



MCB-ARIF HABIB
Savings and Investments Limited

**QUARTERLY
REPORT**

**MARCH
2018**
(UNAUDITED)

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

MCB PAKISTAN FREQUENT PAYOUT FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	MCB Financial Services Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited First Mirco Finance Bank Limited Silk Bank Limited	
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 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Frequent Payout Fund** accounts review for the nine months ended March 31, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

The economic scorecard showed a mixed picture with the real side depicting strong growth momentum while external side demanding policy measures.

The policy makers allowed the PKR/USD parity to adjust towards ~115 to support the deteriorating reserves position by arresting the worsening external account. The government at the end of March announced a tax amnesty scheme for undeclared foreign and domestic assets with tax rates ranging from 2%-5%.

The real growth remained strong depicted by Large Scale Manufacturing registering a growth of 6.24% YoY in first eight months of FY18 supported by strong growth in Petroleum Products, Steel and Food & Beverage sectors. The better preliminary crop numbers of cotton, wheat and sugar along with strong LSM growth is expected to keep the growth target of 6% in reach.

The fiscal deficit for the first half of this financial year was recorded at ~2.2% of GDP, despite high tax collection. Tax Authorities managed to collect PKR 2.0 trillion during the period, showing a growth of 17.6% compared to same period last year.

CPI for the nine months of FY18 remained modest averaging 3.78% YoY supported by stable food prices, controlled house rent and higher base effect. However, rising oil prices and depreciating currency indicate upward pressure going forward.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the nine months clocked in at ~USD 10.8 billion (up 50% YoY). Trade deficit for the first nine months of the financial year reached USD 19.7 billion up ~22% YoY. Import registered an increase of ~17% during the half year, propelled by petroleum imports and an expansionary fiscal and monetary policies. On the flip side, the impact of textile package introduced by the government in order to boost exports, started to gain some momentum as textile exports grew by ~8% during the nine months of the financial year, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~3.6 billion, despite USD 2.5 billion bond issuance in international bond markets. PKR also depreciated by ~10% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations, after the recent rupee depreciation, as against all tenors, 3-months Treasury Bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions and banks in auctions.

Equity Market Review

The benchmark index posted a cumulative 9MFY18 return of -2.16% as compared to 27.45% SPLY. However, much anticipated currency depreciation event rejuvenated subdued investor interest in the market. Also, developments on the macro front along with relative calm on the political front (Senate elections held on Mar3'18) drove market performance during the quarter. This was evident in 3QFY18's gain of ~12.5% in the benchmark index.

Macro vulnerabilities continued to impact the market as burgeoning current account deficit and higher debt servicing continued to exert pressure on SBP's foreign exchange reserves. Furthermore, announcement of a status quo in Monetary Policy on Mar 30'18 was quite contrary to market expectations. Other eminent events till date include 1) SC's decision declaring Nawaz Sharif ineligible to continue as party head while dismissing all political actions taken by him since Jul 28'17 (Panama case verdict) and 2) inclusion of Pakistan in FATF's watch-list.

While 9MFY18 numbers show USD 124 mn foreign selling, this trend was reversed in the last quarter where massive foreign buying of ~USD 31.2 mn was witnessed. In 9MFY18, foreign selling was mainly absorbed by insurance companies (USD 104 mn). Average volumes and value traded were 175 mn shares and PKR 8.3 bn respectively. Positive contribution to the index was led by E&Ps (+26%) and Refineries (+15%). E&Ps rallied on the back of increase in oil prices by ~37%. Negative contributors to the index were Cement(-23%), Autos(-16%) and Oil Marketing Companies(-13%). Cement sector's lackluster performance was because of concerns over future pricing discipline on upcoming capacity expansions of ~4.5 mn tons in the next 7-8 months in the Southern region. However, the sector rebounded in the latest quarter on the back of price increase of ~Rs 50/bag in a phased manner throughout the month of March as well as

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

improved dispatches number. Auto performed poorly on anticipation of currency depreciation and strengthening of Yen. OMC sector underperformed due to disappointing results (inventory losses), ban on import of furnace oil and weak demand outlook.

It is important to highlight that in 3QFY18, Commercial Banks, Chemicals and Fertilizers outperformed the market gaining (14.1%, 14.9% and 11.3% respectively). Banks' rally can be attributed to currency depreciation and ensuing rate rise expectations. Chemicals gained due to strong international chemical margins. Interest in fertilizer sector remained high due to strong international fertilizer prices, comfortable inventory situation and outstanding sales numbers.

FUND PERFORMANCE

During the period under review, the fund posted a return of 3.10% as compared to the benchmark return of 3.97%. The fund was mostly invested in cash (51.8%) and Term Finance Certificates (18.0%).

The Net Assets of the Fund as at March 31, 2018 stood at Rs. 621 million as compared to Rs. 900 million as at June 30, 2017 registering a decrease of 31.0%. The Net Asset Value (NAV) per unit as at March 31, 2018 was Rs. 100.7523, a decrease of Rs. 0.6729 over June 30, 2017.

MARKET & ECONOMY - FUTURE OUTLOOK

The recent rupee depreciation of ~10% is expected to reflect in the external account numbers going forward. Exports are expected to continue growth trajectory with textile package also providing support. Unnecessary imports are expected to slow down reflecting the higher imported cost. Given our outlook of trade deficit and weak performance on remittances, we expect current account deficit to approach ~USD 16 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion. Next year could fare better, provided oil stays close to current levels, given machinery imports would slow down and impact of recent rupee devaluation would be more visible in proceeding year's numbers.

