



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2018
(UNAUDITED)

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
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman 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 National Bank of Pakistan Silk Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahr-e-Faisal, Karachi-75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Frequent Payout Fund** accounts review for the quarter ended September 30, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

First quarter of FY19 has been a run of political uncertainty, external pressures and economic slowdown. Given the uptick in oil prices, increasing trend in inflation, continuity of external worries, The Monetary Policy Committee of State Bank of Pakistan opted for 100 bps increase in each of the two meetings conducted in this quarter. The major reason was due to the emergence of inflationary pressures with core inflation expected to creep up with the advent of higher oil and gas prices. Moreover, the MPC highlighted the precarious external account position and need for slowdown in GDP growth to arrest the dwindling foreign exchange reserves.

CPI for the 1QFY19 was registered at 5.6% as the impact of low base kicked in. Higher international oil prices, weaker currency and upward revision in domestic gas prices is expected to jack up overall inflation figure in FY19, which is expected to average ~8.1% compared to last year's inflation of 3.8%. Meanwhile, core inflation is expected to jump above 8.5%.

The external account position kept on highlighting worrisome position for the economy. Current account witnessed a deficit of USD 2.7 billion in first two months of FY19 compared to USD 2.5 billion in the same period last year. A surge in international oil prices is masking the improvement in non oil imports caused by remedial measures, thus causing the current account deficit to remain high. However, the lagged impacts of currency adjustments and monetary tightening are becoming visible as reflected by balance of trade (data of Pakistan Statistical Bureau) declining by 1.6% in the quarter led by decline in non-oil imports. Despite receiving inflows from China, foreign reserves declined by an average of ~USD 115 mn per week. State Bank's foreign exchange reserves stood at USD 8.41 billion reflecting import cover based on SBP's reserves has reached an alarming level of lesser than 2 months imports.

Rising interest rates, rupee adjustment and external pressures are having impact on growth trajectory of economy as reflected by large scale manufacturing index which posted a meager increase of 0.5% YoY in the month of July'18 broadly supported by production of petroleum products.

Subsequent to monetary tightening by State Bank, bond yield curve showed an upward trajectory where most of the activity took place in floater PIBs. During 1QFY19 State Bank of Pakistan conducted 3rd Floater PIB auction which witnessed a healthy participation of PKR 151 billion out of which bids worth PKR 108 billion were accepted at a rate of benchmark + 70 bps. Concerns over external front kept market participants shy away from longer tenor Treasury bills with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout 1QFY19 owing to regular OMOs conducted by SBP, while scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara Sukuk despite ample liquidity in the market.

Equity Market Review

The benchmark index lost ~2% during the quarter. Market witnessed a cameo, with KSE-100 Index bouncing back ~5.4%, just after 5 days of election. The rally was fueled by optimism related to strong central government rather than any tangible change in economic scorecard. Delays in taking required tangible actions by the incumbent government has fizzled out the optimism seen in the initial days after election. Foreigners kept offloading local equities, selling USD 189 mn of stocks which was mainly absorbed by Insurance companies (~USD 102 Mn) and Individuals (~USD 97 Mn). Trading volumes during the quarter averaged around ~170 mn shares depicting a meagre increase of ~0.45%.

Refineries, Autos, OMCs, Power & Cements were the major contributors towards index's decline posting a negative return of ~15%/12%/8%/5%/4% respectively. Refineries dragged the index down due to below-expected earnings. OMCs declined because of massive decline in sales volumes of petroleum products which came down by ~32% YoY for the quarter. Once again, Auto sector continued the declining trend due to continued ban on non-filers for vehicle purchase. Cement sector was yet another disappointment due to higher coal prices(+2% QoQ) and concerns on development projects (due to decrease in PSDP allocation) and economic growth going forward.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

The sectors that outperformed market were Textiles, Fertilizers & Banks. Textiles surged (+2.4% QoQ) due to favorable stance of the newly-elected government geared towards input cost reduction and export promotion for the sector. Moreover, better annual results supported the sector's rally. Fertilizers surged because of favorable sector dynamics (low levels of inventory and higher international prices) resulting in increase in local fertilizer prices. Banks garnered interest on the back of monetary tightening theme.

