



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



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PAKISTAN CASH MANAGEMENT FUND

CONTENTS

1	Fund's Information	132
2	Report of the Directors of the Management Company	133
3	Condensed Interim Statement of Assets And Liabilities	138
4	Condensed Interim Income Statement (Un-audited)	139
5	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	140
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	141
7	Condensed Interim Cash Flow Statement (Un-audited)	142
8	Notes to and forming part of the Condensed Interim Financial Statements	143

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	MCB Financial Services Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Trajati Bank Limited	
Auditors	A.F. Ferguson & Co Chartered Accountants (Member Firm of PWC Network) State Life Building 1-C, I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM1 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 Pakistan Cash Management Fund's accounts review for the quarter ended September 30, 2020.

ECONOMY AND MONEY MARKET OVERVIEW

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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 6.06% as against its benchmark return of 6.72%.

The fund's exposure remained majorly tilted towards Cash at the quarter-end due to attractive rates offered by the commercial banks.

The Net Assets of the Fund as at September 30, 2020 stood at Rs. 1,739 million as compared to Rs. 3,693 million as at June 30, 2020 registering a decrease of 52.91%.

The Net Asset Value (NAV) per unit as at September 30, 2020 was Rs. 50.9629 as compared to opening NAV of Rs. 50.3843 per unit as at June 30, 2020 registering an increase of Rs. 0.5786 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

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

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.

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.

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
October 23, 2020



Nasim Beg
Vice Chairman / Director

ڈائریکٹرز رپورٹ

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 شرح 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۔

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.06 فیصد تھا جبکہ مقررہ معیار 6.72 فیصد تھا۔ اختتام سہ ماہی کے قریب فنڈ کی زیادہ تر شمولیت نقد کی طرف مائل رہی کیونکہ کمرشل بینکوں کی طرف سے پُرکشش شرحیں پیش کی گئی تھیں۔ 30 ستمبر 2020ء کو فنڈ کے net اثاثہ جات 1,739 ملین روپے تھے جو 30 جون 2020ء (3,693 ملین روپے) کے مقابلے میں 52.91 فیصد کمی ہے۔ 30 ستمبر 2020ء کو net اثاثہ جاتی قدر (این اے وی) 50.9629 روپے فی یونٹ تھی جو 30 جون 2020ء کو ابتدائی این اے وی 50.3843 روپے فی یونٹ کے مقابلے میں 0.5786 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 19 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 گردش 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 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 کمی 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 باسائی 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۔

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان کیش مینجمنٹ فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء پیش خدمت ہے۔

معیشت اور بازار زر 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 سُسٹ رفتار اثر پذیری، مُقید طلب اور ترسیلات 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 گردشی شعبوں کے حالات کی کاپلیٹ 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 دوران 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 بلندیک عدد دی ترقی ہوگی۔

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

افراط زر حکومت کا کمزور پہلو رہا کیونکہ اشیائے خورد و نوش کی قیمتوں میں اضافہ پالیسی ساز افراد کے لیے چیلنج پیش کرتا رہا۔ دوران سہ ماہی ہیڈ لائن افراط 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 افراط 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 افراط 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 دوران 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 دوران 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۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا اور پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ مانیٹری پالیسی کمیٹی (ایم پی سی) کے منٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا نچلی سطح میں آنا متوقع تھا۔ دوران 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	September 30, 2020 ----- (Rupees in '000) -----	June 30, 2020
ASSETS			
Balances with banks	5	1,754,736	3,703,623
Investments	6	-	-
Advances, prepayments and profit receivable		7,400	16,291
Total assets		<u>1,762,136</u>	<u>3,719,914</u>
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company - net		226	693
Payable to the MCB Financial Services Limited - Trustee		85	158
Payable to the Securities and Exchange Commission of Pakistan		110	599
Accrued and other liabilities	7	22,618	25,189
Total liabilities		<u>23,039</u>	<u>26,639</u>
NET ASSETS		<u>1,739,097</u>	<u>3,693,275</u>
Unit holders' fund (as per statement attached)		<u>1,739,097</u>	<u>3,693,275</u>
Contingencies and commitments	8		
NUMBER OF UNITS IN ISSUE			
		<u>34,124,783</u>	<u>73,302,149</u>
NET ASSET VALUE PER UNIT			
		<u>50.9629</u>	<u>50.3843</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

