



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2019
(UNAUDITED)

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



Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholders' value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

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MCB DCF INCOME FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Paysal Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Silk Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	A.F. Ferguson & Co. Chartered Accountants (A Members 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 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB DCF Income Fund** accounts review for the quarter ended September 30, 2019.

ECONOMY AND MONEY MARKET OVERVIEW

Stabilization measures pursued by the government have started to bear fruits as the Balance of Payment situation continues to improve. The Current Account Deficit (CAD) contracted by ~55% on an Year on Year (YoY) basis to USD 1.3 billion in the first two months of FY20. Imports of goods continued to nosedive as it compressed by 23.5% while exports increased by 1.4% in the first two months. On the flip side, remittances remained weak amidst lesser number of working days and declined by 8% during the first two months of the fiscal year. Foreign exchange reserves increased by USD 1.2 billion during the period as Pakistan received its first tranche of USD 1.3 billion from IMF, while the outflow from CAD remained restrained.

CPI was rebased with a new base of 2015-16 and the average for newly rebased CPI clocked in at 10.1% YoY. However, the latest monthly readings were recorded north of 11% as rising food and energy prices took its toll on the index. Food inflation during the latest month was recorded at 15.0% YoY. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.4% for the quarter.

Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.3% in July, 2019 primarily decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 27.5% and 15.5% respectively.

Provisional number of tax collection were also encouraging as FBR collected PKR 962 billion in the first quarter of the current fiscal year, which was 16% higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax revenue grew by 28% YoY. The non-tax collection as per the provisional estimates were also promising as the government managed to collect PKR ~400 billion with the major portion driven by Surplus Profitability from SBP and Sale of Telecom sector licenses. The target for primary deficit was also met as per the provisional estimates as government generated a surplus of PKR 200 billion.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. 2 Year bonds eased of by 86 bps during the quarter while the longer end (10Y) saw a massive easing of 154 bps during the same period. The State Bank of Pakistan (SBP) in its latest bi-monthly Monetary Policy Statement also left the Policy Rate unchanged at 13.25%, citing the Monetary Policy Committee's outlook on moderating inflation and balance of payment situation. The monetary policy committee kept the status quo after 8 successive increases.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 11.67% as against its benchmark return of 14.10%. The WAM of the fund reduced to 1.2 years because of interest rate outlook which was on a rising trend. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was 14.5% invested in T-Bills, 58.4% in Cash and 23.3% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at September 30, 2019 stood at Rs. 4,178 million as compared to Rs. 3,933 million as at June 30, 2019 registering an increase of 6.23%.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs.109.6896 as compared to opening NAV of Rs. 106.5542 per unit as at June 30, 2019 registering an increase of Rs. 3.1354 per unit.

FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them. Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Our forecast at very conservative assumptions is that CAD will settle at 2.6%

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~12 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Aug'19 REER at 92.71) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

CPI is expected to jack up to an average of ~11.0% for the fiscal year from current quarter average of 10.1% owing to a hike in food inflation and rising utility prices. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We expect the 12 month forward CPI to start slowing down from the second half of this fiscal year, which will open the room for monetary easing as central bank has indicated to opt for more proactive monetary policy approach.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~400-500 billion. The result of provisional tax collection for 1Q assert our view as there was a shortfall of PKR 100 billion during the quarter. Resultantly, the shortfall in tax collection will trickle down to a lower development spending.

On the equity side, we believe, the last two years' market performance (down approx. 39% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

The equity strategy should be a mix of macro based theme along with bottom up analysis. The overall strategy should be a focus towards defensive sectors (E&P's, Power, Fertilizers) and sector which will benefit from changing dynamics on macro front (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical stocks, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

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 24, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ

کے ہدف کو بے حد مثبت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس میں 400 سے 500 بلین روپے کی کمی آئے گی۔ پہلی سہ ماہی میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 100 بلین ڈالر کی کمی ہوئی تھی۔ ٹیکس وصولی میں کمی کے نتیجے میں ترقیاتی اقدامات کے لیے کم رقم خرچ کی جائے گی۔

ایکویٹی کی جہت میں ہم سمجھتے ہیں کہ گزشتہ دو برسوں کی مارکیٹ کی کارکردگی (بلند ترین سطحوں سے تقریباً 39 فیصد کم) سے سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی، اور گردشی اسٹاکس کی کارکردگی میں بھی یہی عکاسی ہوتی ہے جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اسٹاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اسٹاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔

ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پر ہونی چاہیے اور کلاں معاشی میدان میں تبدیل ہوتے ہوئے عوامل سے مستفید ہونے والے شعبے (کمرشل بینکوں) کو زیادہ وزن دیا جانا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ سے برآمدات پر منحصر شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی (IT) کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردشی اسٹاکس میں منفی رجحان کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کوالٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

