



MCB-ARIF HABIB  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2020**  
(UNAUDITED)

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



**MCB PAKISTAN FREQUENT PAYOUT 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 Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
	<b>MCB Financial Services Limited</b> 4th, Floor, Pardesi House, Old Queens Road Karachi - Pakistan. Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mchfsl.com.pk	
<b>Bankers</b>	Allied Bank Limited Bank Alfalah Limited Habib Metropolitan Bank Limited United Bank Limited Meezan Bank Limited Zarai Taraqati Bank Limited JS Bank Limited NRSP Micro Finance Bank Limited Finca Micro Finance Bank Limited Dubia Islamic Bank Limited	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<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>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Pakistan Frequent Payout Fund** accounts review for the quarter ended March 31, 2020.

## **ECONOMY AND MONEY MARKET OVERVIEW**

The third quarter of FY20 was full of gloom and doom, after the Coronavirus (Covid-19) outbreak wreaked havoc on the global economy. Global cases topped 1.5 million, while more than 80,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. While China took stringent measures to rein in the coronavirus, the other part of the globe especially EU and US was hit hard by the pandemic. On the flip side, the number of cases on the domestic side still dwarfed the developed world (~4,500 cases as of now), however, the situation was still uncertain as of now. The country has also been forced into a semi lockdown, which has affected the domestic businesses.

The outlook on GDP growth ranged from 2.4%-3.0% according to various institutions, prior to Covid-19 outbreak. However, as of late, the outbreak of COVID-19 has created uncertainty relative to trajectory of the GDP growth going forward. The weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected LSM growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.4% in the first seven months of FY20, with most of the decline emanating from petroleum production and cyclical sectors.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit in the first eight months of this year contracted by ~70% on Year on Year basis to USD 2.8 billion. Imports of goods and services continued to decline as it compressed by ~15% while exports have started to inch up registering increase of ~3.2% in first eight months of FY20. Remittances provided some cushion to BoP position increasing by ~5% over the period. The country received net foreign investment in debt securities worth ~USD 3.1 billion during Jul-Feb period. However, USD 1.8 billion worth of sovereign debt was divested in the month of March. The foreign exchange reserves increased by USD 2.9 billion from Jul-Mar FY20 supported by flows from IMF, multilateral institutions and foreign portfolio investors along with a curtailed current account deficit.

FBR has collected provisional taxes of PKR 3,050 billion during the first nine months of this fiscal year. Provisional tax collection prior to month of March was very encouraging, growing at a rate of 17% YoY. However, lockdown enforced during the month of March led to a shortfall of nearly PKR 100-150 billion, which weakened the overall growth to 13% in the first nine months of FY20.

Average CPI for clocked in CPI in at 11.5% YoY for the first nine months of FY20. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. However, the inflationary pressures have started trending downwards with inflation for March clocking in at 10.2% as lower petroleum prices along with easing food inflation put breaks on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1% for the period.

The MPC committee in its first meeting of the month reduced the interest rate by 75 bps citing the easing outlook on inflation. During the month, another emergent meeting was called whereby the MPC decided to reduce the interest rates by a further of 150 bps following a global trend of easing by the central banks as a response to coronavirus outbreak.

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. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. The cumulative decline of 225 bps in interest rates further yields downwards in third quarter of this fiscal year. 3 Year bonds eased off by ~500 bps while the longer tenor (10Y) bonds also eased off by nearly ~450 bps during the first nine months of FY20.

## **REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020**

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### **EQUITIES MARKET OVERVIEW**

As panic hit equity markets around the globe post novel coronavirus spread, KSE-100 Index was no different. The benchmark index plunged by ~28% in the third quarter of the current fiscal year, reversing all the previous gains of the fiscal year. This took the cumulative negative return of nine months of FY20 to 13.8%. Also, KSE had its worst month since the financial crisis of 2008 as the global pandemic took a toll on all risk assets. Foreigners continued to shun risk assets across the emerging market and Pakistan did not turn out to be an exception. FIPI selling during the quarter amounted to USD 130 million during the period. Individuals were the main buyers during the period taking exposure of USD 144 million in equities, while commercial banks and mutual funds turned out to be net sellers reducing their exposure by USD 48 million and USD 85 million respectively. Volumes and values traded averaged around 191 mn shares/ PKR 7.1 bn during the period.

The energy chain underperformed severely during the quarter as crude oil prices had its one of the worst month of history, after Saudi Arabia started a price war as an agreement wasn't reached between OPEC and Russia. Alongside, a weak global demand amidst the contagious virus added fuel to the fire. Oil prices touched its 18-year low during the month. E&Ps, and OMC's lost more than 40% during the quarter. Commercial banks also lost nearly 30% during the period, as central bank continued its easing policy, while foreigners continued to dump local banks as they shunned risk assets. Fertilizers and Pharmaceutical sectors outperformed the index as defensive plays remained in the radar of investors.

### **FUND PERFORMANCE**

During the period under review, the fund posted a return of 4.96% compared to the benchmark return of 10.71%. On the equities front, the overall allocation in equity was 0.0%. On the fixed income side, the fund's exposure in PIBs stood at 60.9% and in Cash at 31.2%.

The Net Assets of the Fund as at March 31, 2020 stood at Rs.148 million as compared to Rs.254 million as at June 30, 2019 registering a decrease of 41.73%. The Net Asset Value (NAV) per unit as at March 31, 2020 was 101.1588 compared to 102.1021 at June 30, 2019 a decrease of -0.9433.

### **FUTURE OUTLOOK**

The COVID-19 outbreak has created uncertainty related to economic numbers. Independent reports point out that Pakistan can lose up to 4.0% of GDP, if the lockdown is enforced for at least one more month. While Pakistan currently lags behind developed countries in terms of number of cases, we still await more data to have a clearer picture. Global picture also points out that with social distancing in place, things will get in control over the course of next two months. If the trend continues, we expect global growth to show sign of recoveries by the third quarter. Albeit, if a second wave erupts, our optimism will not hold true. On the local side, the current data shows some light at the end of the tunnel. However, if things get out of control, Pakistan will have a more severe impact as it lacks health infrastructure along with fiscal muscles to combat the pandemic in the short run.

