



**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 PSEX



**ISAVE**  
Savings Asaan. Life Asaan.

# **PAKISTAN INCOME 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 United Bank Limited Allied Bank Limited Faysal Bank Limited Bank Al-Habib Limited Silk Bank Limited Habib Bank Limited National Bank of Pakistan Bank Al Falah Limited NRSP Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited First Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited	
<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 **Pakistan Income 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.

## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 8.09% as against its benchmark return of 7.16%.

At period end, the fund was 19.5% in TFCs and 41.6% in Cash. Weighted average maturity of the fund stood at 312 days. The Net Assets of the Fund as at September 30, 2020 stood at Rs. 2,196 million as compared to Rs. 2,076 million as at June 30, 2020 registering an increase of 5.78%.

The Net Asset Value (NAV) per unit as at September 30, 2020 was Rs. 55.3128 as compared to opening NAV of Rs. 54.2070 per unit as at June 30, 2020 registering an increase of Rs. 1.1058 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

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

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.

### Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### 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

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۔

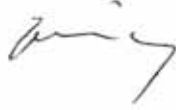
من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

23 اکتوبر 2020ء



نسیم بیگ

ڈائریکٹر / وائس چیئرمین

## ڈائریکٹر رپورٹ

لیے قابل قبول بہتری ہے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد و تصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

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۔

### میوچل 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۔ ایکویٹی 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 سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے۔



### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 8.09 فیصد تھا جبکہ مقررہ معیار 7.16 فیصد تھا۔  
اختتام مدت پر فنڈ 19.5 فیصد ٹرم فنانس سٹرٹگیٹس (ٹی ایف سی) میں اور 41.6 فیصد فنڈ میں تھا۔ فنڈ کی ویڈیو ریت میچورٹی 312 دن تھی۔  
30 ستمبر 2020ء کو فنڈ کے net اثاثہ جات 2,196 ملین روپے تھے جو 30 جون 2020ء (2,076 ملین روپے) کے مقابلے میں 5.78 فیصد اضافہ ہے۔

30 ستمبر 2020ء کو net اثاثہ جاتی قدر (این اے وی) 55.3128 روپے فی یونٹ تھی جو 30 جون 2020ء کو ابتدائی این اے وی 54.2070 روپے فی یونٹ کے مقابلے میں 1.1058 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 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۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نظریے سے ہمیں اب کافی واضح صورتحال نظر آرہی ہے۔ جہاں کووڈ کے خم کے ہموار ہونے کا سلسلہ جاری ہے وہاں valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ وائرس کی دوسری لہر کا سد باب کرتے ہوئے ہم سمجھتے ہیں کہ ایکویٹیز میں سرمایہ کاروں کے لیے بہت فوائد مضمر ہیں۔ مارکیٹ کیپیٹلائزیشن کا جی ڈی پی کے ساتھ تناسب 17.5 فیصد ہے، جواب بھی اپنے پرانے اوسط سے 33 فیصد کم ہے۔ اسی طرح رسک پریمیم 3.4 فیصد کے قریب ہیں جو اپنے پرانے اوسط 0.9 فیصد کے مقابلے میں طویل المیعاد سرمایہ کاروں کے

## ڈائریکٹر رپورٹ

عزیز سرمایہ دار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان انکم 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 پذیر رہی، 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 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 طے 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 مُلکی 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 بلین روپے ٹیکس جمع کیا جو مقررہ ہدف سے تقریباً 40 بلین روپے زیادہ ہے۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا اور پیداواری ختم 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 مٹس 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