24 اکتوبر، 2019ء

ڈائریکٹر رپورٹ

مختص رہا۔ اختتام مدت پر فنڈ کی سرمایہ کاری 14.5 فیصد ریٹری بلز میں، 58.4 فیصد نقد میں اور 23.3 فیصد TFCs میں تھی۔ نقد میں زیادہ سرمایہ کاری کی وجہ بینک ڈپازٹس پر منافع بخش شرحیں تھیں۔

30 ستمبر 2019 کو فنڈ کے net اثاثہ جات 4,178 ملین روپے تھے جو 30 جون 2019 کی سطح 3,933 ملین روپے کے مقابلے میں 6.23 فیصد اضافہ ہے۔

30 ستمبر 2019 کو net اثاثہ جاتی قدر (NAV) فی یونٹ 109.6896 روپے تھی جو 30 جون 2019 کو ابتدائی قدر 106.5542 روپے فی یونٹ کے مقابلے میں 3.1354 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں کلاں معاشیاتی استحکام ہوگا جس کے باعث موجودہ سال کے لیے معاشی ترقی چھوٹے اعداد تک محدود ہو جائے گی۔ آئی ایم ایف کی پیش گوئی کے مطابق حکومت کی اختیار کردہ تنگی پر مبنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 2019-20ء میں سست ہو کر 2.5 فیصد پر آجائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ ہم بے حد محتاط مفروضوں کی بنیاد پر پیش گوئی کر سکتے ہیں کہ سی اے ڈی مجموعی ملکی پیداوار (جی ڈی پی) کے 2.6 فیصد پر رک جائے گا۔ ہم نے خام تیل کی قیمتوں کو 70 ڈالر فی بی بی ایل فرض کیا ہے جو موجودہ طور پر 60 ڈالر فی بی بی ایل کے قریب منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لا کر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی شدہ سہولت سے بھی زرمبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زرمبادلہ کے ذخائر میں 12 بلین ڈالر اضافہ متوقع ہے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اگست 2019ء 92.7 REER فیصد پر) اور کرنٹ اکاؤنٹ کا خسارہ قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

زیر بحث مالی سال کے لیے سی پی آئی کا اوسط موجودہ سہ ماہی کے اوسط 10.1 فیصد سے 11.0 فیصد تک بڑھ جانے کی توقع ہے جس کا سبب اشیائے خورد و نوش کے افراط زر میں اضافہ اور یوٹیلٹی کی بڑھتی ہوئی قیمتیں ہیں۔ لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل (NFNE) سے ظاہر ہونے والی اصل افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد سے کم متوقع ہے۔ ہمیں اُمید ہے کہ 12 ماہانہ فارورڈ سی پی آئی موجودہ مالی سال کے نصف آخر سے سست رفتار ہونا شروع ہو جائے گا جس کے مالیاتی سہولت کا موقع ملے گا کیونکہ مرکزی بینک نے مالیاتی پالیسی کا زیادہ متحرک لائحہ عمل اختیار کرنے کی طرف اشارہ کیا ہے۔

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.4 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف تبدیل ہو سکتا ہے لیکن پرائمری خسارے کو جی ڈی پی کے 0.6 فیصد پر محدود کر دینے کی آئی ایم کی بنیادی شرط کو پورا کرنا لازمی ہے۔ اس مقصد کے لیے ایف بی آر 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس جمع کرنے کا پُر عزم ہدف طے کر رہی ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے، تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کا ایک توسیعی پبلک سیکٹر ڈویلپمنٹ پروگرام (پی ایس ڈی پی) کے لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

ایم سی بی ڈی سی ایف انکم فنڈ کے بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لیے گوشواروں کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

حکومت نے استحکام کے لیے جو اقدامات کیے بالآخر ان کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال 2019-20ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) یو آر این (YoY) بنیاد پر 55 فیصد کم ہو کر 1.3 بلین ڈالر ہو گیا۔ پہلے دو ماہ میں درآمدات میں 23.5 فیصد کمی ہوئی جبکہ برآمدات میں 1.4 اضافہ ہوا۔ دوسری جانب ترسیل زر میں 8 فیصد کمی ہوئی اور اس کمزور صورتحال کا سبب ایام کار کی کم تعداد تھی۔ زیر مبادلہ کے ذخائر میں دوران مدت 1.2 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف سے 1.3 بلین ڈالر کی پہلی قسط موصول ہوئی، جبکہ سی اے ڈی سے اخراج کا سلسلہ محدود رہا۔

صارفی قیمت کے انڈیکس (سی پی آئی) کو 2015-16 کی نئی بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد اقبال سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔ وسیع پیمانے کی مینوفیکچرنگ (ایل ایس ایم) میں توقع کے مطابق کمی کا رجحان جاری رہا کیونکہ درآمدات پر مبنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبع گردش شعبہ جات تھے۔ گاڑیوں اور اسٹیل کی مینوفیکچرنگ میں مانگ بالترتیب 27.5 فیصد اور 15.5 فیصد سُکڑ گئی۔

