



**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

SEPTEMBER  
**2020**  
(UNAUDITED)

Funds Under Management of  
MCB-Arif Habib Savings and Investments Limited

**AM1**  
Traded by PSCs



**ISAVE**  
Savings Asaan. Life Asaan.

# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	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
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	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
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating &amp; Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited 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	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Pakistan Asset Allocation Fund** accounts review for the quarter ended September 30, 2020.

## Economy and Money Market Review

The start to fiscal year 2021 has been promising as economic activities have started to pick up as lockdowns have been lifted in general across the country. The economic recovery has been sharper than expectations as lagged impact of monetary easing, pent up demand and higher remittances have provided impetus to economic growth. We now expect economic growth to be higher than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% YoY) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have seen a reversal in their fortunes.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of 19% YoY in the first quarter of FY21. Sales of two wheeler units rose at a more impressive rate of 22% YoY reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by 6% YoY during the quarter implying a broad based recovery in economy. While LSM number of only one month have been released for this fiscal year (up 5% YoY), we expect it to grow at high single digit in the first quarter.

Current account deficit posted a surplus of USD 805 million in the first two months of fiscal year compared to a deficit of USD 1,214 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances which grew at a stupendous rate of 31% in the first two months and at a similar rate in the first quarter. Foreign exchange reserves of central bank saw a nominal increase of USD 100 million during the quarter due to improved balance of payment position.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.8% YoY during the quarter, with food inflation averaging 15.1% YoY during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.6% for the period. The MPC committee conducted one monetary policy during the quarter and maintained status quo after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19. As the economy started to open up, tax collection also improved and grew by 5% during the quarter, returning to the positive zone after a span of 4 months. FBR collected record 1,004 billion in taxes, surpassing the target by PKR ~40 billion during the quarter.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3Y, 5Y and 10Y bonds saw a rise of 76 bps, 102 bps and 106 bps respectively during the period.

## Equity Market Review

The benchmark KSE-100 index started off the fiscal year 2021 with flying colors as it closed the first quarter as the best performing equity index in the world exhibiting a massive surge of ~17.9%. With record low interest rates, stock market remained exuberant as flows from local investors kept the index roaring. Foreigners continued to offload as they sold stocks worth of near USD 106 million, while on the local front Individuals and Mutual Funds added about USD 108/26 million respectively to their positions. During the quarter, average trading volumes saw a massive rise to 500 million shares compared to about 205 million shares during the preceding quarter. Similarly, average trading value during the quarter saw an exorbitant uptick of 133% QoQ to near PKR 17.5 billion.

Cement, Chemical and Automobile were the major outperformers as they posted returns of 35%/26%/25% respectively. Record cement dispatches along with rising cement prices continued to provide traction to cement stocks. The announcements related to the Naya Pakistan housing project also acted as stimuli to the positive sentiments in the cement sector. Similarly, chemical sector also remained in limelight owing to rising construction activities, along with a recovery in textile sector. Moreover, Autos garnered attention as renewed demand of passenger cars and two wheelers brought life in the sector.

## FUND PERFORMANCE

The fund posted a return of 11.45% during the period under review against the benchmark return of 12.21%. The fund

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2020

has gradually increased exposure in equities which reached to 85.6% by the end of September, 2020 and at the same time it decreased the exposure in cash to 0.4% at the end of September, 2020.

On the equity side, the fund was mainly invested in Commercial Banks and Cement. On the fixed income side, exposure was mainly concentrated in T-Bills at around 10.1%.

The Net Assets of the Fund as at September 30, 2020 stood at Rs. 1,408 million as compared to Rs. 1,299 million as at June 30, 2020 registering an increase of 8.39%. The Net Asset Value (NAV) per unit as at September 30, 2020 was Rs. 76.5420 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 7.8623 per unit.

### Economy & Market - Future Outlook

GDP growth for FY21 is projected at 2.1% by government and various institutions. Pakistan has essentially survived the first wave of pandemic, as number of daily cases (within 1000) have reduced to one-sixth of the peak daily cases (about 6000) witnessed during early June. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have geared up after record monetary easing. We expect growth to fare better than general expectations as industrial growth has revived much earlier than our anticipation. We expect economic growth to recover well above 2.1%. 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. Global economy has started to recover and the news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact 31% YoY growth in the first quarter has surprised everyone. Even accounting for a 5% decline in remittances from here onwards, the overall situation will remain in comfortable zone. We expect CAD to settle near 1.2% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. Swift continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by USD 2 billion during the next year, which will help alleviate any pressure on currency. Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. However, the inflation trajectory would remain close to 8% over the next few months and would move near double digits by the end of the fiscal year due to the low base effect. Thus, central bank may consider to adjust the interest rates in the second half of the fiscal year. However, the quantum of adjustment will depend on the balance of payment and economic situation at that time.

From capital market perspective, particularly equities, we are getting a much clearer picture now. As covid curve continues to flatten out, the valuations are catching up with historical norms. Barring a second wave of the virus, we think equities have a lot to offer to the investors. Market cap to GDP ratio is at 17.5%, still at a discount of 33% from its historical average. Similarly, risk premiums are close to 3.4%, compared to historical average of 0.9% signifying decent upside for long term investors. 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 priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 14.3% to PKR 848 billion at the end of 1QFY21 compared to end of 4QFY20. Money market funds and Fixed Income funds experienced an influx of investment as the status quo of interest rates was maintained by the central bank throughout the quarter. Total money market funds grew by about 41% since June 2020. Within the money market sphere, the conventional funds dominated as they grew by about 13% to PKR 233 billion. In addition, the total fixed Income funds increased by about 18% since June 2020, as the shariah compliant funds grew by 15% to near PKR 126 billion. The appetite for risk assets ignited in the post lockdown scenario as the aggregate demand boosted. Equity and related funds surged rapidly by 20% from PKR 224 billion to PKR 268 billion over the quarter. Most of the rise in AUMs can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 41%, followed by Equity and Equity related funds with a share of 32% and Income funds having a share of 26% as at the end of 1QFY21.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

