



MCB-ARIF HABIB  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2021**  
(UNAUDITED)

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



# **MCB PAKISTAN SOVEREIGN FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqati Bank Limited Js Bank Limited National Bank Of Pakistan	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

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

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## Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Sovereign Fund** accounts review for the nine months ended March 31, 2021.

## Economy and Money Market Review

The first nine months of fiscal year 2021 have been relatively stronger as economic activities resumed to a large extent though challenges from Covid continue to pose risks in the near term. The economic recovery has been better than expectations as stable interest rates and supportive financing schemes from SBP, amnesty to encourage construction sector, resumption in demand and continued strong inflow of remittances have supported economic growth. We therefore expect economic growth to be higher than estimates shared by multilateral agencies. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would also be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of about 18% over last year in the first nine months of FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of near 17% over last year in the first eight months of FY21 reflecting on the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 9.5% and 17% respectively over last year during the first nine months indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 7.9% in first seven months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 881 million in the first eight months of fiscal year compared to a deficit of USD 2,741 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances which grew at a stupendous rate of about 24% during the first eight months of this fiscal year. Foreign exchange reserves of central bank saw an increase of about USD 2.2 billion during the first eight months due to improved balance of payment position. Subsequently, the PKR/USD appreciated by about 9% during the period.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.4% over last year during the first nine months, with food inflation averaging about 13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.1% for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 10% during the first nine months of the fiscal year which exceeded the target by PKR 100 bn. Fiscal deficit for the first seven months of the period clocked in at 2.9% of GDP, compared to 3.2% of GDP last year. Primary balance was even better at a surplus of 0.9% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 182 bps, 175 bps and 173 bps respectively during the period.

## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 4.63% as against its benchmark return of 7.39%. At period-end, the exposure in PIBs was 47.8%.

The Net Assets of the Fund as at March 31, 2021 stood at Rs. 841 million as compared to Rs. 1,816 million as at June 30, 2020 registering a decline of 53.69%.

The Net Asset Value (NAV) per unit as at March 31, 2021 was Rs. 55.12 as compared to opening NAV of Rs. 53.27 per unit as at June 30, 2020 registering an increase of Rs. 1.85 per unit.

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

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### **Economy & Market – Future Outlook**

GDP growth for FY21 is now projected at around 3% by central bank. We expect GDP growth to be better than general consensus of government and institutions as industrial growth has revived much earlier than our anticipation. Generally, economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc.

Balance of Payment worries are at bay for the near term with current account deficit expected to be about USD 1.1 bn for this fiscal year. We expect Current Account Deficit to settle near 0.4% of GDP in FY21 which could be easily financed from foreign investments and debt flows. However, the recent surge in commodity prices and growth momentum would require better financial management to fund the current account deficit over next year. Any reversal in trend of remittances would also be a concern for Balance of Payment management next year. With Real Effective Rate for Feb-2021 at 97.1 any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. Continuation of the IMF program is a good omen which would allow better financial flows from various institutions allowing better financial management. We expect foreign exchange reserves to further increase by about USD 2.7 bn from current levels by year end.

Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 9.1%. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring more certainty in investor expectations. The central authority vowed to keep the existing accommodative monetary policy stance to support recovery while keeping inflation expectations well anchored. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### **Mutual Fund Industry Review**

The Net Assets of the open end mutual fund industry increased by about 28.6% to PKR 954 billion at the end of the first nine months of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 33% during the period to PKR 418 billion. Within the money market sphere, the conventional funds dominated as they grew by about 31% to PKR 271 billion. Equity and related funds surged rapidly by 27% from PKR 224 billion to PKR 284 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up ~29% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 26% as at the end of the calendar year.

### **Mutual Fund Industry Outlook**

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

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

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### 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,



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Muhammad Saqib Saleem  
Chief Executive Officer  
April 16, 2021



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Nasim Beg  
Director/Vice Chairman

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2021ء کے ابتدائی نو ماہ کے اختتام پر تقریباً 28.6 فیصد بڑھ کر 954 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دورانِ مدت تقریباً 33 فیصد بڑھ کر 418 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 31 فیصد بڑھ کر 271 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دورانِ سہ ماہی 27 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 284 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 29 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 26 فیصد کے حامل تھے۔

### میوچل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہمیں اُمید ہے کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

### اظہارِ تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابلِ قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