ٹیکس کے حصول کے عارضی اعداد بھی حوصلہ افزا تھے۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) نے موجودہ مالی سال کی پہلی سہ ماہی میں 962 بلین روپے ٹیکس جمع کیا جو گزشتہ سال کی مماثل مدت کے مقابلے میں 16 فیصد زیادہ ہے۔ اگر مقامی اور بین الاقوامی اعتبار سے علیحدہ علیحدہ دیکھا جائے تو کارکردگی زیادہ بہتر تھی کیونکہ مقامی سطح پر ٹیکس کی آمدنی میں 28 فیصد YoY اضافہ ہوا۔ ٹیکس کے علاوہ وصولی بھی عارضی تخمینوں کے مطابق حوصلہ افزا تھے۔ حکومت نے 400 بلین روپے ٹیکس جمع کیا جس کا اکثر حصہ اسٹیٹ بینک آف پاکستان (ایس بی پی) سے فاضل منافع اور ٹیلی کام سیکٹر لائسنس کی فروخت سے حاصل ہوا۔ عارضی تخمینوں کے مطابق پرائمری خسارے کا ہدف بھی حاصل ہو گیا کیونکہ حکومت نے 200 بلین کا فاضل منافع پیدا کیا۔

زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر مانگ کے سبب پیداواری خم جھک گیا کیونکہ بازار میں شامل ہونے والے نئے فریق استحکام کے اقدامات سے مطمئن ہو کر افراط زر میں کمی کی توقع کر رہے تھے۔ دوران سہ ماہی دو سالہ بانڈز 86 بیسیس پوائنٹس کی ایزنگ ہوئی جبکہ اسی مدت کے دوران طویل تر میعاد والے (دس سالہ) بانڈز میں 154 بیسیس پوائنٹس کی خطیر ایزنگ ہوئی۔ ایس بی پی نے اپنے تازہ ترین دو ماہانہ مالیاتی پالیسی بیان میں افراط زر اور ادائیگی کے توازن کی صورتحال کو متعادل کرنے پر مانیٹری پالیسی کمیٹی کے نظریے کا حوالہ دیتے ہوئے پالیسی کی شرح کو تبدیل کیے بغیر 13.25 فیصد پر چھوڑ دیا ہے۔ مالیاتی پالیسی نے 8 متواتر اضافوں کے بعد رائج شرح کو برقرار رکھا ہے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 11.67 فیصد تھا جبکہ بیچ مارک منافع 14.10 فیصد تھا۔ فنڈ کی باوزن اوسط میچورٹی (WAM) انٹریسٹ کی شرحوں میں اضافے کے رجحان کے سبب کم ہو کر 1.2 سال ہو گئی۔ زیر جائزہ مدت کے دوران فنڈ کا قابل ذکر حصہ نقد اور ٹرم فنانس سٹرٹیکٹس (TFCs) میں

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2019

		September 30, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited)
	Note		
ASSETS			
Balances with banks	6	2,983,255	2,779,853
Investments	7	1,982,629	1,244,532
Mark-up, dividend and other receivables		48,590	48,566
Receivable against sale of investments		56,576	22,840
Advances, deposits and prepayments		45,776	43,925
Total assets		5,116,827	4,139,716
LIABILITIES			
Payable to MCB Arif Habib Savings and Investments Limited - Management Company	8	7,167	6,118
Payable to Central Depository Company of Pakistan Limited - Trustee Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	9	293	385
Payable against purchase of investments	10	206	2,939
Accrued and other liabilities	11	734,565	4,443
Total liabilities		196,153	192,386
		938,385	206,271
NET ASSETS		4,178,443	3,933,445
Unit holders' fund (as per statement attached)		4,178,443	3,933,445
Contingencies and commitments	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		38,093,333	36,914,955
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		109.6896	106.5542

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		September 30,	
		2019	2018
Note	-----	(Rupees in '000)	-----
INCOME			
		37,437	8,398
		39,152	30,474
		4,564	(15,556)
		59,064	37,956
		-	5,884
		2,215	5,007
		864	25,087
		(467)	2,581
		2,095	(15,594)
		444	121
		145,369	84,358
EXPENSES			
		15,481	15,941
		2,013	2,072
		1,032	1,201
		919	-
		774	1,118
		101	145
		206	797
		997	3,239
		173	214
		46	55
		187	196
		21,929	24,978
		123,440	59,380
		(2,469)	(1,188)
		120,971	58,192
		-	-
		120,971	58,192
		120,971	58,192
		(5,910)	(6,722)
		115,062	51,470
		4,001	-
		111,060	51,470
		115,062	51,470

INCOME

Income from Government securities	
Income from term finance certificates	
Net gain / (loss) on sale of investments	
Mark-up on bank deposits and term deposit receipt	
Income from Margin Trading System (MTS) - net	
Dividend income	
Income from spread transactions	
Net unrealised (loss) / gain on derivatives	
Unrealised appreciation / (diminution) on re-measurement of investments classified 'at fair value through profit or loss' - net	
Other Income	
Total income	