FUND PERFORMANCE

During the period under review, the fund posted a return of 1.16% as compared to the benchmark return of 2.02%. The fund was mostly invested in cash (75.3%) and Term Finance Certificates (15.8%).

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 372 million as compared to Rs. 487 million as at June 30, 2018 registering a decrease of 23.61%. The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 100.9825, a decrease of Rs. 0.2893 over June 30, 2018.

MARKET & ECONOMY - FUTURE OUTLOOK

The government has announced to approach the IMF for an economic program to support the fragile external account situation. The program would lead to required remedial actions of rupee adjustment, monetary tightening, expenditure curtailment to slow down growth, control the import bill and arrest foreign reserves decline.

For the next year, the economic growth is expected to slow down as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI, some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side would be difficult to manage where we expect fiscal deficit to hover around 5.5% of GDP. Expenditure constraints would lead to public sector development program curtailments amid higher domestic debt servicing cost due to interest rate increase.

Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy by at least 100 bps already increased.

The equity market would follow developments on the economic front. Swift economic policy actions would be required to arrest the precarious economic standing and would guide market towards better multiples. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current market multiples (~7.5x) offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
October 22, 2018



Nasim Beg
Vice Chairman / Director

ایکویٹی مارکیٹ میں اقتصادی محاذ پر پیش رفت کرے گی۔ فوری معیشت کے اقدامات ناقابل اعتماد اقتصادی موقف کو روکنے کے لئے ضروری ہوگی اور مارکیٹ میں بہتر ماحققہ کی راہنمائی کرے گی۔ وسیع تر شرائط پر ہم یقین رکھتے ہیں کہ گزشتہ دو سال میں مارکیٹ کی کارکردگی (چوٹی کی سطح سے تقریباً 20 فی صد) نے سیاسی اور اقتصادی سمت پر خدشات کی عکاسی کی ہے اور یہ بھی سائیکل اسٹاک کی کارکردگی میں عکاسی کرتی ہے، جہاں اسٹاک کی قیمتوں میں اضافہ بھی تیز ہوگا۔ ہم اپنے موقف کا دوبارہ تسلسل جاری رکھیں گے کہ موجودہ مارکیٹ کے ملحقہات (تقریباً 7.5 اوقات) تھوڑی دیر میں ممکنہ پیشکش کرتے ہیں جو طویل مدتی سرمایہ کاروں کے لئے آرام دہ ہے۔ ہم یقین رکھتے ہیں کہ اسٹاک میں اسٹیٹس صرف آہستہ آہستہ انکشاف کریں گا جس سے اعتماد میں آئیں گے اور اقتصادی پالیسیوں کو متوقع طور پر نظر انداز کرتے ہیں۔ لہذا آگے آگے اسٹاک مریض سرمایہ کاروں کے لئے انعامات کے ساتھ طویل مدتی سرمایہ کاری کا موقع پیش کرتے ہیں۔ ہم ملک کے اقتصادی اشارے میں رجحانات کو ٹریک کرتے ہیں اور اس کے مطابق اپنے پورٹ فولیو کو ایڈجسٹ کرتے ہیں۔ ہمارے اوپر سے نیچے کا تجزیہ سے شعبوں نے فائدہ اٹھایا ہے جو کرنسی کی قیمتوں میں اضافے اور اعلیٰ سود کی شرح سے فائدہ اٹھایا۔ تاہم ہم انفرادی کمپنی کو متحرک نظر انداز نہیں کر سکتے، جو ان کی قیمتوں کے ساتھ سیکورٹی انتخاب میں اہم کردار ادا کر سکتا ہے۔

اظہار تشکر:

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ان کی مسلسل حمایت اور تعاون کے لئے پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز بھی کمپنی میں ان کے اعتماد کے لئے ان کے عزم اور لگن اور حصص یافتگان کے لیے کمپنی کے ملازمین کی کوششوں کی تعریف کرتے ہیں۔

منجانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر/نائب چیئرمین

22 اکتوبر، 2018ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018ء

نتائج نے سیکٹر کے مجموعہ کی حمایت کی۔ کھاد، مقامی شعبوں کی قیمتوں میں اضافہ (انویٹری کی کم سطح اور اعلیٰ بین الاقوامی قیمتیں) سے اور سردیوں میں اضافے سے مقامی کھاد کی قیمتوں میں اضافے ہوئے۔ بینکوں نے مالیاتی مرکزی خیال کے موضوع کے پیچھے دلچسپی ظاہر کی۔

