



MCB-ARIF HABIB  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2020**  
(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>Deloittee 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>AM2++</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 quarter ended March 31, 2020.

### **ECONOMY AND MONEY MARKET OVERVIEW**

The third quarter of FY20 was full of gloom and doom, after the Coronavirus (Covid-19) outbreak wreaked havoc on the global economy. Global cases topped 1.5 million, while more than 80,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. While China took stringent measures to rein in the coronavirus, the other part of the globe especially EU and US was hit hard by the pandemic. On the flip side, the number of cases on the domestic side still dwarfed the developed world (~4,500 cases as of now), however, the situation was still uncertain as of now. The country has also been forced into a semi lockdown, which has affected the domestic businesses.

The outlook on GDP growth ranged from 2.4%-3.0% according to various institutions, prior to Covid-19 outbreak. However, as of late, the outbreak of COVID-19 has created uncertainty relative to trajectory of the GDP growth going forward. The weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected LSM growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.4% in the first seven months of FY20, with most of the decline emanating from petroleum production and cyclical sectors.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit in the first eight months of this year contracted by ~70% on Year on Year basis to USD 2.8 billion. Imports of goods and services continued to decline as it compressed by ~15% while exports have started to inch up registering increase of ~3.2% in first eight months of FY20. Remittances provided some cushion to BoP position increasing by ~5% over the period. The country received net foreign investment in debt securities worth ~USD 3.1 billion during Jul-Feb period. However, USD 1.8 billion worth of sovereign debt was divested in the month of March. The foreign exchange reserves increased by USD 2.9 billion from Jul-Mar FY20 supported by flows from IMF, multilateral institutions and foreign portfolio investors along with a curtailed current account deficit.

FBR has collected provisional taxes of PKR 3,050 billion during the first nine months of this fiscal year. Provisional tax collection prior to month of March was very encouraging, growing at a rate of 17% YoY. However, lockdown enforced during the month of March led to a shortfall of nearly PKR 100-150 billion, which weakened the overall growth to 13% in the first nine months of FY20.

Average CPI for clocked in CPI in at 11.5% YoY for the first nine months of FY20. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. However, the inflationary pressures have started trending downwards with inflation for March clocking in at 10.2% as lower petroleum prices along with easing food inflation put breaks on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1% for the period.

The MPC committee in its first meeting of the month reduced the interest rate by 75 bps citing the easing outlook on inflation. During the month, another emergent meeting was called whereby the MPC decided to reduce the interest rates by a further of 150 bps following a global trend of easing by the central banks as a response to coronavirus outbreak.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. The cumulative decline of 225 bps in interest rates further yields downwards in third quarter of this fiscal year. 3 Year bonds eased off by ~500 bps while the longer tenor (10Y) bonds also eased off by nearly ~450 bps during the first nine months of FY20.

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

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## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 16.71% as against its benchmark return of 14.04%. At period-end, the fund decreased its exposure in cash to 43.8% from 58.1%.

The Net Assets of the Fund as at March 31, 2020 stood at Rs. 2,637 million as compared to Rs. 630 million as at June 30, 2019 registering an increase of 318.57%.

The Net Asset Value (NAV) per unit as at March 31, 2020 was Rs. 59.82 as compared to opening NAV of Rs. 53.13 per unit as at June 30, 2019 registering an increase of Rs. 6.69 per unit.

## FUTURE OUTLOOK

The COVID-19 outbreak has created uncertainty related to economic numbers. Independent reports point out that Pakistan can lose up to 4.0% of GDP, if the lockdown is enforced for at least one more month. While Pakistan currently lags behind developed countries in terms of number of cases, we still await more data to have a clearer picture. Global picture also points out that with social distancing in place, things will get in control over the course of next two months. If the trend continues, we expect global growth to show sign of recoveries by the third quarter. Albeit, if a second wave erupts, our optimism will not hold true. On the local side, the current data shows some light at the end of the tunnel. However, if things get out of control, Pakistan will have a more severe impact as it lacks health infrastructure along with fiscal muscles to combat the pandemic in the short run.