EXPENSES

Remuneration of the Management Company	
Sindh Sales tax on remuneration of the Management Company	
Expenses allocated by the Management Company	
Marketing and Selling Expense	
Remuneration of the Trustee	
Sindh Sales Tax on trustee fee	
Annual fee to Securities and Exchange Commission of Pakistan	
Brokerage, settlement and bank charges	
Auditors' remuneration	
Legal and professional charges	
Others	
Total operating expenses	

Net income from operating activities

Provision for Sindh Workers' Welfare Fund (SWWF)

Net income for the period before taxation

Taxation

Net income for the period after taxation

Allocation of net income for the period:

Net income for the period after taxation	
Income already paid on units redeemed	

Accounting income available for distribution:

- Relating to capital gains	
- Excluding capital gains	

Earnings per unit

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
	<u>----- (Rupees in '000) -----</u>	
Net income for the period after taxation	120,971	58,192
Other comprehensive income / (loss) for the period:	<div style="border: 1px solid black; width: 60px; height: 40px; display: flex; align-items: center; justify-content: center;">-</div>	<div style="border: 1px solid black; width: 60px; height: 40px; display: flex; align-items: center; justify-content: center;">-</div>
	-	-
Total comprehensive income for the period	<u>120,971</u>	<u>58,192</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019			September 30, 2018		
	(Rupees in '000)					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the period	3,539,191	394,254	3,933,445	4,299,267	573,226	4,872,493
	3,539,191	394,254	3,933,445	4,299,267	573,226	4,872,493
Issuance of 10,954,317 units (2018: 3,955,651 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,167,229	-	1,167,229	421,130	-	421,130
- Element of income	17,318	-	17,318	1,149	-	1,149
	1,184,547	-	1,184,547	422,279	-	422,279
Redemption of 9,775,939 units (2018: 12,086,206 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,041,667	-	1,041,667	1,286,733	-	1,286,733
- Element of income	12,943	5,910	18,853	316	6,722	7,038
	1,054,610	5,910	1,060,520	1,287,050	6,722	1,293,774
Total comprehensive income for the period	-	120,971	120,971	-	58,192	58,192
Final Distribution for the year ended June 30, 2018 (including additional units) at the rate of Rs. 4.8783 per unit (Declared on July 04, 2018)	-	-	-	(31,092)	(182,392)	(213,484)
	-	120,971	120,971	(31,092)	(124,200)	(155,292)
Net assets at end of the period	3,669,128	509,315	4,178,443	3,403,405	442,303	3,845,708
Undistributed income brought forward comprising of:						
- Realised gain	407,880			590,511		
- Unrealised loss	(13,626)			(17,285)		
	394,254			573,226		
Accounting income available for distribution:						
- Relating to capital gains	4,001			-		
- Excluding capital gains	111,060			51,470		
	115,062			51,470		
Cash distribution during the period	-			(182,392)		
Undistributed income carried forward	509,315			442,303		
Undistributed income carried forward comprising of:						
- Realised gain	507,687			455,316		
- Unrealised loss	1,628			(13,013)		
	509,315			442,303		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	106.5542			111.3412		
Net assets value per unit at end of the period	109.6896			107.9307		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30,	
	2019	2018
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	120,971	58,192
Adjustments for:		
Net unrealised loss on revaluation of investments 'at fair value through profit or loss - held-for-trading'	(2,095)	15,594
	118,876	73,786
(Increase) in assets		
Investments	(734,947)	(363,321)
Mark-up, dividend and other receivables	(24)	9,824
Derivatives- Future Contracts	(1,057)	-
Receivable against sale of investments	(33,736)	(239,256)
Receivable against MTS	-	(94,327)
Advances, deposits and prepayments	(1,851)	59,408
	(771,616)	(627,672)
Increase / (Decrease) in liabilities		
Payable to MCB Arif Habib Savings and Investments Limited -	1,049	(789)
Payable to Central Depository Company of Pakistan Limited - Trustee	(92)	(41)
Annual fee payable to SECP	(2,733)	(3,317)
Payable against purchase of investments	730,122	493,625
Payable against redemption of units	-	(4,739)
Accrued and other liabilities	3,769	2,732
	732,116	487,471
Net cash generated from / (used in) operating activities	79,376	(66,415)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units (excluding additional units)	1,184,547	422,279
Payments on redemption of units	(1,060,520)	(1,293,773)
Dividend paid	-	(213,484)
Net cash generated from / (used) in from financing activities	124,027	(1,084,977)
Net decrease in cash and cash equivalents during the period	203,402	(1,151,392)
Cash and cash equivalents at beginning of the period	2,779,853	3,093,159
Cash and cash equivalents at end of the period	2,983,255	1,941,767

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) 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 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4** The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2++' dated October 08, 2019 to the Management Company and a rating of "AA-(f)" dated June 27, 2019 to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) 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 2019.
- 2.1.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, whereas the comparatives in the condensed interim income statement, condensed interim cash flow

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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 2018.

