	30, 2019
-----	-----
(Rupees in '000)	(Rupees in '000)

7. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Provision for Sindh Workers' Welfare Fund	7.1	82,872	57,875
Federal Excise Duty payable on management remuneration	7.2	54,774	54,774
Federal Excise Duty payable on sales load		3,933	3,933
Unclaimed dividends		9,722	9,722
Brokerage payable		11,420	7,665
Auditors' remuneration		457	513
Withholding tax payable		1,309	96
Printing and related charges payable		30	40
Payable to legal advisor		208	175
Others		6	6
		164,731	134,799

- 7.1 "There is no change in the status of the SWWF as reported in note 12.1 to the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2019 would have been higher by Re.0.79 (June 30, 2019: Re.0.48) per unit."

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

- 7.2** There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty, as reported in note 12.2 to the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for FED 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.0.53 (June 30, 2019: Re.0.45) per unit.

8. CONTINGENCIES AND COMMITMENTS

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

9. ALLOCATED EXPENSES

Uptil June 19, 2019 in accordance with the 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 whatever is less. However, SECP vide SRO 639 dated June 20, 2019 removed the maximum cap of 0.1 %.

Therefore, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019. Accordingly, the Management Company has resolved in its board meeting that the allocated expenses will be charged based on the discretion of the Management Company being lower than the actual expense.

10. SELLING AND MARKETING EXPENSES

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 01, 2017 till December 31, 2019). The maximum cap of selling and marketing 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 05, 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 as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has resolved in its board meeting that all allocated expenses will be charged based on the discretion of the Management Company being lower than the actual expense.

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 available for distribution 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 Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to current period as the Management Company intends to distribute in cash the required minimum percentage of the Fund's accounting income for the year ending 30 June 2020 as reduced by capital gains (whether realised or unrealised) to its unitholders in the form of cash.

12. EARNINGS / (LOSSES) PER UNIT

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

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

13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively. Details of the transactions with related parties / connected persons during the period are as follows:

13.1 Unit Holder's Fund	For the half year ended December 31, 2019 (Un-audited)					
	(Number of units)			(Rupees in '000)		
	As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2019	As at July 01, 2019	Issued for cash / conversion in / transferred in / transfer out
MCB-Arif Habib Savings and Investments Limited - Management Company	3,227,917	540,343	1,455,107	2,313,153	255,976	50,000
Adamjee Insurance Company Limited Employees Gratuity Fund	16,433	8,291	-	24,724	1,303	765
Adamjee Life Assurance Company Limited - IMF *	28,368,367	3,425,501	2,566,354	29,227,514	2,249,629	275,000
Adamjee Life Assurance Company Limited - NUIL	2,072,157	657,574	-	2,729,731	164,323	60,000
Adamjee Insurance Company Limited Employees Provident Fund Trust	32,837	16,142	-	48,979	2,604	1,489
D.G. Khan Cement Company Limited Employees Provident Fund Trust	199,265	-	-	199,265	15,802	-
Nishat Mills Employees Provident Fund Trust	6,836,556	-	6,836,556	-	542,143	-
Asghari Beg Memorial Trust	31,777	10	3,800	27,987	3,748	1
Directors And Key Management Personnel	133,192	268,558	189,432	212,318	10,562	23,673
Mandate under discretionary portfolio services	4,161,940	3,316,523	3,873,483	3,604,980	330,044	285,642
Unit holders holding 10% or more	11,794,969	-	-	11,794,969	935,348	-
						1,082,257
MCB-Arif Habib Savings and Investment Limited - Management Company	2,048,988	2,432,680	1,569,518	2,912,150	194,256	219,087
Associated companies / undertakings						
Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of group company	10,756	34,931	30,044	15,643	1,020	3,216
Adamjee Insurance Company Limited Employees Gratuity Fund	69,360	122,853	101,103	91,110	6,576	11,159
Adamjee Life Assurance Company Limited - IMF *	19,754,721	3,033,235	1,072,270	21,715,686	1,872,858	285,000
Adamjee Life Assurance Company Limited - NUIL	1,409,006	266,073	139,328	1,535,751	133,582	25,000
Adamjee Insurance Company Limited Employees Provident Fund Trust	136,117	243,973	199,725	180,365	12,905	22,158
Adamjee Life Assurance Company Limited - ISF	2,108,051	441,784	-	2,549,835	199,855	41,510
D.G. Khan Cement Company Limited Employees Provident Fund Trust	2,841,551	6,888,764	353,577	6,194,438	269,395	631,218
Nishat Mills Employees Provident Fund Trust	-	5,116,684	2,665,621	2,451,063	-	495,000
Directors And Key Management Personnel	134,001	106,367	70,506	169,862	13,735	9,761
Mandate under discretionary portfolio services	10,722,140	7,297,653	11,165,188	6,854,605	1,099,037	697,639
						1,067,126
						579,308

* The unit holder also holds 10% or more of the units in the Funds.

