



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 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 Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdc-pakistan.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 Tameer Micro Finance Bank Limited Silk Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahr-e-Faisal, Karachi-753550.	
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 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 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 14.15% as against its benchmark return of 14.21%.

At period end, the fund was 35.3% in TFCs and 46.9% in Cash. Weighted average maturity of the fund stood at 2.1 years.

The Net Assets of the Fund as at March 31, 2020 stood at Rs. 1,646 million as compared to Rs. 1,392 million as at June 30, 2019 registering an increase of 18.25%

The Net Asset Value (NAV) per unit as at March 31, 2020 was Rs. 59.5634 as compared to opening NAV of Rs. 53.8234 per unit as at June 30, 2019 registering an increase of Rs. 5.74 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 رکے 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 پذیری 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 یوٹیلیٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترسیمات 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۔

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



نیم بیگ
ڈائریکٹر / او افس چیرمین



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 ميعاد 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 ميعاد کے (دس سالہ) بانڈز میں تقریباً 450 بی پی ایس کمی کی ہوئی۔

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے 14.15 فیصد ایک سال پر محیط منافع حاصل کیا جبکہ اس کا بیج مارک منافع 14.21 فیصد تھا۔ اختتامِ مدت پر فنڈ کی سرمایہ کاری ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں 46.9 فیصد تھی، جبکہ پالوزن اوسط میچورٹی (WAM) 2.1 سال کی سطح پر تھی۔

31 مارچ 2020ء کو فنڈ کے net اثاثہ جات 1,646 ملین روپے تھے جو 30 جون 2019ء کو 1,392 ملین روپے کے مقابلے میں 18.25 فیصد اضافہ ہے۔

31 مارچ 2020ء کو net اثاثہ جاتی قدر (این اے وی) 59.5634 روپے فی یونٹ تھی جو 30 جون 2019ء کو ابتدائی این اے وی 53.8234 روپے فی یونٹ کے مقابلے میں 5.74 روپے فی یونٹ اضافہ ہے۔

مستقبل کے امکانات

کووڈ-19 وبا کے باعث معاشی اعداد میں عدم یقینی 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 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 ميعاد 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۔

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان انکم 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-۱۹) کی وبا نے عالمی معیشت میں آفت مچا دی۔ 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 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 تاحال) لیکن صورت حال فی الوقت غیر یقینی ہے۔ ملک بھر میں نیم لاک ڈاؤن نافذ ہے جس سے مقامی کاروبار متاثر ہوئے ہیں۔

کووڈ-۱۹ 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 صنعت 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 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 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

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	870,298	899,104
Investments	6	826,644	492,339
Profit receivable		12,711	19,976
Accrued profit on term finance certificate per IPO		130,000	-
Advances, deposit and prepayments		7,498	7,269
Receivable from National Clearing Company of Pakistan Limited		8,664	8,664
Total assets		1,855,815	1,427,352
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	5,427	1,767
Payable to the Central Depository Company of Pakistan Limited - Trustee		115	191
Payable to the Securities and Exchange Commission of Pakistan		233	1,121
Payable against redemption of units		47	47
Dividend payable		-	14,367
Payable against purchase of investment		182,443	-
Accrued expenses and other liabilities	8	21,085	18,328
Total liabilities		209,350	35,821
NET ASSETS		1,646,465	1,391,531
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,646,465	1,391,531
CONTINGENCIES AND COMMITMENTS			
	9		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		27,642,221	25,853,633
		(Rupees)	
NET ASSET VALUE PER UNIT		59.5634	53.8234