**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

		For the quarter ended	
Note	September 30, 2020	September 30, 2019	
	----- (Rupees in '000) -----		
INCOME			
Profit on bank deposits	13,662	1,914	
Capital gain / (loss) on sale of investments - net	(2,341)	(206)	
Income from government securities	24,763	3,936	
Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net	6.1	-	5
Total income	36,084	5,649	
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	657	562	
Sales tax on remuneration of the Management Company	84	73	
Allocated expenses	278	40	
Remuneration of the MCB Financial Services Limited - Trustee	230	184	
Sales tax on remuneration of the Trustee	30	24	
Annual fee to Securities and Exchange Commission of Pakistan	110	8	
Auditor's remuneration	154	117	
Brokerage, settlement and bank charges	2	-	
Legal and other professional charges	34	145	
Fee and Subscription	108	-	
Printing and stationery	25	25	
Other expenses	14	17	
Total expenses	1,726	1,195	
Net income for the year from operating activities	34,358	4,454	
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	(687)	(89)
Net income for the year before taxation	33,671	4,365	
Taxation	9.	-	-
Net income for the year after taxation	33,671	4,365	
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation	33,671	4,365	
Income already paid on units redeemed	(270)	(1,620)	
	33,401	2,745	
<i>Accounting income available for distribution:</i>			
- Relating to capital gains	-	-	
- Excluding capital gains	33,401	2,745	
	33,401	2,745	

The annexed notes from 1 to 13 form an integral part of these 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 (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	For the quarter ended	
	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----	
Net income for the year after taxation	33,671	4,365
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>33,671</u>	<u>4,365</u>

The annexed notes from 1 to 13 form an integral part of these 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 (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30, 2020			September 30, 2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	3,680,763	12,512	3,693,275	188,968	616	189,584
Issuance of 3,361,668 (2019: 10,074,065) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	169,374		169,374	28,868	-	28,868
- Element of income	429		429	234	-	234
	169,803	-	169,803	29,102	-	29,102
Redemption of 42,539,034 (2019: 23,200,763) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	2,143,299		2,143,299	(112,259)	-	(112,259)
- Element of income	201	270	471	(78)	(1,620)	(1,698)
	2,143,500	270	2,143,770	(112,337)	(1,620)	(113,957)
Total comprehensive income for the year	-	33,671	33,671	-	4,365	4,365
Interim distribution for the year ended June 30, 2021 @ Rs 0.1882 per unit on July 22, 2020	-	(13,845)	(13,845)	-	-	-
Refund of capital for the year ended June 30, 2021	(37)	-	(37)	-	-	-
Total distributions during the year	(37)	(13,845)	(13,882)	-	-	-
Net assets at end of the year	1,707,029	32,068	1,739,097	105,733	3,361	109,094
Undistributed income / (loss) brought forward						
- Realised	12,512			594		
- Unrealised	-			22		
	12,512			616		
Accounting income available for distribution:						
- Relating to capital gains	-			-		
- Excluding capital gains	33,401			2,745		
	33,401			2,745		
Distributions during the year	(13,845)			-		
Undistributed income carried forward	32,068			3,361		
Undistributed income carried forward:						
- Realised	32,068			3,356		
- Unrealised	-			5		
	32,068			3,361		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the year	50.3843			50.3639		
Net assets value per unit at end of the year	50.9629			51.7397		

The annexed notes from 1 to 13 form an integral part of these 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 QUARTER ENDED SEPTEMBER 30, 2020