Government has announced fiscal stimulus worth PKR 700-800 billion to protect the vulnerable industries and segments of the society which are worst hit from the pandemic. With lower tax collection (PKR 500 billion shortfall expected from our expectation) and higher expenditures we expect fiscal deficit to fall north of 9% of GDP. We believe the government will get a waiver from IMF to meet the primary balance target this year.

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. The plunge of international oil prices to USD 34/BBL has come as a blessing in disguise. Global slowdown would be detrimental for exports and remittances from oil producing nations would be affected due to lower oil prices. Our forecast is that CAD will settle at 2.3% of GDP for FY20 and 1.3% of GDP for FY21, assuming the global economy starts picking up from third quarter of the calendar year. Given the rise in bond yields of emerging market countries, we expect the idea of raising funds from Eurobond to be shelved. Alongside privatization flows are also expected to be deferred for next year. Furthermore, we expect portfolio flows to revert back to

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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zero this year. To meet the shortfall in external financing, a lot would depend on whether multilateral and bilateral institutions will facilitate deferred debt payments along with extension of additional credit. We expect additional financing of USD 2 billion from IMF and multilateral institutions, while we also expect Pakistan will be able to restructure debt of USD 2.5 billion. Assuming if the scenario plays out as we are expecting, the currency should stabilize at current levels as the REER as per our estimates is undervalued by 10% at current level (PKR 167 vs USD).

CPI is expected to average ~11.1% in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. The plunge in oil prices has provided much needed respite to inflationary outlook. With subdued oil prices and high base effect, we expect headline inflation to ease off in the next year and decline to an average of ~7.4%. Risk to our expectations are significant increase in international commodity prices along with more than expected adjustment in utility tariffs. Based on our outlook of inflation, we expect interest rates to ease off by 100-150 bps in the next 12 months. However, if recessionary pressures build over the course of time, we do not rule out further cuts in interest rate from our base case.

From capital market perspective, particularly equities, we await more clarity on local status of Covid-19. Equities in terms of valuations have not been as cheap as they are now, however, at the same time, the economic outlook has not been as uncertain as it is now owing to Covid-19. On the flip side, the bond market is pricing a relatively normal economic scenario, whereby it expects inflation to significantly fall and economic activities to resume in the short run after the lockout period. If that is the case, then equities as an asset class is bound to outperform all the relative asset classes in the domestic market. The risk premiums (difference between earnings yield and 10Y bonds) have moved into unseen territory. Risk premium is currently close to ~10.0% against the historical average of 0.9% and a 15-year low of 6.0% (happened in the financial crisis of 2008-09). 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 most of the expected monetary easing expected going forward. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### 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  
April 20, 2020



Nasim Beg  
Director/Vice Chairman

## ڈائریکٹر رپورٹ

موجودہ مالی سال میں صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 11.1 فیصد ہوگا جس کا سبب روپے کی قدر کی سُست رفتار پذیر ی اور اشیائے خورد و نوش کی افراط زر میں اضافہ ہے۔ تیل کی قیمتوں میں چھلانگ سے افراط زر کے رجحان کو مطلوبہ مہلت حاصل ہوئی۔ تیل کی گھٹی ہوئی قیمتوں اور بلند base effect کی بنیاد پر ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 7.4 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یوٹیلٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترمیمات کے باعث ہماری توقعات غلط ثابت ہو سکتی ہیں۔ افراط زر سے متعلق ہماری پیش بینی کی بنیاد پر انٹریسٹ کی شرحوں میں اگلے بارہ ماہ میں 100 سے 150 بی پی ایس تک کی کمی کی اُمید ہے۔ تاہم اگر وقت گزرنے کے ساتھ کساد بازاری کے دباؤ میں اضافہ ہو تو انٹریسٹ کی شرحوں میں مزید کمی بعید از قیاس نہیں ہے۔

کلیپٹل مارکیٹ خصوصاً ایکویٹیز کے معاملے میں ہم کو وڈ۔۱۹ کی مقامی صورتحال مزید واضح ہونے کے منتظر ہیں۔ ایکویٹیز اپنی قدر کے اعتبار سے جتنی سستی فی الوقت ہیں اتنی پہلے کبھی نہیں تھیں، تاہم، بیک وقت، معاشی مستقبل بھی اتنا غیر یقینی پہلے کبھی نہیں تھا جتنا کو وڈ۔۱۹ کی وجہ سے فی الوقت ہے۔ دوسری طرف بانڈ مارکیٹ نسبتاً معمول کے مطابق معاشی منظر پیش کر رہی ہے جس میں لاک آؤٹ مدت کے بعد مختصر میعاد میں افراط زر میں بڑی کمی اور معاشی سرگرمیوں کی بحالی کی اُمید کی جا رہی ہے۔ اگر ایسا ہی ہو تو ایکویٹیز ایک اثاثہ جاتی زمرے کی حیثیت سے مقامی مارکیٹ میں ضرورتاً دیگر اثاثہ جاتی زمروں سے کارکردگی میں سبقت لے جائیں گی۔ خطرات کے پریمنیم (منافعوں اور دس سالہ بانڈز میں فرق) نا معلوم مقام پر چلے گئے ہیں۔ موجودہ طور پر خطرات کے پریمنیم تقریباً 10.0 فیصد کے قریب ہیں جبکہ اس کا تاریخی اوسط 0.9 فیصد ہے اور گزشتہ پندرہ برسوں کی کم ترین سطح 6.0 فیصد ہے (جو 2008-09ء کے مالی بحران کے دوران دیکھی گئی تھی)۔ ہم سمجھتے ہیں کہ سیلٹرز اور اسٹاک کی وسیع 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 پالیسی شرحوں کی عکاسی پلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈ 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۔

اظہارِ تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ مزید برآں، مینجمنٹ ٹیم کی کاوشوں کو بھی ڈائریکٹر کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

