



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

MARCH
2020
(UNAUDITED)

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



PAKISTAN INCOME ENHANCEMENT FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
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 Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM2++Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Pakistan Income Enhancement 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

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 14.40% against its benchmark return of 14.30%.

WAM of fund stood at 1.8 years. The fund was mainly invested in Cash & TFCs. At period-end, the fund was 61.8% invested in Cash and 36.4% in TFCs.

The Net Assets of the fund as at March 31, 2020 stood at Rs. 772 million as compared to Rs. 698 million as at June 30, 2019 registering an increase of 10.60%.

The Net Asset Value (NAV) per unit as at March 31, 2020 was Rs. 58.9191 as compared to opening NAV of Rs. 53.1512 per unit as at June 30, 2019 registering an increase of Rs. 5.7679 per unit.

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 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.

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.

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

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

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 جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی سطح پر منسبت روی کے برآمدات پر منفی اثرات مرتب ہوں گے اور تیل کی پست قیمتوں کے باعث تیل کی پیداوار کرنے والے ممالک سے ترسیلات زر بھی متاثر ہوں گی۔ ہماری پیشین 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 رہے گا، اس مفروضے کی بنیاد پر کہ عالمی معیشت میں جولائی سے بحالی کا سلسلہ شروع ہو جائے گا۔ اُبھرتی ہوئی مارکیٹوں کے ممالک میں بانڈ کے منافع جات میں اضافے کے پیش نظر ہمیں توقع ہے کہ یورو بانڈ کے ذریعے فنڈ میں اضافے کی حکمت 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 براں 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 کثیر الجہتی 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 کثیر الجہتی اداروں سے 2 بلین ڈالر کی اضافی رقم کی فراہمی کی توقع ہے، جبکہ ہمیں یہ بھی امید 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)۔

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 سست رفتار اثر پذیر 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 امید 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 تریمتات 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 امید ہے۔ تاہم اگر وقت گزرنے کے ساتھ کساد بازاری کے دباؤ میں اضافہ ہوا تو انٹریسٹ کی شرحوں میں مزید کمی بعید از قیاس نہیں ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا 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۔

اظہار 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 براں، مینجمنٹ ٹیم کی کاوشوں کو بھی ڈائریکٹر کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

برائے اور من جانب بورڈ



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
20 اپریل 2020ء

ڈائریکٹر رپورٹ

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 خطیہ طلب کے باعث پیداواری خم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراطِ 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 نقدِ 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 کی ہوئی۔

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے 14.40 فیصد ایک سال پر محیط منافع حاصل کیا جبکہ بچ مارک منافع 14.30 فیصد تھا۔ فنڈ کی پالوزن اوسط میچورٹی (WAM) 1.8 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سٹریٹجیکس (ٹی ایف سی) میں تھی۔ اختتامِ مدت پر فنڈ کی سرمایہ کاری نقد میں 61.8 فیصد اور ٹی ایف سی میں 36.4 فیصد تھی۔ 31 مارچ 2020ء کو فنڈ کے net اثاثہ جات 772 ملین روپے تھے جو 30 جون 2019ء کو 698 ملین روپے کے مقابلے میں 10.6 فیصد اضافہ ہے۔

31 مارچ 2020ء کو net اثاثہ جاتی قدر (این اے وی) 58.9191 روپے فی یونٹ تھی جو 30 جون 2019ء کو ابتدائی این اے وی 53.1512 روپے فی یونٹ کے مقابلے میں 5.7679 روپے فی یونٹ اضافہ ہے۔

مستقبل کے امکانات

کووڈ-19 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 آسکتے 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 رجاعیت 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 ملین 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۔