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**Muhammad Saqib Saleem**  
Chief Executive Officer  
October 23, 2020



**Nasim Beg**  
Vice Chairman / Director

## ڈائریکٹرز رپورٹ

### میو چل فنڈ صنعت کا مستقبل کا منظر

انٹریسٹ کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ایکوٹی اور متعلقہ فنڈز کے شعبے میں نقدیت میں بہتری متوقع ہے۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

### اظہار تشکر

ڈائریکٹرز ہمارے حصص یافتگان کو خراج تحسین پیش کرتے ہیں کہ انہوں نے کمپنی میں مسلسل اعتماد کا اظہار کیا ہے۔ علاوہ ازیں، ہم کمپنی کے ہر ایک فرد کے عزم و اخلاص اور جدت پسندانہ سوچ کو بھی بے حد سراہتے ہیں اور ہمیں یقین ہے کہ وہ مستقبل میں بھی اسی طرح سرگرم عمل رہیں گے۔


من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

23 اکتوبر 2020ء



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



## ڈائریکٹر رپورٹ

معاشی ترقی 2.1 سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں فی الوقت ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آ گیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور پہلی سہ ماہی میں 31 فیصد سال در سال ترقی نے سب کو حیران کر دیا ہے۔ اگر ترسیلات زر میں یہاں سے 5 فیصد کی بھی مان لی جائے تب بھی مجموعی صورتحال قابو میں رہے گی۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1.2 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ آئی ایم ایف پروگرام پر عمل درآمد کا سبک رفتاری کے ساتھ جاری رہنا مالیاتی گوشوارے کو مثبت حد میں رکھنے کے لیے کلیدی عامل ثابت ہوگا۔ موجودہ صورتحال میں غیر ملکی زرمبادلہ کے ذخائر میں اگلے سال مزید 2 بلین ڈالر کا اضافہ متوقع ہے جس کی بدولت روپے پر کسی قسم کے دباؤ کو کم کرنے میں مدد ملے گی۔

افراط زر ہماری سابقہ توقعات سے آگے بڑھ گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان کو چھو رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ تاہم اگلے چند ماہ کے دوران افراط زر کی رفتار تقریباً 8 فیصد رہے گی اور مالی سال کے اختتام تک دو عدد تک پہنچے گی جس کی وجہ پست base کی اثر پذیری ہے۔ چنانچہ مرکزی بینک مالی سال کے نصف آخر میں انٹریسٹ کی شرحوں میں ترمیم کرنے کے بارے میں سوچ سکتا ہے۔ تاہم ترمیم کے حجم کا انحصار اُس وقت کی ادائیگیوں کے توازن اور معاشی صورتحال پر ہوگا۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر پالیسی شرحوں کی عکاسی بلا رکاوٹ جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات تقریباً 14.3 فیصد بڑھ کر مالی سال 2021ء کی پہلی سہ ماہی کے اختتام پر تقریباً 848 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ مرکزی بینک نے سال بھر انٹریسٹ کی شرحوں کی سطح کو برقرار رکھا۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2020ء کے مقابلے میں 41 فیصد اضافہ ہوا۔ زیر جائزہ مدت کے دوران منی مارکیٹ کے دائرے میں روایتی فنڈز حاوی رہے کیونکہ وہ تقریباً 13 فیصد بڑھ کر 233 بلین روپے ہو گئے۔ علاوہ ازیں، مجموعی فیکسڈ انکم فنڈز میں جون 2020ء سے تقریباً 18 فیصد اضافہ ہوا کیونکہ شریعت کی تعمیل والے فنڈز 15 فیصد بڑھ کر تقریباً 126 بلین روپے ہو گئے۔ لاک ڈاؤن ختم ہونے کے بعد مجموعی طلب میں اضافے کے باعث خطرات کے حامل اثاثہ جات کی مانگ میں اضافہ ہوا۔ ایکویٹی اور متعلقہ فنڈز دوران سہ ماہی 20 فیصد بڑھ کر 224 بلین روپے سے 268 بلین روپے ہو گئے۔ AUMs میں اضافے کا بڑا سبب مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے جو سرمایہ کاروں کے پُر جوش رجحان کی بدولت ہوئی۔

مالی سال 2021ء کی پہلی سہ ماہی کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 41 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 32 فیصد، اور انکم فنڈز تقریباً 26 فیصد کے حامل تھے۔

## ڈائریکٹر رپورٹ

### ایکویٹی مارکیٹ کا جائزہ

بمقام KSE-100 انڈیکس نے مالی سال 2021ء کا بہترین آغاز کیا کیونکہ یہ پہلی سہ ماہی کے اختتام پر تقریباً 17.9 فیصد ترقی کر کے دنیا بھر میں بہترین کارکردگی کا مظاہرہ کرنے والا انڈیکس تھا۔ انڈیکس کی کم ترین شرحوں کی بدولت اسٹاک مارکیٹ میں خوشحالی رہی کیونکہ سرمایہ کاروں کی طرف سے آمدات سے انڈیکس بڑھتا رہا۔ غریبوں نے بوجھ اتارنے کا سلسلہ جاری رکھا اور تقریباً 106 ملین ڈالر مالیت کے اسٹاکس فروخت کیے، جبکہ مقامی سطح پر افراد اور میوچل فنڈز نے اپنی بساط میں بالترتیب تقریباً 108 ملین اور 26 ملین ڈالر کا اضافہ کیا۔ دوران سہ ماہی اوسط تجارتی حجم میں بڑا اضافہ ہوا اور یہ 500 ملین ڈالر ہو گئے جبکہ گزشتہ سہ ماہی میں 205 ملین ڈالر تھے۔ اوسط تجارتی قدر میں بھی 133 فیصد سہ ماہی در سہ ماہی (QoQ) خطرہ اضافہ ہوا اور یہ تقریباً 17.5 بلین روپے تک پہنچ گئی۔