	For the quarter ended	
Note	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	33,671	4,365
Adjustments for:		
Provision for Sindh Workers' Welfare Fund (SWWF)	687	(89)
	<u>34,358</u>	<u>4,276</u>
Decrease / (Increase) in assets		
Investments - net	-	112,574
Advances, prepayments and profit receivable	8,891	384
	<u>8,891</u>	<u>112,958</u>
(Decrease) / increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(467)	31
Payable to the MCB Financial Services Limited - Trustee	(73)	(169)
Payable to the Securities and Exchange Commission of Pakistan	(489)	(212)
Payable against purchase of securities	-	(112,556)
Accrued and other liabilities	(3,258)	(1,899)
	<u>(4,287)</u>	<u>(114,805)</u>
Net cash generated from operating activities	<u>38,962</u>	<u>2,518</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units net of refund of capital	169,766	29,102
Payments on redemption of units	(2,143,770)	(113,958)
Dividend paid	(13,845)	-
Net cash generated / (used in) from financing activities	<u>(1,987,849)</u>	<u>(84,856)</u>
Net increase / (decrease) in cash and cash equivalents during the year	<u>(1,948,887)</u>	<u>(82,338)</u>
Cash and cash equivalents at beginning of the year	3,703,623	205,926
Cash and cash equivalents at end of the year	<u><u>1,754,736</u></u>	<u><u>123,588</u></u>

The annexed notes from 1 to 13 form an integral part of these 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 FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investment Limited) as Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. Subsequently, MCB Financial Services Limited has been appointed as trustee of the fund with effect from July 21, 2014. The draft Trust Deed was approved by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated February 01, 2008 consequent to which the Trust Deed was executed on February 08, 2008.
- 1.2** The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company has been changed from 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi to 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is categorised as "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in market treasury bills, short term Government instruments and reverse repurchase transactions against government securities.
- 1.4** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company and has assigned stability rating of 'AA+(f)' dated October 19, 2020 to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** 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 state of affairs 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.

3.3 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 2019.

4. 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.

	Note	(Unaudited) September 30, 2020 ----- (Rupees in '000) -----	(Audited) June 30, 2020
5 BALANCES WITH BANKS			
In current account		3,693	3,500,010
In deposit accounts	5.1	1,751,043	203,613
		<u>1,754,736</u>	<u>3,703,623</u>

5.1 These includes balance of Rs. 5.728 million (June 30, 2020: Rs. 33.49 million) maintained with MCB Bank Limited (a related party) that carries profit at 5.5% per annum (June 2020: 5.5% per annum). Other saving accounts of the Fund carry profit rates ranging from 5.5% to 7.83% per annum (June 2020: 5.5% to 13.8% per annum).

	(Unaudited) September 30, 2020 ---- (Rupees in '000) ----	(Audited) June 30, 2020
6 INVESTMENTS		
6.1 Investments at fair value through profit or loss		
Government securities - Market treasury bills	-	-

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

6.1.1 Market treasury bills

Tenure	Issue Date	Face value			At Sep 30, 2020				Market value as a percent-age of net assets	Market value as a percent-age of total investments
		At July 01, 2020	Purchased during the period	Sales / matured during the period	At Sep 30, 2020	Carrying value	Market value	(Diminution) / appreciation		

*Treasury bills - 3 months

August 27, 2020	-	375,000	375,000	-	-	-	-	-	-
July 16, 2020	-	1,975,000	1,975,000	-	-	-	-	-	-
September 10, 2020	-	250,000	250,000	-	-	-	-	-	-
August 13, 2020	-	125,000	125,000	-	-	-	-	-	-

*Treasury bills - 6 months

July 16, 2020	-	875,000	875,000	-	-	-	-	-	-
March 26, 2020	-	40,000	40,000	-	-	-	-	-	-
July 16, 2020	-	75,000	75,000	-	-	-	-	-	-

*Treasury bills - 12 months

September 12, 2020	-	280,000	280,000	-	-	-	-	-	-
October 10, 2019	-	60,000	60,000	-	-	-	-	-	-
August 16, 2019	-	775,000	775,000	-	-	-	-	-	-
August 29, 2019	-	650,000	650,000	-	-	-	-	-	-