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان انکم انہینسمنٹ 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 وبائی عالمی معیشت میں آفت مچادی۔ دیکھتے ہی دیکھتے یہ قاتل وبا دنیا بھر میں پھیل گئی جس سے پندرہ لاکھ سے زائد افراد متاثر ہوئے جبکہ ۸۰ ہزار سے زائد لقمہ اجل بن گئے۔ چین نے سخت اقدامات اٹھا کر کورونا وائرس کو شکست دی جبکہ دنیا کے دوسرے حصے خصوصاً یورپی یونین اور امریکا بری 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 صورت 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 زرمبادلہ کی شرحوں میں ترمیمات کے لحاظ سے پالیسی اقدام کے تاخیر شدہ اثرات کے اثرات 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 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 دوران 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۔ زرمبادلہ کے ذخائر میں جولائی تا مارچ کے دوران 2.9 بلین ڈالر اضافہ ہوا جس کی معاونت انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف)، کثیرالجہتی 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 اشیائے خورد و نوش کی قیمتوں میں اضافے کے باعث اشیائے 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 اشیائے خورد و نوش کی افراط زر میں کمی سے مجموعی افراط زر میں 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۔

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

		March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	Note	(Rupees in '000)	
ASSETS			
Balances with banks	4	499,126	473,804
Investments	5	273,977	618,024
Mark-up and other receivables		7,030	9,138
Receivable from National Clearing Company of Pakistan Limited		2,023	2,021
Advances, deposits and prepayments		25,587	3,261
Total assets		807,743	1,106,248
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	3,351	1,125
Payable to Central Depository Company of Pakistan Limited - Trustee		54	115
Payable to the Securities and Exchange Commission of Pakistan		111	658
Payable against redemption of units		2,079	2,079
Payable against purchase of investments			369,326
Accrued expenses and other liabilities	9	29,880	35,185
Total liabilities		35,475	408,488
NET ASSETS		772,268	697,760
Unit holders' fund (as per statement attached)		772,268	697,760
Contingencies and Commitments	10		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		13,107,273	13,127,815
		(Rupees)	
NET ASSETS VALUE PER UNIT		58.9191	53.1512

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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 period ended		Quarter ended	
	March 31,		March 31,	
Note	2020	2019	2020	2019
	(Rupees in '000)		(Rupees in '000)	
INCOME				
Income from government securities	32,146	1,149	10,940	-
Income from Term Finance Certificates	25,608	34,938	9,346	12,030
Profit on bank deposits	18,692	29,494	4,707	11,971
Capital Fain / (loss) on sale of investments - net	16,388	(605)	11,508	1
Dividend income	-	-	-	-
Markup income on margin trading system	-	-	-	-
Income on commercial papers	-	1,705	-	-
Loss on spread transactions	-	-	-	-
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net	512	(3,278)	545	(2,769)
Other income	130	63	37	57
Total income	93,476	63,466	37,083	21,290
EXPENSES				
Remuneration of Management Company	9,005	8,952	4,261	2,828
Sindh sales tax on remuneration of Management Company	1,171	1,164	554	368
Remuneration of Central Depository Company of Pakistan Limited - Trustee	417	1,144	140	345
Sindh Sales tax on remuneration of Central Depository Company of Pakistan Limited - Trustee	55	149	19	45
Selling and marketing expenses	2,687	-	434	-
Annual fee to Securities and Exchange Commission of Pakistan	111	514	37	153
Allocated expenses	555	761	185	216
Securities transaction cost	491	319	174	95
Provision for Sindh Workers' Welfare Fund	1,555	986	621	339
Fees and subscription	392	376	69	68
Legal and professional charges	41	158	(51)	67
Auditors' remuneration	580	475	143	138
Bank charges	181	95	66	23
Printing and related costs	46	51	30	26
Total expenses	17,286	15,143	6,681	4,710
Net income from operating activities	76,190	48,323	30,402	16,580
Net income for the period before taxation	76,190	48,323	30,402	16,580
Taxation	-	-	-	-
Net income for the period after taxation	76,190	48,323	30,402	16,580
Allocation of net income for the period:				
Net income for the period	76,190	48,323	30,401	16,580
Income already paid on units redeemed	(8,886)	(82,516)	(5,009)	(5,009)
	67,304	(34,193)	25,392	11,571
Accounting income available for distribution				
- Relating to capital gains	15,866	-	-	-
- Excluding capital gains	51,438	(34,193)	25,392	11,571
	67,304	(34,193)	25,392	11,571

Earnings per unit

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The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements .

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**

	Note	Nine months period ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
		(Rupees in '000)		(Rupees in '000)	
Net income for the period after taxation		76,190	48,323	30,402	16,580
Other Comprehensive Income		-	-	-	-
Total comprehensive income for the period		<u>76,190</u>	<u>48,323</u>	<u>30,402</u>	<u>16,580</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements

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



Chief Executive Officer



Chief Financial Officer



Director

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements .

M. Jari Sah

Amel

July

91 PAKISTAN INCOME ENHANCEMENT FUND

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

	Nine months period ended	
	March 31, 2020	March 31, 2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	76,190	48,323
Adjustments for non cash and other items:		
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net	(512)	3,278
	<u>75,678</u>	<u>51,601</u>
Increase / (Decrease) in assets		
Investments - net	344,557	225,786
Mark-up and other receivables	2,108	1,293
Advances, deposit and prepayments	(22,326)	20,885
Advance against subscription of Term Finance Certificate	-	22,000
	<u>324,339</u>	<u>269,964</u>
Decrease / (Increase) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	2,226	(1,386)
Payable to Central Depository Company of Pakistan Limited - Trustee	(61)	(57)
Payable to the Securities and Exchange Commission of Pakistan	(547)	(864)
Payable against purchase of investments	(369,326)	-
Accrued expenses and other liabilities	(5,305)	775
	<u>(373,013)</u>	<u>(1,532)</u>
Net cash generated from operating activities	<u>27,004</u>	<u>320,033</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(51,272)
Receipts against issuance and conversion of units (excluding additional units)	642,801	1,467,272
Payment against redemption and conversion of units	(644,483)	(2,002,998)
Net cash used in financing activities	<u>(1,682)</u>	<u>(586,998)</u>
Net decrease in cash and cash equivalents during the year	<u>25,322</u>	<u>(266,965)</u>
Cash and cash equivalents at beginning of the period	473,804	646,442
Cash and cash equivalents at end of the period	<u>499,126</u>	<u>379,477</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements .

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 (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions and reverse repurchase transactions, spread transactions and transaction under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated October 08, 2019 to the Management Company and "A+(f)" as stability rating dated December 24, 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 as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise 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.

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

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. 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.

2.1.3 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.

2.1.4 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.

2.1.5 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

3.1 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.

3.2 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. 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.

4	BALANCES WITH BANKS	Note	March 31,	June 30,
			2020	2019
			(Un-audited)	(Audited)
			(Rupees in '000)	
	In current accounts	4.1	10,105	12
	In saving accounts	4.2	489,021	473,792
			<u>499,126</u>	<u>473,804</u>

4.1 This refers to balance (June 30 2019: Rs.0.012 million) maintained with MCB Bank Limited (a related party).

4.2 These include balances of Rs. 24.081 million (June 30, 2019: Rs. 3.494 million) maintained with MCB Bank Limited (a related party) that carry profit at 9.5% per annum (June 30, 2019: 4.50% per annum). Other profit and loss saving accounts of the Fund carry profit rates ranging from 9.5% to 14.50% per annum (June 30, 2019: 4.50% to 13.00% per annum).

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

		March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	Note	(Rupees in '000)	
5 INVESTMENTS			
<i>At fair value through profit or loss</i>			
Government securities	5.1	-	369,374
Listed debt securities	5.2	108,971	65,932
Unlisted debt securities	5.3	165,006	182,718
		<u>273,977</u>	<u>618,024</u>