The annexed notes 1 to 15 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		Quarter ended	
		March 31,		March 31,	
		2020	2019	2020	2019
Note		(Rupees in '000)			
INCOME					
		63,568	3,376	23,738	911
		36,600	126	18,602	(38)
		54,662	42,925	22,569	16,135
		37,833	59,135	4,800	21,315
		-	7,461	-	236
	6.8	(2,692)	(5,687)	(143)	(2,565)
		1,173	136	813	128
		191,144	107,472	70,379	36,122
EXPENSES					
	7.1	19,435	10,827	7,430	3,602
		2,526	1,407	966	468
		872	1,622	292	499
		113	211	38	65
		233	868	78	255
	7.2	1,166	1,287	389	364
	7.3	1,513	-	506	-
	8.1	3,262	1,776	1,202	617
		507	574	196	121
		645	-	147	-
		42	134	(49)	44
		-	821	-	51
		525	490	178	137
		443	437	96	96
		31,283	20,455	11,470	6,320
Net income for the period before taxation		159,861	87,018	58,909	29,803
Taxation		-	-	-	-
Net income for the period		159,861	87,018	58,909	29,803
Allocation of net income for the period:					
Net income for the period		159,861	87,018	58,909	29,803
Income already paid on units redeemed		(27,232)	(29,495)	(11,845)	(12,277)
		132,629	57,523	47,064	17,525
Accounting income available for distribution					
- Relating to capital gains		29,054	-	16,638	-
- Excluding capital gains		103,576	57,523	30,426	17,525
		132,629	57,523	47,064	17,525
Earnings per unit					

The annexed notes 1 to 15 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**

	<u>Nine months ended</u> <u>March 31,</u>		<u>Quarter ended</u> <u>March 31,</u>	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	159,861	87,018	58,909	29,803
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	159,861	87,018	58,909	29,803

The annexed notes 1 to 15 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

Nine months ended March 31,							
2020			2019				
			(Rupees in '000)				
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Unrealised (diminution) / appreciation on available-for-sale investments	Total	
Net assets at beginning of the period	1,266,750	124,781	1,391,531	1,354,270	164,570	38	1,518,878
Change in accounting policy					38	(38)	
Net assets at beginning of the period				1,354,270	164,608	-	1,518,878
Issue of 19,783,572 units (2018: 13,661,237 units)							
- Capital value (at net asset value per unit at the beginning of the period)	1,064,819	-	1,064,819	2,263,411	-	-	2,263,411
- Element of income	49,281	-	49,281	58,375	-	-	58,375
	1,114,100	-	1,114,101	2,321,786	-	-	2,321,786
Redemption of 17,994,985 units (2019: 12,439,258 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(968,551)	-	(968,551)	(2,528,716)	-	-	(2,528,716)
- Amount paid out of element of Income relating to net income for the period after taxation	(50,477)	(27,232)	(50,477)	(46,604)	(29,495)	-	(76,099)
	(1,019,028)	(27,232)	(1,019,028)	(2,575,320)	(29,495)	-	(2,604,815)
Total comprehensive income for the period	-	159,861	159,861	-	87,018		87,018
Final distributions for the period Rs. Nil (for the period ended June 30, 2018 (including additional units) at the rate of Rs. 2.5511 per unit declared on July 04, 2018)	-	-	-	(25,134)	(43,654)	-	(68,788)
Net income/ (loss) for the period less distribution	-	159,861	159,861	(25,134)	43,364	-	18,230
Net assets at end of the period	1,361,822	257,410	1,646,465	1,075,602	178,477	-	1,254,079
Undistributed income brought forward							
- Realised		133,163			166,783		
- Unrealised		(8,382)			(2,213)		
		124,781			164,570		
Change in accounting policy					38		
Undistributed income - restated					164,608		
Accounting income available for distribution							
- Relating to capital gains		29,054			-		
- Excluding capital gains		103,576			57,523		
		132,629			57,523		
Distributions during the period		-			(43,654)		
Undistributed income carried forward		257,410			178,477		
Undistributed income carried forward							
- Realised		260,102			184,164		
- Unrealised		(2,692)			(5,687)		
		257,410			178,477		
		(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period		53.8234			56.3297		
Net assets value per unit at end of the period		59.5634			56.9240		