برائے اور من جانب بورڈ

نسیم بیگ

ڈائریکٹر / ادائس چیئرمین

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

120 اپریل 2020ء



31 مارچ 2020ء کو فنڈ کے Inet اثاثہ جات 148 ملین روپے تھے جو 30 جون 2019ء کو 254 ملین روپے کے مقابلے میں 41.73 فیصد کمی ہے۔ 31 مارچ 2020ء کو Inet اثاثہ جاتی قدر (این اے وی) 101.1588 روپے فی یونٹ تھی جو 30 جون 2019ء کو ابتدائی این اے وی 102.1021 روپے فی یونٹ کے مقابلے میں 0.9433 روپے فی یونٹ کمی ہے۔

### مستقبل کے امکانات

کوویڈ-۱۹ وبا کے باعث معاشی اعداد میں عدم یقین پیدا ہو گئی ہے۔ آزاد ذرائع کی رپورٹس اشارہ کر رہی ہیں کہ اگر لاک ڈاؤن کم سے کم بھی ایک اور مہینہ نافذ رہتا ہے تو پاکستان کو جی ڈی پی کے 4 فیصد تک کا نقصان ہو سکتا ہے۔ اگرچہ پاکستان میں کورونا وائرس سے متاثرہ افراد کی تعداد تاحال ترقی یافتہ ممالک کے مقابلے میں کم ہے لیکن واضح صورتحال جاننے کے لیے مزید معلومات اور اعداد و شمار درکار ہیں۔ عالمی منظر نامے سے ظاہر ہوتا ہے کہ سماجی فاصلہ اختیار کرنے سے اگلے دو ماہ کے دوران حالات قابو میں آ سکتے ہیں۔ اگر یہ رجحان برقرار رہا تو تیسری سہ ماہی تک عالمی ترقی میں بحالی کی علامات ظاہر ہونے کے امکانات موجود ہیں۔ تاہم اگر وبا کی دوسری لہر ابھر آئی تو ہماری رجوعیت پسندی درست ثابت نہیں ہوگی۔ مقامی سطح پر موجودہ اعداد و شمار کچھ حد تک اُمید کی کرن ثابت ہو سکتے ہیں۔ لیکن اگر حالات قابو سے باہر ہو گئے تو پاکستان شدید تر متاثر ہوگا کیونکہ یہاں صحت عامہ کے شعبے کا ڈھانچہ اور مالیاتی پٹھے کمزور ہونے کے باعث مختصر میعاد میں اس وبا کا مقابلہ کرنے کی صلاحیت کا فقدان ہے۔

حکومت نے وبا سے سب سے زیادہ متاثرہ صنعتوں اور سماجی طبقات کے تحفظ کے لیے 700 سے 800 بلین روپے مالیت کی مالی امداد کا اعلان کیا ہے۔ ٹیکس کے وصولی میں (متوقع طور پر 500 بلین روپے کی) کمی اور خرچوں میں اضافے کی بدولت اُمید کی جاسکتی ہے کہ مالیاتی خسارے میں جی ڈی پی کے 9 فیصد سے زائد کمی ہوگی۔ ہمارے اندازے کے مطابق حکومت کو آئی ایم ایف کی طرف سے سال رواں بقایا جات کا بنیادی ہدف پورا کرنے کی چھوٹ مل جائے گی۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 34 ڈالر فی بیرل تک کم ہو جانے کا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی سطح پر سنست روی کے برآمدات پر منفی اثرات مرتب ہوں گے اور تیل کی پست قیمتوں کے باعث تیل کی پیداوار کرنے والے ممالک سے ترسیلاتِ زر بھی متاثر ہوں گی۔ ہماری پیشن گوئی ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2019-20ء کے لیے مجموعی ملکی پیداوار کے 2.3 فیصد پر، اور مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار کے 1.3 فیصد پر آ کر رکے گا، اس مفروضے کی بنیاد پر کہ عالمی معیشت میں جولائی سے بحالی کا سلسلہ شروع ہو جائے گا۔ ابھرتی ہوئی مارکیٹوں کے ممالک میں بانڈ کے منافع جات میں اضافے کے پیشِ نظر ہمیں توقع ہے کہ یورو بانڈ کے ذریعے فنڈ میں اضافے کی حکمتِ عملی کو فی الوقت اختیار نہیں کیا جائے گا۔ ساتھ ساتھ نجکاری سے ہونے والی آمدات متوقع طور پر اگلے سال کے لیے ملتی کر دی جائیں گی۔ مزید برآں ہمیں توقع ہے کہ پورٹ فولیو آمدات سال رواں واپس صفر تک چلی جائیں گی۔ خارجی فنانسنگ میں کمی کو پورا کرنے کے لیے بہت کچھ اس بات پر منحصر ہوگا کہ کثیرالجہتی اور دو جہتی ادارے قرضہ جات کی ملتی شدہ ادائیگیوں کی سہولت کے علاوہ اضافی قرضوں کی توسیع فراہم کر رہے ہیں یا نہیں۔ ہمیں آئی ایم ایف اور کثیرالجہتی اداروں سے 2 بلین ڈالر کی اضافی رقم کی فراہمی کی توقع ہے، جبکہ ہمیں یہ بھی اُمید ہے کہ پاکستان 2.5 بلین ڈالر قرض کی تشکیل نو کر سکے گا۔ اگر صورتحال ہماری توقعات کے مطابق رہی تو ہمارا تخمینہ ہے کہ روپیہ موجودہ سطحوں پر مستحکم ہو جائے گا کیونکہ REER کی قدر موجودہ سطح پر ہمارے تخمینوں کے مطابق 10 فیصد کم مقرر ہوئی ہے (167 روپے بمقابلہ امریکی ڈالر)۔

## ڈائریکٹر ز رپورٹ

زرمیں بھی کمی ہوئی ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ دیگر شعبوں میں پیمائش کردہ بنیادی افراط زر قابو میں رہی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) نے اپنے پہلے ماہانہ اجلاس میں افراط زر کی صورتحال میں بہتری کا حوالہ دیتے ہوئے انٹریسٹ کی شرح میں 75 بیسیس پوائنٹس (بی پی ایس) کمی کی۔ دورانِ ماہ ایک اور اجلاس منظرِ عام پر آیا جس میں ایم پی سی نے کورونا وائرس کی وبا کے ردِ عمل کے طور پر عالمی سطح پر مرکزی بینکوں کے رجحان کی پیروی کرتے ہوئے انٹریسٹ کی شرحوں میں مزید 150 بی پی ایس کمی کا فیصلہ کیا۔