	September 30, 2020	June 30, 2020
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Bank balances	4 927,937	970,246
Investments	5 1,058,540	1,090,474
Fair value of derivative of future transaction	30,737	-
Receivable against margin trading system	32,367	-
Receivable against sale of investments	31,506	-
Dividend receivables	1,395	-
Profit receivable	12,983	26,113
Advances, deposits, prepayments and other receivables	133,132	16,515
<b>Total Assets</b>	<b>2,228,597</b>	<b>2,103,348</b>
<b>LIABILITIES</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7,083	2,901
Payable to Central Depository Company of Pakistan Limited - Trustee	141	149
Payable to the Securities and Exchange Commission of Pakistan	97	327
Payable against redemption of units	47	47
Accrued expenses and other liabilities	6 25,085	23,729
<b>Total liabilities</b>	<b>32,453</b>	<b>27,153</b>
<b>NET ASSETS</b>	<b>2,196,144</b>	<b>2,076,195</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>2,196,144</b>	<b>2,076,195</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>39,704,059</b>	<b>38,301,258</b>
	----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>	<b>55.3128</b>	<b>54.2070</b>

The annexed notes 1 to 12 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 (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	September 30, 2020	September 30, 2019
		----- (Rupees in '000) -----	
<b>INCOME</b>			
Markup / return on Investments		30,697	25,713
Gain / (loss) on sale of investments - net		2,729	12,777
Markup on deposits with banks		9,909	23,408
Dividend income		1,395	-
Markup income on margin trade system		1,653	-
Unrealised appreciation / diminution on re-measurement of investments at fair value through profit or loss - net		(2,139)	247
Income on spread and margin trading system transactions		7,329	-
Other income		54	56
<b>Total income</b>		<b>51,627</b>	<b>62,201</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company		5,931	6,120
Sindh sales tax on remuneration of the Management Company		771	795
Allocated expenses		492	373
Marketing and selling expenses		633	477
Remuneration of Central Depository Company of Pakistan Limited - Trustee		365	279
Sindh sales tax on remuneration of Trustee		47	36
Annual fee of Securities and Exchange Commission of Pakistan		97	74
Provision against Sindh Workers' Welfare Fund		806	1,064
Brokerage expense		2,402	316
Legal, professional and other charges		34	46
Settlement and bank charges		189	141
Fees and subscription		172	162
Auditors' remuneration		152	139
Printing and related costs		31	25
<b>Total operating expenses</b>		<b>12,122</b>	<b>10,047</b>
<b>Net income for the year before taxation</b>		<b>39,505</b>	<b>52,154</b>
Taxation	9	-	-
<b>Net income for the year after taxation</b>		<b>39,505</b>	<b>52,154</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		39,505	52,154
Income already paid on units redeemed		(3,639)	(4,293)
		<b>35,866</b>	<b>47,861</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		590	12,114
Excluding capital gains		<b>35,276</b>	<b>35,747</b>
		<b>35,866</b>	<b>47,861</b>

The annexed notes 1 to 12 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 FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30, 2020 ----- (Rupees in '000) -----	September 30, 2019
Net income for the year after taxation	39,505	52,154
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>39,505</b>	<b>52,154</b>

The annexed notes 1 to 12 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 UNITHOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	For quarter ended September 30,					
	2020			2019		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year	1,944,178	132,017	2,076,195	1,266,750	124,781	1,391,531
Issue of 15,968,600 units (2019: 52,167,972 units)						
- Capital value (at net asset value per unit at the beginning of the year)	865,609	-	865,609	399,113	-	399,113
- Element of income	9,177	-	9,177	5,566	-	5,566
	874,786	-	874,786	404,679	-	404,679
Redemption of 14,565,800 units (2019: 53,278,391 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(789,568)	-	(789,568)	272,381	-	272,381
- Amount paid out of element of income						
- Relating to 'Net income for the year after taxation'	(1,135)	(3,639)	(4,774)	759	4,293	5,052
	(794,342)	(3,639)	(794,342)	273,140	4,293	277,433
Total comprehensive income for the year	-	39,505	39,505	-	52,154	52,154
Net (loss) / income for the year less distribution	-	39,505	39,505	-	52,154	52,154
Net assets at end of the year	2,028,261	167,883	2,196,144	1,398,289	172,642	1,570,931
Undistributed income brought forward						
- Realised		138,584			133,163	
- Unrealised		(6,567)			(8,382)	
		132,017			124,781	
Accounting income available for distribution						
- Relating to capital gains		590			12,114	
- Excluding capital gains		35,276			35,747	
		35,866			47,861	
Undistributed income carried forward		167,883			172,642	
Undistributed income carried forward						
- Realised		170,022			172,395	
- Unrealised		(2,139)			247	
		167,883			172,642	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		54.2070			53.8234	
Net assets value per unit at end of the year		55.3128			55.6906	