نسیم بیگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر

16 اپریل 2021



## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 4.63 فیصد منافع حاصل کیا جبکہ اس کے بالمقابل مقررہ معیار 7.39 فیصد تھا۔ اختتام مدت پر پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں شمولیت 47.8 فیصد تھی۔

31 مارچ 2021ء کو فنڈ کے net اثاثہ جات 841 ملین روپے تھے جو 30 جون 2020ء کو 1,816 ملین روپے کے مقابلے میں 53.69 فیصد کمی ہے۔

31 مارچ 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 55.12 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 53.27 روپے فی یونٹ کے مقابلے میں 1.85 روپے فی یونٹ اضافہ ہے۔

## معیشت اور بازار - مستقبل کے امکانات

مرکزی بینک کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 3 فیصد ترقی متوقع ہے۔ ہمیں اُمید ہے کہ جی ڈی پی کی ترقی حکومت اور اداروں کے عمومی اتفاق رائے سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری توقعات سے کافی قبل بحال ہوگئی ہے۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں کے قریب سرگرم عمل ہے جس کا اندازہ ایل ایس ایم کی ترقی اور سیمنٹ اور آٹو موبائل کے شعبے کی فروخت کے ذریعے لگایا جاسکتا ہے۔

ادائیگیوں کے توازن کی پریشانیوں قریب المیہ میں ختم ہوگئی ہیں کیونکہ موجودہ مالی سال کے لیے کرنٹ اکاؤنٹ کا متوقع خسارہ تقریباً 1.1 بلین ڈالر ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 0.4 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی آسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم اشیاء کی قیمتوں اور ترقی کی رفتار میں حالیہ اضافے کے باعث اگلے سال کے دوران کرنٹ اکاؤنٹ خسارے کے لیے مالیات کی فراہمی کے لیے بہتر مالیاتی انتظام درکار ہے۔ ترسیلات زر کے رجحان میں ذرا بھی واپسی کے باعث اگلے سال ادائیگی کے توازن کے انتظام میں رکاوٹ حائل ہو سکتی ہے۔

فروری 2021ء کا رینل ایکسٹریٹ 97.1 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پروگرام جاری رہنا اچھا شگون ہے جس کی بدولت متعدد اداروں سے بہتر مالیاتی آمدات ممکن ہوگی اور اس کے نتیجے میں بہتر مالیاتی انتظام ممکن ہوگا۔ غیر ملکی زرمبادلہ کے ذخائر میں اختتام مدت تک موجودہ سطحوں کے مقابلے میں تقریباً 2.7 بلین ڈالر کا مزید اضافہ متوقع ہے۔

افراط زر ہماری سابقہ توقعات سے آگے نکل گئی ہے کیونکہ اشیاء خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 9.1 فیصد متوقع ہے۔ مرکزی بینک نے پہلی مرتبہ قریب المیہ میں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے گنجائش پیدا کرنے والی موجودہ مالیاتی پالیسی کا موقف برقرار رکھنے کا عزم کیا تا کہ وصولی کے لیے معاونت فراہم ہو، جبکہ افراط زر کی توقعات کو قابو میں رکھا۔ مرکزی بینک کی راہنمائی کے پیش نظر اب ہمیں اُمید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان سوورین فنڈ کے اکاؤنٹس کا جائزہ برائے نومبر مہینہ 31 مارچ 2021ء پیش خدمت ہے۔

## معیشت اور بازار کا جائزہ

مالی سال 2021ء کے ابتدائی نو ماہ مستحکم رہے کیونکہ معاشی سرگرمیاں کافی حد تک بحال ہوئیں اگرچہ قریب المیہ میں کووڈ کے باعث پیدا ہونے والی مشکلات کے باعث خطرات ابھی بھی لاحق ہیں۔ معاشی بحالی توقعات سے بہتر رہی کیونکہ سود کی مستحکم شرحوں اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیموں، تعمیرات کے شعبے کی حوصلہ افزائی کے لیے رعایات، مانگ میں بحالی، اور ترسیلات زر کی مسلسل آمد سے معاشی ترقی کو سہارا ملا ہے۔ چنانچہ ہمیں اُمید ہے کہ معاشی ترقی کثیر الجہتی ایجنسیوں کے پیش کردہ تخمینوں سے بلند تر ہوگی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کو وڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردش شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

سینٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو مالی سال 2021ء کے ابتدائی نو ماہ میں سال گزشتہ سے 18 فیصد زیادہ تھی۔ 2 اور 3 پہیوں والے یونٹس کی فروخت میں بھی مزید متاثر کن ترقی ہوئی جو مالی سال 2021ء کے ابتدائی آٹھ ماہ میں سال گزشتہ سے تقریباً 17 فیصد زیادہ تھی جس سے معیشت کی چلک کی عکاسی ہوتی ہے۔ اسی طرح ابتدائی نو ماہ کے دوران پٹرول اور ڈیزل کی طلب میں بھی سال گزشتہ کے مقابلے میں بالترتیب تقریباً 9.5 فیصد اور 17 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) میں موجودہ مالی سال کے ابتدائی سات ماہ میں 7.9 فیصد ترقی ہوئی ہے جس میں گردش شعبے سب سے آگے رہے ہیں۔

مالی سال کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ میں 881 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,741 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات زر میں اضافہ تھا جن میں مالی سال کے ابتدائی آٹھ ماہ کے دوران 24 فیصد کی زبردست شرح سے ترقی ہوئی۔ مرکزی بینک کے زرمبادلہ کے ذخائر میں ابتدائی آٹھ ماہ کے دوران تقریباً 2.2 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔ بعد ازاں، پاکستانی روپے / امریکی ڈالر میں دوران مدت تقریباً 9 فیصد ترقی ہوئی۔

افراط زر حکومت کی دھکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط ابتدائی نو ماہ کے دوران 8.4 فیصد تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.1 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے درپے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے ابتدائی نو ماہ کے دوران 10 فیصد اضافہ ہوا جو ہدف سے 100 بلین روپے زیادہ تھا۔ ابتدائی سات ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 2.9 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 3.2 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.9 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

مہنگائی کے بعد سرمایہ کاروں کو مایوس کرنے کے بعد پیداوار کی قیمت میں اضافی ہونا شروع ہوا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ ایم پی سی کے میٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا ٹخنی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 182، 175 اور 173 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021

		(Un-Audited) Mar 31, 2021	(Audited) June 30, 2020
Note		(Rupees in '000)	
<b>ASSETS</b>			
	5	879,526	76,025
	6	819,643	1,780,496
		13,511	7,924
		3,188	4,754
		1,715,869	1,869,199
<b>LIABILITIES</b>			
		1,107	2,800
		57	157
		210	445
		826,447	-
	7	47,294	49,407
		875,115	52,809
<b>NET ASSETS</b>			
		840,754	1,816,390
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>			
		840,754	1,816,390
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>NUMBER OF UNITS IN ISSUE</b>			
		15,253,398	34,096,262
<b>NET ASSETS VALUE PER UNIT</b>			
		55.12	53.27

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

		Nine months ended March 31,		Quarter ended March 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
<b>INCOME</b>					
Income from government securities		77,803	167,485	19,794	62,813
Capital (loss) / gain on sale of investments - net		(18,307)	70,464	(8,657)	41,102
Profit on bank deposits		5,499	30,451	1,880	9,338
Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net		(365)	15,823	-	15,061
<b>Total income</b>		<b>64,630</b>	<b>284,223</b>	<b>13,017</b>	<b>128,314</b>
<b>EXPENSES</b>					
Remuneration of the Management Company		8,964	31,375	2,203	15,162
Sindh Sales Tax on remuneration of the Management Company		1,165	4,079	286	1,971
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		686	978	177	373
Sindh Sales Tax on remuneration of Trustee		89	127	23	48
Securities and Exchange Commission of Pakistan - annual fee		210	300	54	114
Allocated expenses		1,054	1,502	272	572
Marketing and selling expenses		1,476	2,103	381	803
Provision for Sindh Workers' Welfare Fund	7.1	990	4,819	181	2,170
Brokerage expenses		311	1,624	95	494
Auditors' remuneration		412	448	135	137
Other expenses		784	759	345	154
<b>Total expenses</b>		<b>16,142</b>	<b>48,112</b>	<b>4,153</b>	<b>21,996</b>
<b>Net income for the period before taxation</b>		<b>48,488</b>	<b>236,111</b>	<b>8,864</b>	<b>106,318</b>
Taxation	9	-	-	-	-
<b>Net income for the period</b>		<b>48,488</b>	<b>236,111</b>	<b>8,864</b>	<b>106,318</b>
<b>Allocation of net income for the period:</b>					
Net income for the period		48,488	236,111		
Income already paid on units redeemed		(20,579)	(93,131)		
		<b>27,909</b>	<b>142,979</b>		
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-	56,567		
- Excluding capital gains		27,909	86,412		
		<b>27,909</b>	<b>142,979</b>		
<b>Earnings per unit</b>	10				