سیمنٹ، کیمیکل اور گاڑیوں کے شعبوں نے بہترین کارکردگی کا مظاہرہ کرتے ہوئے بالترتیب 35، 26 اور 25 فیصد منافع حاصل کیا۔ سیمنٹ کی ریکارڈ ترسیلات بمع بڑھتی ہوئی قیمتوں نے سیمنٹ کے اسٹاکس کو محرک فراہم کرنے کا سلسلہ جاری رکھا۔ 'نیا پاکستان ہاؤسنگ پراجیکٹ' سے متعلق اعلانات بھی سیمنٹ کے شعبے کے لیے خوش آئند ثابت ہوئے۔ اسی طرح کیمیکلز کے شعبے نے بھی بڑھتی ہوئی تعمیراتی سرگرمیوں اور ٹیکسٹائل کے شعبے میں بحالی کی بدولت بھرپور ترقی کی۔ علاوہ ازیں، گاڑیوں کا شعبہ توجہ کا مرکز بنا کیونکہ مسافر گاڑیوں اور موٹر سائیکلوں کی مانگ میں اضافے نے اس شعبے میں نئی روح پھونک دی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 11.45 فیصد منافع پوسٹ کیا جبکہ مقررہ معیار 12.21 فیصد تھا۔ فنڈ نے ایکویٹیز میں شمولیت میں بتدریج اضافہ کیا جو ستمبر 2020ء کے اختتام تک 85.6 فیصد تک پہنچ گئی تھی، اور یک وقت نقد میں شمولیت کو کم کیا جو ستمبر 2020ء کے اختتام تک 0.4 فیصد تک پہنچ گئی تھی۔

ایکویٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ میں تھی۔ مقررہ آمدنی کی جہت میں زیادہ تر سرمایہ کاری ٹریڈری پلز (ٹی - پلز) میں تقریباً 10.1 فیصد تھی۔

30 ستمبر 2020ء کو فنڈ کے net اثاثہ جات 1,408 ملین روپے تھے جو 30 جون 2020ء (1,299 ملین روپے) کے مقابلے میں 8.39 فیصد اضافہ ہے۔

30 ستمبر 2020ء کو net اثاثہ جاتی قدر (این اے وی) 76.5420 روپے فی یونٹ تھی جو 30 جون 2020ء کو ابتدائی این اے وی 68.6797 روپے فی یونٹ کے مقابلے میں 7.8623 روپے فی یونٹ اضافہ ہے۔

### معیشت اور بازار - مستقبل کے امکانات

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ پاکستان کو وڈ ۱۹ کی پہلی لہر سے نبرد آزما ہونے میں کامیابی حاصل کی ہے کیونکہ متاثرہ افراد کی یومیہ تعداد (1000 سے کم) ماہ جون کے آغاز میں منظر عام پر آنے والے تعداد کی بلند ترین سطح (تقریباً 6000) کا چھٹا حصہ رہ گئے ہیں۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گزشتہ شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ عمومی توقعات سے بہتر ترقی ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگئی ہے۔ ہمارے نزدیک

## ڈائریکٹر رپورٹ

عزیز سرمایہ دار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان ایسیٹ ایلوکیشن فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مَختَمہ 30 ستمبر 2020ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2021ء کا آغاز اُمید افزا رہا کیونکہ مُلک بھر میں عمومی طور پر لاک ڈاؤن ختم کیے جانے کے نتیجے میں معاشی سرگرمیوں کی رفتار میں اضافہ ہوا ہے۔ معاشی بحالی توقعات سے بہتر رہی کیونکہ مالیاتی تسہیل کی سُسْت رفتار اثر پذیر رہی، مُقتد طلب اور ترسیلاتِ زر میں اضافے کی بدولت معاشی ترقی کو محرک فراہم ہوا۔ ہمیں اُمید ہے کہ اب معاشی ترقی عمومی تخمینوں سے بلند تر ہوگی۔ حکومت کو ابتدائی طور پر پست تر صنعتی ترقی کی توقع تھی (کووڈ ۱۹ کے باعث 0.1 فیصد سال در سال (YoY) کا ہدف) لیکن ہم سمجھتے ہیں کہ اب یہ توقعات سے بہتر ہوگی کیونکہ گردش شعبوں کے حالات کی کاپلٹ گئی ہے۔

مالی سال 2021ء کی پہلی سہ ماہی میں سیمنٹ کے شعبے نے مقامی ترسیلات میں 19 فیصد سال در سال کی متاثر کن ترقی کی۔ موٹر سائیکلوں کی فروخت میں 22 فیصد قابل ذکر اضافہ ہوا جس سے متوسط طبقے کی معاشی صورتحال میں بہتری کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم کی مصنوعات کی مانگ میں دورانِ سہ ماہی 6 فیصد سال در سال اضافہ ہوا جس سے معیشت میں وسیع بنیاد پر بحالی کی طرف اشارہ ہوتا ہے۔ بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کا اس مالی سال کے لیے صرف ایک عدد ظاہر کیا گیا ہے (5 فیصد سال در سال تک) لیکن ہم سمجھتے ہیں کہ پہلی سہ ماہی کے دوران اس میں بلند یک عدد دی ترقی ہوگی۔