The annexed notes 1 to 15 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 CASH FLOWS STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31,	
	2020	2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	159,861	87,018
Adjustments for non cash and other items:		
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	2,692	5,687
Provision for Sindh Workers' Welfare Fund	3,262	-
	165,816	92,705
(Increase) / decrease in assets		
Investments	(336,998)	(62,248)
Profit receivable	7,265	986
Accrued profit on term finance certificate per IPO	(130,000)	-
Advances, deposit and prepayments	(228)	71,943
Receivable against margin trading system	-	242,107
Receivable from National Clearing Company of Pakistan Limited	-	(7,060)
	(459,960.85)	245,728
Increase / (decrease) in liabilities		
Payable to the Management Company	3,660	269
Payable to the Central Depository Company of Pakistan Limited - Trustee	(76)	(9)
Payable to the Securities and Exchange Commission of Pakistan	(888)	(256)
Payable against purchase of investment	182,443	-
Dividend payable	(14,367)	-
Accrued expenses and other liabilities	(506)	4,270
	170,266	4,275
Net cash generated from operating activities	(123,879)	342,708
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	1,114,101	2,296,652
Payments on redemption of units	(1,019,028)	(2,604,815)
Distribution during the period	-	(43,654)
Net cash generated from / (used in) financing activities	95,073	(351,817)
Net increase in cash and cash equivalents during the period	(28,806)	(9,109)
Cash and cash equivalents at beginning of the period	899,104	616,193
Cash and cash equivalents at end of the period	870,298	607,084

The annexed notes 1 to 15 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

Pakistan Income Fund (the Fund) was established under 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 Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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, Centrepoin, Off Shaheed-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-ended mutual fund and has been categorised as "Income Scheme". The Fund offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange.

The Fund primarily invests in money market and other short-term instruments which include short-term corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.

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.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information has 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 IFRS Standards, 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 the requirements of the Trust Deed have been followed.

2.2 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.

2.3 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.

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

2.4 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.

2.5 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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) ----	
5. BANK BALANCES			
In saving accounts	5.1	856,785	885,953
In current accounts	5.2	13,513	13,151
		<u>870,298</u>	<u>899,104</u>

5.1 These carry profit at the rates ranging between 11.25% to 14.25% (June 30, 2019: 10% to 13%) per annum and include Rs 1.950 million (June 30, 2019: Rs 3.022 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 11.25% (June 19: 10.25%) per annum.

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

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	---- (Rupees in '000) ----	

6. INVESTMENTS

Financial assets at fair value through profit or loss

Listed debt securities - Term Finance Certificates	6.1	34,465	34,607
Unlisted debt securities - Term Finance Certificates	6.2	331,179	263,125
Listed debt securities - Sukuks Certificates	6.3	100,645	114,654
Unlisted debt securities - Sukuks Certificates	6.4	58,844	79,953
Government securities - Pakistan Investment Bonds	6.5	48,173	-
Government securities - Treasury Bills	6.6	182,586	-
Commerical Paper	6.7	70,752	-
		<u>826,644</u>	<u>492,339</u>

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	(Audited) June 30, 2019
6.1 Listed debt securities - Term Finance Certificates	Note	---- (Rupees in '000) ----	
Carrying value as at period / year end		134,236	134,378
Less: Provision as at July 1			
- Pace Pakistan Limited		(49,940)	(49,940)
- Telecard Limited		(31,088)	(31,088)
- Trust Investment Bank Limited		(18,743)	(18,743)
	6.1.2	(99,771)	(99,771)
6.1.1 Listed debt securities - Term Finance Certificates	6.1.1	34,465	34,607

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 Jul 1, 2019	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2020	Carrying value*	Market value	Appreciation / (diminution)		
----- (Rupees in '000) ----- % -----										
Commercial banks										
Bank Alfalah Limited (20-02-13 issue)	6,938	-	-	-	6,938	34,593	34,465	(128)	2.09	4.17
As at March 31, 2020						34,593	34,465	(128)		
As at June 30, 2019						34,801	34,607	(194)		