The recent tax amnesty scheme announced could be successful as it is followed by some complimentary steps to curb the undeclared money. Additionally, regulations over the world would allow information sharing of residents from September, 2017 and undeclared assets would be difficult to hide. The tax amnesty scheme could bring in much needed foreign inflow of around ~USD 4 bn.

KSE-100 trades at a forward P/E of 10.28x, at a steep discount of 19.5% from its emerging market peer group. Enduring themes that should play out over the medium-term include PKR depreciation and higher interest rates, CPEC and continued GoP support for the export-oriented sector that would encourage exports. The upcoming budget with expectations of removal of tax on bonus shares and rationalization of capital gains tax could propel positive sentiments. The success of the amnesty scheme would also be a positive omen as foreign inflows would allow to control external vulnerabilities and stock market would become a potential investment avenue after whitening of money.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an expected uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

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 19, 2018



Nasim Beg
Vice Chairman / Director

ڈائریکٹرز رپورٹ
برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

حالیہ اعلان کردہ ٹیکس معاف اسکیم کامیاب ہو سکتی ہے کیونکہ اس کے ساتھ ساتھ غیر اعلانیہ رقم پر قابو پانے کے لیے کچھ مفید اقدامات کیے گئے ہیں۔ اس کے علاوہ عالمی سطح کے اصول و ضوابط کے نتیجے میں ستمبر 2017ء سے رہائشیوں کی معلومات ظاہر کرنے کی اجازت ہوگی اور غیر اعلانیہ اثاثہ جات کو پوشیدہ رکھنا مشکل ہو جائے گا۔ ٹیکس معاف اسکیم تقریباً 4 بلین ڈالر کی مطلوبہ آمد کو بھی یقینی بنا سکتی ہے۔

KSE-100 کی تجارت کی 10.82x کی فارورڈ P/E پر ہوئی جو اس کے ابھرتے ہوئے مارکیٹ peer گروپ کے مقابلے میں 19.5% کی بھرپور رعایت ہے۔ مستحکم پیش رفت، جن کا اثر درمیانی مدت تک رہے گا، میں روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور CPEC اور برآمدات پر منحصر شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں۔

آئندہ بجٹ، جس میں بونس حصص پر ٹیکس ختم ہونے اور کیپٹل منافعوں کی rationalization کی متوقع ہے، خوش آئند ثابت ہو سکتا ہے۔ ٹیکس معاف اسکیم کی کامیابی بھی مثبت علامت ہوگی کیونکہ غیر ملکی آمدات سے خارجی خطرات پر قابو پایا جاسکے گا اور اسٹاک مارکیٹ کا لے دھن کی صفائی کے بعد سرمایہ کاری کا اچھا موقع فراہم کرے گی۔ مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رُخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

اظہار تشکر

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

من جانب بورڈ



نسیم بیگ

وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

19 اپریل 2018ء

پاکستان کے غیر ملکی زرمبادلہ کے ذخائر پر دباؤ جاری رکھا۔ علاوہ ازیں، 30 مارچ 2018ء کو مانیٹری پالیسی میں سابقہ معیار جاری رکھنے کا اعلان مارکیٹ کی توقعات کے برخلاف تھا۔ تاحال دیگر اہم واقعات میں (1) سپریم کورٹ کا نواز شریف کو پارٹی سربراہی جاری رکھنے سے نااہل قرار دینے اور 28 جولائی 2017ء سے ان کے تمام سیاسی اقدامات کو بے اثر قرار دینے کا فیصلہ (پانامہ کیس کا فیصلہ)، اور (2) پاکستان کی FATF کی واچ لسٹ میں شمولیت شامل ہیں۔

اگرچہ مالی سال 2018ء کے نو ماہ کے اعداد و شمار کے مطابق 124 ملین امریکی ڈالر کی غیر ملکی فروخت ہوئی، لیکن آخری سہ ماہی میں اس رجحان میں تبدیلی آگئی اور 31.2 ملین ڈالر کی خطر خریداری دیکھی گئی۔ مالی سال 2018ء کے نو ماہ میں غیر ملکی فروخت کا اثر زیادہ تر انشورنس کمپنیوں نے قبول کیا (104 ملین امریکی ڈالر)۔ اوسطاً 8.3 بلین روپے مالیت کے 175 ملین حصص کی تجارت ہوئی۔

انڈیکس میں سب سے زیادہ مثبت کردار E&Ps (+26%) اور ریٹائرمنٹ (+15%) نے ادا کیا۔ E&Ps نے تیل کی قیمتوں میں اضافے کی بدولت 37% ترقی کی۔ انڈیکس پر منفی اثرات سیمنٹ کے شعبے (-23%)، گاڑیوں کے شعبے (-16%) اور آئل مارکیٹنگ کمپنیوں (-13%) نے مرتب کئے۔ سیمنٹ کے شعبے کی غیر معیاری کارکردگی کی وجہ سے 7-8 ماہ میں جنوبی خطے میں استعداد میں 4.5 ملین ٹن وسعت کی قیمتوں کے تعین کے نظام میں خدشات ہیں۔ تاہم مارچ کے پورے مہینے کے دوران 50 روپے فی تھیلی قیمت میں بتدریج اضافے اور ترسیلات کی تعداد میں اضافے کے باعث موجودہ سہ ماہی میں اس شعبے نے دوبارہ ترقی کی۔ گاڑیوں کے شعبے نے روپے کی قدر میں کمی اور جاپانی ین میں استحکام کی توقع میں غیر معیاری کارکردگی کا مظاہرہ کیا۔ OMC کے شعبے نے مایوس کن نتائج (انویٹری کے نقصانات)، فرنیس آئل کی درآمد پر پابندی اور مانگ میں کمی کے رجحان کے باعث مطلوبہ سے کم کارکردگی کا مظاہرہ کیا۔