The annexed notes 1 to 12 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

September 30,      September 30,  
2020                      2019  
----- (Rupees in '000) -----

## CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year before taxation	39,505	52,154
<b>Adjustments for:</b>		
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	2,139	(247)
Provision against Sindh Workers' Welfare Fund	806	1,064
	<u>42,450</u>	<u>54,569</u>

## (Increase) / decrease in assets

Investments	29,795	59,886
Receivable against margin trading system	(32,367)	-
Fair value of derivative of future transaction	(30,737)	-
Receivable against sale of investments	(31,506)	-
Dividend receivables	(1,395)	-
Profit receivable	13,130	2,809
Advances, deposits, prepayments and other receivables	(116,617)	(3,248)
	<u>(169,697)</u>	<u>59,447</u>

## Increase / (decrease) in liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	4,182	2,114
Payable to Central Depository Company of Pakistan Limited - Trustee	(8)	(80)
Payable to the Securities and Exchange Commission of Pakistan	(230)	(1,047)
Dividend payable	-	(14,367)
Accrued expenses and other liabilities	550	61,691
	<u>4,494</u>	<u>48,311</u>

## Net cash (used in) / generated from operating activities

<u>(122,753)</u>	<u>162,327</u>
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## CASH FLOWS FROM FINANCING ACTIVITIES

Amount received against issuance of units	874,786	404,679
Amount paid against redemption of units	(794,342)	(277,433)
Distributions made during the year	-	-
<b>Net cash generated from / (used in) financing activities</b>	<u>80,444</u>	<u>127,246</u>

## Net increase in cash and cash equivalents during the year

<u>(42,309)</u>	<u>289,573</u>
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Cash and cash equivalents at the beginning of the year

970,246	899,104
---------	---------

**Cash and cash equivalents at the end of the year**

<u>927,937</u>	<u>1,187,079</u>
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The annexed notes 1 to 12 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 Income Fund (the Fund) was established under a Trust Deed executed between MCB - Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by 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 Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-end collective investment scheme categorised as an "Income" 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 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The Fund primarily invests in money market and other short-term placements/instruments which include short-term corporate debt, government securities, margin trading system transactions and spread transactions. The Fund may also invest a portion of its assets under management in medium term assets in order to provide higher return to the unit holders.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of "AM1" dated October 06, 2020, to the Management Company and the stability rating of A+(f) to the Fund dated October 19, 2020.
- 1.6** The 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

- 2.1.1** 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



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

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.

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.

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** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant and does not have any significant impact on the Fund's operations or a change in accounting policies of the Fund, therefore, have not been 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 2020.

## 3.4 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	September 30, 2020 ----- (Rupees in '000) -----	June 30, 2020
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	912,941	946,313
In current accounts	4.2	14,996	23,933
		927,937	970,246

**4.1** These carry profit at the rates ranging between 5.5% to 9.75% (June 2020: 5.50% to 7.83%) per annum and include Rs 55.355 million (June 2020: Rs 5.83million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.5% (June2020: 5.50%) per annum.

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

4.2 These are maintained with MCB Bank Limited, a connected person / related party.

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

## 5. INVESTMENTS

### Financial assets 'at fair value through profit or loss' - net

Government securities - Market Treasury Bills & Pakistan

Investment Bonds	5.1	224,235	294,370
Term finance certificates - listed	5.2	48,540	48,862
Term finance certificates - unlisted	5.3	195,452	306,537
Sukuks certificates - listed	5.4	57,642	136,920
Sukuks certificates - unlisted	5.5	131,999	230,647
Commerical Paper	5.6	-	73,138
Investments in equity transactions	5.7	400,671	-
		<b>1,058,540</b>	<b>1,090,474</b>