Government has announced fiscal stimulus worth PKR 700-800 billion to protect the vulnerable industries and segments of the society which are worst hit from the pandemic. With lower tax collection (PKR 500 billion shortfall expected from our expectation) and higher expenditures we expect fiscal deficit to fall north of 9% of GDP. We believe the government will get a waiver from IMF to meet the primary balance target this year.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The plunge of international oil prices to USD 34/BBL has come as a blessing in disguise. Global slowdown would be detrimental for exports and remittances from oil producing nations would be affected due to lower oil prices. Our forecast is that CAD will settle at 2.3% of GDP for FY20 and 1.3% of GDP for FY21, assuming the global economy starts picking up from third quarter of the calendar year. Given the rise in bond yields of emerging market countries, we expect the idea of raising funds from Eurobond to be shelved. Alongside privatization flows are also expected to be deferred for next year. Furthermore, we expect portfolio flows to revert back to zero this year. To meet the shortfall in external financing, a lot would depend on whether multilateral and bilateral institutions will facilitate deferred debt payments along with extension of additional credit. We expect additional financing of USD 2 billion from IMF and multilateral institutions, while we also expect Pakistan will be able to restructure debt of USD 2.5 billion. Assuming if the scenario plays out as we are expecting, the currency should stabilize at current levels as the REER as per our estimates is undervalued by 10% at current level (PKR 167 vs USD).

CPI is expected to average ~11.1% in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. The plunge in oil prices has provided much needed respite to inflationary outlook. With subdued oil prices and high base effect, we expect headline inflation to ease off in the next year and decline to an average of ~7.4%. Risk to our expectations are significant increase in international commodity prices along with more than expected adjustment in utility tariffs. Based on our outlook of inflation, we expect interest rates to ease off by 100-150 bps in the next 12 months. However, if recessionary pressures build over the course of time, we do not rule out further cuts in interest rate from our base case.

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

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

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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 20, 2020



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Nasim Beg  
Director/Vice Chairman

## ڈائریکٹر رپورٹ

کرنٹ اکاؤنٹ کا خسارہ مالی سال 2019-20ء کے لیے مجموعی ملکی پیداوار کے 2.3 فیصد پر، اور مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار کے 1.3 فیصد پر آکر رہ گیا، اس مفروضے کی بنیاد پر کہ عالمی معیشت میں جولائی سے بحالی کا سلسلہ شروع ہو جائے گا۔ اُبھرتی ہوئی مارکیٹوں کے ممالک میں بانڈ کے منافع جات میں اضافے کے پیش نظر ہمیں توقع ہے کہ ایورو بانڈ کے ذریعے فنڈ میں اضافے کی حکمت عملی کو فی الوقت اختیار نہیں کیا جائے گا۔ ساتھ ساتھ نجکاری سے ہونے والی آمدات متوقع طور پر اگلے سال کے لیے ملتی کر دی جائیں گی۔ مزید برآں ہمیں توقع ہے کہ پورٹ فولیو آمدات سالانہ روایاں واپس صفر تک چلی جائیں گی۔ خارجی فنانسنگ میں کمی کو پورا کرنے کے لیے بہت کچھ اس بات پر منحصر ہوگا کہ کثیر الجہتی اور دو جہتی ادارے قرضہ جات کی ملتی شدہ ادائیگیوں کی سہولت کے علاوہ اضافی قرضوں کی توسیع فراہم کر رہے ہیں یا نہیں۔ ہمیں آئی ایم ایف اور کثیر الجہتی اداروں سے 2 بلین ڈالر کی اضافی رقم کی فراہمی کی توقع ہے، جبکہ ہمیں یہ بھی امید ہے کہ پاکستان 2.5 بلین ڈالر قرض کی تشکیل نو کر سکے گا۔ اگر صورتحال ہماری توقعات کے مطابق رہی تو ہمارا تخمینہ ہے کہ روپیہ موجودہ سطحوں پر مستحکم ہو جائے گا کیونکہ REER کی قدر موجودہ سطح پر ہمارے تخمینوں کے مطابق 10 فیصد کم مقرر ہوئی ہے (167 روپے بمقابلہ امریکی ڈالر)۔

موجودہ مالی سال میں صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 11.1 فیصد ہوگا جس کا سبب روپے کی قدر کی سست رفتار اثر پذیری اور اشیائے خورد و نوش کی افراط زر میں اضافہ ہے۔ تیل کی قیمتوں میں چھلانگ سے افراط زر کے رجحان کو مطلوبہ مہلت حاصل ہوئی۔ تیل کی گھٹی ہوئی قیمتوں اور بلند base effect کی بنیاد پر ہمیں امید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 7.4 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یوٹیلٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترسیمات کے باعث ہماری توقعات غلط ثابت ہو سکتی ہیں۔ افراط زر سے متعلق ہماری پیش بینی کی بنیاد پر انٹریسٹ کی شرحوں میں اگلے بارہ ماہ میں 100 سے 150 بی پی ایس تک کی کمی کی امید ہے۔ تاہم اگر وقت گزرنے کے ساتھ کساد بازاری کے دباؤ میں اضافہ ہو تو انٹریسٹ کی شرحوں میں مزید کمی بعید از قیاس نہیں ہے۔