یہ بات قابل ذکر ہے کہ مالی سال 2018ء کی تیسری سہ ماہی میں کمرشل بینک، کیمیکلز اور کھاد کے شعبے بالترتیب 14.1%، 14.9% اور 11.3% ترقی کر کے مارکیٹ میں صنف اول میں رہے۔ بینکوں کی ترقی کا سبب روپے کی قدر میں کمی اور اس کے نتیجے میں شرح میں اضافے کی توقعات کو فرار دیا جاسکتا ہے۔ کیمیکلز کے شعبے نے مستحکم بین الاقوامی منافع کی بدولت ترقی کی۔ کھاد کے شعبے میں دلچسپی میں اضافے کے اسباب کھاد کی بین الاقوامی قیمتوں میں استحکام، انویٹری کی اطمینان بخش صورتحال اور شاندار فروخت ہیں۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 3.10% منافع پوسٹ کیا، بالمقابل 3.97% نیچ مارک منافع کے۔ فنڈ کی زیادہ تر سرمایہ کاری نقد (51.8%) اور ٹرم فنانس سرٹیفکیٹس (18.0%) میں تھی۔

31 مارچ 2018ء کو فنڈ کے net اثاثہ جات 621 ملین روپے تھے، جو 30 جون 2017ء کو 900 ملین روپے کے مقابلے میں 31.0% کمی ہے۔ 31 مارچ 2018ء کو Net اثاثہ جاتی قدر (NAV) نی یونٹ 100.7523 روپے تھی، جو 30 جون 2017ء کے مقابلے میں 0.6729 روپے فی یونٹ کم ہے۔

بازار اور معیشت - مستقبل کی صورتحال

روپے کی قدر میں حالیہ 10% کمی کی عکاسی متوقع طور پر خارجی اکاؤنٹ کے بلند ہوتے ہوئے اعداد و شمار میں ہوگی۔ برآمدات کی ترقی کا سفر جاری رہنے کی امید ہے، اور نیٹ سٹائل پیکیج بھی پشت پناہی فراہم کرے گا۔ درآمداتی لاگت میں اضافے کے باعث غیر ضروری درآمدات میں کمی متوقع ہے۔ تجارتی خسارے اور ترسیلات زر کی کمزور کارکردگی کے پیش نظر کرنٹ اکاؤنٹ کا خسارہ متوقع طور پر 16 بلین ڈالر تک پہنچ جائے گا، جس کے نتیجے میں ہمارے تخمینے کے مطابق تقریباً 5 بلین ڈالر کی اضافی سرمایہ کاری کی ضرورت ہوگی۔ اگلا برس کافی بہتر ہو سکتا ہے، بشرطیکہ تیل موجودہ سطحوں کے قریب برقرار رہے، مشینری کی موجودہ درآمدات میں کمی ہو، اور روپے کی قدر میں حالیہ کمی کی عکاسی اگلے سال کے اعداد و شمار میں واضح تر ہو۔

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان فریکوئنٹ پی آؤٹ فنڈ کے 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

معاشی اعداد و شمار میں ملاحظہ جاراہے جاری رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ پالیسی کے اقدامات مطالبہ کر رہا ہے۔ پالیسی ساز پاکستانی روپے اور امریکی ڈالر کے مابین برابری کو 115 کی جانب لے گئے تاکہ گھٹتے ہوئے ذخائر کے باعث خارجی اکاؤنٹ کی بگڑتی ہوئی حالت پر قابو پایا جاسکے۔ مارچ کے اختتام پر حکومت نے غیر اعلانیہ منگنی وغیر منگنی اثاثہ جات کے لئے ٹیکس میں رعایت کی پالیسی کا اعلان کیا اور ٹیکس کی شرحوں کو 2% سے 5% کے درمیان لے آئی۔ حقیقی ترقی مستحکم رہی جس کی عکاسی بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مالی سال 2018ء کے پہلے آٹھ ماہ میں 6.24% YoY ترقی سے ہوئی، اور اس کی پشت پناہی پٹرولیم مصنوعات، اسٹیل اور ایشیائے خورد و نوش کے شعبے میں مستحکم ترقی نے کی۔ کپاس، گندم اور چینی کی بہتر ابتدائی فصل بشمول مضبوط LSM ترقی کی بدولت 6% ترقی کا ہدف متوقع طور پر قابل حصول ہے۔

موجودہ مالی سال کی پہلی ششماہی میں ٹیکس کے بھرپور حصول کے باوجود مالی خسارہ مجموعی منگنی پیداوار (GDP) کا 2.2% تھا۔ ٹیکس کے اداروں نے دوران مدت 2.0 ٹریلین روپے ٹیکس جمع کیا جو سال گزشتہ کی اسی مدت کے مقابلے میں 17.6% زیادہ ہے۔