فنڈ کی کارکردگی:

جائزے کے تحت مدت کے دوران، فنڈ 2.02% کی بینکوں کی واپسی کے مقابلے میں 1.16 فیصد کی واپسی کی گئی۔ فنڈ میں زیادہ تر سرمایہ کاری (75.3 فیصد) اور ٹرم فنانش ٹیٹیکٹ (15.8 فیصد) میں سرمایہ کاری کی گئی تھی۔

ستمبر 30، 2018 کے طور پر فنڈ کے نیٹ اثاثے 372 ملین روپے کے مقابلے میں 30 جون، 2018 میں 487 ملین اور 23.61 فیصد کی کمی درج کی گئی۔ ستمبر 20، 2018 کو نیٹ نیٹ اثاثہ قدر (NAV) فی یونٹ 100.9825 روپے تھی۔ 30 جون، 2018 کے دوران 0.2893 روپے کی کمی آئی۔

مستقبل آؤٹ لک:

حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) سے متعلق معاشی پروگرام کے نازک بیرونی اکاؤنٹ کی صورتحال کی حمایت کرنے کا اعلان کیا ہے۔ پروگرام کو منی ایڈجسٹمنٹ، مالیاتی سختی، اور اخراجات میں کمی کی ضرورت ہوتی ہے، ترقی کو سست کرنے، درآمدات کے بل کو کنٹرول کرنے اور غیر ملکی ذخائر کو کم کرنے میں کمی کی ضرورت ہوتی ہے۔

اگلے سال کے لئے اقتصادی ترقی میں کمی کی توقع کی جاسکتی ہے کیونکہ کرنسی ایڈجسٹمنٹ اور مانیٹری پالیسی کی کھپت کے نمونے پر مل جائے گی۔ تاہم معیشت کی دستاویزات کے ساتھ ساتھ بجلی کی فراہمی میں اضافے کو اس اہم مرحلے کے دوران معاشی مینیجرز کو ایک مہلت فراہم ہوگی۔ ہم نئی حکومت کی طرف سے اقتصادی محاذ پر دائمی مسائل کو حل کرنے کے لئے زیادہ توجہ مرکوز کریں گے اور مخلص کوششوں کے درمیان اقتصادی اصلاح کے لئے بہتر حکومتی نظام اور طویل مدتی امکانات پر خوشگوار اشتراک کرتے ہیں۔ تاہم یہ راستہ سخت اور ممکنہ غیر مقبول پالیسی کے اقدامات میں امکانات کا امکان ہے۔ پاکستان تحریک انصاف کی ابتدائی منصوبہ بندی کو دیکھتے ہوئے کچھ پالیسیوں کی ترقی کی توقع کی جاسکتی ہے لیکن غیر معمولی معاشی حالات کو پورا کرنے کے لئے ہم سوچتے ہیں کہ دونوں خساروں کو حل کرنے کے لئے فوری طور پر اقدامات کیے جاتے ہیں۔

مالیاتی ادارے کے لئے یہ انتظام کرنا مشکل ہوگا کہ ہم مالی خسارے کے متوقع ہو سکتے ہیں یا مجموعی گھریلو مصنوعات (GDP) کی 5.5 فی صد کی کمی ہو رہی ہے۔ اخراجات میں اضافے، گھریلو قرضوں کی قیمتوں میں اضافے کی وجہ سے عوامی شعبے کی ترقی کے پروگرام میں کمی کا سبب بنے گا۔

بڑھتی ہوئی افراط زر کے ساتھ ساتھ بیرونی فرنٹ پر دیئے جانے والے دباؤ پر اسٹیٹ بینک سے کم از کم 100 بنیادی پوائنٹس (bps) میں پہلے ہی اضافہ ہوا ہے۔

عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان فریکوئنٹ پی آؤٹ فنڈ کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے نو ماہ اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مارکیٹ اور اقتصادی جائزہ:

معیشت اور منی مارکیٹ کا جائزہ:

مالی سال 2018-19 کی پہلی سہ ماہی میں (1QFY19) سیاسی غیر یقینی، بیرونی دباؤ اور اقتصادی کمی کا شکار ہو گیا ہے۔ تیل کی قیمتوں میں اضافہ، بیرونی افواج کی مسلسل تسلسل، بڑھتی ہوئی رجحان میں اضافہ، اسٹیٹ بینک آف پاکستان کے مونیٹری پالیسی کمیٹی (MPC) نے اس سہ ماہی میں منعقد ہونے والے دونوں اجلاسوں میں 100 بنیادی پوائنٹس (bps) کے اضافے کے لئے انتخاب کیا۔ اہم وجہ یہ تھی کہ انفراسٹرکچر کے دباؤ کے نتیجے میں بنیادی افراط زر کے ساتھ اعلیٰ تیل اور گیس کی قیمتوں کی آمد کے ساتھ پیدا ہونے کی امید ہے۔ اس کے علاوہ، مونیٹری پالیسی کمیٹی (MPC) نے غیر ملکی خارجہ اکاؤنٹ کی حیثیت کو کم کرنے کے لئے غیر ملکی ادارے کی حیثیت اور مجموعی گھریلو مصنوعات (GDP) کی ترقی میں کمی کی ضرورت پر زور دیا ہے۔

مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے لئے صارفین کی قیمت انڈیکس (CPI) 5.6 فیصد کے اثرات کے طور پر رجسٹر کیا گیا تھا۔ عالمی بین الاقوامی قیمتوں میں اضافہ، گھریلو گیس کی قیمتوں میں کمزور کرنسی اور اوپر کی نظر ثانی کی امید ہے، مالی سال 2018-19 (مجموعی طور پر انفراسٹرکچر کے اعداد و شمار کو جیک)، جو گزشتہ سال کی شرح 3.8 فی صد کی شرح سے تقریباً 8.1 فیصد ہوا ہے۔ دریں اثنا، بنیادی افراط زر کی شرح 8.5 فیصد سے زائد ہے۔

معیشت کے لئے تشویشناک پوزیشن کو نمایاں کرنے پر بیرونی اکاؤنٹ کی حیثیت رکھتی ہے۔ موجودہ اکاؤنٹ نے مالی سال 2018-19 کے پہلے دو مہینوں میں 2.7 ارب امریکی ڈالر کا خسارہ دیکھا تھا جو گزشتہ سال اسی مدت میں 2.5 بلین ڈالر ہوا تھا۔ بین الاقوامی آئل کی قیمتوں میں اضافے کی وجہ سے نجی درآمدات کی وجہ سے غیر تیل کی درآمد میں بہتری آرہی ہے، اس وجہ سے موجودہ اکاؤنٹ کے خسارے کو زیادہ رہنے کا باعث بنتا ہے۔ تاہم، کرنسی کے ایڈجسٹمنٹ کے نقطہ نظر اور مالیاتی سختی کی وجہ سے تجارت کی توازن (پاکستان کے اعداد و شمار، بیورو کے اعداد و شمار) کے طور پر ظاہر ہوتا ہے کہ غیر تیل درآمد میں کمی کی وجہ سے سہ ماہی میں 1.6 فی صد کمی ہوئی۔ چین سے آمدنی حاصل کرنے کے باوجود، ہر ہفتے غیر ملکی ذخائر تقریباً 115 ملین امریکی ڈالر سے کم ہو گئے۔ اسٹیٹ بینک کے غیر ملکی کرنسی کے ذخائر 8.41 بلین ڈالر پر کھڑے ہوئے ہیں جو اسٹیٹ بینک کے ذخائر کی بنیاد پر درآمد کا احاطہ کرتا ہے، اس سے دو ماہ کے مقابلے میں زیادہ خطرناک حد تک پہنچ گئی ہے۔

بڑھتی ہوئی سود کی شرح، منی ایڈجسٹمنٹ اور بیرونی دباؤ معیشت کی ترقی کے اثرات پر اثر انداز کر رہی ہیں، جس میں بڑے پیمانے پر مینوفیکچرنگ انڈیکس کی طرف اشارہ کیا گیا جس سے پٹرولیم کی مصنوعات میں جولائی 2018 کے مہینے میں 0.5 فیصد اضافہ ہوا۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2018