کرنٹ اکاؤنٹ خسارے میں مالی سال کے پہلے دو ماہ میں 805 ملین ڈالر کی ہوئی جبکہ سالِ گزشتہ کی مماثل مدت میں خسارہ 1,214 ملین ڈالر تھا۔ اس بہتری کی بنیادی وجہ ترسیلاتِ زر میں پہلے دو ماہ کے دوران اور پہلی سہ ماہی میں بھی 31 فیصد زبردست اضافہ ہے۔ مرکزی بینک کے غیر مُلکی زرمبادلہ کے ذخائر میں دورانِ سہ ماہی 100 ملین ڈالر کا معمولی اضافہ ہوا جس کی وجہ ادائیگیوں کے توازن کی صورتحال میں بہتری ہے۔

افراطِ زر حکومت کا کمزور پہلو رہا کیونکہ اشیائے خورد و نوش کی قیمتوں میں اضافہ پالیسی ساز افراد کے لیے چیلنج پیش کرتا رہا۔ دورانِ سہ ماہی ہیڈ لائن افراطِ زر، جس کی نمائندگی صارفی قیمت کی انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط 8.8 فیصد سال در سال تھا، جبکہ اشیائے خورد و نوش کے افراطِ زر کا اوسط 15.1 فیصد سال در سال تھا۔ جلد خراب ہو جانے والی اشیائے خورد و نوش بشمول گندم کی قیمت میں اضافہ جاری رہا جس کی وجہ رسد کی جہت میں ہونے والی خرابیاں اور بدانتظامی ہے۔ بہر حال اصل افراطِ زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے شعبوں کے علاوہ کے ذریعے ہوتی ہے، قابو میں تھی اور اس کا اوسط 6.6 فیصد تھا۔ ایم پی سی کمیٹی نے دورانِ سہ ماہی ایک مانیٹری پالیسی اجلاس منعقد کیا اور گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ انٹریسٹ کی اصل شرحیں منفی رہیں، مرکزی بینک کووڈ ۱۹ کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے ساتھ ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دورانِ سہ ماہی 5 فیصد اضافہ ہوا، اور اس طرح چار ماہ بعد یہ عدد منفی سے مثبت ہوا۔ ایف بی آر نے ریکارڈ 1,004 ملین روپے ٹیکس جمع کیا جو مقررہ ہدف سے تقریباً 40 ملین روپے زیادہ ہے۔

افراطِ زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا اور پیداواری خم بلندی کی طرف جاننا شروع ہو گیا۔ مرکزی بینک نے بھی افراطِ زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ مانیٹری پالیسی کمیٹی (ایم پی سی) کے میٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراطِ زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا نچلی سطح میں آنا متوقع تھا۔ دورانِ مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 76، 102 اور 106 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2020

	Note	(Un-audited) September 30, 2020 ----- (Rupees in '000) -----	(Audited) June 30, 2020
<b>ASSETS</b>			
Balance with banks	6.	5,300	198,319
Investments	7.	1,396,130	1,290,075
Mark-up, dividend and other receivables		617	10,374
Receivable against sale of investments		50,791	12,868
Receivable from National Clearing Company of Pakistan Limited		3,737	3,737
Advances Against IPO Investment Equity Security		20,000	-
Advances, deposits, prepayments and other receivables		3,119	3,117
<b>Total assets</b>		<b>1,479,694</b>	<b>1,518,490</b>
<b>LIABILITIES</b>			
Payable to the Management Company	8.	7,410	6,738
Payable to the Central Depository Company of Pakistan Limited - Trustee		230	212
Payable to the Securities and Exchange Commission of Pakistan		70	300
Payable against purchase of investments		14,400	165,692
Payable on redemption of units		31	31
Accrued expenses and other liabilities	9	50,003	46,037
<b>Total liabilities</b>		<b>72,144</b>	<b>219,010</b>
<b>NET ASSETS</b>		<b>1,407,550</b>	<b>1,299,480</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,407,550</b>	<b>1,299,480</b>
<b>Contingencies and commitments</b>	10		
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>18,389,246</b>	<b>18,920,867</b>
<b>(Rupees)</b>			
<b>NET ASSET VALUE PER UNIT</b>		<b>76.5420</b>	<b>68.6797</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		September 30,	
		2020	2019
		(Rupees in '000)	
Note			
<b>Income</b>			
	Income from Government securities	3,211	2,926
	Capital (loss) / gain on sale of investments - net	63,749	(8,797)
	Income from term finance certificates	657	8,846
	Dividend income	2,856	16,632
	Profit on bank deposits and term deposit receipts	2,015	9,714
	Unrealised diminution in fair value of investments		
	classified as 'at fair value through profit or loss' - net	92,210	(73,507)
7.2	Participation income on preference shares	175	-
	Other income	38	1,663
	<b>Total Income</b>	<b>164,911</b>	<b>(42,523)</b>
<b>Expenses</b>			
	Remuneration of the Management Company	7,008	8,612
	Sindh Sales Tax on remuneration of the Management Company	911	1,120
	Remuneration of the Central Depository Company of Pakistan Limited - Trustee	602	684
	Sindh Sales Tax on remuneration of Trustee	78	89
	Securities and Exchange Commission of Pakistan - annual fee	70	86
	Allocated expenses	350	431
	Marketing and selling expenses	4,555	2,062
	Brokerage and settlement charges	3,742	795
	Auditors' remuneration	152	192
	Provision for sindh workers' welfare fund	2,945	-
9.1	Other expenses	177	184
	<b>Total expenses</b>	<b>20,590</b>	<b>14,255</b>
	<b>Net Income / (loss) for the period before taxation</b>	<b>144,321</b>	<b>(56,778)</b>
	Taxation	-	-
	<b>Net Income / (loss) for the period</b>	<b>144,321</b>	<b>(56,778)</b>
<b>Allocation of net income for the period</b>			
	Net Income for the period	144,321	-
	Income already paid on units redeemed	(6,465)	-
		<b>137,856</b>	<b>-</b>
<b>Accounting income available for distribution</b>			
	- Relating to capital gains	137,856	-
	- Excluding capital gains	-	-
		<b>137,856</b>	<b>-</b>
<b>Earning per unit</b>			