مالی سال 2018ء کے نو ماہ کے لئے CPI کا اوسط YoY 3.78% کے درمیانے درجے پر تھا جس کی پشت پناہی ایشیائے خورد و نوش کی مستحکم قیمتوں، محدود رہائشی کرائے اور پہلے سے زیادہ base effect سے ہوئی۔ تاہم تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر باؤ میں مزید اضافے کی طرف اشارہ کر رہی ہیں۔ خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے نو ماہ 10.8 بلین ڈالر تھا (YoY 50% اضافہ)۔ مالی سال کے پہلے نو ماہ میں تجارتی خسارہ 19.7 ڈالر تک پہنچ گیا، جو YoY 22% اضافہ ہے۔ سال کے نصف اوّل کے دوران درآمدات میں 17% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب برآمدات کے فروغ کے لئے حکومت کے متعارف کردہ ٹیکسٹائل پیکیج کے اثرات نے کچھ رفتار پکڑی اور مالی سال کے پہلے نو ماہ کے دوران ٹیکسٹائل کی برآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی برآمدات سے پیدا ہونے والی خلیج کو پُر کرنے کے لئے ناکافی تھا۔ نتیجاً، غیر ملکی زر مبادلہ کے ذخائر میں 3.6 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے بانڈز کا اجراء ہوا۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 10% کمی ہوئی جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔ روپے کی قدر میں حالیہ کمی کے بعد افراط زر میں تمام tenors کے مقابلے میں اضافے کی توقعات بازار کے لئے اشارہ تھا۔ سہ ماہی ہائری بلز کو سب سے زیادہ ترجیح حاصل رہی، جبکہ طویل المیعاد پاکستان انویسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو مالیاتی اداروں اور auctions میں بینکوں سے بہت محدود پذیرائی حاصل ہوئی۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2018ء کے نو ماہ میں بیچ مارک انڈیکس کا مجموعی منافع 2.16% تھا بالقابل SPLY 27.45%۔ تاہم روپے کی قدر میں متوقع کمی نے مارکیٹ میں سرمایہ کاروں کی محدود دلچسپی میں اضافہ کر دیا۔ علاوہ ازیں، وسیع رُخ میں متعدد پیش رفت اور سیاسی رُخ میں نسبتاً کم ہلچل (سینیٹ انتخابات منعقدہ 3 مارچ 2018ء) کا دوران سہ ماہی بازار کی کارکردگی پر اثر ہوا، جو مالی سال 2018ء کی تیسری سہ ماہی میں بیچ مارک انڈیکس میں 12.5% منافع سے ظاہر ہے۔

کلاں معاشیات کے خطرات کا مارکیٹ پر اثر جاری رہا، اور کرنٹ اکاؤنٹ کے تیزی سے بڑھتے ہوئے خسارے اور پہلے سے زیادہ debt سرونگ نے اسٹیٹ بینک آف

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2018**

	March 31. 2018 (Un-audited)	June 30. 2017 (Audited)
Note	(Rupees in '000)	
Assets		
Balances with banks	4 330,948	541,451
Investments	5 217,428	290,609
Dividend and profit receivables	3,837	1,800
Advances, deposits and other receivables	4,317	5,242
Advance against subscription of term finance certificate	50,000	-
Preliminary expenses and floatation costs	383	495
Receivable against margin trading system transactions	-	16,065
Receivable against sale of investments	23,162	38,360
Receivable from National Clearing Company of Pakistan Limited	8,316	20,286
Total assets	638,391	914,308
Liabilities		
Payable to the Management Company	6 661	1,950
Payable to the Trustee	72	102
Payable to the Securities and Exchange Commission of Pakistan	509	996
Accrued expenses and other liabilities	7 7,192	7,939
Payable Against Purchase Of Equity Securities	6,174	-
Dividend payable	2,639	3,725
Total liabilities	17,247	14,712
NET ASSETS	<u>621,144</u>	<u>899,596</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>621,144</u>	<u>899,596</u>
CONTINGENCIES AND COMMITMENTS	8	
	(Number of units)	
NUMBER OF UNITS IN ISSUE	<u>6,165,057</u>	<u>8,869,552</u>
	(Rupees)	
NET ASSET VALUE PER UNIT	<u>100.7523</u>	<u>101.4252</u>
FACE VALUE PER UNIT	<u>100.0000</u>	<u>100.0000</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

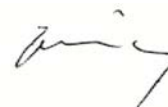
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE NINE MONTH AND QUARTER ENDED MARCH 31, 2018**

	Note	Nine Month ended March 31, 2018	Nine Month ended March 31, 2017	Quarter ended March 31, 2018	Quarter ended March 31, 2017
(Rupees in '000)					
Income					
(Loss) / Gain on sale of investments - net		(1,363)	10,037	1,170	(5,024)
Dividend income		3,692	5,279	544	2,881
Profit on savings, term deposits and letter of placements		18,139	19,162	5,327	6,963
Income on margin trading system transactons		1,876	-	315	-
Income on term finance certificate and commercial papers		3,627	-	2,558	-
Income from government securities		9,482	28,622	2,150	11,393
(Loss) / Income from spread transactions		(1,477)	1,025	(196)	449
		33,976	64,125	11,868	16,662
Net unrealised (dimunution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.1.4	(775)	(8,028)	(411)	(10,269)
Total income		33,201	56,097	11,457	6,393
Expenses					
Remuneration of the Management Company	6.1	5,339	8,508	1,727	2,747
Sindh sales tax on remuneration of the Management Company	6.2	694	1,106	225	357
Remuneration of the Trustee		642	937	191	317
Sindh Sales Tax on remuneration of the Trustee		84	122	25	41
Annual fee to the Securities and Exchange Commission of Pakistan		509	772	152	262
Allocated expenses	6.3	605	918	180	311
Marketing and selling expense	6.4	1,053	93	-	93
Auditors' remuneration		521	514	176	255
Brokerage, settlement and bank charges		1,303	379	359	321
Fees and subscriptions		231	2,905	69	685
Amortisation of preliminary expenses and floatation costs		111	153	36	79
Legal and professional charges		116	45	24	45
Printing and related charges		7	104	7	12
Provision against Sindh Wokers' Welfare Fund	7.2	440	1,128	166	1,128
Total operating expenses		11,655	17,684	3,337	6,653
Net income from operating activities		21,546	38,413	8,120	(260)
Net element (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed					
- arising from realised / unrealised capital gains		-	(9,733)	-	(297)
- arising from other income		-	5,767	-	(587)
		-	(3,966)	-	(884)
Net income for the period before taxation		21,546	34,447	8,120	(1,144)
Taxation	10	-	-	-	-
Net income for the period after taxation		21,546	34,447	8,120	(1,144)
Earnings per unit	11				
Allocation of net income for the period:					
Net income for the period after taxation		21,546	34,447	8,120	(1,144)
Income already paid on units redeemed		(126)	-	(1,715)	-
		21,240	34,447	6,405	(1,144)
Accounting income available for distribution:					
-Relating to capital gains		-		564	
-Excluding capital gains		21,240		5,841	
Accounting income available for distribution		21,240		6,405	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