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021**

	Nine months ended March 31,		Quarter ended Mar 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	48,488	236,111	8,864	106,318
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>48,488</b>	<b>236,111</b>	<b>8,864</b>	<b>106,318</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine months ended Mar 31,					
	2021			2020		
	(Rupees in '000)					
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the period	2,523,996	(707,606)	1,816,390	1,382,425	(752,781)	629,644
Issue of 3,112,120 units (2020: 117,250,418 units):						
- Capital value (at net asset value per unit at the beginning of the year)	165,783	-	165,783	6,229,515	-	6,229,515
- Element of income	1,552	-	1,552	367,465	-	367,465
	167,335	-	167,335	6,596,980	-	6,596,980
Redemption of 21,954,985 units (2020: 85,012,631 units):						
- Capital value (at net asset value per unit at the beginning of the year)	(1,169,542)	-	(1,169,542)	(4,516,721)	-	(4,516,721)
- Amount paid out of element of Income relating to net income for the period after taxation	(1,338)	(20,579)	(21,917)	(215,388)	(93,131)	(308,519)
	(1,170,880)	(20,579)	(1,191,459)	(4,732,109)	(93,131)	(4,825,240)
Total comprehensive income for the period	-	48,488	48,488	-	236,111	236,111
Net assets as at the end of the period	1,520,451	(679,697)	840,754	3,247,296	(609,802)	2,637,495
Undistributed loss brought forward						
- Realised		(708,640)			(752,018)	
- Unrealised		1,034			(763)	
		(707,606)			(752,781)	
Accounting income available for distribution						
- Relating to capital gains	-			56,567		
- Excluding capital gains	27,909			86,412		
	27,909			142,979		
Undistributed loss carried forward		(679,697)			(609,802)	
Undistributed loss carried forward						
- Realised		(679,332)			(625,625)	
- Unrealised		(365)			15,823	
		(679,697)			(609,802)	
	---	(Rupees) ---		---	(Rupees) ---	
Net assets value per unit as at beginning of the period	53.27			53.13		
Net assets value per unit as at end of the period	55.12			59.82		

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information .

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



Chief Executive Officer



Chief Financial Officer



Director

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

		Nine months ended March 31,	
		2021	2020
Note	----- (Rupees in '000) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before taxation		48,488	236,111
<b>Adjustments for:</b>			
Capital loss/ (gain) on sale on investments-net		18,307	(70,464)
Unrealised diminution / (appreciation) on fair value of investments classified 'at fair value through profit or loss' - net		365	(15,823)
		<u>67,160</u>	<u>149,823</u>
<b>(Increase) / decrease in assets</b>			
Investments		(334,620)	(2,216,179)
Profit receivable		(5,587)	(15,890)
Advances and prepayments		1,566	(1,653)
		<u>(338,641)</u>	<u>(2,233,722)</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		(1,693)	12,878
Payable to the Central Depository Company of Pakistan Limited - Trustee		(100)	76
Payable to the Securities and Exchange Commission of Pakistan		(235)	(191)
Payable against purchase of investments		826,447	971,188
Dividend payable		-	(3,965)
Accrued expenses and other liabilities		(2,113)	22,333
		<u>822,306</u>	<u>1,002,319</u>
<b>Net cash generated from / (used in) operating activities</b>		<u>550,825</u>	<u>(1,081,579)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from issuance of units		167,335	6,596,980
Payments on redemption of units		(1,191,459)	(4,825,240)
<b>Net cash (used in) / generated from financing activities</b>		<u>(1,024,124)</u>	<u>1,771,740</u>
<b>Net increase in cash and cash equivalents during the period</b>		<u>(473,299)</u>	<u>690,161</u>
Cash and cash equivalents at beginning of the period	13	<u>1,352,825</u>	<u>1,131,570</u>
Cash and cash equivalents at end of the period	13	<u>879,526</u>	<u>1,821,731</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Sovereign Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company has been changed from Arif Habib Investments Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. During the year ended June 30, 2010, Habib Metropolitan Bank Limited retired as the Trustee of the Scheme and Central Depository Company of Pakistan Limited (CDC) was appointed as the new Trustee with effect from November 23, 2009. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995, [repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules)].