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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	September 30,	
	2020	2019
	----- (Rupees in '000) -----	
<b>Net Income / (Loss) for the period after taxation</b>	<b>144,321</b>	(56,778)
Other comprehensive income	-	-
<b>Total comprehensive Income / (Loss) for the period</b>	<b>144,321</b>	(56,778)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30,					
	2020			2019		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	2,506,806	(1,207,326)	1,299,480	3,214,410	(1,166,565)	2,047,845
Issue of 934,788 units (2019: 52,290 units)						
- Capital value (at net asset value per unit at the beginning of the period)	64,202	-	64,202	3,725	-	3,725
- Element of loss	7,126	-	7,126	(123)	-	(123)
Total proceeds on issuance of units	71,328	-	71,328	3,602	-	3,602
Redemption of 1,466,410 units (2019: 6,174,908 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(100,714)	-	(100,714)	(439,836)	-	(439,836)
- Element of income	(400)	(6,465)	(6,865)	21,504	-	21,504
Total payments on redemption of units	(101,114)	(6,465)	(107,579)	(418,332)	-	(418,332)
Total comprehensive income / (loss) for the period	-	144,321	144,321	-	(56,778)	(56,778)
Net assets at end of the period	2,477,020	(1,069,470)	1,407,550	2,799,680	(1,223,343)	1,576,337
Undistributed loss brought forward						
- Realised loss		(1,136,554)			(853,369)	
- Unrealised loss		(70,772)			(313,196)	
		(1,207,326)			(1,166,565)	
Net loss for the period after taxation		-			(56,778)	
Accounting income available for distribution:						
- Relating to capital gains		137,856				
- Excluding capital gains		-				
		137,856				
Undistributed loss carried forward		(1,069,470)			(1,223,343)	
Undistributed income carried forward						
- Realised loss		(1,161,680)			(1,149,836)	
- Unrealised loss		92,210			(73,507)	
		(1,069,470)			(1,223,343)	
	----- (Rupees) -----			----- (Rupees) -----		
Net assets value per unit at beginning of the period	68.6797			71.2294		
Net assets value per unit at end of the period	76.5420			69.6651		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30,	
	2020	2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period before taxation	144,321	(56,778)
<b>Adjustments:</b>		
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	(92,210)	73,507
	52,111	16,729
<b>(Increase) / Decrease in assets</b>		
Investments	(13,845)	227,917
Mark-up, dividend and other receivables	9,757	1,795
Advances Against IPO Investment Equity Security	(20,000)	-
Receivable against sale of investments	(37,923)	130,769
Advances, deposits, prepayments and other receivables	(2)	(5,998)
	(62,014)	354,483
<b>Decrease in liabilities</b>		
Payable to the Management Company	672	(2,168)
Payable to the Central Depository Company of Pakistan Limited - Trustee	18	(72)
Payable to the Securities and Exchange Commission of Pakistan	(230)	(2,679)
Payable against purchase of investments	(151,292)	23,539
Payable on redemption of units	(0)	(32,339)
Accrued expenses and other liabilities	3,966	(647)
	(146,866)	(14,367)
<b>Net cash (used in) / generated from operating activities</b>	(156,768)	356,844
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	71,327	3,603
Payments against redemption of units	(107,577)	(418,333)
<b>Net cash used in financing activities</b>	(36,251)	(414,729)
<b>Net decrease in cash and cash equivalents during the period</b>	(193,019)	(57,885)
Cash and cash equivalents at beginning of the period	198,319	416,769
<b>Cash and cash equivalents at end of the period</b>	5,300	358,884

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management has been changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-end collective investment scheme categorised as an "asset allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of "AM1" with a stable outlook to the Management Company Dated October 06, 2020.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2020.
- 2.1.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2020 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2020, whereas the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2019.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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

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

## **2.2 Basis of Measurement**

This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

## **2.3 Functional and presentation currency**

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

## **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2020.

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

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

## **4. Estimates and Judgements**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2020.

## **5. Financial Risk Management**

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2020.

		(Un-audited) September 30, 2020 (Rupees in '000)	(Audited) June 30, 2020
<b>6. BALANCE WITH BANKS</b>	<b>Note</b>		
In saving accounts	6.2	5,284	191,479
In current accounts	6.1	16	6,840
		<u>5,300</u>	<u>198,319</u>

**6.1** This represents balance with MCB Bank Limited.

**6.2** These carry profit at the rates ranging between 5.5% to 9.75% (2020: 5.50% to 7.83%) per annum. It includes bank balance of Rs. 0.047 million (2020: Rs 0.226 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.5% (2020: 5.5%) per annum

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### At 'fair value through profit or loss'

- Listed equity securities
- Listed debt securities - Sukuk certificates
- Government securities - market treasury bills
- Pakistan Investment Bonds
- Pakistan Investment Bonds - Floating Rate Bond

7.1.1	1,246,740	897,535
7.1.2	-	36,819
7.1.3	149,389	149,592
7.1.4	-	105,229
7.1.5	-	100,900
	<b>1,396,130</b>	<b>1,290,075</b>