Debt حالیہ کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈ دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ مزید برآں، مینجمنٹ ٹیم کی کاوشوں کو بھی ڈائریکٹر کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

برائے اور من جانب بورڈ



نسیم بیگ  
ڈائریکٹر اوپن چیرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
20 اپریل 2020ء



## ڈائریکٹر رپورٹ

پوائنٹس (بی پی ایس) کمی کی۔ دورانِ ماہ ایک اور اجلاس منظرِ عام پر آیا جس میں ایم پی سی نے کورونا وائرس کی وبا کے ردِ عمل کے طور پر عالمی سطح پر مرکزی بینکوں کے رجحان کی پیروی کرتے ہوئے انٹریسٹ کی شرحوں میں مزید 150 بی پی ایس کمی کا فیصلہ کیا۔

زیرِ جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر طلب کے باعث پیداواری خم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراطِ زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت اضافی نقد آیا جس کے باعث منافعوں میں کمی ہوئی۔ موجودہ مالی سال کی تیسری سہ ماہی میں انٹریسٹ کی شرحوں میں 225 بی پی ایس کی مجموعی کمی منافعوں میں بھی مزید کمی کا باعث بنی۔ مالی سال 2019-20ء کے ابتدائی نو ماہ کے دوران تین سالہ بانڈز میں تقریباً 500 بی پی ایس جبکہ طویل تر میعاد کے (دس سالہ) بانڈز میں تقریباً 450 بی پی ایس کمی ہوئی۔

### فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے 16.71 فیصد ایک سال پر محیط منافع حاصل کیا جبکہ اس کا بیچ مارک منافع 14.04 فیصد تھا۔ اختتامِ مدت پر فنڈ نے نقد میں اپنی شمولیت کو 58.1 فیصد سے کم کر کے 43.8 فیصد کر لیا۔

31 مارچ 2020ء کو فنڈ کے net اثاثہ جات 2,637 ملین روپے تھے جو 30 جون 2019ء کو 630 ملین روپے کے مقابلے میں 318.57 فیصد اضافہ ہے۔

31 مارچ 2020ء کو net اثاثہ جاتی قدر (این اے وی) 59.82 روپے فی یونٹ تھی جو 30 جون 2019ء کو ابتدائی این اے وی 53.13 روپے فی یونٹ کے مقابلے میں 6.69 روپے فی یونٹ اضافہ ہے۔

### مستقبل کے امکانات

کووڈ-19 وبا کے باعث معاشی اعداد میں عدم یقینی پیدا ہو گئی ہے۔ آزاد ذرائع کی رپورٹس اشارہ کر رہی ہیں کہ اگر لاک ڈاؤن کم سے کم بھی ایک اور مہینہ نافذ رہتا ہے تو پاکستان کو جی ڈی پی کے 4 فیصد تک کا نقصان ہو سکتا ہے۔ اگرچہ پاکستان میں کورونا وائرس سے متاثرہ افراد کی تعداد تاحال ترقی یافتہ ممالک کے مقابلے میں کم ہے لیکن واضح صورتحال جاننے کے لیے مزید معلومات اور اعداد و شمار درکار ہیں۔ عالمی منظر نامے سے ظاہر ہوتا ہے کہ سماجی فاصلہ اختیار کرنے سے اگلے دو ماہ کے دوران حالات قابو میں آ سکتے ہیں۔ اگر یہ رجحان برقرار رہا تو تیسری سہ ماہی تک عالمی ترقی میں بحالی کی علامات ظاہر ہونے کے امکانات موجود ہیں۔ تاہم اگر وبا کی دوسری لہر ابھر آئی تو ہماری رجوعیت پسندی درست ثابت نہیں ہوگی۔ مقامی سطح پر موجودہ اعداد و شمار کچھ حد تک اُمید کی کرن ثابت ہو سکتے ہیں۔ لیکن اگر حالات قابو سے باہر ہو گئے تو پاکستان شدید تر متاثر ہوگا کیونکہ یہاں صحتِ عامہ کے شعبے کا ڈھانچہ اور مالیاتی پٹھے کمزور ہونے کے باعث مختصر میعاد میں اس وبا کا مقابلہ کرنے کی صلاحیت کا فقدان ہے۔