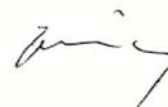
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTH AND QUARTER ENDED MARCH 31, 2018**

	Nine Month ended March 31, 2018	Nine Month ended March 31, 2017	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	21,546	34,447	8,120	(1,144)
Other comprehensive income				
<i>Items that may be reclassified subsequently to income statement</i>				
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	-	5,948	-	5,798
Total comprehensive income for the period	<u>21,546</u>	<u>40,395</u>	<u>8,120</u>	<u>4,654</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

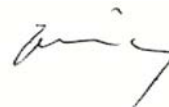
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2018

	Nine Month ended March 31, 2018			Nine Month ended March 31, 2017	
(Rupees in '000)					
	Capital Value	Undistributed income	Unrealised (losses) / gains on available for sale investments	Total	Total
Net assets at the beginning of the period	888,279	11,317	-	899,596	796,202
Issue of 675,080 units (2017: 8,223,245 units)					
- Capital value (at net asset value per unit at the beginning of the period)	68,470	-	-	68,470	
- Element of loss	(177)	-	-	(177)	
	68,293	-	-	68,293	826,747
Redemption of 3,379,574 units (2017: 5,747,434 units)					
- Capital value (at net asset value per unit at the beginning of the period)	(342,774)	-	-	(342,774)	
- Element of income	1,001	(126)	-	875	
	(341,773)	(126)	-	(341,899)	(580,524)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	-	-	-	-	3,966
Total comprehensive income for the period	-	21,546	-	21,546	40,395
Distributions during the period	-	(26,392)	-	(26,392)	(31,595)
Net income for the period less distribution	-	(4,846)	-	(4,846)	8,800
Net assets as at the end of the period	614,799	6,345	-	621,144	1,055,191
Distribution for the period					
Undistributed income brought forward comprises of:					
- Realised gain		11,383			1,170
- Unrealised (loss) / gain		(66)			391
		11,317			1,561
Accounting income / (loss) available for distribution:					
-Relating to capital gains / (losses)			-		
-Excluding capital gains / (losses)			21,420		
Net Income for the period after taxation					34,447
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised loss			-		2,608
Interim distributions during the period					
- Cash distribution			(26,392)		(31,595)
Income available for distribution / (Excess Distribution)			(4,972)		2,852
Undistributed income carried forward		<u>6,345</u>			<u>7,021</u>
Undistributed income carried forward comprises of:					
- Realised gain		7,083			15,049
- Unrealised (loss) / gain		(738)			(8,028)
		<u>6,345</u>			<u>7,021</u>
				(Rupees)	(Rupees)
Net assets value per unit as at beginning of the period				<u>101.4252</u>	<u>100.2203</u>
Net assets value per unit as at end of the period				<u>100.7523</u>	<u>101.2627</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

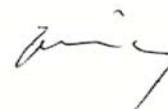
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2018**

	Note	Nine Month ended March 31, 2018	Nine Month ended March 31, 2017
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		21,546	34,447
Adjustments for non-cash charges and other items:			
Net unrealised dimunition / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.1.4	775	8,028
Net element (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed			
- arising from realised / unrealised capital gains		-	9,733
- arising from other income		-	(5,767)
		22,321	46,441
Decrease / (Increase) in assets			
Investments - net		72,406	(188,228)
Dividend and profit receivables		(2,037)	16,717
Advances, deposits and receivables		925	(38,255)
Advance against subscription of term finance certificate		(50,000)	-
Preliminary expenses and floatation costs		112	-
Receivable against margin trading system transactions		16,065	-
Receivable against sale of investments		15,198	-
Receivable from National Clearing Company of Pakistan Limited		11,970	(662)
		64,639	(210,428)
Increase / (decrease) in liabilities			
Payable to the Management Company		(1,289)	(6,043)
Payable to the Trustee		(30)	35
Payable to the Securities and Exchange Commission of Pakistan		(487)	443
Accrued expenses and other liabilities		(747)	751
Payable Against Purchase Of Equity Securities		6,174	-
Dividend payable		(1,086)	-
		2,535	(4,815)
Net cash generated from operating activities		89,495	(168,802)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		68,293	826,747
Payments against redemption of units		(341,899)	(580,524)
Cash distributions made during the period		(26,392)	(31,595)
Net cash (used in) / generated from financing activities		(299,998)	214,628
Net increase in cash and cash equivalents		(210,503)	45,826
Cash and cash equivalents at beginning of the period		541,451	200,594
Cash and cash equivalents at end of the period	4	330,948	246,420

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Frequent Payout Fund ("the Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non Banking Finance Companies and Notified Entities Regulations, 2008. The Fund was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 16 July 2015. It was constituted under a Trust Deed dated 22 July 2015 between MCB-Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and MCB Financial Services Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Fund is an open-end collective investment scheme categorised as an "asset allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for purchase, redemption, transfer, switching, etc. only during the first five business days of every month. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide regular monthly payments to investors by investing the assets of the Fund in debt and equity instruments.