## 5.1 Government securities - Market Treasury Bills & Pakistan Investment Bonds

### 5.1.1 Market treasury bills

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) -----										
Treasury bills - 3 months	16-JUL-20	-	75,000	75,000	-	-	-	-	-	-
Treasury bills - 3 months	23-APR-20	-	150,000	150,000	-	-	-	-	-	-
Treasury bills - 3 months	02-JUL-20	-	75,000	75,000	-	-	-	-	-	-
Treasury bills - 6 months	02-JUL-20	-	75,000	-	75,000	73,795	73,695	(100)	3	6.96
Treasury bills - 6 months	16-JUL-20	-	75,000	75,000	-	-	-	-	-	-
Treasury bills - 6 months	09-APR-20	-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury bills - 6 months	04-JUN-20	100,000	50,000	150,000	-	-	-	-	-	-
Treasury bills - 12 months	12-SEP-19	200,000	250,000	450,000	-	-	-	-	-	-
Treasury bills - 12 months *	29-AUG-19	-	475,000	475,000	-	-	-	-	-	-
Treasury bills - 12 months	19-DEC-19	-	475,000	475,000	-	-	-	-	-	-
Total as at September 30, 2020						73,795	73,695	(100)		
Total as at June 30, 2020						293,864	294,370	506		

\* These carry effective yield ranging from 6.656%(June 2020: 7.63% to 7.85%) per annum and will on December 31, 2020.

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

## 5.1.2 Pakistan investment bonds - Floater

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	18-Jun-20	-	950,000	800,000	150,000	150,522	150,540	18	7	14
Total as at Septetmber 30, 2020						150,522	150,540	18		
Total as at June 30, 2020						-	-	-		

\*These carry effective yield ranging from 8.267%(June 2020: Nil) per annum and will on July 19, 2023.

## 5.1.3 GOP - Ijarah Sukuk

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 during the year	As at September 30, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)		
----- (Rupees in '000) -----										
----- ( % ) -----										
GOP IJARAH SUKUK	29-Jul-20	-	125,000	125,000	-	-	-	-	-	# -
Total as at Sepetmber 30, 2020						-	-	-		
Total as at June 30, 2020						-	-	-		

## 5.2 Listed debt securities - term finance certificates

Note	September 30, 2020		June 30, 2020	
	----- (Rupees in '000) -----			
Market value as at June 30	5.2.1	148,311	148,633	
Less: Provision as at July 1				
- Pace Pakistan Limited	5.8	(49,940)	(49,940)	
- Telecard Limited		(31,088)	(31,088)	
- Trust Investment Bank Limited		(18,743)	(18,743)	
		(99,771)	(99,771)	
Less: Provision charged during the year				
- Charge against face value receivable		-	-	
- Reversal against carrying value matured		-	-	
		48,540	48,862	

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

## 5.2.1 Listed debt securities - Term finance certificates

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

Name of investee company	Number of certificates				As at September 30, 2020			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	As at September 30, 2020	Carrying value	Market value	Unrealised diminution			
----- (Rupees in '000) -----										
Commercial Bank										
Habib Bank Limited *	500	-	-	500	48,852	48,540	(312)	2.21	4.59	0.46
Investment Banks / Investment Companies / Securities Companies										
Trust Investment Bank Limited - Due but not received (Note 5.3)	10,000	-	-	10,000	18,743	18,743	-	-	-	-
Miscellaneous										
Pace Pakistan Limited - Due but not received (Note 5.3)	10,000	-	-	10,000	49,940	49,940	-	-	-	-
Technology & Communication										
Telecard Limited - Due but not received (Note 5.3)	19,975	-	-	19,975	31,088	31,088	-	-	-	-
Total as at September 30, 2020					148,623	148,311	(312)			
Total as at June 30, 2020					149,516	148,633	(883)			

\* Face value of the certificate is Rs. 100,000.