6.1.2 Status of non compliance as per Circular 16 of 2010 issued by the Securities and Exchange Commission of Pakistan

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

Name of non-compliant investments	Note	Type of Instrument	Value of Investment before provision	Provision held if any	Value of Investment after provision	% of net assets	% of gross assets
Trust Investment Bank Limited	6.1.1	TFC	18,743	(18,743)	-	1.14%	1.01%
Telecard Limited	6.1.1	TFC	31,088	(31,088)	-	1.89%	1.68%
Pace Pakistan Limited	6.1.1	TFC	49,940	(49,940)	-	3.03%	2.69%
As at March 31, 2020			99,771	(99,771)	-		
As at June 30, 2019			99,771	(99,771)	-		

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

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

6.2 Unlisted debt securities - Term Finance Certificates

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

Name of investee company	Number of certificates				As at March 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at Jul 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2020	Carrying value	Market value		
								(Rupees in '000)	%
Commercial banks									
Askari Bank Limited (30-9-14 issue)	19,000	-	-	-	19,000	92,331	92,655	5.63	11.21
Bank AL Habib Limited (17-03-16 issue)	15,028	-	-	-	15,028	73,707	72,172	4.38	8.73
Bank of Punjab (23-04-18 issue)	80	-	-	-	80	7,567	7,487	0.45	0.91
Habib Bank Limited (19-02-16 issue)	-	500	-	-	500	49,745	49,745	3.02	6.02
Investment Company									
Jahangir Siddiqui & Company Limited (06-03-2018 issue)	22,000	-	-	-	22,000	109,285	109,120	6.63	13.20
As at March 31, 2020						332,635	331,179	(1,456)	
As at June 30, 2019						269,836	263,125	(6,710)	

6.3 Listed debt securities - Sukuks Certificates

Certificates have a face value of Rs 100,000 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 Jul 1, 2019	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2020	Carrying value	Market value		
								(Rupees in '000)	%
Investment Banks / Investment Companies / Securities Companies									
Dawood Hercules Corporation Limited (16-11-17 issue)	1,000	-	-	-	1,000	79,737	80,579	4.89	9.75
Dawood Hercules Corporation Limited (01-03-18 issue)	250	-	-	-	250	19,960	20,066	1.22	2.43
As at March 31, 2020						99,697	100,645	948	
As at June 30, 2019						115,196	114,654	(542)	

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

6.4 Unlisted debt securities - Sukuks Certificates

Certificates have a face value of Rs 100,000 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 Jul 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)											%
Oil and Gas											
Byco Petroleum Pakistan Limited (18-01-2017 issue)	10	-	-	-	10	660	672	12	0.04	0.08	
Chemical											
Ghani Chemical Industries Limited (Formerly: Ghani Gases Limited)	480	-	-	-	480	24,056	21,212	(2,844)	1.29	2.57	
Miscellaneous											
International Brands Limited	500	-	-	-	500	37,083	36,960	(123)	2.24	4.47	
As at March 31, 2020						61,799	58,844	(2,955)			
As at June 30, 2019						80,888	79,953	(935)			

6.5 Government securities - Pakistan Investment Bonds

Particulars	Issue date	Face value				As at March 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at Jul 1, 2019	Purchased during the year	Sold / matured during the year	As at March 31, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)		
						(Rupees in 000)			%	
Pakistan Investment Bond - 3 years	12-Jul-18	-	50,000	-	50,000	47,417	48,173	(756)	0.03	0.00
Pakistan Investment Bond - 3 years	19-Sep-19	-	325,000	325,000	-	-	-	-	-	-
Pakistan Investment Bond - 5 years	12-Jul-18	-	-	-	150,000	-	-	-	-	-
Pakistan Investment Bond - 5 years	19-Sep-19	-	350,000	350,000	-	-	-	-	-	-
Pakistan Investment Bond - 10 years	12-Jul-18	-	-	-	137,500	-	-	-	-	-
Pakistan Investment Bond - 10 years	19-Sep-19	-	-	-	50,000	-	-	-	-	-
As at March 31, 2020						47,417	48,173	(756)		
As at June 30, 2019						-	-	-		