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.

The Board of Directors have approved that the Fund should be categorised as 'Income Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. 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 to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM1 dated October 06, 2020 to the Management Company and has assigned stability rating of "AA-(f)" dated October 19, 2020 to the Fund.

The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the Trustee of the Fund. stability rating of "AA-(f)" dated.

During the current period, The Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirement under the relevant trust acts have been introduced. The Management Company in consultation with the MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

## 2. BASIS OF PREPARATION

### Statement of compliance

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

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



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2020. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2021 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2020, 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 2020.
- 2.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.4** 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 March 31, 2021.
- 2.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

## **3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2020.

## **4. FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2020.

<b>5. BANK BALANCES</b>	<b>Note</b>	<b>(Un-Audited) March 31, 2021</b>	<b>(Audited) June 30, 2020</b>
		<b>----- (Rupees in '000) -----</b>	
- In savings accounts	5.1	<b>878,572</b>	67,316
- In current accounts	5.2	<b>955</b>	8,709
		<b>879,526</b>	76,025

- 5.1** These carry mark-up at rates ranging between 5.50% to 7.65% (June 30, 2020: 5.50% to 7.83%) per annum and include bank balance of Rs. 0.025 million (June 30, 2020: Rs. 1.45 million) maintained with MCB Bank Limited (a related party) which carries profit rate 5.50% (June 30, 2020: 5.50%) per annum .
- 5.2** These include a balance of Rs. 0.941 million (June 30, 2020: Rs. 8.704 million) held with MCB Bank Limited (a related party).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

**6. INVESTMENTS**

Government securities - Pakistan Investment Bonds  
Government securities - Pakistan Investment Bonds (FRB)  
Government securities - Treasury Bills  
GoP Ijarah Sukuks

	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
<b>Note</b>	<b>(Rupees in '000)</b>	
6.1	55,583	5,874
6.2	764,060	466,253
6.3	-	1,308,369
6.4	-	-
	<b>819,643</b>	<b>1,780,496</b>

**6.1 Government securities - Pakistan Investment Bonds**

Name of security	Date of issue	Face value			As at 31 Mar 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at Mar 31, 2021	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets
									%
Pakistan Investment Bonds - 3 years	19-Sep-19	-	750,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	12-Jul-18	-	450,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	19-Sep-19	-	1,150,000	1,100,000	50,000	50,069	49,997	(72)	5.95
Pakistan Investment Bonds - 5 years	15-Oct-20	-	150,000	150,000	-	-	-	-	-
Pakistan Investment Bonds - 10 years	10-Jun-04	5,500	-	-	5,500	5,803	5,586	(217)	0.68
<b>Total as at March 31, 2021</b>						<b>55,872</b>	<b>55,583</b>	<b>(289)</b>	
Total as at June 30, 2020						4,905	5,874	969	

**6.2 Government securities - Pakistan Investment Bonds (FRB)**

Name of security	Date of issue	Face value			As at 31 Mar 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at Mar 31, 2021	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets
									%
Pakistan Investment Bonds (FRB) - 2 years	5-Nov-20	-	500,000	250,000	250,000	249,150	249,125	(25)	29.63
Pakistan Investment Bonds (FRB) - 3 years	18-Jun-20	375,000	2,550,000	2,600,000	325,000	324,968	324,935	(33)	38.65
Pakistan Investment Bonds (FRB) - 3 years	22-Oct-20	-	1,200,000	1,200,000	-	-	-	-	-
Pakistan Investment Bonds (FRB) - 10 years	25-Jul-19	-	400,000	300,000	100,000	100,010	100,000	(10)	11.89
Pakistan Investment Bonds (FRB) - 10 years	22-Aug-19	90,000	180,000	180,000	90,000	90,009	90,000	(9)	10.70
<b>Total as at March 31, 2021</b>						<b>764,137</b>	<b>764,060</b>	<b>(77)</b>	
Total as at June 30, 2020						467,252	466,253	(999)	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