حکومت نے وبا سے سب سے زیادہ متاثرہ صنعتوں اور سماجی طبقات کے تحفظ کے لیے 700 سے 800 ملین روپے مالیت کی مالی امداد کا اعلان کیا ہے۔ ٹیکس کے وصولی میں (متوقع طور پر 500 ملین روپے کی) کمی اور خرچوں میں اضافے کی بدولت اُمید کی جاسکتی ہے کہ مالیاتی خسارے میں جی ڈی پی کے 9 فیصد سے زائد کمی ہوگی۔ ہمارے اندازے کے مطابق حکومت کو آئی ایم ایف کی طرف سے سالِ رواں بقایا جات کا بنیادی ہدف پورا کرنے کی چھوٹ مل جائے گی۔

ادائیگی کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 34 ڈالر فی بیرل تک کم ہو جانا زحمت کے بجائے رحمت ثابت ہوا ہے۔ عالمی سطح پر منسست روی کے برآمدات پر منفی اثرات مرتب ہوں گے اور تیل کی پست قیمتوں کے باعث تیل کی پیداوار کرنے والے ممالک سے ترسیلاتِ زر بھی متاثر ہوں گی۔ ہماری پیشن گوئی ہے کہ

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان Sovereign فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مختتمہ 31 مارچ 2020ء پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

مالی سال 2019-20ء کی تیسری سہ ماہی تاریکی و تباہی سے بھرپور تھی کیونکہ کورونا وائرس (کووڈ-19) کی وبا نے عالمی معیشت میں آفت مچا دی۔ دیکھتے ہی دیکھتے یہ قاتل وبا دنیا بھر میں پھیل گئی جس سے پندرہ لاکھ سے زائد افراد متاثر ہوئے جبکہ ۸۰ ہزار سے زائد لقمہ اجل بن گئے۔ چین نے سخت اقدامات اٹھا کر کورونا وائرس کو شکست دی جبکہ دنیا کے دوسرے حصے خصوصاً یورپی یونین اور امریکا بڑی طرح متاثر ہوئے۔ دوسری جانب اگرچہ ہمارے ملک میں متاثرہ افراد کی تعداد اب تک ترقی یافتہ دنیا کے مقابلے میں کم ہے (تقریباً 4,500 تا حال) لیکن صورت حال فی الوقت غیر یقینی ہے۔ ملک بھر میں نیم لاک ڈاؤن نافذ ہے جس سے مقامی کاروبار متاثر ہوئے ہیں۔

کووڈ-19 کی وبا پھیلنے سے قبل مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی مختلف اداروں کے مطابق 2.4 فیصد سے 3.0 فیصد تک تھی۔ تاہم وبا کے باعث جی ڈی پی کی ترقی غیر یقینی صورتحال کا شکار ہو گئی ہے۔ اہم فصلوں (کپاس، گندم اور چینی) کی پیداوار میں متوقع کمی کے ساتھ ساتھ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) کی متوقع سے کم ترقی کے نتیجے میں صنعتی پیش رفت کے باعث مجموعی ترقی متاثر ہونے کا امکان ہے۔ ایل ایس ایم توقع کے مطابق کمی کا شکار رہی کیونکہ درآمداتی کھپت کی مانگ ہوا میں تحلیل ہو گئی۔ مالی سال 2019-20ء کے ابتدائی سات ماہ میں ایل ایس ایم میں تقریباً 3.4 فیصد کمی ہوئی جس کا بڑا تناسب پٹرولیم کی پیداوار اور گردش شعبوں سے متعلق ہے۔