As at September 30, 2020

- - -

As at June 30, 2020

- - -

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

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
7. ACCRUED AND OTHER LIABILITIES		----- (Rupees in '000) -----	
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	9,992	9,304
Provision for Federal Excise Duty payable on remuneration of the Management Company	7.2	11,933	11,933
Withholding tax payable		4	2,627
Brokerage payable		2	-
Auditors' remuneration payable		589	434
Dividend payable		-	-
Payable to legal advisor		34	21
Other payables		64	870
		<u>22,618</u>	<u>25,189</u>

7.1 There is no change in the status of SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to September 30, 2020, the net asset value of the Fund as at September 30, 2020 would have been higher by Re. 0.29 (June 30, 2020: Re. 0.13) per unit.

7.2 There is no change in the status of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for FED not been made, the Net Asset Value of the Fund as at September 30, 2020 would have been higher by Re 0.35 (June 30, 2020: Rs 0.16) per unit.

8 CONTINGENCIES AND COMMITMENTS

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

9. 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 management intends to distribute at least 90% of income to be earned during the current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

10. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2020 is 0.12% which includes 0.05% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

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

11 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owning directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

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

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

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

Details of transactions and balances at year end with related parties / connected persons are as follows:

For the quarter ended	September 30,	September 30,
2020	2020	2019
-----	(Rupees in '000)	-----

11.1 Details of transactions with connected persons are as follows:

MCB Arif Habib Savings and Investment Limited - Management Company

Remuneration (including indirect taxes)	741	635
Allocated expenses	278	40

Group / associated companies

MCB Bank Limited

Mark-up on bank deposits	149	106
Bank charges	-	3

MCB Financial Services Limited - Trustee

Remuneration (including indirect taxes)	260	208
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Arif Habib Limited - Brokerage house

Brokerage and settlement charges*	1	-
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September 30,	June 30,
2020	2020
-----	(Rupees in '000)

11.2 Amounts outstanding at year end

MCB Arif Habib Savings and Investment Limited

Remuneration payable / (receivable) - net	137	467
Sales tax on remuneration payable	18	61
Payable against allocated expenses	71	165

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

September 30, June 30,
2020 2020
----- (Rupees in '000) -----

Group / associated companies

MCB Bank Limited

Balances with bank	5,730	33,488
Mark-up receivable on bank deposits	40	6

MCB Financial Services Limited - Trustee

Remuneration payable	75	140
Sales tax on remuneration payable	10	18

* The amount disclosed represents the amount of brokerage paid / payable 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.

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

September 30, 2020							
As at July 01, 2020	Issued for cash	Redeemed	As at September 30, 2020	As at July 01, 2020	Issued for cash	Redeemed	As at September 30, 2020

----- Units -----

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

Associated company

MCB Arif Habib savings and investments Limited	2.0000	1.651	-	-	-	-	-
Hyundai nishat motors private limited	-	-	-	-	-	-	-
Employees provident fund	44239	165	44,404	2,255	8	-	2,263
Key management personnel *	-	580	580	-	29,456	-	30
Mandate under discretionary portfolio services	-	1,330,933	1,306,190	24,743	-	109,166	24,033
			24,743	-	109,166	24,033	1,261

Unit holders holding 10% or more units *

71,001,466	225,429	39,694,905	31,531,990	3,618,476	11,358,105	2,000,000,000	1,606,962
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* This reflects the position of related party / connected person status as at September 30, 2019

September 30, 2019							
As at September 30, 2019	Issued for cash	Redeemed	As at September 30, 2019	As at July 01, 2019	Issued for cash	Redeemed	As at September 30, 2019

----- Units -----

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

Associated company

Hyundai nishat motors private limited	-	-	-	-	-	-	-
Employees provident fund	-	39,510	39,510	-	2,000	-	2,044

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

12 GENERAL

- 12.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.
- 12.2 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.

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 23, 2020 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB Arif Habib Savings and Investments Limited

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