		(Un-audited) September 2018	(Audited) June 2018
	Note	(Rupees in '000)	
ASSETS			
Bank balances	4	286,134	348,931
Investments	6	83,355	136,603
Dividend and profit receivable		2,737	1,848
Advances, deposits and other receivables		4,237	4,259
Preliminary expenses and floatation costs		310	347
Receivable against margin trading system		1,269	-
Receivable against sale of investments		-	37,388
Receivable from National Clearing Company of Pakistan Limited		2,285	2,285
Total assets		380,327	531,661
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		452	591
Payable to MCB Financial Services Limited - Trustee		46	54
Payable to the Securities and Exchange Commission of Pakistan		101	631
Payable against purchase of investments		-	36,167
Accrued expenses and other liabilities	7	7,691	7,667
Total liabilities		8,290	45,110
NET ASSETS		372,037	486,551
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		372,037	486,551
CONTINGENCIES AND COMMITMENTS	8		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		3,684,171	4,804,405
		(Rupees)	
NET ASSET VALUE PER UNIT		100.9825	101.2718
FACE VALUE PER UNIT		100.0000	100.0000

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

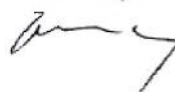
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 2018	September 2017
		(Rupees in '000)	
INCOME			
Gain on sale of investments - net		(394)	1,108
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net		(601)	(3,045)
Profit / mark-up on:			
- Bank balances		6,058	3,856
- Government securities		378	5,629
- Money market placements		-	2,282
- Other debt securities		1,940	166
Dividend income		81	830
Income on margin trading system		178	93
Other income		1	70
Total income		7,641	10,989
EXPENSES			
Remuneration of the Management Company		1,268	1,919
Sindh sales tax on remuneration of the Management Company		165	250
Remuneration of the trustee		131	241
Sindh sales tax on remuneration of the trustee		17	31
Annual fee to the Securities and Exchange Commission of Pakistan		101	191
Allocated expenses and related taxes		120	227
Brokerage and settlement charges		151	361
Auditors' remuneration		148	186
Selling and marketing expenses		-	803
Provision against Sindh Workers' Welfare Fund		106	132
Amortization of preliminary expenses and floatation costs		37	38
Legal and professional charges		45	55
Other expenses		158	107
Total expenses		2,447	4,541
Net income for the period before taxation		5,194	6,448
Taxation	9	-	-
Net income for the period after taxation		5,194	6,448
Earnings per unit	10		
Allocation of net income for the period			
Net income for the period after taxation		5,194	6,448
Income already paid during the period		(86)	3
		5,108	6,451
Accounting income available for distribution			
- Relating to capital gains		-	(1,938)
- Excluding capital gains		5,108	8,389
		5,108	6,451

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

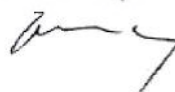
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 2018	September 2017
	(Rupees in '000)	
Net income for the period after taxation	5,194	6,448
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>5,194</u>	<u>6,448</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

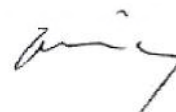
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Particulars	Note	For the period ended September 30, 2018				For the period ended September 30, 2017
		Rupees in '000				
		Capital Value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on FVTOCI (Previously: 'AFS')	Total	Total
Net assets at beginning of the year		476,396	10,155	-	486,551	899,596
Issue of 59,856 units (2017: 8,429,679 units) Including additional units: 49 units						
- Capital value (at net asset value per unit at the beginning of the year)		6,031	-	-	6,031	
- Element of loss		15	-	-	15	
		6,046	-	-	6,046	34,808
Redemption of 1,180,090 units (2017: 7,504,644 units)						
- Capital value (at net asset value per unit at the beginning of the year)		119,005	-	-	119,005	
- Element of income		175	86	-	261	
		119,266	86	-	119,266	188,352
Total comprehensive income for the period		-	5,194	-	5,194	6,448
Final Distribution at the rate of Rs. 0.4280 per unit for the year end June 30, 2018 (Declared on July 04, 2018)			(2,056)	-	(2,056)	
Interim distribution during the period	12	(5)	(4,427)	-	(4,432)	(9,867)
		(5)	(1,289)	-	(1,294)	(3,419)
Net assets at end of the period		363,171	8,780	-	372,037	742,633
Undistributed income brought forward						
- Realised		12,551				12,707
- Unrealised		(2,396)				(66)
		10,155				12,641
Accounting income available for distribution						
- Relating to capital gains		-				(1,938)
- Excluding capital gains		5,108				8,389
		5,108				6,451
Cash Distribution during the period			(6,483)			(9,867)
Undistributed income / (loss) carried forward		<u>8,780</u>				<u>9,225</u>
Undistributed income / (loss) carried forward						
- Realised income		9,381				12,270
- Unrealised income / (loss)		(601)				(3,045)
		<u>8,780</u>				<u>9,225</u>
					(Rupees)	(Rupees)
Net assets value per unit at beginning of the year					<u>101.2718</u>	<u>101.4252</u>
Net assets value per unit at end of the period					<u>100.9825</u>	<u>100.9596</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