مالیاتی سختی اور زرمبادلہ کی شرحوں میں ترمیمات کے لحاظ سے پالیسی اقدام کے تاخیر شدہ اثرات کے اثرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن (بی او پی) کی صورتحال میں بہتری سے ہوتی ہے۔ سال رواں کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ سال در سال (YoY) بنیاد پر تقریباً 70 فیصد کم ہو کر 2.8 بلین ڈالر ہو گیا۔ مالی سال 2019-20ء کے ابتدائی آٹھ ماہ میں اشیاء اور خدمات کی درآمدات میں کمی کا سلسلہ جاری رہا اور یہ تقریباً 15 فیصد کم ہوئیں جبکہ برآمدات میں اضافے کا سلسلہ شروع ہو گیا ہے اور ان میں تقریباً 3.2 فیصد اضافہ ہوا۔ ترسیلات زر سے بی او پی کی حالت کو کچھ سہارا ملا کیونکہ دوران مدت ان میں تقریباً 5 فیصد اضافہ ہوا۔ جولائی تا فروری کی مدت کے دوران ملک میں قرضہ جاتی سکیورٹیز میں تقریباً 3.1 بلین ڈالر مالیت کی حتمی غیر ملکی سرمایہ کاری ہوئی۔ تاہم مارچ کے مہینے میں 1.8 بلین مالیت کے خود مختار قرضوں کی سرمایہ کاری واپس لے لی گئی۔ زرمبادلہ کے ذخائر میں جولائی تا مارچ کے دوران 2.9 بلین ڈالر اضافہ ہوا جس کی معاونت انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف)، کثیرالجہتی اداروں اور غیر ملکی دائرہ کار کے سرمایہ کاروں سے آمدات کے ساتھ ساتھ کرنٹ اکاؤنٹ کے خسارے میں کمی سے ہوئی۔

مالی سال کے ابتدائی نو ماہ کے دوران فیڈرل بورڈ آف ریزرو (ایف بی آر) نے 3,050 بلین روپے کے عارضی ٹیکس جمع کیے۔ مارچ کے مہینے سے پہلے عارضی ٹیکس کی وصولی بہت حوصلہ افزا تھی اور اس میں 17 فیصد سال در سال ترقی ہو رہی تھی۔ تاہم مارچ کے مہینے میں لاک ڈاؤن کے نفاذ کے نتیجے میں تقریباً 100 سے 150 بلین روپے کی کمی ہوئی جس سے مالی سال 2019-20ء کے ابتدائی نو ماہ میں مجموعی ترقی 13 فیصد کم ہو گئی۔

مالی سال 2019-20ء کے ابتدائی نو ماہ کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 11.5 فیصد تھا۔ بھارت سے درآمدات پر پابندی عائد ہونے کے بعد جلد خراب ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافے کے باعث اشیائے خورد و نوش کی افراط زر پر بڑی ضرب پڑی۔ تاہم افراط زر کے دباؤ میں کمی کا رجحان شروع ہو گیا ہے جو مارچ میں 10.2 فیصد تھی کیونکہ پٹرولیم کی قیمتوں اور اشیائے خورد و نوش کی افراط زر میں کمی سے مجموعی افراط زر میں بھی کمی ہوئی ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ دیگر شعبوں میں پیمائش کردہ بنیادی افراط زر قابو میں رہی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) نے اپنے پہلے ماہانہ اجلاس میں افراط زر کی صورتحال میں بہتری کا حوالہ دیتے ہوئے انٹریسٹ کی شرح میں 75 بیسیس

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

		(Un-Audited) Mar 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	5	1,821,731	663,697
Investments	6	2,307,220	472,627
Profit receivable		18,712	2,822
Advances, prepayments and other receivables		4,747	3,094
<b>Total assets</b>		<b>4,152,410</b>	<b>1,142,240</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited – Management Company	7	13,694	816
Payable to the Central Depository Company of Pakistan Limited - Trustee		172	96
Payable to the Securities and Exchange Commission of Pakistan		300	491
Payable against purchase of investments		1,439,001	467,813
Dividend payable		-	3,965
Accrued expenses and other liabilities	8	61,748	39,415
<b>Total liabilities</b>		<b>1,514,915</b>	<b>512,596</b>
<b>NET ASSETS</b>		<b>2,637,495</b>	<b>629,644</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,637,495</b>	<b>629,644</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>44,088,533</b>	<b>11,850,746</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>59.82</b>	<b>53.13</b>