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

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

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2019.

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

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

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2019.

5 Financial Risk Management

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2019.

6 BALANCES WITH BANKS

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		------(Rupees in '000)-----	
Current accounts	6.1	14,632	3,509
Savings accounts	6.2	2,968,623	2,776,344
		<u>2,983,255</u>	<u>2,779,853</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

6.1 This represents balance maintained with MCB Bank Limited

6.2 These carry profit at the rates ranging between 10.25% to 14.35% (2019:3.75% and 13.1%) per annum and include Rs. 16.417 million maintained with MCB Bank Limited, (a related party) which carries profit at the rate of 11.25% per annum and Rs.1,135 million maintained with Silk Bank Limited (a related party) which carries profit at the rate of 14.35 % per annum.

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

7 INVESTMENTS

Investments by Category

At fair value through profit or loss

Government securities - Market treasury bills	7.1	741,274	29,540
Listed equity securities	7.2	19,726	3,965
Listed debt securities	7.3	640,318	651,178
Unlisted debt securities	7.4	554,442	559,978
Future stock contracts		(467)	(129)
Government securities - Pakistan Investment Bonds	7.5	27,336	-
		<u>1,982,629</u>	<u>1,244,532</u>

7.1 Government securities - Market treasury bills 'at fair value through profit or loss - held-for-trading'

Name of security	Date of issue	Face value				Balance as at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2019	Purchased during the period	Disposed/ matured during the period	As at September 30, 2019	Carrying value	Market value	Unrealised gain / (loss)		
----- (Rupees in '000) ----- % -----										
Market treasury bills-3 months	May 23, 2019	30,000	-	30,000	-	-	-	-	0.00%	0.00%
Market treasury bills-3 months	August 1, 2019	-	75,000	75,000	-	-	-	-	0.00%	0.00%
Market treasury bills-3 months	September 12, 2019	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Market treasury bills-3 months*	July 18, 2019	-	9,850,000	9,820,000	30,000	29,901	29,900	(1)	0.00%	1.51%
Market treasury bills-3 months	September 26, 2019	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Market treasury bills-6 months	September 12, 2019	-	1,500,000	1,000,000	500,000	470,777	471,060	283	0.00%	23.76%
Market treasury bills-12 months	August 29, 2019	-	2,550,000	2,550,000	-	-	-	-	0.00%	0.00%
Market treasury bills-3 months	August 16, 2019	-	1,350,000	1,350,000	-	-	-	-	0.00%	0.00%
Market treasury bills-12 months	September 26, 2019	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Market treasury bills-6 months	July 18, 2019	-	4,700,000	4,450,000	250,000	240,212	240,314	102	0.00%	12.12%
Market treasury bills-12 months	September 12, 2019	-	2,850,000	2,850,000	-	-	-	-	0.00%	0.00%
Market treasury bills-6 months	September 26, 2019	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Market treasury bills-12 months	July 18, 2019	-	1,000,000	1,000,000	-	-	-	-	0.00%	0.00%
As at September 30, 2019						740,890	741,274	384		
June 30, 2019		-				29,543	29,540	(3)		

* The Market treasury bill with a face value aggregating to Rs.30 million (2019: Nil) million has been pledged with National Clearing Company of Pakistan Limited as security against MTS trades and exposure margin / MTM losses as per Circular no. 11 dated October 23, 2007 issued by the SECP.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