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, off. Shaheed-e-Millat Expressway, near KPT interchange, Karachi, Pakistan.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of "AM2++" with a stable outlook to the Management Company on December 28, 2017.

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

2 Basis of Preparation

2.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:

- International Financial Reporting 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
- 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 requirements of the Trust Deed.

Where provisions of the 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 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 2017.

2.3 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2018 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2017, 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 2017.

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 Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

- 2.5 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees, unless otherwise specified.
- 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN
- 3.1 The accounting policies, financial risk management objectives and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in notes 3.1:

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded in the form of additional units at zero cost in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognized as per the previous accounting policy, the income of the Fund would have been higher by Rs 0.697 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

	Note	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
4 BALANCES WITH BANKS			
Bank balances - in saving accounts	4.1	330,948	541,451
4.1	These carry profit at rates ranging between 3.75% and 7.50% (June 30, 2017: 3.75% to 6.35%) per annum and include a balance of Rs 0.809 million (June 30, 2017: Rs 3.330 million) maintained with MCB Bank Limited, a related party of the Fund, which carries profit at the rate of 3.75% (June 30, 2017: 3.75%) per annum.		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5 INVESTMENTS	Note	March 31, 2018	June 30, 2017
		(Un-audited)	(Audited)
		(Rupees in '000)	
At fair value through profit or loss - held for trading			
- Listed equity securities	5.1.1	3,689	10,841
- Government securities - Market Treasury Bills	5.1.2	29,874	74,768
- Investment in corporate sukuks and term finance certificates	5.1.3	64,917	-
		<u>98,480</u>	<u>85,609</u>
Loans and receivables			
- Commercial papers	5.2	58,948	-
- Term deposit receipts		-	205,000
- Letter of placement	5.3	60,000	-
		<u>118,948</u>	<u>205,000</u>
		<u>217,428</u>	<u>290,609</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

5.1 At fair value through profit or loss - held for trading

5.1.1 Listed equity securities

Name of investee company	As at July 1, 2017	Purchased during the period	Bonus/ rights issue during the period	Sold during the period	As at March 31, 2018	Carrying value as at March 31, 2018	Market value as at March 31, 2018	Unrealised appreciation/ (diminution) as at March 31, 2018	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.											
Automobile Assembler											
Honda Atlas Cars(Pakistan) Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Indus Motors Company Limited	-	4,000	-	4,000	-	-	-	-	-	-	-
Cable & Electrical Goods											
Pak Elektron	-	465,900	-	465,900	-	-	-	-	-	-	-
TPL Trakker Ltd	-	126,500	-	126,500	-	-	-	-	-	-	-
Cement											
D.G. Khan Cement	-	251,500	-	251,500	-	-	-	-	-	-	-
Fauji Cement Co Ltd	-	22,500	-	22,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Ltd	-	13,000	-	13,000	-	-	-	-	-	-	-
Chemicals											
Descon Oxychem Limited	-	11,000	-	11,000	-	-	-	-	-	-	-
Engro Polymer & Chemical	-	335,000	-	335,000	-	-	-	-	-	-	-
Commercial Banks											
Askari Bank Limited	-	1,500	-	1,500	-	-	-	-	-	-	-
Bank Al Falah Limited	-	2,000	-	2,000	-	-	-	-	-	-	-
Bank Al Habib Limited	-	64,000	-	64,000	-	-	-	-	-	-	-
Bank Of Punjab	-	60,500	-	60,500	-	-	-	-	-	-	-
Habib Bank Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Js Bank Limited	-	735,000	-	735,000	-	-	-	-	-	-	-
Mcb Bank Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
National Bank Of Pakistan	-	30,000	-	30,000	-	-	-	-	-	-	-
United Bank Limited	-	16,500	-	16,500	-	-	-	-	-	-	-
Engineering											
Amreli Steels Limited	-	2,500	-	2,500	-	-	-	-	-	-	-
International Steels Ltd	-	17,000	-	17,000	-	-	-	-	-	-	-
Mughal Iron & Steel	-	50,000	-	50,000	-	-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	3,500	49,000	-	52,500	-	-	-	-	-	-	-
Engro Fertilizer Limited	-	6,500	-	6,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Ltd	-	130,500	-	130,500	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Food & Personal Care Products									
Engro Foods Limited	-	2,500	-	-	2,500	-	-	-	-
Treet Corporation	-	47,500	-	-	47,500	-	-	-	-
Inv.Banks/Inv.Co M./Securities Cos.									
* Arif Habib Limited	-	25,000	-	-	25,000	-	-	-	-
Oil & Gas Expoloration									
Pakistan Petroleum Ltd	-	20,500	-	-	20,500	-	-	-	-
Oil & Gas Expoloration Companies									
Mari Petroleum Company	-	3,560	-	-	3,560	-	-	-	-
Oil & Gas Development Co Ltd	-	48,500	-	-	48,500	-	-	-	-
Pakistan Oilfields Limited	-	25,000	-	-	25,000	-	-	-	-
Oil And Gas Marketing Companies									
Pakistan State Oil Co Ltd.	-	19,500	-	-	19,500	-	-	-	-
Sui Northern Gas	-	50,000	-	-	50,000	-	-	-	-
Power Generation & Distribution									
Hub Power Company Ltd	-	254,500	-	-	254,500	-	-	-	-
K-Electric Ltd	-	525,500	-	-	525,500	-	-	-	-
Real Estate Investment And Services									
* Dolmen City Reit	820,000	-	-	549,000	271,000	3,206	3,520	314	0.57
						3,206	3,520	314	0.57
Refinery									
Attock Refinery Limited	-	160,000	-	-	160,000	-	-	-	-
Byco Petroleum Pakistan	-	151,500	-	-	151,500	-	-	-	-
Technology & Communications									
P.T.C.L "A"	-	78,000	-	-	78,000	-	-	-	-
TRG Pakistan	-	124,000	-	-	124,000	-	-	-	-
Textile Composite									
Gul Ahmed Textile	-	31,500	-	-	31,500	-	-	-	-
** Kohinoor Textile Mills Ltd	-	40,000	2,400	40,000	2,400	144	169	25	0.03
Kohinoor Textile Mills Ltd(R)	-	-	2,400	2,400	-	-	-	-	-
* Nishat (Chunian) Limited	-	44,000	-	44,000	-	-	-	-	-
* Nishat Mills Ltd	-	12,000	-	12,000	-	-	-	-	-
		144		169	25				
Total - March 31, 2018		3,350		3,689	339			0.60	0.01
Total - June 30, 2017		10,895		10,841	(54)			1.21%	3.73%