زیرِ جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر طلب کے باعث پیداواری خم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت اضافی نقد آیا جس کے باعث منافعوں میں کمی ہوئی۔ موجودہ مالی سال کی تیسری سہ ماہی میں انٹریسٹ کی شرحوں میں 225 بی پی ایس کی مجموعی کمی منافعوں میں بھی مزید کمی کا باعث بنی۔ مالی سال 2019-20ء کے ابتدائی نو ماہ کے دوران تین سالہ بانڈز میں تقریباً 500 بی پی ایس جبکہ طویل تر میعاد کے (دس سالہ) بانڈز میں تقریباً 450 بی پی ایس کمی ہوئی۔

### ایکویٹیز مارکیٹ کا مجموعی جائزہ

کورونا وائرس کی وبا پھیلنے کے بعد دنیا بھر میں ایکویٹی مارکیٹس کو نقصان ہوا، اور کراچی اسٹاک ایکسچینج (کے ایس ای -100) کا معاملہ کچھ مختلف نہ تھا۔ انڈیکس کا یہ مقررہ معیار موجودہ مالی سال کی تیسری سہ ماہی میں تقریباً 28 فیصد گر گیا جس کے باعث مالی سال کے دوران ہونے والے تمام سابقہ منافع جات رائیگاں ہو گئے۔ اس کے نتیجے میں مالی سال 2019-20ء کے نو ماہ کا مجموعی منفی منافع 13.8 فیصد تک پہنچ گیا۔ مزید براں، 2008ء کے مالی بحران کے بعد کے ایس ای کے لیے یہ بدترین مہینہ تھا کیونکہ عالمی وبائے خطرات پر مبنی اثاثہ جات کو زبوں حالی کا شکار کر دیا۔ غیر ملکیوں نے پوری اُبھرتی ہوئی مارکیٹ میں خطرات پر مبنی اثاثہ جات سے گریز کیا اور پاکستان اس صورتحال سے مستثنیٰ نہیں تھا۔ دورانِ سہ ماہی غیر ملکی سرمایہ کاروں کے دائرہ کار کی سرمایہ کاری (ایف آئی پی آئی) کی فروخت 130 ملین ڈالر کی سطح پر تھی۔ دورانِ سہ ماہی بنیادی خریدار افراد تھے جنہوں نے ایکویٹیز میں 48 ملین ڈالر کی سرمایہ کاری کی جبکہ کمرشل بینک اور میوچل فنڈ حتمی فروخت کار رہے جنہوں نے سرمایہ کاری میں بالترتیب 48 ملین ڈالر اور 85 ملین ڈالر کی کمی۔ دورانِ مدت خرید و فروخت ہونے والے حجم اور قدروں کا اوسط تقریباً 191 ملین حصص 7.1 ملین روپے تھا۔

دورانِ سہ ماہی توانائی کی کاروباری زنجیر میں کارکردگی شدید ناقص رہی کیونکہ خام تیل کی قیمتوں کی تاریخ کا یہ ایک بدترین مہینہ تھا۔ سعودی عرب نے قیمت کی جنگ شروع کر دی تھی کیونکہ پٹرولیم برآمد کرنے والے ممالک کی تنظیم (اوپیک) اور روس کے ساتھ معاہدہ طے نہیں پاسکا تھا۔ ساتھ ساتھ متعدد وائرس کے باعث کمزور عالمی مانگ نے صورتحال کو مزید خراب کر دیا۔ تیل کی قیمتیں گزشتہ اٹھارہ برسوں کی پست ترین سطح پر پہنچ گئیں۔ (تیل کی دریافت اور پیداوار (ای اینڈ پی) اور تیل کی مارکیٹنگ کی کمپنیوں (ایم سی) کو دورانِ سہ ماہی 40 فیصد سے زائد کا نقصان ہوا۔ کمرشل بینکوں کو بھی تقریباً 30 فیصد خسارے کا سامنا ہوا کیونکہ مرکزی بینک نے تسہیل کی پالیسی جاری رکھی جبکہ غیر ملکیوں میں خطرات پر مبنی اثاثہ جات سے گریز اور اس کے نتیجے میں مقامی بینکوں سے بے اعتنائی کا رجحان برقرار رہا۔ کھاد اور دوا سازی کے شعبوں کی کارکردگی انڈیکس سے سبقت لے گئی کیونکہ سرمایہ کاروں کی توجہ دفاعی حکمت عملی پر مرکوز رہی۔

### فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے 4.96 فیصد منافع پوسٹ کیا جبکہ بچ مارک منافع 10.71 فیصد تھا۔ ایکویٹیز میں مجموعی اختصاص 0.0 فیصد تھا۔ مقررہ آمدنی کی جہت میں فنڈ کی شمولیت پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں 60.9 فیصد جبکہ نقد میں 31.2 فیصد تھی۔

### عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان فریکوئنٹ پے آؤٹ فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مختتمہ 31 مارچ 2020ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2019-20ء کی تیسری سہ ماہی تاریکی و تباہی سے بھرپور تھی کیونکہ کورونا وائرس (کووڈ-19) کی وبا نے عالمی معیشت میں آفت مچا دی۔ دیکھتے ہی دیکھتے یہ قاتل و بادُ نیا بھر میں پھیل گئی جس سے پندرہ لاکھ سے زائد افراد متاثر ہوئے جبکہ ۸۰ ہزار سے زائد لقمہء اجل بن گئے۔ چین نے سخت اقدامات اٹھا کر کورونا وائرس کو شکست دی جبکہ دنیا کے دوسرے حصے خصوصاً یورپی یونین اور امریکا بڑی طرح متاثر ہوئے۔ دوسری جانب اگرچہ ہمارے ملک میں متاثرہ افراد کی تعداد اب تک ترقی یافتہ دنیا کے مقابلے میں کم ہے (تقریباً 4,500 تا حال) لیکن صورتِ حال فی الوقت غیر یقینی ہے۔ ملک بھر میں نیم لاک ڈاؤن نافذ ہے جس سے مقامی کاروبار متاثر ہوئے ہیں۔