7.2 Listed equity securities - 'at fair value through profit or loss'

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of investee company	Number of shares				Balance as at September 30, 2019			Market Value	
	As at July 01, 2019	Purchased during the period	Sold during the period	As at September 30, 2019	Carrying value	Market value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----									
Automobile Parts & Accessories									
Loads Limited	-	-	-	-	-	-	-	0.00%	0.00%
Cable & Electrical Goods	5,000	369,000	374,000	-	-	-	-	0.00%	0.00%
Pak Elektron Limited	5,000	369,000	374,000	-	-	-	-	0.00%	0.00%
					-	-	-	-	-
Cement									
Cherat Cement Company Limited	500	-	500	-	-	-	-	0.00%	0.00%
D.G. Khan Cement Company Limited	-	10,000	10,000	-	-	-	-	0.00%	0.00%
Fauji Cement Company Limited	-	500	500	-	-	-	-	0.00%	0.00%
					-	-	-	-	-
Chemicals									
Engro Polymer and Chemicals Limited	-	10,000	10,000	-	-	-	-	0.00%	0.00%
Lotte Chemical Pakistan Limited	-	4,500	4,500	-	-	-	-	0.00%	0.00%
					-	-	-	-	-
Engineering									
International Steels Limited	-	13,500	13,500	-	-	-	-	0.00%	0.00%
	-	13,500	13,500	-	-	-	-	0.00%	0.00%
					-	-	-	-	-
Fertilizer									
Engro Corporation Limited	-	8,000	8,000	-	-	-	-	0.00%	0.00%
Engro Fertilizer Limited	-	101,500	101,500	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	15,000	1,291,000	706,000	600,000	9,439	8,898	(541)	0.21%	0.45%
Fauji Fertilizer Company Limited	1,000	146,000	147,000	-	-	-	-	0.00%	0.00%
					9,439	8,898	(541)	0.21%	0.45%
Food & Personal Care Products									
Frieslandcampina Engro Pakistan Limited	-	2,000	2,000	-	-	-	-	0.00%	0.00%
					-	-	-	-	-
Oil & Gas Exploration Companies									
Oil & Gas Development Company Limited	-	500	-	500	62	62	-	0.00%	0.00%
Pakistan Oilfields Limited	-	49,500	49,500	-	-	-	-	0.00%	0.00%
					62	62	-	0.00%	0.00%
Oil And Gas Marketing Companies									
Hascol Petroleum Limited	-	14,500	14,500	-	-	-	-	0.00%	0.00%
Sui Southern Gas Company Limited	40,500	30,500	71,000	-	-	-	-	0.00%	0.00%
					-	-	-	-	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Name of investee company	Number of shares				Balance as at September 30, 2019			Market Value	
	As at July 01, 2019	Purchased during the period	Sold during the period	As at September 30, 2019	Carrying value	Market value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments
Power Generation & Distribution									
Hub Power Company Limited	-	5,000	5,000	-	-	-	-	0.00%	0.00%
K-Electric Limited*	541,000	2,612,000	551,000	2,602,000	9,033	9,237	205	0.22%	0.47%
Kot Addu Power Co. Limited	2,000	172,000	152,000	22,000	692	732	40	0.02%	0.04%
					9,724	9,969	244	0.24%	0.50%
Textile Composite									
Nishat (Chunian) Limited	4,500	18,000	22,500	-	-	-	-	0.00%	0.00%
Nishat Mills Limited	500	9,500	500	9,500	763	798	35	0.02%	0.04%
					763	798	35	0.02%	0.04%
Transport									
Pakistan International Bulk Terminal Limited	-	24,500	24,500	-	-	-	-	0.00%	0.00%
					-	-	-	-	-
Total as at September 30, 2019					19,988	19,726	(261)		
Total as at June 30, 2019					3,799	3,965	166		

*These have a face value of Rs 3.5 per share

7.3 Listed debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

Name of investee company	Number of certificates				Balance as at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2019	Purchased during the period	Disposed during the period	As at September 30, 2019	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----									
Commercial banks									
Bank Alfalah Limited-V (February 20, 2013)	65,581	-	-	65,581	327,052	327,052	-	7.83%	16.50%
					327,052	327,052	-	7.83%	16.50%
Fertilizer									
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017)	2,500	-	-	2,500	224,260	223,617	(643)	5.35%	11.28%
Dawood Hercules Corporation Limited - Sukuk (March 18, 2018)	1,000	-	-	1,000	89,820	89,649	(171)	2.15%	4.52%
					314,080	313,266	(814)	7.50%	15.80%
Leasing companies									
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.4.1)	10,000	-	-	10,000	27,548	-	-	-	-
Less: Provision for impairment					(27,548)	-	-	-	-
					-	-	-	-	-
As at September 30, 2019					641,132	640,318	(814)		
As at June 30, 2019					654,473	651,178	(3,295)		

* Nominal value of these term finance certificates is Rs.100,000 per certificate.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

7.4 Unlisted debt securities - term finance and sukuk certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

Name of investee company	Number of certificates				Balance as at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2019	Purchased during the period	Disposed/ Matured during the period	As at September 30, 2019	Carrying value	Market value	Unrealised (loss) / gain		
					----- (Rupees in '000) -----			----- % -----	
Commercial banks									
Askari Bank Limited IV - TFC (September 30, 2014)	39,000	-	-	39,000	189,560	190,224	664	4.55%	9.59%
Bank AL Habib Limited (March 17, 2016) TFC-II	10,480	-	-	10,480	51,803	51,803	-	1.24%	2.61%
The Bank of Punjab Limited - TFC II - Issue Date April 23, 2018	850	-	-	850	80,386	82,929	2,542	1.98%	4.18%
The Bank of Punjab Limited TFC-I * (December 23, 2016)	950	-	-	950	93,980	93,424	(555)	2.24%	4.71%
					415,730	418,381	2,651	10.01%	21.10%
Chemicals									
Ghani Gases Limited - Sukuk *(February 02, 2017)	500	-	-	500	29,235	29,373	138	0.70%	1.48%
					29,235	29,373	138	0.70%	1.48%
Investment Bank									
Jahangir Siddiqui and Company Limited- TFC-III- July 18, 2017	10,000	-	-	10,000	37,142	37,145	3	0.89%	1.87%
Jahangir Siddiqui & Co. Ltd. - TFC (March 06, 2018)	14,000	-	-	14,000	69,545	69,544	(1)	1.66%	3.51%
					106,687	106,689	2	2.55%	5.38%
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.4.1)	10,400	-	-	10,400	22,337				
Less: Provision for impairment					(22,337)				
					-	-	-	-	-
New Allied Electronics Industries (Private) Limited Sukuk (July 25, 2007) (refer note 5.4.1)	112,000	-	-	112,000	35,603				
Less: Provision for impairment					(35,603)				
					-	-	-	-	-
As at September 30, 2019					551,651	554,442	2,791	13%	28%
As at June 30, 2019					570,343	559,978	(10,365)		