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

6.6 Government securities - Treasury Bills

Particulars	Issue date	Face value			As at March 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at Jul 1, 2020	Purchased during the year	Sold / matured during the year	As at March 31, 2020	Carrying value	Unrealised appreciation / (diminution)		
(Rupees in 000)									
Treasury Bills-3 months	10-Oct-19	-	450,000	450,000	-	-	-	-	-
Treasury Bills-3 months	24-Oct-19	-	825,000	825,000	-	-	-	-	-
Treasury Bills-3 months	07-Nov-19	-	1,400,000	1,400,000	-	-	-	-	-
Treasury Bills-3 months	21-Nov-19	-	380,000	380,000	-	-	-	-	-
Treasury Bills-3 months	05-Dec-19	-	75,000	75,000	-	-	-	-	-
Treasury Bills-3 months	19-Dec-19	-	725,000	725,000	-	-	-	-	-
Treasury Bills-3 months	02-Jan-20	-	1,570,000	1,570,000	-	-	-	-	-
Treasury Bills-3 months	31-Jan-20	-	750,000	750,000	-	-	-	-	-
Treasury Bills-3 months	27-Feb-20	-	250,000	250,000	-	-	-	-	-
Treasury Bills-3 months	12-Mar-20	-	375,000	375,000	-	-	-	-	-
Treasury Bills-6 months	18-Jul-19	-	1,225,000	1,225,000	-	-	-	-	-
Treasury Bills-6 months	01-Aug-19	-	325,000	325,000	-	-	-	-	-
Treasury Bills-6 months	12-Sep-19	-	200,000	200,000	-	-	-	-	-
Treasury Bills-6 months	10-Oct-19	-	500,000	500,000	-	-	-	-	-
Treasury Bills-6 months	24-Oct-19	-	500,000	500,000	-	-	-	-	-
Treasury Bills-6 months	02-Jan-20	-	250,000	250,000	-	-	-	-	-
Treasury Bills-6 months	30-Jan-20	-	250,000	250,000	-	-	-	-	-
Treasury Bills-12 months	29-Aug-19	-	3,500,000	3,500,000	-	-	-	-	-
Treasury Bills-12 months	12-Sep-19	-	500,000	500,000	-	-	-	-	-
Treasury Bills-12 months	26-Sep-19	-	500,000	500,000	-	-	-	-	-
Treasury Bills-12 months	10-Oct-19	-	1,500,000	1,500,000	-	-	-	-	-
Treasury Bills-12 months	07-Nov-19	-	500,000	500,000	-	-	-	-	-
Treasury Bills-12 months	02-Jan-20	-	500,000	500,000	-	-	-	-	-
Treasury Bills-12 months	30-Jan-20	-	1,200,000	1,200,000	-	-	-	-	-
Treasury Bills-12 months	27-Feb-20	-	500,000	300,000	200,000	182,443	182,586	11.09%	22.09%
As at March 31, 2020						182,443	182,586	143	
As at June 30, 2019						-	-	-	

6.7 Commercial Paper

Particulars	Profit rate	Issue date	Maturity date	Carrying value	Market value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
(Rupees in '000)							
K Electric Limited III	13.64%	10-Mar-20	10-Sep-20	70,175	70,752	4.30%	8.56%
As at March 31, 2020				70,175	70,752		
As at June 30, 2019				-	-		

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
6.8 Net unrealised diminution in value of investments at fair value through profit or loss	Note		
Market value of investments	6.1 - 6.6	755,892	492,339
Carrying value of investments	6.1 - 6.6	<u>(758,585)</u>	<u>(500,721)</u>
		<u>(2,692)</u>	<u>(8,382)</u>

		(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) 30 June 2019
7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	3,804	1,410
Sindh sales tax payable on management remuneration		495	184
Sales load payable		487	58
Payable against allocated expenses	7.2	135	115
Marketing and selling payable	7.3	<u>505</u>	<u>-</u>
		<u>5,427</u>	<u>1,767</u>

7.1 As per amendment in the offering document, the management company wef 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. Provided that fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme.