* These denote related parties / connected persons

** Percentages appearing as Nil are due to rounding-off.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.1.2 Government securities - Market Treasury Bills

Descriptions	Face value			Carrying value as at March 31, 2018	Market value as at March 31, 2018	Unrealised appreciation/(diminution) as at March 31, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2017	Purchased during the period	Sold / matured during the period					
T-Bills (3 months) - (Note: 5.1.2.1)	-	1,215,000	1,185,000	29,875	29,874	(1)	5%	-
T-Bills (6 months)	-	250,000	250,000	-	-	-	-	-
T-Bills (12 months)	75,000	450,000	525,000	-	-	-	-	-
Total - March 31, 2018				29,875	29,874	(1)	5%	0%
Total - June 30, 2017				74,775	74,768	(7)	0%	0%

(Rupees in 000)

5.1.2.1 The bill carries a yield at the rate of 6.16% (June 30, 2017: 6.03%) and is due to mature on April 26, 2018. Further, the investment has been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades (in accordance with Circular no. 11 dated October 23, 2007, issued by SECP) and as a security margin deposit against MTS transactions.

5.1.3 Investment in corporate sukus and term finance certificates

Description	Number of Certificates			Carrying value as at March 31, 2018	Market value as at March 31, 2018	Unrealised appreciation/(diminution) as at December	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2017	Purchased during the period	Sold / matured during the period					
Refinery								
** BYCO Petroleum Pakistan Limited - Sukuk Certificates (18-	-	10	-	1,000	1,004	4	0%	0%
Commercial Banks								
The Bank of Punjab - TFC (23-12-16)***	-	650	-	65,034	63,913	(1,121)	10%	29%
Total - March 31, 2018				66,034	64,917	(1,117)	10%	29%
Total - June 30, 2017				-	-	-	-	-

(Rupees in 000)

*These certificates have a face value of Rs. 100,000

** Percentages appearing as Nil are due to rounding-off.

***These certificates have a face value of Rs. 99,960

5.1.3.1 These carry profit at the rate of 7.21% (June 30, 2017: Nil) per annum and have maturities from January 18, 2022 to December 23, 2026.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.1.4 Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	Note	March 31, 2018 (Un-audited) (Rupees in '000)	June 30, 2017 (Audited)
Market value	5.1.1, 5.1.2 & 5.1.3	98,482	85,609
Less: carrying value	5.1.1, 5.1.2 & 5.1.3	99,257	(85,670)
		<u>(775)</u>	<u>(61)</u>

5.2 The commercial paper was issued by Hascol Petroleum Limited on December 29, 2017. The paper has a face value of Rs. 60 million and was issued at a discounted amount of Rs. 57.85 million, carrying a yield of 7.46% per annum. The investment represents 9.49% (June 30, 2017: Nil) of the total net assets of the Fund as at March 31, 2018.

5.3 These Letter of placement (LOP) of Rs 60,000 carry mark-up at the rate of 6.18% (June 30, 2017: Nil) per annum and is due to mature on May 10, 2018. The LOP represent 9.66% (June 30, 2017: Nil) of the total net assets of the Fund as at March 31, 2018.

6 PAYABLE TO THE MANAGEMENT COMPANY	Note	March 31, 2018 (Un-audited) (Rupees in '000)	June 30, 2017 (Audited)
Management remuneration payable	6.1	538	734
Sindh Sales Tax payable on Management Company's remuneration	6.2	70	95
Payable against allocated expenses	6.3	53	75
Payable against marketing and selling expenses	6.4	-	1,046
		<u>661</u>	<u>1,950</u>

6.1 The Management Company has charged remuneration at a rate of 15% of daily gross income subject to a minimum of 0.25% of average annual net assets and maximum of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

6.2 During the period, Sindh Sales Tax on management fee has been charged at 13% (June 30, 2017: 13%).

6.3 In accordance with the Regulation 60 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company has charged expenses at the rate of 0.1% of the average net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.