* Nominal value of this sukuk certificate is Rs.100,000 per certificate.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

7.4.1 Details of non-compliant investments with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at September 30, 2019, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of total investments
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Listed debt securities

Saudi Pak Leasing Company Limited	TFC	27,548	(27,548)	-	0.00%	0.00%
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Unlisted debt securities

New Allied Electronics Industries (Private) Limited	TFC	22,337	(22,337)	-	0.00%	0.00%
New Allied Electronics Industries (Private) Limited	Sukuk	35,063	(35,063)	-	0.00%	0.00%

7.5 Government securities - Pakistan investment bonds : At fair value through profit or loss

Name of security	Date of issue	Face value				Balance as at September 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2019	Purchased during the period	Disposed/ matured during the period	As at September 30, 2019	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees in '000)										
Pakistan Investment Bonds-5 Years	July 12, 2018	-	496,900	496,900	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds-3 Years	July 12, 2018	-	61,000	50,000	11,000	10,007	10,010	3	0.24%	0.50%
Pakistan Investment Bonds-3 Years	September 19, 2019	-	574,000	555,000	19,000	17,337	17,326	(11)	0.41%	0.87%
Pakistan Investment Bonds-5 Years	September 19, 2019	-	100,000	100,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds-10 Years	July 12, 2018	-	37,500	37,500	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds-10 Years	September 19, 2019	-	50,000	50,000	-	-	-	-	0.00%	0.00%

As at September 30, 2019

27,344 27,336 (8)

As at June 30, 2019

- - -

7.6 Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
		(Rupees in '000)	
Market value of investments		1,983,096	1,244,532
Carrying value of investments	7.1 to 7.5	1,981,001	1,258,158
		2,095	(13,626)

8 PAYABLE TO MCB-ARIF HABIB SAVINGS & INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration payable		5,189	4,779
Sindh Sales Tax payable on remuneration of the Management Company		675	621
Allocated expenses	8.1	346	319
Sales load payable		39	399
Marketing and Selling Payable	8.2	919	-
		7,167	6,118

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

- 8.1** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1%. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.
- 8.2** SECP vide SRO 639(I)/2019 dated June 20, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Furthermore, maximum cap of selling and marketing expense of 0.4% per annum has also been removed. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
		'---- (Rupees in '000) ----	
9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration payable	259	341
	Sindh Sales Tax on remuneration payable	34	44
		<u>293</u>	<u>385</u>

- 9.1** From July 01, 2019, Central Depository Company of Pakistan Limited vide its letter number CDC/CEO/L-112/18/2019 dated June 27, 2019 changed its tariff structure. The trustee is entitled to a monthly remuneration for services rendered to the Fund at a flat rate of 0.075% of the average net assets calculated on a daily basis plus actual reimbursement of the actual custodial expenses (if any).

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
		(Rupees in '000)	
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
	Annual fee	206	2,939

- 10.1** SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2018: 0.075%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019

		September 30, 2019 (Un-Audited)	June 30, 2019 (Audited)
		----- (Rupees in '000) -----	
11	ACCRUED AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund (SWWF)	30,180	27,711
	Federal Excise Duty on remuneration to the Management Company	99,060	99,060
	Federal Excise Duty and related taxes payable on sales load	27,933	27,933
	Sale load payable to MCB Bank Limited (a related party)	2,740	512
	Auditors' remuneration	659	486
	Withholding tax payable	472	316
	Brokerage payable	535	1,181
	Dividend Payable		34,851
	Others	34,573	336
		<u>196,153</u>	<u>192,386</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

11.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been lower by Re. 0.79 per unit (June 30, 2019 Re. 0.75 per unit).

11.2 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, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been lower by Re. 2.6 per unit (June 30, 2019: Re. 3.44 per unit).

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2019 and June 30, 2019.