کووڈ-19 کی وبا پھیلنے سے قبل مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی مختلف اداروں کے مطابق 2.4 فیصد سے 3.0 فیصد تک تھی۔ تاہم وبا کے باعث جی ڈی پی کی ترقی غیر یقینی صورتحال کا شکار ہو گئی ہے۔ اہم فصلوں (کپاس، گندم اور چینی) کی پیداوار میں متوقع کمی کے ساتھ ساتھ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) کی متوقع سے کم ترقی کے نتیجے میں سست صنعتی پیش رفت کے باعث مجموعی ترقی متاثر ہونے کا امکان ہے۔ ایل ایس ایم توقع کے مطابق کمی کا شکار رہی کیونکہ درآمداتی کھپت کی مانگ ہوا میں تحلیل ہو گئی۔ مالی سال 2019-20ء کے ابتدائی سات ماہ میں ایل ایس ایم میں تقریباً 3.4 فیصد کمی ہوئی جس کا بڑا تناسب پٹرولیم کی پیداوار اور گردش شعبوں سے متعلق ہے۔

مالیاتی سختی اور زیرمبادلہ کی شرحوں میں ترمیمات کے لحاظ سے پالیسی اقدام کے تاخیر شدہ اثرات کے ثمرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن (بی او پی) کی صورتحال میں بہتری سے ہوتی ہے۔ سال رواں کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ سال در سال (YoY) بنیاد پر تقریباً 70 فیصد کم ہو کر 2.8 بلین ڈالر ہو گیا۔ مالی سال 2019-20ء کے ابتدائی آٹھ ماہ میں اشیاء اور خدمات کی درآمدات میں کمی کا سلسلہ جاری رہا اور یہ تقریباً 15 فیصد کم ہوئیں جبکہ برآمدات میں اضافے کا سلسلہ شروع ہو گیا ہے اور ان میں تقریباً 3.2 فیصد اضافہ ہوا۔ ترسیلات زر سے بی او پی کی حالت کو کچھ سہارا ملا کیونکہ دورانِ مدت ان میں تقریباً 5 فیصد اضافہ ہوا۔ جولائی تا فروری کی مدت کے دوران ملک میں قرضہ جاتی سکیورٹیز میں تقریباً 3.1 بلین ڈالر مالیت کی حتمی غیر ملکی سرمایہ کاری ہوئی۔ تاہم مارچ کے مہینے میں 1.8 بلین مالیت کے خود مختار قرضوں کی سرمایہ کاری واپس لے لی گئی۔ زیرمبادلہ کے ذخائر میں جولائی تا مارچ کے دوران 2.9 بلین ڈالر اضافہ ہوا جس کی معاونت انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف)، کثیرالجبہتی اداروں اور غیر ملکی دائرہ کار کے سرمایہ کاروں سے آمدات کے ساتھ ساتھ کرنٹ اکاؤنٹ کے خسارے میں کمی سے ہوئی۔

مالی سال کے ابتدائی نو ماہ کے دوران فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 3,050 بلین روپے کے عارضی ٹیکس جمع کیے۔ مارچ کے مہینے سے پہلے عارضی ٹیکس کی وصولی بہت حوصلہ افزا تھی اور اس میں 17 فیصد سال در سال ترقی ہو رہی تھی۔ تاہم مارچ کے مہینے میں لاک ڈاؤن کے نفاذ کے نتیجے میں تقریباً 100 سے 150 بلین روپے کی کمی ہوئی جس سے مالی سال 2019-20ء کے ابتدائی نو ماہ میں مجموعی ترقی 13 فیصد کم ہو گئی۔

مالی سال 2019-20ء کے ابتدائی نو ماہ کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 11.5 فیصد تھا۔ بھارت سے درآمدات پر پابندی عائد ہونے کے بعد جلد خراب ہونے والی اشیاء خورد و نوش کی قیمتوں میں اضافے کے باعث اشیاء خورد و نوش کی افراط زر پر بڑی ضرب پڑی۔ تاہم افراط زر کے دباؤ میں کمی کا رجحان شروع ہو گیا ہے جو مارچ میں 10.2 فیصد تھی کیونکہ پٹرولیم کی قیمتوں اور اشیاء خورد و نوش کی افراط زر میں کمی سے مجموعی افراط

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2020

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	5	49,240	186,929
Investments	6	97,017	65,469
Dividend and profit receivable		2,217	1,761
Advances, deposits and prepayments		4,496	4,298
Preliminary expenses and floatation costs		-	201
Receivable from National Clearing Company of Pakistan Limited		5,180	5,180
<b>Total assets</b>		<b>158,150</b>	<b>263,838</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	741	456
Payable to MCB Financial Services Limited - Trustee		47	46
Payable to the Securities and Exchange Commission of Pakistan		28	312
Dividend payable		-	1,905
Accrued expenses and other liabilities	8	9,064	7,608
<b>Total liabilities</b>		<b>9,880</b>	<b>10,327</b>
<b>NET ASSETS</b>		<b>148,270</b>	<b>253,511</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>148,270</b>	<b>253,511</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,465,709</b>	<b>2,482,916</b>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>		<b>101.1588</b>	<b>102.1021</b>