5.1 Government securities - Fair value through profit or loss

Tenure	Issue Date	Maturity Date	Face value				At March 31, 2020			Market value as a percent-age of net assets	Market value as a percent-age of total invest-ments	
			At July 01, 2019	Purchased during the period	Sales / matured during the period	At March 31, 2020	Carrying value	Market value	(Diminution) / appreciation			
(Rupees in '000)												%
*Treasury bills - 3 months	August 16, 2019	November 7, 2019	-	850,000	850,000	-	-	-	-	-	-	
	January 30, 2020	April 23, 2020	-	1,000,000	1,000,000	-	-	-	-	-	-	
	December 19, 2019	March 12, 2020	-	225,000	225,000	-	-	-	-	-	-	
	October 24, 2019	January 16, 2020	-	500,000	500,000	-	-	-	-	-	-	
	July 18, 2019	October 10, 2019	-	850,000	850,000	-	-	-	-	-	-	
	March 12, 2020	June 4, 2020	-	375,000	375,000	-	-	-	-	-	-	
	May 23, 2019	August 15, 2019	375,000	-	375,000	-	-	-	-	-	-	
	November 7, 2019	January 30, 2020	-	1,150,000	1,150,000	-	-	-	-	-	-	
	December 5, 2019	February 27, 2020	-	125,000	125,000	-	-	-	-	-	-	
	January 2, 2020	March 26, 2020	-	520,000	520,000	-	-	-	-	-	-	
February 27, 2020	May 21, 2020	-	250,000	250,000	-	-	-	-	-	-		
August 1, 2019	October 24, 2019	-	450,000	450,000	-	-	-	-	-	-		
*Treasury bills - 6 months	November 7, 2019	May 7, 2020	-	500,000	500,000	-	-	-	-	-	-	
	July 18, 2019	January 16, 2020	-	400,000	400,000	-	-	-	-	-	-	
	March 12, 2020	September 10, 2020	-	250,000	250,000	-	-	-	-	-	-	
	October 10, 2019	April 9, 2020	-	500,000	500,000	-	-	-	-	-	-	
	September 12, 2019	March 12, 2020	-	120,000	120,000	-	-	-	-	-	-	
	October 24, 2019	April 23, 2020	-	500,000	500,000	-	-	-	-	-	-	
*Treasury bills - 12 months	30-JAN-2020	January 28, 2021	-	625,000	625,000	-	-	-	-	-	-	
	27-FEB-2020	February 25, 2021	-	200,000	200,000	-	-	-	-	-	-	
	12-SEP-2019	September 10, 2020	-	350,000	350,000	-	-	-	-	-	-	
	24-OCT-2019	October 22, 2020	-	950,000	950,000	-	-	-	-	-	-	
	26-SEP-2019	September 24, 2020	-	500,000	500,000	-	-	-	-	-	-	
	07-NOV-2019	November 5, 2020	-	750,000	750,000	-	-	-	-	-	-	
	12-MAR-2020	March 11, 2021	-	250,000	250,000	-	-	-	-	-	-	
	10-OCT-2019	October 8, 2020	-	500,000	500,000	-	-	-	-	-	-	
29-AUG-2019	August 27, 2020	-	700,000	700,000	-	-	-	-	-	-		
Pakistan Investment Bonds - 3 years	September 19, 2019	September 19, 2022	-	800,000	800,000	-	-	-	-	-	-	
Pakistan Investment Bonds - 5 years												
Pakistan Investment Bonds	September 19, 2019	September 19, 2024	-	225,000	225,000	-	-	-	-	-	-	
	July 12, 2018	July 12, 2023	-	250,000	250,000	-	-	-	-	-	-	
Pakistan Investment Bonds - 10 years												
Pakistan Investment Bonds	September 19, 2019	September 19, 2029	-	50,000	50,000	-	-	-	-	-	-	
	July 12, 2018	July 12, 2028	-	37,500	37,500	-	-	-	-	-	-	
As at March 31, 2020						-	-	-				
As at June 30, 2019						369,326	369,374	48				

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

5.2 Listed debt securities - Term Finance Certificates/Sukuks

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

Name of investee company	Number of Certificates					At March 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investment
	At July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	At March 31, 2020	Carrying value	Market value	diminution		
-----Rupees in '000----- %-----										
Fertilizer										
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017) *	735	-	-	-	735	58,607	59,226	619	7.67%	21.62%
Commercial Banks										
Habib Bank Limited (February 19, 2016)	0	500	0	0	500	49,745	49,745	-	6.44%	18.16%
Real Estate investment and services										
Pace Pakistan Limited (February 15, 2008)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				
						-	-	-	0.00%	0.00%
As at March 31, 2020						108,352	108,971	619		
As at June 30, 2019						63,943	63,592	(351)		