### 7.1.1.1 Listed equity securities

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	Number of shares					As at September 30, 2020			Market value as a percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2020	Rupees in '000		Unrealised appreciation / (diminution)		
						Carrying value	Market value			
<div> <div> Number of shares issued during the year </div> <div> Number of shares bought back during the year </div> </div>										
<b>Automobile Assembler</b>										
Indus Motors Company Limited	-	16,000	-	-	16,000	19,456	20,482	1,026	0.01	0.01
						<b>19,456</b>	<b>20,482</b>	<b>1,026</b>	<b>0.01</b>	<b>0.01</b>
<b>Automobile Parts &amp; Accessories</b>										
Agriauto Industries Limited	-	50,000	-	-	50,000	10,611	12,050	1,439	0.01	0.01
Thal Limited	98,900	-	-	-	98,900	32,137	41,571	9,434	0.03	0.03
						<b>42,747</b>	<b>53,621</b>	<b>10,873</b>	<b>0.04</b>	<b>0.04</b>
<b>Cable &amp; Electrical Goods</b>										
Pak Elektron Limited	-	400,000	-	-	400,000	14,633	13,224	(1,409)	0.01	0.01
						<b>14,633</b>	<b>13,224</b>	<b>(1,409)</b>	<b>0.01</b>	<b>0.01</b>
<b>Cement</b>										
D.G. Khan Cement Company Limited	-	620,000	-	240,000	380,000	42,653	39,182	(3,472)	0.03	0.03
Fauji Cement Company Limited	1,500,000	-	-	1,500,000	-	-	-	-	-	-
Lucky Cement Limited	172,409	129,289	-	110,778	190,920	103,898	123,539	19,640	0.09	0.09
Maple Leaf Cement Factory Limited	500,000	1,270,000	-	440,000	1,330,000	45,431	47,734	2,303	0.03	0.03
Pioneer Cement Limited	-	350,000	-	38,000	312,000	24,435	28,298	3,863	0.02	0.02
						<b>216,417</b>	<b>238,753</b>	<b>22,335</b>	<b>0.17</b>	<b>0.17</b>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of investee company	Number of shares				As at September 30, 2020			Market value as a percentage of net assets	Market value as percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2020	Carrying value	Market value			
<b>Chemicals</b>										
Engro Polymer and Chemicals Limited	994,036	674,000	-	220,000	1,448,036	41,393	58,298	0.04	0.04	0.16
ICI Pakistan Limited	-	18,000	-	-	18,000	13,106	13,025	0.01	0.01	0.02
						<b>54,499</b>	<b>71,323</b>	<b>0.05</b>	<b>0.05</b>	<b>0.18</b>
<b>Commercial Banks</b>										
Allied Bank Limited	467,800	-	-	467,800	-	-	-	-	-	-
Bank Al Falaḥ Limited	-	1,650,000	-	1,047,170	602,830	22,911	20,966	0.01	0.02	0.03
Bank Al Habib Limited	854,409	-	-	420,000	434,409	22,720	28,050	0.02	0.02	0.04
Bank Of Punjab	-	3,113,500	-	3,113,500	-	-	-	-	-	-
Faysal Bank Limited	34,100	-	-	-	34,100	475	584	0.00	0.00	-
Habib Bank Limited	414,900	690,000	-	225,000	879,900	104,979	115,038	0.08	0.08	0.06
Habib Metropolitan Bank Limited	827,000	-	-	-	827,000	22,999	27,713	0.02	0.02	0.08
MCB Bank Limited	264,205	210,000	-	324,119	150,086	25,754	26,088	0.02	0.02	0.01
United Bank Limited	652,640	702,000	-	550,000	804,640	94,594	92,622	0.07	0.07	0.07
						<b>294,432</b>	<b>311,061</b>	<b>0.22</b>	<b>0.22</b>	<b>0.29</b>
<b>Engineering</b>										
Aisha Steel Limited	-	1,600,000	-	75,000	1,525,000	19,102	23,973	0.02	0.02	0.18
International Industries Limited	120	-	-	120	-	-	-	-	-	-
						<b>19,102</b>	<b>23,973</b>	<b>0.02</b>	<b>0.02</b>	<b>0.18</b>
<b>Fertilizer</b>										
Engro Corporation Limited	45,000	-	-	45,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	591,000	-	-	591,000	-	-	-	-	-	-
						-	-	-	-	-
<b>Food &amp; Personal Care Products</b>										
Al-Tahur Limited	668,500	-	-	-	668,500	11,518	14,139	0.01	0.01	0.41
Murree Brewery Company	-	25,000	-	3,550	21,450	12,548	12,752	0.01	0.01	0.08
National Foods Limited	87,580	-	-	63,500	24,080	6,031	6,878	0.00	0.00	0.02
Shezan International Limited	5,115	-	-	-	5,115	1,145	1,556	0.00	0.00	0.06
						<b>31,242</b>	<b>35,324</b>	<b>0.03</b>	<b>0.03</b>	<b>0.57</b>
<b>Glass &amp; Ceramics</b>										
Tariq Glass Industries	220,350	-	-	220,000	350	23	32	0.00	0.00	-
						<b>23</b>	<b>32</b>	<b>0.00</b>	<b>0.00</b>	-
<b>Insurance</b>										
Adamjee Insurance Co. Limited	760,000	-	-	57,000	703,000	23,276	28,190	0.02	0.02	0.20
Pakistan Reinsurance Co. Limited	289,500	-	-	289,500	-	-	-	-	-	-
						<b>23,276</b>	<b>28,190</b>	<b>0.02</b>	<b>0.02</b>	<b>0.20</b>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of investee company	Number of shares - <small>IN NUMBER OF SHARES ONLY</small>				As at September 30, 2020 - <small>IN RUPEES IN '000</small>				Market value as a percentage of total investments - <small>(%)</small>		Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	
(Number of shares)											
(Rupees in '000)											