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

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

		Nine months ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
Note		(Rupees in '000)			
<b>INCOME</b>					
	Income from government securities	5,891	4,576	2,884	4,198
	Capital gain / (loss) on sale of investments - net	(3,126)	(286)	(3,253)	108
	Income from term finance certificates	4,433	5,377	148	3,437
	Profit on bank deposit	8,432	14,383	2,146	8,324
	Dividend income	-	393	-	312
	Profit on margin trading system	-	179	-	1
	Unrealised appreciation / (diminution) in fair value of investments classified				
	' as at fair value through profit or loss' - net	897	(1,589)	1,006	(988)
6.4	Other income	324	7	130	7
	<b>Total income</b>	<b>16,851</b>	<b>23,040</b>	<b>3,061</b>	<b>15,399</b>
<b>EXPENSES</b>					
	Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	2,337	3,447	765	2,179
	Sindh Sales Tax on remuneration of the Management Company	304	448	100	283
	Allocated expenses	141	294	41	174
7.2	Remuneration of MCB Financial Services Limited - Trustee	377	380	125	249
	Sindh Sales Tax on remuneration of trustee	49	49	16	32
	Annual fee of Securities and Exchange Commission of Pakistan	28	251	8	150
	Provision for Sindh Workers' Welfare Fund	227	329	25	223
8.1	Marketing and selling expense	911	-	329	-
7.3	Securities transaction cost	84	158	39	121
	Settlement and bank charges	362	554	135	421
	Fees and subscriptions	209	224	69	124
	Legal and professional charges	43	135	(49)	90
	Amortization of preliminary expenses and formation costs	110	110	36	73
	Professional charges on marginal trading system	-	16	-	2
	Auditors' remuneration	505	473	154	325
	Printing and related costs	46	49	29	24
	<b>Total expenses</b>	<b>5,733</b>	<b>6,919</b>	<b>1,822</b>	<b>4,472</b>
	<b>Net income for the period before taxation</b>	<b>11,118</b>	<b>16,121</b>	<b>1,239</b>	<b>10,927</b>
	Taxation	-	-	-	-
10	<b>Net income for the period</b>	<b>11,118</b>	<b>16,121</b>	<b>1,239</b>	<b>10,927</b>
<b>Allocation of net income for the period:</b>					
	Net income for the period	11,118	16,121	1,239	10,927
	Income already paid on units redeemed	(77)	(214)	-	(107)
		<b>11,041</b>	<b>15,907</b>	<b>1,239</b>	<b>10,820</b>
<b>Accounting income available for distribution</b>					
	Relating to capital gains	-	-	-	-
	Excluding capital gains	<b>11,041</b>	<b>15,907</b>	<b>1,208</b>	<b>10,820</b>
		<b>11,041</b>	<b>15,907</b>	<b>1,239</b>	<b>10,820</b>
<b>Earnings per unit</b>					

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020**

	Nine months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>11,118</b>	16,121	<b>1,239</b>	10,927
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>11,118</b>	16,121	<b>1,239</b>	10,927

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

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	For nine months ended March 31,					
	2020			2019		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	238,536	14,975	253,511	476,396	10,155	486,551
Issue of 15,203 units (2019: 59,930 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,552	-	1,552	6,047	-	6,047
- Element of income	1	-	1	6	-	6
	1,553	-	1,553	6,053	-	6,053
Redemption of 1,032,410 units (2019: 2,187,639 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(105,412)	-	(105,412)	(220,610)	-	(220,610)
- Amount paid out of element of Income relating to net income for the period after taxation	219	(77)	142	(506)	(214)	(720)
	(105,193)	(77)	(105,270)	(221,116)	(214)	(221,330)
Final Distribution for the year ended June 30, 2019 Rs: Nil (For the year ended June 30, 2018 Rs. 0.4280 per unit declared on July 04, 2018)	-	-	-	-	(2,056)	(2,056)
Total comprehensive income for the period	-	11,118	11,118	-	16,121	16,121
Distribution made during the period	-	(12,642)	(12,642)	(6)	(13,158)	(13,164)
Net income / (loss) for the period less distribution	-	(1,524)	(1,524)	(6)	907	901
<b>Net assets as at the end of the period</b>	<b>134,896</b>	<b>13,374</b>	<b>148,270</b>	<b>261,327</b>	<b>10,848</b>	<b>272,175</b>
<b>Undistributed income brought forward</b>						
- Realised	14,941			12,551		
- Unrealised	34			(2,396)		
	14,975			10,155		
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			-		
- Excluding capital gains	11,041			15,907		
	11,041			15,907		
Distributions during the period	(12,642)			(15,214)		
Undistributed income carried forward	13,374			10,848		
<b>Undistributed income carried forward</b>						
- Realised	12,477			12,437		
- Unrealised	897			(1,589)		
	13,374			10,848		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	102.1021			101.2718		
Net assets value per unit at end of the period	101.1588			101.6832		

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

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



Chief Executive Officer



Chief Financial Officer



Director



# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31,	
	2020	2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	11,118	16,121
<b>Adjustments for non cash and other items:</b>		
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	(897)	1,589
Provision for Sindh Workers' Welfare Fund	227	329
	<u>10,448</u>	<u>18,039</u>
<b>(Increase) / decrease in assets</b>		
Investments	(30,651)	67,562
Dividend and profit receivable	(456)	(1,365)
Advances, deposit and prepayments	(198)	(121)
Preliminary expenses and floatation costs	201	110
Receivable from National Clearing Company of Pakistan Limited	-	(2,895)
Receivable against sale of investments	-	37,388
	<u>(31,104)</u>	<u>100,679</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	285	(123)
Payable to MCB Financial Services Limited - Trustee	1	(6)
Payable to the Securities and Exchange Commission of Pakistan	(284)	(380)
Payable against purchase of investments	-	(36,167)
Dividend payable	(516)	1,668
Accrued expenses and other liabilities	(160)	(496)
	<u>(674)</u>	<u>(35,504)</u>
<b>Net cash generated from operating activities</b>	<u>(21,330)</u>	<u>83,214</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	1,553	6,048
Payments on redemption of units	(105,270)	(221,330)
Distribution during the period	(12,642)	(15,214)
<b>Net cash used in financing activities</b>	<u>(116,359)</u>	<u>(230,496)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>(137,689)</u>	<u>(147,282)</u>
Cash and cash equivalents at beginning of the period	186,929	348,931
<b>Cash and cash equivalents at end of the period</b>	<u>49,240</u>	<u>201,649</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ("the Fund") was established under a Trust Deed dated July 22, 2015 executed between MCB - Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as the Trustee. The Fund was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 16, 2015 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).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company has been changed from 24th Floor, Centre point, Off Shah eed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan to Adamjee House, MCB-AH Savings, 2nd Floor, I.I Chundrigar Rd, Karachi, Pakistan.