**6.3 Government securities - Treasury Bills**

Name of security	Date of issue	Face value			As at 31 Mar 2021			Market value		
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at Mar 31, 2021	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
		(Rupees in '000)								
Market treasury bills - 3 months	23-Apr-20	-	975,000	975,000	-	-	-	-	-	
Market treasury bills - 3 months	4-Jun-20	1,250,000	-	1,250,000	-	-	-	-	-	
Market treasury bills - 3 months	2-Jul-20	-	75,000	75,000	-	-	-	-	-	
Market treasury bills - 3 months	16-Jul-20	-	5,650,000	5,650,000	-	-	-	-	-	
Market treasury bills - 3 months	27-Aug-20	-	2,575,000	2,575,000	-	-	-	-	-	
Market treasury bills - 3 months	24-Sep-20	-	200,000	200,000	-	-	-	-	-	
Market treasury bills - 3 months	8-Oct-20	-	1,120,000	1,120,000	-	-	-	-	-	
Market treasury bills - 3 months	5-Nov-20	-	480,000	480,000	-	-	-	-	-	
Market treasury bills - 3 months	19-Nov-20	-	399,000	399,000	-	-	-	-	-	
Market treasury bills - 3 months	3-Dec-20	-	1,900,000	1,900,000	-	-	-	-	-	
Market treasury bills - 3 months	17-Dec-20	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 3 months	31-Dec-20	-	1,620,000	1,620,000	-	-	-	-	-	
Market treasury bills - 3 months	14-Jan-21	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 3 months	28-Jan-21	-	500,000	500,000	-	-	-	-	-	
Market treasury bills - 3 months	25-Feb-21	-	650,000	650,000	-	-	-	-	-	
Market treasury bills - 6 months	2-Jul-20	-	75,000	75,000	-	-	-	-	-	
Market treasury bills - 6 months	9-Apr-20	-	200,000	200,000	-	-	-	-	-	
Market treasury bills - 6 months	10-Sep-20	-	600,000	600,000	-	-	-	-	-	
Market treasury bills - 6 months	16-Jul-20	-	3,225,000	3,225,000	-	-	-	-	-	
Market treasury bills - 6 months	18-Jun-20	-	1,650,000	1,650,000	-	-	-	-	-	
Market treasury bills - 6 months	23-Apr-20	-	800,000	800,000	-	-	-	-	-	
Market treasury bills - 6 months	26-Mar-20	-	325,000	325,000	-	-	-	-	-	
Market treasury bills - 12 months	5-Dec-19	-	1,000,000	1,000,000	-	-	-	-	-	
Market treasury bills - 12 months	7-Nov-19	-	41,500	41,500	-	-	-	-	-	
Market treasury bills - 12 months	10-Oct-19	-	725,000	725,000	-	-	-	-	-	
Market treasury bills - 12 months	12-Sep-19	-	175,000	175,000	-	-	-	-	-	
Market treasury bills - 12 months	13-Feb-20	-	435,000	435,000	-	-	-	-	-	
Market treasury bills - 12 months	19-Dec-19	32,600	2,400,000	2,432,600	-	-	-	-	-	
Market treasury bills - 12 months	27-Feb-20	-	450,000	450,000	-	-	-	-	-	
Market treasury bills - 12 months	29-Aug-19	-	275,000	275,000	-	-	-	-	-	
Market treasury bills - 12 months	30-Jan-20	-	40,000	40,000	-	-	-	-	-	
Total as at March 31, 2021					-	-	-	-	-	
Total as at June 30, 2020					1,307,305	1,308,369	1,064	1,064	1,064	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

**6.4 Government securities - GOP Ijarah Sukuks**

Name of security	Date of issue	Face value			As at 31 Mar 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at Mar 31, 2021	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)									
GoP Ijarah Sukuks - 5 years.	28-Jul-20	-	125,000	125,000	-	-	-	-	-
GoP Ijarah Sukuks - 5 years.	29-Jul-20	-	187,500	187,500	-	-	-	-	-
<hr/>									
<b>Total as at March 31, 2021</b>									
<hr/>									
<hr/>									
Total as at June 30, 2020									

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Note	(Un-Audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2020 -----
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	7.1	13,059	12,070
Provision for Federal Excise Duty and related tax on	7.2		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		488	3,519
Auditors' remuneration payable		245	382
Brokerage payable		16	152
Others		288	86
		<b>47,294</b>	<b>49,407</b>

## 7.1 Provision against Sindh Workers' Welfare Fund (SWWF)

There is no change in the status of the SWWF as reported in the audited annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re.0.86 per unit (June 30, 2020 Re. 0.35 per unit).