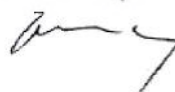
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 2018	September 2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period after taxation	5,194	6,448
Adjustments for:		
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	601	3,044
	5,795	9,492
Decrease / (increase) in assets		
Investments - net	52,647	(200,555)
Receivable against sale of investments	37,388	-
Dividend and profit receivable	(889)	(1,227)
Advances, deposits and other receivables	22	67
Preliminary expenses and floatation costs	37	-
Receivable against margin trading system	(1,269)	-
Receivable from National Clearing Company of Pakistan Limited	-	(18,023)
	87,936	(219,738)
(Decrease) / increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(139)	734
Payable to MCB Financial Services Limited - Trustee	(8)	(17)
Payable to the Securities and Exchange Commission of Pakistan	(530)	(805)
Payable against purchase of investment	(36,167)	220,384
Dividend Payable	-	(672)
Accrued expenses and other liabilities	24	(1,004)
	(36,820)	218,620
Net cash generated from operating activities	56,911	8,374
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	6,046	34,808
Amount paid against redemption of units	(119,266)	(188,352)
Distributions paid during the year	(6,488)	(9,867)
Net cash (used in) / generated from financing activities	(119,708)	(163,411)
Net (decrease) in cash and cash equivalents during the year	(62,797)	(155,037)
Cash and cash equivalents at beginning of the year	348,931	541,451
Cash and cash equivalents at end of the period	286,134	386,414

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

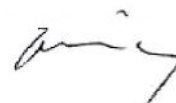
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 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 and 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 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 Fund has been categorised as an "Asset Allocation Scheme" in accordance with the requirements of circular no. 7 of 2009 dated March 6, 2009 issued by the SECP. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (Positive outlook) dated October 08, 2018 to the Management Company, while the fund has been assigned a fund performance rating of 4-star on May 24, 2018.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the 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** 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 does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.3** In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2018.
- 2.4** These condensed interim financial statements are unaudited. Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

2.5 The "date of initial application" of IFRS 9 is the date when the entity first applies its requirements. Therefore, the beginning of an interim or annual reporting period i.e July 01, 2018 is the date of initial application and applied prospectively because it is not possible to do so with out the use of hindsight and is impracticable, therefore comparative figures are not restated. The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at September 30, 2018 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparatives in the condensed interim income statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Fund for the quater ended September 30, 2017.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN

3.1 The accounting policies, financial risk management objectives & policies, basis of accounting estimates applied & methods of computation adopted in the preparation of the condensed interim financial statement and all standards, interpretations and amendments to publised approved accounting standards are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018, except with respect to of adoption of IFRS- 9 as explained in detail in note 3.2.

3.2 In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well. Further, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. From July 01, 2018 the Fund has adopted IFRS-9 as per approved accounting and reporting standards as applicable in Pakistan.

Key requirements of IFRS 9:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election at initial recognition to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. However, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement:

Classification and Measurement of Financial Assets and Financial Liabilities after the adoption of IFRS-9 is discussed as under:

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Listed equity securities classified as 'at Available for sale' investments carried at fair value have been re-designated & will be measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Debt securities (Listed / Unlisted) and government securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- all financial assets classified as Loans and receivable as on June 30, 2018 have now been re-classified as Amortized cost. These assets under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.
- All other financial assets and financial liabilities under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

		(Un-audited) September 2018	(Audited) June 2018
4	BANK BALANCES	Note	Note
		2018	2018
		(Rupees in '000)	(Rupees in '000)
	Bank balances - in saving accounts	286,134	348,931

5 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended September 30, 2018 is 0.58% which includes 0.10% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset allocation scheme.