## 5.2.2 Significant terms and conditions of term finance certificates outstanding as at September 30, 2020 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Commercial Bank</b>				
Habib Bank Limited	6 months KIBOR + 0.50%	19-Feb-16	19-Feb-26	AAA

## 5.3 Unlisted debt securities - Term finance certificates

Certificates have a face value of Rs 5,000 each

Name of investee company	Number of certificates				As at September 30, 2020			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	As at September 30, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----										
Commercial Banks										
Askari Bank Limited - IV	19,000	-	19,000	-	-	-	-	-	-	-
Askari Bank Limited - VII	30	-	-	30	30,000	30,000	-	1.37	2.83	0.75
Bank AL Habib Limited	15,028	-	-	15,028	70,288	67,677	(2,611)	3.08	6.39	1.69
The Bank of Punjab	80	-	-	80	6,973	6,914	(59)	0.31	0.65	0.16
Investment Banks / Investment Companies / Securities Companies										
Jahangir Siddiqui & Company Limited	22,000	-	-	22,000	90,933	90,861	(72)	4.14	8.58	1.47
Total as at September 30, 2020					198,194	195,452	(2,742)			
Total as at June 30, 2020					312,888	306,537	(6,351)			

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

**5.3.1** Significant terms and conditions of term finance certificates outstanding as at September 30, 2020 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Commercial Banks</b>				
Askari Bank Limited - IV	6 months KIBOR + 1.20%	30-Sep-14	30-Sep-24	AA-
Askari Bank Limited - VII	3 months KIBOR + 1.20%	17-Mar-20	17-Mar-30	AA+
Bank AL Habib Limited	6 months KIBOR + 0.75%	17-Mar-16	17-Mar-26	AA
The Bank of Punjab	6 months KIBOR + 1.25%	23-Apr-18	23-Apr-28	AA-
<b>Investment Banks / Investment Companies / Securities Companies</b>				
Jahangir Siddiqui & Company Limited	6 months KIBOR + 1.40%	6-Mar-18	6-Mar-23	AA+

### 5.4 Listed debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates				As at September 30, 2020			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 31, 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) -----										
----- ( % ) -----										
Investment Banks / Investment Companies / Securities Companies										
Dawood Hercules Corporation Limited	-	-	1,000	-	-	-	-	-	-	-
Dawood Hercules Corporation Limited	813	-	-	813	57,947	57,642	(305)	2.62	5.45	0.02
Power										
Pakistan Energy Sukuk II	-	10,000	10,000	-	-	-	-	-	-	-
Total as at September 30, 2020					57,947	57,642	(305)			
Total as at June 30, 2020					134,770	136,920	2,150			

**5.4.1** Significant terms and conditions of Sukuk certificates outstanding as at September 30, 2020 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Dawood Hercules Corporation Limited	3 months KIBOR + 1.00%	16-Nov-17	16-Nov-22	AA
Dawood Hercules Corporation Limited	3 months KIBOR + 1.00%	1-Mar-18	1-Mar-23	AA
Pakistan Energy Sukuk II	6 months KIBOR + 1.50%	6 months KIBOR + 1.50%	21-May-30	N/A

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

## 5.5 Unlisted debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates				As at September 30, 2020			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	As at September 30, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----										
----- ( % ) -----										
Chemical										
Ghani Gases Limited	480	-	-	480	20,264	20,640	376	0.94	1.95	0.04
Oil and Gas										
Byco Petroleum Pakistan Limited	10	-	-	10	585	584	(1)	0.03	0.06	0.00
Miscellaneous										
International Brands Limited	500	-	-	500	35,382	35,775	393	1.63	3.38	0.02
Bank										
Meezan Bank Limited *	100	-	100	-	-	-	-	-	-	-
Power										
The Hub Power Company Limited	750	-	-	750	75,000	75,000	-	3.42	7.09	0.03
Total as at June 30, 2020					131,231	131,999	768			
Total as at June 30, 2020					232,636	230,647	(1,989)			

\* Face value of the certificate is Rs. 1,000,000.