	September 30, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited) ----- (Rupees in '000) -----
12.1 Commitments		
Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end	<u>56,576</u>	<u>22,840</u>

13 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution 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 the income to be earned by the Fund during the year ending June 30, 2019 to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

14 EARNINGS PER UNIT

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

15 TOTAL EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2% to 2.5%. The total expense ratio of the Fund from July 1, 2019 to September 30, 2019 is 0.59% (September 30, 2018: 0.62%) and this includes 0.11% (September 30, 2018: 0.1%) 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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

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

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

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

16.1 Unit Holders' Fund

For the quarter ended September 30, 2019 (Un-Audited)								
	As at July 01, 2019	Issuance	Redeemed	As at September 30, 2019	As at July 01, 2019	Issuance	Redeemed	As at September 30, 2019
	Units			(Rupees in '000)				
Group / associated companies								
MCB Employees' Provident Fund (Pak Staff)	1,414,434	-	-	1,414,434	150,714	-	-	155,149
MCB Employees' Pension Fund	1,414,434	-	-	1,414,434	150,714	-	-	155,149
MCB-Arif Habib Savings And Investments Limited	-	277,121	275,957	1,164	-	30,128	30,047	128
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	4,255	-	-	4,255	453	-	-	467
Key Management Personnel	-	24,859	24,859	-	-	2,659	2,671	-
Mandate under discretionary portfolio services	2	3,302,786	3,302,786	2	-	358,775	359,158	-

For the quarter ended September 30, 2018 (Un-Audited)								
	As at July 01, 2018	Issuance	Redeemed	As at September 30, 2018	As at July 01, 2018	Issuance	Redeemed	As at September 30, 2018
	Units			(Rupees in '000)				
Group / associated companies								
MCB Employees' Provident Fund	1,255,728	57,539	-	1,313,267	139,814	6,126	-	141,742
MCB Employees' Pension Fund	1,255,728	57,539	-	1,313,267	139,814	6,126	-	141,742
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	3,777	173	-	3,950	421	18	-	426
Adamjee Insurance Company Limited - Employees' Gratuity Fund	166,862	7,645	174,508	-	18,579	4,405	18,591	-
Nishat Power Limited Employees Provident Fund Trust	86,109	3,945	90,055	-	9,587	2,273	9,607	-
Adamjee Insurance Co.Ltd Employees Provident Fund	335,292	15,363	350,656	-	37,332	8,851	37,388	-
Mandate under discretionary portfolio services	2,927,904	164,679	3,092,583	-	232,242	3,349	329,674	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

(Un-Audited)
September 30, 2019 September 30, 2018
----- (Rupees in '000) -----

16.2 Transactions during the period:

Management Company

MCB Arif Habib Savings and Investments Limited

Remuneration (including indirect taxes)	17,493	18,013
Expense allocated by the Management Company	1,032	1,201
Marketing and selling Expense	919	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration (including indirect taxes)	875	1,263
Settlement charges	14	51

Group / associated companies

MCB Bank Limited

Mark-up on deposit accounts	199	1
Bank charges	8	5
Sale of Government securities having face value of 146,900,000 (2018:Nil)	127,956	-

Silk Bank Limited

Mark-up on deposit accounts	24,625	17,873
Bank charges	5	40
Purchase of Government securities having face value of 750,000,000 (2018:Nil)	710,988	-
Sale of Government securities having face value of 4,290,000,000 (2018: 1,000,000,000)	4,028,141	982,501

Next Capital Limited - Brokerage House

Brokerage and settlement charges *	-	112
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Arif Habib Limited

Brokerage expense *	14	-
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Adamjee Insurance Company Limited

Purchase of Nil (2018: 34,000) shares	-	1,664
Sale of Nil (2018: 34,000) shares	-	1,685

Nishat (Chunian) Limited

Purchase of 18,000 (2018:193,000) shares	561	9,862
Sale of 18,000 (2018:193,000) shares	564	9,973

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	(Un-Audited) September 30, 2019	September 30, 2018
	----- (Rupees in '000) -----	
D.G. Khan Cement Company Limited		
Purchase of 10,000 (2018: 389,000) shares	471	42,436
Sale of 10,000 (2018:389,000) shares	473	42,654
Nishat Mills Limited		
Purchase of 9,500 (2018: 114,500) shares	763	15,745
Sale of Nil (2018:114,500) shares	-	15,872

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

	(Un-Audited) September 30, 2019	(Audited) June 30 2019
	----- (Rupees in '000) -----	

16.3 Balances outstanding at period end:

Management Company

MCB-Arif Habib Savings and Investments Limited

Remuneration payable	5,189	4,779
Sindh sales tax payable on remuneration payable	675	621
Sales load payable	35	353
Sindh sales tax payable on sales load	4	46
Marketing and selling Payable	919	-
Expense allocated by the Management Company	346	319

Central Depository Company of Pakistan Limited - Trustee

Security deposit	200	200
Remuneration payable (including indirect taxes)	293	385

Group / associated companies

MCB Bank Limited

Balances with bank	16,417	5,718
Sales load payable	2,740	512

Silk Bank Limited

Balances with bank	1,135,701	5,265
Profit Recievable	21,035	17

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	(Un-Audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30 2019 -----
Next Capital Limited - Brokerage House		
Brokerage and settlement charges payable*	-	73
Nishat (Chunian) Limited		
Nil shares (2019: 4,500) shares held	-	158
Nishat Mills Limited		
9,500 shares (2019: 500) shares held	798	47

17. GENERAL

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

17.2. 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.

18. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on October 24, 2019 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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