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of investee company	Number of shares				As at September 30, 2020			Market value as a percentage of total investments	Market value as a percentage of the paid up capital of the investee company
	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at September 30, 2020	Carrying value	Unrealised appreciation / (diminution)		

\* This have a face value of Rs. 3.5 per share

\*\* These shares aggregating to a market value of 60.20 million were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by SECP:

## 7.1.2 Listed debt securities - Sukuk Certificates

These certificates having a face value of Rs. 100,000

Name of investee company	Face value			Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year						
									(%)
				(Rupees in 000)					
Dawood Hercules Corporation Limited	452	-	452	-	-	-	-	-	-
March 01, 2018									
Total as at September 30, 2020				-	-	-	-	-	-
Total as at June 30, 2020				36,088	36,819	731			

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

## 7.1.3 Government securities - Market Treasury Bills

Name of investee company	Issue date	Face value				Carrying value	Market value	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020					
(Rupees in 000)										
Treasury bills - 3 months	September 10, 2020	-	1,200,000	-	-	-	-	-	-	-
Treasury bills - 3 months	July 16, 2020	-	10,650,000	-	-	-	-	-	-	-
Treasury bills - 3 months	April 23, 2020	150,000	50,000	200,000	-	-	-	-	-	-
Treasury bills - 3 months	July 02, 2020	-	75,000	-	-	-	-	-	-	-
Treasury bills - 6 months	June 18, 2020	-	6,000,000	-	-	-	-	-	-	-
Treasury bills - 6 months	April 23, 2020	-	2,900,000	2,750,000	150,000	149,394	149,389	(5)	0.11	242.12
Treasury bills - 6 months	July 02, 2020	-	450,000	-	-	-	-	-	-	-
Treasury bills - 6 months	July 16, 2020	-	6,100,000	-	-	-	-	-	-	-
Treasury bills - 6 months	March 26, 2020	-	300,000	-	-	-	-	-	-	-
Treasury bills - 6 months	February 13, 2020	-	125,000	-	-	-	-	-	-	-
Treasury bills - 12 months	September 12, 2019	-	100,000	-	-	-	-	-	-	-
Treasury bills - 12 months	October 10, 2019	-	2,150,000	-	-	-	-	-	-	-
Treasury bills - 12 months	October 24, 2019	-	638,915	-	-	-	-	-	-	-
Treasury bills - 12 months	December 19, 2019	-	7,100,000	-	-	-	-	-	-	-
Treasury bills - 12 months	September 26, 2019	-	1,825,000	-	-	-	-	-	-	-
Treasury bills - 12 months	August 16, 2019	-	200,000	-	-	-	-	-	-	-
Total as at September 30, 2020						149,394	149,389	(5)		
Total as at June 30, 2020						149,547	149,592	45		

## 7.1.4 Government securities - Pakistan Investment Bond

Particulars	Issue date	Face value				As at September 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Rupees in 000)										
Pakistan Investment Bond - 3 years	September 19, 2019	-	50,000	50,000	-	-	-	-	-	-
Pakistan Investment Bond - 6 years	September 19, 2019	100,000	600,000	700,000	-	-	-	-	-	-
Total as at September 30, 2020						-	-	-		
Total as at June 30, 2020						105,146	105,229	83		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

## 7.1.5 Pakistan investment bonds - Floating Rate Bond (FRB) - Government Securities

Particulars	Issue date	Face value			As at September 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020	Carrying value	Unrealised appreciation / (diminution)		
					(Rupees in 000)				%
Pakistan Investment Bond - 03 years	June 18, 2020	-	375,000	375,000	-	-	-	0.00%	0.00%
Pakistan Investment Bond - 10 years	July 25, 2019	100,000	100,000	200,000	-	-	-	0.00%	0.00%
<b>Total as at September 30, 2020</b>									
Total as at June 30, 2020						101,996	100,900	(1,096)	

## 7.1.6 Government of Pakistan (GoP) Ijarah sukuk - Government securities

Particulars	Issue date	Face value			As at September 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020	Carrying value	Unrealised appreciation / (diminution)		
					(Rupees in 000)				%
GoP Ijarah Sukuks- 05 Years	July 29, 2020	62,500	62,500	-	-	-	-	-	-
<b>Total as at September 30, 2020</b>									
Total as at June 30, 2020									

## 7.2 Unrealised diminution on re-measurement of investments at fair value through profit or loss - net

	September 30, 2020	June 30, 2020
	(Rupees in '000)	(Rupees in '000)
	(Un-audited)	(audited)
Market value	1,396,130	1,290,075
Carrying value	1,303,920	(1,360,847)
	<b>92,210</b>	<b>(70,772)</b>

7.1 to 7.5



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30, 2020 (Un-audited) (Rupees in '000)	June 30, 2020 (Audited)
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>		
Remuneration Payable	2,392	2,084
Sindh sales tax payable on management fee	311	271
Sales load payable	33	246
Allocated Expense Payable	120	104
Selling and Marketing Payable	4,554	4,033
	<b>7,410</b>	<b>6,738</b>

	(Un-audited) September 30, 2020 (Rupees in '000)	(Audited) June 30, 2020
<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Provision against Sindh Workers' Welfare Fund	9.1 <b>12,018</b>	9,073
Provision for Federal Excise Duty and related tax on	9.2	
- Management fee	<b>19,027</b>	19,027
- Sales load	<b>16,173</b>	16,173
Auditors' remuneration payable	<b>211</b>	558
Brokerage payable	<b>2,313</b>	946
Withholding tax on capital gains	<b>15</b>	2
Others	<b>244</b>	258
	<b>50,003</b>	46,037

## 9.1 Provision for Sindh Workers' Welfare Fund (SWWF)

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2020 would have been higher/lower by Re. 0.6536 per unit (June 30, 2020 Re. 0.4796 per unit).