5.5.1 Significant terms and conditions of Sukuk certificates outstanding as at September 30, 2020 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Chemical</b>				
Ghani Gases Limited	3 months KIBOR + 1.00%	2-Feb-17	2-Feb-23	A-
<b>Oil and Gas</b>				
Byco Petroleum Pakistan Limited	3 months KIBOR + 1.05%	18-Jan-17	18-Jan-22	AAA
<b>Miscellaneous</b>				
International Brands Limited	12 months KIBOR + 0.50%	15-Nov-17	15-Nov-21	AA
<b>Bank</b>				
Meezan Bank Limited	6 months KIBOR + 0.90%	9-Jan-20	9-Jul-30	AA
<b>Power</b>				
The Hub Power Company Limited	6 months KIBOR + 1.50%	19-May-20	19-Nov-20	AA+

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

## 5.6 Commercial paper

Particulars	Issue date	Maturity date	Profit rate	Face value	Carrying value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
				---(Rupees in '000)---	----- ( % ) -----		
K - Electric - III	10-Mar-20	10-Sep-20	13.64%	-	-	-	-
<b>Total as at September 30, 2020</b>				-	-		
<b>Total as at June 30, 2019</b>				75,000	73,138		

5.6.1 These are matured on 10 September 2020,

## 5.7 Shares of listed companies

All shares have a par value of Rs. 10 each except stated otherwise

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus/ rights issue during the period	Sold during the period	As at September 30, 2020	As at September 30, 2020			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
<b>Automobile Assembler</b>											
Pak Suzuki Motors Company Limited	-	87,000		73,500	13,500	3,246	2,720	526	0.12%	0.26%	0.02
<b>Automobile Parts &amp; Accessories</b>											
General Tyre & Rubber Company Limited	-	38,500		14,000	24,500	1,850	1,641	209	0.07%	0.16%	0.02
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	-	2,192,000		1,467,500	724,500	27,245	23,952	3,293	1.09%	2.26%	0.15
<b>Cement</b>											
Cherat Cement Company Limited		25,500		25,500	-	-	-	-	0.00%	0.00%	0
D.G. Khan Cement Company Limited	-	1,164,500	-	1,019,000	145,500	16,029	15,003	1,026	0.68%	1.42%	0.03
Fauji Cement Company Limited	-	1,255,500		1,097,000	158,500	3,378	3,151	227	0.14%	0.30%	0.01
						<b>51,748</b>	<b>46,467</b>	<b>5,281</b>			
Lucky Cement Limited	-	183,500		164,000	19,500	12,159	12,618	(459)	0.57%	1.19%	0.01
Maple Leaf Cement Factory Limited	-	1,556,000		1,093,000	463,000	17,549	16,617	932	0.76%	1.57%	0.04
Pioneer Cement Limited	-	61,500		53,000	8,500	798	771	27	0.04%	0.07%	0
						<b>30,506</b>	<b>30,006</b>	<b>500</b>			
<b>Chemicals</b>											
Descon Oxychem Limited		1,000		1,000	-	-	-	-	0.00%	0.00%	0
Engro Polymer and Chemicals Limited	-	492,000		384,500	107,500	4,343	4,328	15	0.20%	0.41%	0.01
Lotte Chemical Pakistan Limited	-	725,000		723,000	2,000	27	24	3	0.00%	0.00%	0
						<b>4,370</b>	<b>4,352</b>	<b>18</b>			
<b>Engineering</b>											
Amreli Steels Limited	-	519,500		366,500	153,000	7,629	6,697	933	0.30%	0.63%	0.05
International Industries Limited		160,500		146,000	14,500	2,244	2,102		0.10%	0.20%	0.01
International Steels Limited	-	258,000		215,000	43,000	3,396	3,313	83	0.15%	0.31%	0.01
Mughal Iron & Steel Industries Limited	-	129,000		119,000	10,000	694	643	51	0.03%	0.06%	0
						<b>13,962</b>	<b>12,754</b>	<b>1,209</b>			