## 7.2 Federal Excise Duty (FED) and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the audited annual financial statements of the Fund for the year ended June 30, 2020. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re. 1.90 per unit (June 30, 2020: Re. 0.85 per unit).

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2021 (June 30, 2020: Nil).

## 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 this condensed interim financial information.

## 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.

## 11. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.53% as on March 31, 2021 (March 31, 2020: 3.19%) and this includes 0.24% (March 31, 2020: 0.62%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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### 12. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

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 to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

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

	For the nine months ended March 2021					
	As at July 01, 2020	Issued for cash	Redeemed	As at Mar 31, 2021	As at July 01, 2020	Issued for cash
	Units ----- (Rupees in '000) -----					
DG Khan Cement Company Limited	7	-	-	7	-	-
Mandate under discretionary portfolio services*	-	768,112	765,946	2,166	-	41,084
Key management personnel*	-	431	430	1	-	23
Security General Insurance Co. Ltd. Employees Provident Fund Trust	100,244	-	-	100,244	5,340	-
Mcb-Arif Habib Savings and Investments Limited	-	10,956	10,956	-	-	590
Unitholders holding 10% or more*	1,973,817	-	-	1,973,817	105,150	0
						108,795

\* This reflects the position of related party / connected persons status as at March 31, 2021.

	For the nine months ended March 31, 2020					
	As at July 01, 2019	Issued for cash	Redeemed	As at Mar 31, 2020	As at July 01, 2019	Issued for cash
	Units ----- (Rupees in '000) -----					
DG Khan Cement Company Limited	7	-	-	7	-	-
Mandate under discretionary portfolio services*	1	24,791,235	24,780,790	10,446	-	1,395,161
Key management personnel*	-	605,721	581,725	23,995	-	33,895
Security General Insurance Co. Ltd. Employees Provident Fund Trust	-	86,365	-	86,365	-	4,895
Mcb-Arif Habib Savings and Investments Limited	-	8,242,168	7,852,769	389,399	-	450,216
Unitholders holding 10% or more*	1,871,421	-	-	1,871,421	99,431	-
						111,953

\* This reflects the position of related party / connected persons status as at March 31, 2020.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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

	(Unaudited) Mar 31, 2021	(Unaudited) Mar 31, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration of the Management Company including indirect taxes	10,129	35,454
Expenses allocated by the Management Company	1,054	1,502
Marketing And Selling expenses	1,476	2,103
 <b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	775	1,105
 <b>MCB Bank Limited</b>		
Mark-up on bank deposits	46	316
Bank charges	54	16
Purchase of securities - face value 1,250 M (2020: 1,050 M)	1,213,999	948,125
Sale of securities - face value Nil (2020: 125 M)	-	105,587
 <b>Arif Habib Limited</b>		
Brokerage expense*	-	104

## 12.3 Balances outstanding at period / year end:

	(Unaudited) Mar 31, 2021	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration payable to Management Company	576	1,223
Sales tax payable on remuneration to Management Company	75	159
Sale load payable	0	361
Selling and marketing payable	379	911
Expenses allocated by Management Company	77	146
 <b>MCB Bank Limited</b>		
Bank balance	966	10,156
Mark-up receivable	-	-
Sales load payable	-	25
 <b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to Trustee	51	139
Sales tax payable on remuneration to Trustee	7	18

- \* 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.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

		(Un-Audited) Mar 31, 2021	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>13. CASH AND CASH EQUIVALENTS</b>			
Balance with banks	5	879,526	76,025
Treasury bills maturing within 3 months	6.3	-	1,276,800
		<u>879,526</u>	<u>1,352,825</u>

**14. GENERAL**

**14.1.** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

**14.2.** Certain prior period's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are material re-arrangements / re-classifications to report.

**15. COVID-19**

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, stay-at-home or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

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The following table shows financial instruments recognized at fair value based on:

Level 1 : quoted prices in active markets for identical assets or liabilities;

Level 2 : those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 : those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue on April 16, 2021 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

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

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