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.

		(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) 30 June 2019
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	9,896	6,633
Provision for federal excise duty and related tax on	8.2		
- Management fee		9,210	9,210
- Sales load		239	239
Brokerage		176	70
Capital gain tax		637	146
Auditors' remuneration		259	372
Printing and related expenditure		18	75
Other		<u>649</u>	<u>1,583</u>
		<u>21,085</u>	<u>18,328</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 year ended June 30, 2019. 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 December 31, 2019 would have been higher by Re. 0.36 per unit (June 30, 2019 Re. 0.2566 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 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 December 31, 2019 would have been higher by Re. 0.33 per unit (June 30, 2019: Re. 0.3490 per unit).

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

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies as at March 31, 2020 (June 30, 2019: Nil).

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 2.0% to 2.5%. The total expense ratio of the Fund from July 1, 2019 to March 31, 2020 is 2.68% and this includes 0.53% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorized as income scheme.

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

13. TRANSACTIONS WITH CONNECTED PERSONS

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 agreed terms.

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

	For the half year ended March 31, 2020					
	As at July 01, 2019	Issued for cash	Redeemed	As at March 31, 2020	As at July 01, 2019	Issued for cash
	Units					
	(Rupees in '000)					
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	85,750	-	-	85,750	4,924	-
						5,108
Directors and key management personnel of the Management Company	-	210,043	208,356	1,687	-	11,752
						11,666
Mandate under discretionary portfolio services	257,687	74,562	126,767	205,482	14,798	4,236
						7,262
						12,239
	Units					
	(Rupees in '000)					
	As at July 01, 2018	Issued for cash	Redeemed	As at March 31, 2018	As at July 01, 2019	Issued for cash
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	-	79,367	-	79,367	-	4,271
						4,601
Nishat Mills Limited	-	6,283,645	6,283,645	-	-	342,400
						344,723
Directors and key management personnel of the Management Company	4,294	7,636	11,930	-	242	400
						653
Mandate under discretionary portfolio services	307,168	4,236,165	7,262,304	410,686	17,303	34,989
						29,635
						22,806

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

13.2 Details of transactions with related parties / connected persons during the period

	(Un-Audited) March 31, 2020 ----- (Rupees in '000) -----	(Un-Audited) March 31, 2019
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	21,961	12,234
Allocated expenses	1,166	1,287
Selling and marketing expense	1,513	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	986	1,833
CDS charges	15	164
MCB Bank Limited - Parent of the Management Company		
Profit on Bank deposits	279	-
Bank charges	19	-
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage expense *	83	-
Arif Habib Limited - Subsidiary of Associated Company		
Brokerage expense *	62	3

13.3 Details of balances with related parties / connected persons as at period / year end

	(Un-Audited) March 31, 2020 ----- (Rupees in '000) -----	(Audited) June 30, 2019
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	3,804	1,410
Sindh sales tax payable on management remuneration	495	184
Sales load payable	487	58
Selling and marketing payable	505	-
Back office payable	260	115
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	102	169
Sindh sales tax payable on Trustee remuneration	13	22
Security deposit	200	200
MCB Bank Limited - Parent of the Management Company		
Bank balance	15,463	16,173
Profit receivable on bank deposits	10	167
Sales load payable	-	1,068
Next Capital Limited - Joint Venture of MCB & Arif Habib		
Brokerage payable *	38	5
Arif Habib Limited - Subsidiary of Associated Company		
Brokerage payable *	1	-

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

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

14 CORRESPONDING FIGURES

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

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were 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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