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Name of investee company	As at July 1, 2020	Purchased during the period	Bonus/ rights issue during the period	Sold during the period	As at September 30, 2020	As at September 30, 2020			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
<b>Fertilizer</b>											
Engro Fertilizer Limited		135,500		135,500	-	-	-	-	0.00%	0.00%	0
Engro Corporation Limited	-	78,500		77,500	1,000	300	301	(1)	0.01%	0.03%	0
Fauji Fertilizer Bin Qasim Limited	-	494,000		270,500	223,500	4,872	4,504	368	0.21%	0.43%	0.02
Fauji Fertilizer Company Limited		108,000		108,000	-	-	-	-	0.00%	0.00%	0
						<b>5,172</b>	<b>4,805</b>	<b>367</b>			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Oil & Gas Development Company Limited	-	42,000		37,500	4,500	474	466	7	0.02%	0.04%	0
Pakistan Oilfields Limited	-	34,000		14,000	20,000	8,573	8,427	146	0.38%	0.80%	0.01
Pakistan Petroleum Limited	-	1,340,500		439,500	901,000	86,358	82,946	3,412	3.78%	7.84%	0.03
						<b>95,405</b>	<b>91,839</b>	<b>3,566</b>			
<b>Oil And Gas Marketing Companies</b>											
Pakistan State Oil Company Limited.	-	312,000		277,500	34,500	6,823	6,907	(84)	0.31%	0.65%	0.01
Sui Southern Gas Company Limited	-	443,000		430,000	13,000	238	220	19	0.01%	0.02%	0
						<b>7,061</b>	<b>7,127</b>	<b>(65)</b>			
<b>Pharmaceuticals</b>											
The Searle Company Limited	-	262,000		231,000	31,000	8,258	7,946	313	0.36%	0.75%	0.01
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited	-	617,000		606,500	10,500	874	824	51	0.04%	0.08%	0
K-Electric Limited	-	2,891,000		2,757,500	133,500	567	562	5	0.03%	0.05%	0
Kot Addu Power Co. Limited	-	2,393,000		1,887,500	505,500	14,778	13,325	1,454	0.61%	1.26%	0.06
						<b>16,220</b>	<b>14,711</b>	<b>1,509</b>			
<b>Refinery</b>											
Attock Refinery Limited	-	305,000		177,500	127,500	20,476	17,784	2,693	0.81%	1.68%	0.12
National Refinery Limited	-	225,000		162,000	63,000	12,379	10,960	1,419	0.50%	1.04%	0.08
						<b>32,855</b>	<b>28,744</b>	<b>4,112</b>			
<b>Technology &amp; Communications</b>											
Avanceon Limited	-	703,000		635,500	67,500	4,368	4,537	(170)	0.21%	0.43%	0.03
Netsol Technologies	-	334,000		253,500	80,500	5,365	4,839	526	0.22%	0.46%	0.09
						<b>9,733</b>	<b>9,376</b>	<b>356</b>			
<b>Textile Composite</b>											
Gul Ahmed Textile Mills Limited	-	40,000		37,500	2,500	105	93	12	0.00%	0.01%	0
	-	136,500		10,500	126,000	13,336	12,735	601	0.58%	1.20%	0
						<b>13,441</b>	<b>12,828</b>	<b>612</b>			
<b>Transport</b>											
Pakistan International Bulk Terminal Limited	-	7,613,500		5,476,500	2,137,000	28,099	26,413	1,686	1.20%	2.50%	0.12
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited	-	6,204,500		-	6,204,500	113,537	103,305	10,232	4.70%	9.76%	0
<b>As at September 30, 2020</b>						<b>430,367</b>	<b>400,671</b>	<b>29,696</b>			
<b>As at June 30, 2020</b>						<b>-</b>	<b>-</b>	<b>-</b>			



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

### 5.8 Status of non compliance as per circular 16 of 2010 issued by the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

Name of non-compliant investments	Note	Type of Instrument	Value of Investment before provision	Provision held if any	Value of Investment after provision	% of net assets	% of gross assets
Trust Investment Bank Limited	5.2.1	TFC	18,743	(18,743)	-	-	-
Telecard Limited	5.2.1	TFC	31,088	(31,088)	-	-	-
Pace Pakistan Limited	5.2.1	TFC	49,940	(49,940)	-	-	-

Owing to continuous default on repayment of coupon by the issuer, the Fund had classified the said investment as non-performing. The Fund has recognised full provision against outstanding principal in accordance with applicable provisioning circular issued by the Securities and Exchange Commission of Pakistan and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of mark-up there against.