6.4 SECP vide a circular no.40 SCD/PRDD/ Circular/361/2016 dated December 30, 2016, allowed the Asset Management Companies to charge selling and marketing expenses to open end equity, asset allocation and index funds, initially for three years (from January 1, 2017 till December 31, 2019). Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged at the rate of 0.4% of net assets of the Fund, being lower than the actual expenses incurred.

7 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	March 31, 2018 (Un-audited) (Rupees in '000)	June 30, 2017 (Audited)
Federal Excise Duty payable on management remuneration	7.1	841	841
Federal Excise Duty payable on Sales load	7.1	3,625	3,625
Provision against Sindh Workers' Welfare Fund	7.2	1,955	1,515
Auditors' remuneration payable		302	458
Brokerage payable		65	944
Sales load payable - MCB & SCB		-	153
Sindh sales tax payable on allocated expenses		254	184
Printing and other charges payable		150	219
		<u>7,192</u>	<u>7,939</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

- 7.1 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, 2017. 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, 2018 would have been higher by Re. 0.14 per unit (June 30, 2017: Re. 0.09 per unit).
- 7.2 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, 2017. 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, 2018 would have been higher by Re. 0.32 per unit (June 30, 2017 Re. 0.17 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2018 and June 30, 2017 except as disclosed below.

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	------(Rupees in '000)-----	
8.1 Commitments		
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions have not been settled as at period end	-	2,648

9 TOTAL EXPENSE RATIO

Total expense ratio of the Fund is 1.63% as on March 31, 2018 and this includes 0.25% representing government Levy on the Fund such as Sales tax, Sindh Workers' Welfare Fund, SECP fee, etc.

10 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the required minimum percentage of accounting income earned by the Fund for the year ending June 30, 2018 to the unit holders in the manner as explained above, no provision for taxation has been made 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, determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

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

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	<u>Nine Month ended March 31, 2018</u>	<u>Nine Month ended March 31, 2017</u>
12.1 Transactions during the period	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company	5,339	8,508
Sindh sales tax on remuneration of the Management Company	694	1,106
Marketing and selling expense	1,053	918
Allocated expenses	605	93
MCB Financial Services Limited - Trustee		
Remuneration of MCB Financial Services Limited -Trustee	642	937
Sindh Sales Tax on remuneration of the Trustee	84	122
MCB Bank Limited - Holding Company of the Management Company		
Profit on bank deposits	71	227
Bank charges	2	8
Dividend income	160	-
Silkbank Bank Limited - Associate Company of the Management Company		
Profit on bank deposits	1,257	-
Bank charges	4	-
D.G. Khan Cement Limited		
Dividend income	1,185	-
Dolmen City REIT		
Dividend income	786	-
Nishat Chunian Limited		
Dividend income	67	-
Arif Habib Limited - Group company of the Management Company*		
Brokerage expense	29	198
Next Capital Limited - Group company of the Management Company*		
Brokerage expense	14	64
	March 31, 2018	June 30, 2017
	(Un-audited)	(Audited)
	(Rupees in '000)	
12.2 Balance outstanding as at the period end		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	538	734
Sindh Sales Tax payable on Management Company's remuneration	70	95
Payable against allocated expenses	53	75
Payable to marketing & selling expences	-	1046
MCB Financial Services Limited - Trustee		
Trustee remuneration payable	64	90
Sindh Sales Tax payable on trustee fees	8	12
MCB Bank Limited - Holding Company of the Management Company		
Balance with bank	809	3,330
Profit receivable	7	13
Sale load payable	-	120

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	March 31, 2018 (Un-audited) (Rupees in '000)	June 30, 2017 (Audited)
Silkbank Bank Limited - Associate Company of the Management Company		
Balance with bank	258,948	-
Profit receivable	814	-
Arif Habib Limited - Group company of the Management Company*		
Brokerage payable	-	40
Next Capital Limited - Group company of the Management Company*		
Brokerage payable	-	119

* The amount disclosed represents the amount of brokerage paid / payable 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 INTERIM DISTRIBUTIONS MADE DURING THE PERIOD

	<u>Rate per unit</u>	<u>Declaration date</u>	<u>Bonus Distribution</u>	<u>Cash Distribution</u>
			<u>Units</u>	<u>Amount</u>
				--- (Rupees in '000) ----
For the month ended July 2017	Re. 0.4310	July 31, 2017	-	-
For the month ended August 2017	Re. 0.4305	August 31, 2017	-	3,496
For the month ended September 2017	Re. 0.4150	September 30, 2017	-	3,053
For the month ended October 2017	Re. 0.4290	October 31, 2017	-	3,010
For the month ended November 2017	Re. 0.4140	November 30, 2017	-	2,884
For the month ended December 2017	Re. 0.4138	December 31, 2017	-	2,785
For the month ended January 2018	Re. 0.4135	January 31, 2018	-	2,755
For the month ended February 2018	Re. 0.3865	February 28, 2018	-	2,452
For the month ended March 2018	Re. 0.4280	March 31, 2018	-	2,639
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>26,392</u>

As per the distribution policy contained in the offering document, the Fund is required to ensure monthly streams of cash flows to the unit holders. In case, where the Fund suffers losses in the month due to equity portion loss, the monthly payment is required to be made by redeeming the appropriate number of units of the unit holders on the basis of previous 6 months average rate of dividend distribution per unit.

14 GENERAL

14.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policies as disclosed in note 3.1.

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Management Company in the meeting held on April 19, 2018.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

Head Office: 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,
URL: www.mcbah.com, Email: info@mcbah.com