The Fund is an open-end collective investment scheme categorised as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The Fund offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions, spread transactions and transaction under Margin Trading System.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the asset manager a rating of "AM2++" (2018: AM2++) on October 08, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

The title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements 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.

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. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2020 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, where as 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 nine months ended 31 March 2019.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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 state of affairs of the Fund.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019.

### 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2019..

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	---- (Rupees in '000) ----	
<b>5. BANK BALANCES</b>			
In saving accounts	5.1	<u>49,240</u>	<u>186,929</u>
<b>5.1</b>	These carry profit rates ranging from 11.25% to 14.25% (June 30, 2019: 10% to 13%) per annum. These balances include Rs 4.388 million (June 30, 2019: Rs 1.577 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 11.25% (June 30, 2019: 10.25%) per annum.		

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	---- (Rupees in '000) ----	
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Term Finance Certificates - Unlisted	6.1	-	44,601
- Sukuk Certificates - Listed	6.2	-	19,960
- Sukuk Certificates - Unlisted	6.3	671	908
- Government securities - Pakistan Investment Bonds	6.4	96,346	-
- Government securities - Treasury Bills	6.5	-	-
		<u>97,017</u>	<u>65,469</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

**6.1 Term Finance Certificates - Unlisted**

Name of investee company	As at July 01, 2019	Purchased during the period	Disposed / matured during the period	As at March 31, 2020	March 31, 2020			Investment as a percentage of total issue size
					Carrying value	Market value	Unrealised appreciation/ (diminution)	
Rupees in '000								
Number of certificates								
Investment Banks / Investment Companies / Securities Companies								
Jahangir Siddiqui & Company Limited (face value of Rs.5,000 each)	4,000	-	4,000	-	-	-	-	-
Commercial Banks								
The Bank of Punjab (face value of Rs.100,000 each)	250	-	250	-	-	-	-	-
As at March 31, 2020								
					-	-	-	
					-	-	-	
As at June 30, 2019					44,507	44,601	94	

6.1.1 The terms and conditions of unlisted term finance certificates outstanding as at March 31, 2020 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
Jahangir Siddiqui & Company Limited	AA+	5 years	Semi-annually	Secured	March 06, 2018	March 06, 2023	6 month KIBOR + 1.40%
The Bank of Punjab	AA-	10 years	Semi-annually	Unsecured	December 23, 2016	December 23, 2026	6 month KIBOR + 1.00%

**6.2 Sukuk Certificates - Listed**

Certificates having a face value of Rs.100,000 each

Name of investee company	As at July 01, 2019	Purchased during the period	Disposed / matured during the period	As at March 31, 2020	March 31, 2020			Market value		Investment as a percentage of total issue size
					Carrying value	Market value	Unrealised appreciation/ (diminution)	As percentage of net assets	As percentage of total investment	
Number of certificates										
Fertilizer										
Dawood Hercules Corporation Limited	200	-	200	-	-	-	-	-	-	-
As at March 31, 2020										
As at June 30, 2019					20,013	19,960	(53)			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

6.2.1 The terms and conditions of sukuk certificates outstanding as at March 31, 2020 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
Dawood Hercules Corporation Limited	AA	5 years	Quarterly	Secured	March 1, 2018	March 1, 2023	3 month KIBOR + 1.00%

**6.3 Sukuk Certificates - Unlisted**

(Certificates having a face value of Rs. 100,000 each)

Name of investee company	Number of certificates							
	As at July 01, 2019	Purchased during the period	Disposed / matured during the period	As at March 31, 2020	March 31, 2020			Investment as a percentage of total issue
					Carrying value	Market value	Unrealised appreciation / (diminution)	
						As percentage of net	As percentage of total	
Oil Marketing Company								
Byco Petroleum Pakistan Limited	10	-	-	10	660	671	11	0.69
As at March 31, 2020					660	671	11	0.03
As at June 30, 2019					915	908	(7)	

6.3.1 The terms and conditions of sukuk certificates outstanding as at March 31, 2020 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
Byco Petroleum Pakistan Limited	AAA	5 years	Quarterly	Secured	January 18, 2017	January 18, 2022	3 month KIBOR + 1.05%

**6.4 Government securities - Pakistan Investment Bonds**

Name of security	Date of issue	Date of Maturity	Face value				March 31, 2020			Market value	
			As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at March 31, 2020	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)											
Pakistan Investment Bonds - 03 years	12/07/18	12/07/21	-	200,000	100,000	100,000	95,460	96,346	886	0.13	0.16
Pakistan Investment Bonds - 03 years	19/09/19	19/09/22	-	525,000	525,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	12/07/18	12/07/23	-	75,000	75,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	19/09/19	19/09/24	-	200,000	200,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	12/07/18	12/07/28	-	37,500	37,500	-	-	-	-	-	-
<b>As at March 31, 2020</b>											
							<b>95,460</b>	<b>96,346</b>	<b>886</b>		
<b>As at June 30, 2019</b>											
							-	-	-		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

**6.5 Government securities - Treasury Bills**

Name of security	Date of issue	Date of Maturity	Face value				As at March 31, 2020			Market value	
			As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at March 31, 2020	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)											
<b>Market treasury bills - 3 months</b>											
Market treasury bills - 3 months	02/01/20	26/03/20	-	200,000	200,000	-	-	-	-	-	
Market treasury bills - 3 months	07/11/19	30/01/20	-	770,000	770,000	-	-	-	-	-	
Market treasury bills - 3 months	12/03/20	04/06/20	-	375,000	375,000	-	-	-	-	-	
Market treasury bills - 3 months	16/08/19	07/11/19	-	300,000	300,000	-	-	-	-	-	
Market treasury bills - 3 months	19/12/19	12/03/20	-	145,000	145,000	-	-	-	-	-	
Market treasury bills - 3 months	24/10/19	16/01/20	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 3 months	29/08/19	21/11/19	-	100,000	100,000	-	-	-	-	-	
Market treasury bills - 3 months	30/01/20	23/04/20	-	500,000	500,000	-	-	-	-	-	
<b>Market treasury bills - 6 months</b>											
Market treasury bills - 6 months	07/11/19	07/05/20	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 6 months	10/10/19	09/04/20	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 6 months	12/03/20	10/09/20	-	750,000	750,000	-	-	-	-	-	
Market treasury bills - 6 months	24/10/19	23/04/20	-	500,000	500,000	-	-	-	-	-	
<b>Market treasury bills - 12 months</b>											
Market treasury bills - 12 months	02/01/20	31/12/20	-	200,000	200,000	-	-	-	-	-	
Market treasury bills - 12 months	07/11/19	05/11/20	-	1,000,000	1,000,000	-	-	-	-	-	
Market treasury bills - 12 months	10/10/19	08/10/20	-	1,000,000	1,000,000	-	-	-	-	-	
Market treasury bills - 12 months	12/03/20	11/03/21	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 12 months	24/10/19	22/10/20	-	1,000,000	1,000,000	-	-	-	-	-	
Market treasury bills - 12 months	26/09/19	24/09/20	-	1,000,000	1,000,000	-	-	-	-	-	
Market treasury bills - 12 months	30/01/20	28/01/21	-	250,000	250,000	-	-	-	-	-	
<b>As at March 31, 2020</b>											
							-	-	-	-	
							-	-	-	-	
<b>As at June 30, 2019</b>											
							-	-	-	-	