	Note	September 30, 2020 ----- (Rupees in '000) -----	June30, 2020
<b>6. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	6.1	11,767	10,961
Provision for Federal Excise Duty and related tax on			
- Management fee	6.2	9,210	9,210
- Sales load		239	239
Legal and professional charges		23	21
Withholding tax on capital gains		157	1,391
Auditors' remuneration		562	410
Brokerage		2,433	75
Sindh sales tax payable on allocated expenses		-	-
Others		694	1,422
		<u>25,085</u>	<u>23,729</u>

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

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 condensed interim financial information of the Fund, the net assets value of the Fund as at Sep 30, 2020 would have been higher by Re.0.2964 (June 30, 2020: Re. 0.2861) per unit.

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

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### 6.2 Federal Excise Duty and related tax payable

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 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, 2020 would have been higher/lower by Re. 0.2320 per unit (June 30, 2020: Re. 0.2424 per unit).

### 7. CONTINGENCIES AND COMMITMENTS

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

### 8. TOTAL EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2.0% to 2.5%. The total expense ratio of the Fund for the year is 2.5% and this includes 0.09% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorized as income scheme.

### 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. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

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

## 10.1 Transactions during the year with connected persons / related parties in units of the Fund:

	For the quarter ended Septmeber 30, 2020							
	As at July 1, 2020	Issued for cash	Redeemed	As at September 30, 2020	As at July 1, 2020	Issued for cash	Redeemed	As at September 30, 2020
	Units				(Rupees in '000)			
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	97,032	-	-	97,032	5,260	-	-	5,367
Security General Insurance Company Limited	5,540,636	-	4,593,224	947,412	300,341	-	250,000	52,404
MCB - Arif Habib Savings And Investments Limited	-	5,746	5,746	-	-	318	318	-
Directors and key management personnel of the Management Company	-	5	-	5	-	-	-	-

	For the quarter ended Septmeber 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)			
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	85750	-	-	85,750	4,615	-	-	4,775
Nishat Mills Limited		-	-	-	-	-	-	-
Directors and key management personnel of the Management Company	-	104,064	104,064	-	-	5,774	5,784	-
Mandate under discretionary portfolio services	258,403	1,034	17,865	241,572	13,908	57	977	13,453

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

## 10.2 Details of transactions with related parties / connected persons during the year

### MCB-Arif Habib Savings and Investments Limited - Management Company

Remuneration including indirect taxes	6,702	6,915
Allocated expenses	492	373
Marketing and selling expense	633	477

### Central Depository Company of Pakistan Limited - Trustee

Remuneration including indirect taxes	412	315
CDS charges	-	69

### MCB Bank Limited - Parent of the Management Company

Profit on bank balances	104	208
Bank Charges	6	10

### Silk bank Limited - Common Directorship\*

Profit on bank balances	-	11,333
Bank Charges	-	3

### Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited

Brokerage expense *	80	46
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\* These are not related parties & are disclosed for comparative purposes only.

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

## 10.3 Details of balances with related parties / connected persons as at year end

	September 30, 2020 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	2,676	1,511
Sindh sales tax payable on management remuneration	348	196
Sales load payable	3,261	404
Payable against allocated expenses	165	176
Payable against marketing and selling expenses	633	614
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	124	132
Sindh sales tax payable on Trustee remuneration	17	17
Security deposit	200	200
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	124	132
Sindh sales tax payable on Trustee remuneration	17	17
Security deposit	200	200
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balance	70,351	29,774
Profit receivable on bank balances	31	11
Sales load payable	-	758
Other receivable	247	548

\* The amount disclosed represents the amount of brokerage expense or brokerage payable to connected persons and not the purchase or sale value of securities transacted through them as the ultimate counter parties are not connected persons.

## 11 CORRESPONDING FIGURES

- 11.1** Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.
- 11.2** Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant or reclassifications were made in these condensed interim financial statements to report.

## 12 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**

**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)