		(Un-audited) September 2018	(Audited) June 2018
6	INVESTMENTS	Note	Note
		2018	2018
		(Rupees in '000)	(Rupees in '000)
	'At fair value through profit or loss'		
	- Listed equity securities	6.1.1 3,436	17,057
	- Government securities - Market Treasury Bills	6.1.2 19,894	19,782
	- Term Finance Certificates - Unlisted	6.1.3 60,025	99,764
		83,355	136,603

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

6.1 'At fair value through profit or loss'

6.1.1 Listed equity securities

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	As at July 1, 2018	Purchased during the year	Bonus/ right issue during the year	Sold during the year	As at September 30, 2018	Carrying value as at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution) as at September 30, 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
----- (Number of shares) ----- (Rupees in '000) -----											
COMMERCIAL BANKS											
Habib Bank Limited	-	19,100	-	19,100	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
INV/BANKS/INV.COM./SECURITIES COS.											
* Arif Habib Limited	45,500	-	-	45,500	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
POWER GENERATION & DISTRIBUTION											
Hub Power Company Limited	110,000	-	-	110,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
REAL ESTATE INVESTMENT AND SERVICES											
* Dolmen City REIT	271,000	-	-	-	271,000	3,496	3,415	(81)	0.92%	4.10%	0.01%
						3,496	3,415	(81)	0.92%	4.10%	0.01%
TEXTILE COMPOSITE											
Gul Ahmed Textile Mills Limited	12,000	-	-	12,000	-	-	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited	2,400	-	-	2,000	400	22	22	-	0.01%	0.03%	0.00%
						22	22	-	0.01%	0.03%	0.00%
Total as at September 30, 2018						3,518	3,437	(81)	0.93%	4.13%	0.01%
Total as at June 30, 2018						18,197	17,057	(1,140)	4.59%	20.46%	0.00%

* These denote related parties / connected persons.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

6.1.2 Government securities - Market Treasury Bills

Tenor	Issue date	Face value			Carrying value as at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution) as at September 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the year	Sold / matured during the year					
Treasury bills - 3 months	June 7, 2018	20,000	-	20,000	-	-	-	-	-
Treasury bills - 3 months	August 2, 2018	-	20,000	-	19,894	19,894	(6)	5.30%	23.90%
Total as at September 30, 2018					19,900	19,894	(6)	5.30%	23.90%
Total as at June 30, 2018					19,781	19,782	1	5.32%	23.73%

6.1.2.2 The above outstanding treasury bills have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in respect of Margin Trading System (MTS) transactions and spread transactions respectively.

6.1.3 Term Finance Certificates - Unlisted

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

Name of investee company	As at July 1, 2018	Purchased during the year	Disposed / matured during the year	As at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution) as at September 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
Banks									
Bank of Punjab	650	-	400	250	24,517	(469)	28.85%	6.46%	1.00%
Dawood Hercules Corporation Limited	350	-	-	350	35,023	(45)	41.96%	9.40%	0.58%
Byco Petroleum Pakistan Limited	10	-	-	10	998	2	1.20%	0.27%	0.03%
Total as at September 30, 2018					60,538	(512)	72.01%	16.13%	1.61%
Total as at June 30, 2018					101,021	(1,257)	73.03%	20.51%	3.21%

6.1.3.3 The terms and conditions of unlisted term finance certificates outstanding as at September 30, 2018 are as follows:

Name of investee company	Rating	Tenure	Profit payments / principal redemptions	Secured / unsecured	Issue date	Maturity date	Rate of return
Bank of Punjab	AA-	10 years	Semi-annually	Unsecured	December 23, 2016	December 23, 2026	6 month KIBOR + 1.00%
Dawood Hercules Corporation Limited	AA	5 years	Quarterly	Secured	March 1, 2018	March 1, 2023	3 month KIBOR + 1.00%
Byco Petroleum Pakistan Limited	AAA	5 years	Quarterly	Secured	January 18, 2017	January 18, 2022	3 month KIBOR + 1.05%