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

		(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) 30 June 2019
<b>6.6 Net unrealised appreciation in value of investments at fair value through profit or loss</b>	<b>Note</b>		
Market value of investments	6.1 - 6.5	97,017	65,469
Carrying value of investments	6.1 - 6.5	(96,120)	(65,435)
		<u>897</u>	<u>34</u>

## 7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration payable	7.1	353	385
Sindh Sales Tax payable on remuneration of the Management Company		46	50
Allocated expenses payable	7.2	13	21
Marketing and selling payable	7.3	329	-
		<u>741</u>	<u>456</u>

**7.1** As per amendment in the offering document, the management company with effect from August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis.

**7.2** Up till 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% and resultantly, during the current period, the Management Company has charged actual expenses.

**7.3** 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). It has also removed maximum cap of selling and marketing expense of 0.4% per annum.

	Note	(Un-audited) March 31, 2020 '---- (Rupees in '000) ----	(Audited) June 30, 2019
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	8.1	2,788	2,561
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		841	841
- Sales load		3,625	3,625
Brokerage payable		14	16
Auditors' remuneration		279	394
Printing and related expenditure		55	40
Other		1,462	131
		<u>9,064</u>	<u>7,608</u>

### 8.1 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 period ended March 31, 2020. Had the provision for SWWF not been recorded in the condensed half year financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re. 1.90 per unit (June 30, 2019 Re. 1.0315 per unit).

### 8.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the period ended March 31, 2020. Had the said provision for FED not been recorded in the condensed half year financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re. 0.57 per unit (June 30, 2019: Re. 0.3387 per unit).

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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### 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2020 and June 30, 2019.

### 10 TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

### 11 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed, as in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

### 12 EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 4% to 4.5%. The Total Expense Ratio (annualized) of the Fund is from 01 July to 31 December, 2019 is 3.87% (2018: 1.2%) and this includes 0.44% (2018: 0.19%) representing Government Levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 4.5% (2018: 4%) prescribed under the NBFC Regulation 60 (5) for a Collective Investment Scheme categorised as an asset allocation scheme.

### 13 TRANSACTIONS WITH CONNECTED PERSONS

Related parties / Connected persons of the Fund include the Management Company, other collective investment schemes being 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 undertaking and unit holders holding more than 10% units of the Fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on out on agreed terms.

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:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

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

	For the nine months ended March 31, 2020						As at March 31, 2020			
	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at March 31, 2020	Units	As at July 01, 2019	Issued for cash	Bonus	Redeemed
Unitholders holding 10% or more	541619	0	0	0	541619	55821	0	0	0	55273
Mandate under discretionary portfolio services	3	0	0	0	3	304	0	0	0	307
	For the nine months ended March 31, 2020						As at March 31, 2019			
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	Units	As at July 01, 2018	Issued for cash	Bonus	Redeemed
Unitholders holding 10% or more	546719	0	0	5101	541618	55367	0	0	0	55367
Mandate under discretionary portfolio services	3	0	0	0	3	306	0	0	0	306



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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

	(Un-audited) March 31, 2020	(Unaudited) March 31, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	2,641	3,895
Marketing and selling expense	911	-
Allocated expenses	141	294
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration of MCB Financial Services Limited -Trustee	377	380
Sindh Sales Tax on remuneration of the Trustee	49	49
<b>MCB Bank Limited - Holding Company of the Management Company</b>		
Profit on bank deposits	214	57
Bank charges	25	111
Purchase of Nil (2018: 83,000) shares	-	16,666
Sale of Nil (2018: 83,000) shares	-	16,655
Sale of securities having a face value of Nil (2018: Rs 175,000,000)	-	173,578
Dividend	-	132
<b>Dolmen City Reit - Common Directorship</b>		
Dividend income	-	260
<b>Arif Habib Capital Limited - Subsidiary of Associated Company</b>		
Brokerage expense*	-	6
Sale of Nil units (2019: 45,500 units)	-	2,898
<b>Next Capital Limited - Joint Venture of MCB Bank Limited &amp; Arif Habib Corporation Limited</b>		
Brokerage expense*	31	11

\* 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 transaction with connected persons as the ultimate counter parties are not the connected persons.

## 14.2 Amount outstanding as at period end / year end

	(Un-audited) March 31, 2020	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	353	385
Sindh sales tax payable on management remuneration	46	50
Payable against allocated expenses	13	21
Payable against marketing and selling expense	329	-
<b>MCB Financial Services Limited - Trustee</b>		
Trustee remuneration payable	42	41
Sindh Sales Tax payable on Trustee remuneration	5	5
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	4,388	1,577
<b>Next Capital Limited - Joint Venture of MCB Bank Limited &amp; Arif Habib Corporation Limited</b>		
Brokerage payable*	5	-

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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\* 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 transaction with connected persons as the ultimate counter parties are not the connected persons.

### 15. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

### 16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 20, 2020 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

**MCB-Arif Habib Savings and Investments Limited**

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