* Face value of the investment is Rs. 100,000

5.3 Un listed Term Finance Certificates/Sukuks

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

Name of investee company	Number of Certificates					As at March 31, 2020			Market value** as a percentage of net assets	Market value** as a percentage of total investment
	As at July 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2020	Carrying value*	Market value	Appreciation / (diminution)		
----- Rupees in '000 ----- % -----										
Commercial Banks										
Askari Bank Limited IV - TFC (September 30, 2014)	8,300	-	-	-	8,300	40,334	40,475	141	5.24%	14.77%
Bank Al Habib Limited (March 17, 2016) TFC -II	-	5,000	-	-	5,000	24,523	24,012	(511)	3.11%	8.76%
The Bank of Punjab Limited (April 23, 2018)*	220	-	-	220	-	-	-	-	-	-
The Bank of Punjab Limited TFC - I (December 23, 2016)*	475	-	-	-	475	46,981	47,182	201	6.11%	17.22%
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	-	-	-	17,000	52,617	52,666	49	6.82%	19.22%
Construction and Material										
Byco Petroleum Limited - Sukuk (January 18, 2017) *	10	-	-	-	10	660	671	11	0.09%	0.24%
Eden Housing Limited - Sukuk - (March-31-2008) - Due but not received	10,415	-	-	-	10,415	10,251				
Less: Provision for impairment						(10,251)				
						-	-	-	0.00%	0.00%
As at March 31, 2020						165,115	165,006	(109)		
As at June 30, 2019						185,558	182,718	(2,840)		

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

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

5.3.1 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 March 31, 2020, 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.

Category of non-compliant investment	Type of Investment/ Name of Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
-----Rs in '000'-----						
Investment in debt securities	Pace Pakistan Limited	74,910	74,910	-	9.70%	9.70%
	Eden Housing Limited	10,251	10,251	-	1.33%	1.33%

		March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
		------(Rupees in '000)-----	
6	PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	Note	
	Remuneration Payable	6.1	2,511
	Sindh sales tax payable on management fee	6.2	326
	Sales load payable		17
	Allocated expense payable	6.3	63
	Selling and marketing expenses payable	6.4	434
		<u>3,351</u>	<u>1,125</u>

6.1 As per amendment in the offering document, the management company with effective from August 08, 2019 can charge management fee up to a maximum of 15% of the gross earnings of the scheme, calculated on a daily basis, subject to a minimum fee of 0.25% of the average daily net assets of the scheme. Previously, the management company has charged remuneration at the rate of 1.5% of the average annual net assets.

6.2 Sindh sales tax on management remuneration has been charged at the rate of 13% (June 30, 2019: 13%).

6.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

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

- 6.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, Trustee with effect from July 1, 2019 has revised its tariff as follows:

Existing Tariff		Revised Tariff (Flat Rate)
Net Assets (Rs.)	Fee	
-Up to Rs.1 billion	0.17% per annum of Net Assets	0.075% p.a. of Net Assets
- Rs.1 billion to Rs.5 billion	Rs.1.7 million plus 0.085% per annum of net assets exceeding Rs.1 billion	
- Over Rs.5 billion	Rs.5.1 million plus 0.07% per annum of net assets exceeding Rs.5 billion	

Accordingly, the Fund has charged Trustee Fee at the rate of 0.075% per annum of net assets during the current period.

8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period. Previously, the rate of annual fee applicable to Aggressive fixed income scheme was 0.075%.

9 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
		(Rupees in '000)	
Provision for Sindh workers' welfare fund	9.1	7,938	6,383
Provision for federal excise duty and related taxes on			
- Management fee	9.2	16,590	16,590
- Sales load		4,746	4,746
Brokerage		79	72
Sale Load Payable (MCB Bank Limited-Related Party)		55	-
Capital gain tax		145	71
Auditors' remuneration		253	351
Printing and related expenditure		55	40
Zakat		-	14
Other		18	6,918
		<u>29,880</u>	<u>35,185</u>

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

9.1 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 March 31, 2020 would have been higher by Re. 0.61 per unit (June 30, 2019 Re. 0.49 per unit).