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	(Un-audited) September 2018	(Audited) June 2018
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
		(Rupees in '000)	
Federal excise duty and other related taxes payable on management remuneration	7.1	841	841
Federal excise duty and other related taxes payable on sales load		3,625	3,625
Provision against Sindh Workers' Welfare Fund	7.2	2,203	2,097
Brokerage payable		2	102
Auditors' remuneration payable		483	458
Sindh sales tax payable on allocated expenses		321	270
Sales load payable		-	-
Others		216	284
		<u>7,691</u>	<u>7,677</u>

7.1 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, 2018. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re. 0.5980 per unit (June 30, 2018 Re. 0.4365 per unit).

7.2 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, 2018. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re. 0.2283 per unit (June 30, 2018: Re.0.1750 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as September 30, 2018 and June 30, 2018 other than those disclosed in note 8.1

	(Un-audited) September 2018	(Audited) June 2018
8.1 Commitments		
	(Rupees in '000)	

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions not settled as at year end

1,269	-
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9 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

10 EARNINGS PER UNIT

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

11 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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 the 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:

11.1 Details of transactions with related parties / connected persons during the period	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	2018	2017
	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	1,433	2,169
Allocated expenses and related taxes	120	227
Selling and marketing expenses	-	803
MCB Financial Services Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	148	272
Arif Habib Capital Limited		
Brokerage expense	0	28
MCB Bank Limited - Parent company of Management Company		
Bank charges	1	1
Profit on bank balances	16	27
Dividend income	-	80
Purchase of Nil (2017: 20,000) shares	-	4,300
Sale of investments having face value of Rs Nil (Sep 2017: 250 million)	-	249,082
Silkbank Limited		
Bank charges	7	-
Profit on bank balances	3,468	-
Pakistan Petroleum Limited		
Purchase of Nil (2017: 10,500) shares	-	1,834
Sale of Nil (2017: 10,500) shares	-	1,784
Dolmen City Reit		
Dividend income	81	312
Sale of Nil (2017: 549,000) shares	-	6,528

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018 (Rupees in '000)	(Un-audited) September 30, 2017
D. G. Khan Cement Company Limited			
Purchase of Nil (2017: 148,000) shares		-	22,150
Sale of Nil (2017: 148,000) shares		-	21,206
Arif Habib Limited			
Sale of 45,500 (2017: Nil) shares		2,898	-
Unitholders holding 10% or more			
Redemption 2,461 Units		248	
11.2	Details of balances with related parties / connected persons as at period end	(Un-audited) September 30, 2018 (Rupees in '000)	(Audited) June 30, 2018
MCB-Arif Habib Savings and Investments Limited - Management Company			
Management remuneration payable		373	488
Sindh sales tax payable on management remuneration		48	63
Payable against allocated expenses		31	40
MCB Financial Services Limited - Trustee			
Trustee remuneration payable		41	48
Sindh Sales Tax payable on trustee remuneration		5	6
MCB Bank Limited - Parent of the Management Company			
Bank balances		953	1,487
Profit receivable on bank balances		-	6
Sales load payable		-	-
Silkbank Limited			
Balance with bank		446	847
Profit receivable on bank balances		1,305	902
Arif Habib Limited			
Nil (Jun 2018: 45,500) shares held		-	2,776
Dolmen City Reit			
271,000 (2017: 271,000) shares held		3,415	3,496
Next Capital Limited			
Brokerage payable		-	9
Unitholders holding 10% or more			
Outstanding 544,259 units		54,943	-
11.3	The amount disclosed represents the amount of brokerage expense incurred / payable to related parties / 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 related parties / connected persons.		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

12 DISTRIBUTIONS MADE DURING THE PEI

	Rate per unit	Declaration date	Bonus Distribution		Total
			Units	Amount	Distribution
			--- (Rupees in '000) -----		
For the month ended July 2018	Re. 0.5140	July 31, 2018	-	-	2,311
For the month ended August 2018	Re. 0.5145	August 31, 2018	-	-	2,121
			-	-	4,432

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.

13 GENERAL

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 3.2.

14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 22, 2018 by the Board of Directors of the Management Company.

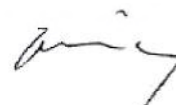
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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