## 9.2 Federal Excise Duty on remuneration to the Management Company

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher/lower by Re. 1.03 per unit (June 30, 2020: Re. 1.0056 per unit).

## 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2020 and June 30, 2020.

## 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 realized or unrealized is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

### 12 EARNING PER UNIT

Earnings / (Loss) 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.

### 13 EXPENSE RATIO

The total expense ratio of the Fund from July 1, 2020 to September 30, 2020 is 1.48% (June 2020: 4.3%) and this includes 0.29% (June 30, 2020: 0.3%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as Asset Allocation scheme.

### 14 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 and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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

	For the three months ended September 30, 2020							
	As at July 1, 2020	Issued for cash	Redeemed	As at September 30, 2020	As at July 1, 2019	Issued for cash	Redeemed	As at September 30, 2020
	Units				(Rupees in '000)			
Associated companies / undertakings								
Adamjee Life Assurance Company Limited (NUIL Fund)	551,649	-	-	551,649	37,887	-	-	42,224
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	28,189	1,936	-	-	2,158
Adamjee Life Assurance Company Limited.IMF	5,453,035	-	-	5,453,035	374,513	-	-	417,386
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	35,028	2,406	-	-	2,681
Mandate Under Discretionary Portfolio Services	430,757	390,534	261,612	559,680	29,584	30,204	19,132	42,839
Unit Holder holding 10% or more	5,453,034	-	-	5,453,034	374,513	-	-	417,386

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

For the three months ended September 30, 2019								
	As at July 1, 2019	Issued for cash	Redeemed	As at September 30, 2019	As at July 1, 2019	Issued for cash	Redeemed	As at September 30, 2019
	Units				(Rupees in '000)			
<b>MCB-Arif Habib Savings and Investments Limited Management Company</b>	-	-	-	-	-	-	-	-
<b>Associated companies / undertakings</b>								
Adamjee Life Assurance Company Limited (NUIL Fund)	386,879	-	-	<b>386,879</b>	27,557	-	-	26,952
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	<b>28,189</b>	2,008	-	-	1,964
Adamjee Life Assurance Company Limited. IMF	5,453,035	-	-	<b>5,453,035</b>	388,417	-	-	379,886
								-
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	<b>35,028</b>	2,495	-	-	2,440
								-
<b>Mandate Under Discretionary Portfolio Services **</b>	74,401	4,675	4,675	<b>74,401</b>	5,300	319,381	323,857	5,183
								-
<b>Directors and Key management personnel **</b>	7	-	-	<b>7</b>	1	-	-	1

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

	(Un-Audited) September 30, 2020	(Un-Audited) September 30, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	7,919	9,732
Allocated expenses	350	431
Selling and marketing expenses	4,555	2,062
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	681	773
CDC settlement charges	54	19
<b>MCB Bank Limited - holding company of the Management Company</b>		
Purchase of shares 2020: 210,000 (2019: Nil)	36,036	-
Sale of shares 2020: 324,119 (2019: 479,300)	58,411	81,918
Sale of securities Face Value 2020: 100,000,000 (2019: Nil)	102,166	-
Dividend income	-	14
Markup Income	2	-
Bank charges	2	1
<b>Arif Habib Limited</b>		
Sale of Shares 2019: Nil (2019: 232,348)	-	8,132
Brokerage expense *	95	28

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	(Un-Audited) September 30, 2020	(Un-Audited) September 30, 2019
	----- (Rupees in '000) -----	
<b>Next Capital Limited</b>		
Brokerage expense *	-	20
<b>Adamjee Insurance Company Limited</b>		
Sale of Shares 2019: 57,000 (2019: Nil)	2,166	-
<b>Aisha Steel Mills</b>		
Purchase of Shares 2020: 1,600,000 (2019: Nil)	19,987	-
Sale of Shares 2020: 75,000 (2019: Nil)	1,087	-
<b>D.G Khan Cement Company Limited</b>		
Purchase of Shares 2020: 620,000 (2019: Nil)	66,164	-
Sale of Shares 2020: 240,000 (2019: Nil)	25,838	-
<b>Nishat Mills Limited</b>		
Sale of Shares 2019: Nil (2019: 1,100)	-	71
<b>14.3 Amount outstanding as at period end / year end</b>	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	2,392	2,084
Sindh sales tax payable on management remuneration	311	271
Sales load payable	33	246
Payable against allocated expenses	120	104
Payable against selling and marketing expenses	4,554	4,033
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	204	188
Sindh Sales Tax payable on trustee remuneration	26	24
Security deposits	100	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	53	7,066
Shares held by the Fund 2020: 150,086 (2020: 264,205)	26,088	42,820
<b>Arif Habib Limited</b>		
Brokerage payable *	60	43
<b>Adamjee Insurance Co. Limited</b>		
Shares held by the Fund 2020: 703,000 (2020: Nil shares)	28,190	-
<b>Aisha Steel Mills</b>		
Shares held by the Fund 2020: 1,525,000 (2020: Nil shares)	23,973	-
<b>D.G. Khan Cement Company Limited</b>		
Shares held by the Fund 2020: 380,000 (2020: Nil shares)	39,182	-

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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\* The amount disclosed represents the amount of brokerage expense or brokerage payable to related parties / 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 related parties / connected persons.

### 15 GENERAL

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

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

### 16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Management Company in the meeting held on October 23, 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**

**Head Office:** 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi  
**UAN:** (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST)  
**URL:** [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)