9.2 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 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 March 31, 2020 would have been higher by Re. 1.27 per unit (June 30, 2019: Re. 1.63 per unit).

10 CONTINGENCIES AND COMMITMENTS

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

11 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution 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.

12 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.

13 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:

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

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

For the nine months period ended March 31, 2020 (unaudited)							
As at July 01, 2019	Issued for cash	Redeemed	As at March 31, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at March 31, 2020
Units				(Rupees in '000)			
Associated Companies:							
MCB Arif Habib Savings and Investments Limited	-	5	5	-	-	1	1
Security General Insurance Company Limited Employees Provident Fund Trust	41,471	-	41,471	2,204	-	-	2,443
Mandate Under Discretionary							
Portfolio Services *	7	-	7	1	-	-	1
Key management personnel	-	106,287	106,287	-	-	5,931	5,934
Unit holders holding 10% or more units	1,676,950	-	1,676,950	89,132			98,804

For the nine months period ended March 31, 2019 (unaudited)								
As at July 01, 2018	Issued for cash	Redeemed	As at March 31, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at March 31, 2019	
----- Units -----				(Rupees in '000) -----				
Associated Companies:								
MCB Arif Habib Savings and Investments Limited	-	17,649,726	17,649,726	(0)	-	962,667	963,340	(0)
Adamjee Life Assurance Company Limited Conventional Business	-	-	-	-	-	-	-	-
Adamjee Insurance Company Limited Employees Gratuity Fund	-	-	-	-	-	-	-	-
Adamjee Insurance Company Limited Employees Provident Fund	-	-	-	-	-	-	-	-
Security General Insurance Company Limited Employees Provident Fund Trust	36,603	1,884	38,487	2,013	43,928	-	2,156	
Fatima Fertilizer Company Limited								
Management Staff Gratuity Fund	183,106	9,423	192,529	-	10,071	225	10,300	-
Mandate Under Discretionary								
Portfolio Services *	1,515,709	67,274	1,582,983	-	84,637	3,572	84,411	-

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

13.2 Details of transactions with the connected persons / related parties during the period are as follow s:

	March 31, 2020 (Unaudited) ----- (Rupees in '000) -----	March 31, 2019 (Unaudited) ----- (Rupees in '000) -----
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	10,176	10,116
Marketing and selling expense	2,687	-
Allocated expenses	555	761
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	472	1,293
CDC settlement charges	14	17
MCB Bank Limited		
Profit on bank deposits	167	9
Bank charges	8	6
Sale of securities - Face Value: Rs. 500,000,000 (2019: Nil)	444,028	-
Arif Habib Limited		
Brokerage expense*	46	-
Next Capital Limited		
Brokerage expense*	45	12

* 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

13.3 Amount outstanding as at period end / year end

	March 31 2020 (Unaudited) ----- (Rupees in '000) -----	June 30 2019 (Audited) ----- (Rupees in '000) -----
MCB - Arif Habib Savings & Investments Limited - Management Company		
Remuneration payable	2,511	878
Sindh Sale tax payable on remuneration to the Management Company	326	114
Selling and marketing expenses	434	-
Sales load payable	17	73
Allocated expenses payable	63	60
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	48	102
Sindh Sales tax payable on remuneration of Trustee	7	13
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	34,187	3,506
Sales Load	-	-
Profit Receivable	-	-
Next Capital Limited		
Brokerage expense*	14	19

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

14 TOTAL EXPENSE RATIO

The Annualized total expense ratio of the Fund is 3.11% as on March 31, 2020 (March 31, 2019: 2.06%) and this includes 0.52% (March 31, 2019: 0.28%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. This ratio is within the maximum limit of 2.5 % prescribed under the NBFC Regulations for a collective investment scheme categorized as a "Aggressive Fixed Income Scheme".

15 GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees.

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

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 20 April, 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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