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

13.2 Transactions during the period:

	Half year ended	
	December 31,	
	2019	2018
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company including indirect taxes	97,317	129,500
Marketing and Selling expense	40,830	22,919
Allocated Expenses	4,306	6,475
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	5,434	7,045
Central Depository Service charges	245	401
Arif Habib Capital Limited - Brokerage House		
Brokerage expense*	1,094	1,048
Next Capital Limited - Brokerage House		
Brokerage expense*	402	642
MCB Bank Limited		
Bank charges	46	56
Profit on balances with banks	5,349	6,531
Dividend income	8,422	20,086
Sale of securities having face value of Rs 850M (2018: 130 million)	845,432	129,004
Purchase of Nil (2018:902,100) shares	-	180,697
Sale of 2,771,900 (2018:517,300) shares	485,593	106,920
D.G. Khan Cement Company Limited		
Purchase of Nil (2018:1,600,000) shares	-	143,968
Sale of Nil (2018: 1,950,000) shares	-	210,769
Nishat Mills Limited		
Dividend Income	-	7,329
Sale of 1,221,600(2018: 968,500) shares	82,582	131,145
Mughal Iron & Steel Industries Limited		
Dividend Income	-	1,521
Purchase of Nil (2018: 11,760) shares	-	722
Sale of Nil (2018: 1,345,760) shares	-	76,882
Fatima Fertilizer Company Limited		
Purchase of Nil (2018: 4,548,500) shares	-	-
Sale of 66,500 (2018: 1,345,760) shares	1,845	-
Nishat Chunian Limited		
Purchase of Nil (2018: 673,500) shares		38,807
Sale of 275,500 (2018: Nil) shares	8,181	-
Adamjee Insurance Company Limited		
Sale of Nil (2018: 809,500) shares	-	38,837
Lal Pir Power Limited		
Purchase of 4,000,000 (2018: Nil) shares	54,600	-

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

13.3 Balances outstanding at period end:	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	------(Rupees in '000)-----	
MCB - Arif Habib Savings and Investment Limited - Management Company		
Remuneration payable	16,119	16,417
Sindh sales tax payable on remuneration	2,096	2,134
Sales load payable including related taxes	552	36
Payable against allocated expense	806	821
Payable against marketing and selling expenses	28,056	10,331
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	891	903
Sindh sales tax payable on remuneration	116	117
Security deposit	500	500
MCB Bank Limited		
Balance with bank	149,044	20,569
Profit receivable on bank balances	1,824	365
Sales load payable	1	1
MCB Bank Limited		
Nil shares (June 30, 2019: 2,771,900 shares)	-	483,558
Fatima Fertilizer Company Limited		
4,482,000 shares (June 30, 2019: 4,548,500 shares)	119,176	135,773
Lalpir Power Limited		
4,000,000 shares (June 30, 2019: Nil shares)	58,040	-
Synthetic Products Limited **		
1,745,640 shares (June 30, 2019: 1,678,500 shares)	-	37,246
Nishat Chunian Limited		
Nil shares (June 30, 2019: 275,500 shares)	-	9,648
Nishat Mills Limited		
Nil shares (June 30, 2019: 1,221,600 shares)	-	114,024
Mughal Iron and Steel Industries Limited **		
611,760 shares (June 30, 2019: 1,544,760 shares)	-	38,866
Next Capital Limited - Brokerage House		
Brokerage payable *	283	707
Arif Habib Limited - Brokerage House		
Brokerage payable *	754	87

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

** These are not related parties/connected persons as at December 31, 2019.

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

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 statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is 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).

As at December 31, 2019 and June 30, 2019, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
December 31, 2019 (Un-audited)				
At fair value through profit or loss				
Listed Equity Securities	<u>9,439,976</u>	<u>-</u>	<u>-</u>	<u>9,439,976</u>
June 30, 2019 (Audited)				
At fair value through profit or loss				
Listed Equity Securities	<u>8,600,528</u>	<u>-</u>	<u>-</u>	<u>8,600,528</u>

During the period ended December 31, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

The Fund has not disclosed the fair values of other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 4.44% as on December 31, 2019 (December 31, 2018: 3.32%) and this includes 0.87% (December 31, 2018: 0.38%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations 60(5) for a collective investment scheme categorised as an equity scheme.

16. GENERAL

16.1 Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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16.2 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are material re-arrangements / re-classifications to report.

17. DATE OF AUTHORISATION FOR ISSUE

These interim financial statement were authorised for issue by the Board of Directors of the Management Company in the meeting held on February 21, 2020.

**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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