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

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

		Nine months ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
Note		(Rupees in '000)			
<b>Income</b>					
		167,485	33,911	62,813	11,711
		70,464	(2,533)	41,102	1,684
		30,451	10,614	9,338	6,135
		15,823	(401)	15,061	264
6.3	Unrealised appreciation / (diminution) in fair value of investments classified 'at fair value through profit or loss' - net				
	<b>Total income</b>	<b>284,223</b>	<b>41,591</b>	<b>128,314</b>	<b>19,794</b>
<b>Expenses</b>					
		31,375	4,139	15,162	1,613
7.1	Remuneration of the Management Company				
	Sindh Sales Tax on remuneration of the Management Company	4,079	538	1,971	210
	Remuneration of the Central Depository Company of Pakistan Limited - Trustee	978	683	373	224
	Sindh Sales Tax on remuneration of Trustee	127	89	48	29
	Securities and Exchange Commission of Pakistan - annual fee	300	341	114	112
7.2	Allocated expenses	1,502	504	572	158
7.3	Marketing and selling expenses	2,103	-	803	-
8.1	Provision for Sindh Workers' Welfare Fund	4,819	684	2,170	345
	Brokerage expenses	1,624	90	494	23
	Auditors' remuneration	448	443	137	84
	Other expenses	759	557	154	196
	<b>Total expenses</b>	<b>48,112</b>	<b>8,068</b>	<b>21,996</b>	<b>2,994</b>
	<b>Net income for the period before taxation</b>	<b>236,111</b>	<b>33,523</b>	<b>106,318</b>	<b>16,800</b>
10	Taxation	-	-	-	-
	<b>Net income for the period</b>	<b>236,111</b>	<b>33,523</b>	<b>106,318</b>	<b>16,800</b>
<b>Allocation of net income for the period:</b>					
	Net income for the period	236,111	33,523	106,318	16,800
	Income already paid on units redeemed	(93,131)	(5,636)	(52,814)	(4,264)
		<b>142,979</b>	<b>27,887</b>	<b>53,503</b>	<b>12,536</b>
<b>Accounting income available for distribution:</b>					
	- Relating to capital gains	56,567	-	39,918	1,948
	- Excluding capital gains	86,412	27,887	13,585	10,588
		<b>142,979</b>	<b>27,887</b>	<b>53,503</b>	<b>12,536</b>
<b>Earnings per unit</b>					

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020**

	Nine months ended March 31,		Quarter ended Mar 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>236,111</b>	33,523	<b>106,318</b>	16,800
Other comprehensive income for the period	-	-	-	-
Unrealised appreciation in fair value of investments classified as 'at fair value through other comprehensive income' - net				
<b>Total comprehensive income for the period</b>	<b>236,111</b>	33,523	<b>106,318</b>	16,800

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

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended Mar 31,						
	2020			2019			
	(Rupees in '000)						
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Unrealised (losses) / gains on available for sale investment	Total
Net assets at beginning of the period	1,382,425	(752,781)	629,644	1,310,356	(725,494)	119	584,981
Adoption of IFRS 9	-	-	-	-	119	(119)	-
	1,382,425	(752,781)	629,644	1,310,356	(725,375)	-	584,981
Issue of 117,250,418 units (2019: 86,174,093 units):							
- Capital value (at net asset value per unit at the beginning of the year)	6,229,515	-	6,229,515	495,449	-	-	495,449
- Element of income	367,465	-	367,465	17,822	-	-	17,822
	6,596,980	-	6,596,980	513,271	-	-	513,271
Redemption of 85,012,631 units (2019: 54,240,324 units):							
- Capital value (at net asset value per unit at the beginning of the year)	(4,516,721)	-	(4,516,721)	(368,617)	-	-	(368,617)
- Amount paid out of element of Income relating to net income for the period after taxation	(215,388)	(93,131)	(308,519)	(5,943)	(5,636)	-	(11,579)
	(4,732,109)	(93,131)	(4,825,240)	(374,560)	(5,636)	-	(380,196)
Total comprehensive income for the period	-	236,111	236,111	-	33,523	-	33,523
Final Distribution for the period Rs: Nil ( For the year ended June 30, 2018 Rs. 2.75 per unit including additional units declared on July 04, 2018),	-	-	-	(960)	(27,853)	-	(28,813)
Net income for the period less distribution	-	236,111	236,111	(960)	5,670	-	4,710
<b>Net assets as at the end of the period</b>	<b>3,247,296</b>	<b>(609,802)</b>	<b>2,637,495</b>	<b>1,448,107</b>	<b>(725,341)</b>	<b>-</b>	<b>722,766</b>
Undistributed loss brought forward							
- Realised		(752,018)			(725,088)		
- Unrealised		(763)			(406)		
		(752,781)			(725,494)		
Adoption of IFRS 9					119		
Accounting income available for distribution							
- Relating to capital gains	56,567			27,887			
- Excluding capital gains	86,412			27,887			
	142,979			27,887			
Distributions during the period	-			(27,853)			
<b>Undistributed loss carried forward</b>	<b>(609,802)</b>			<b>(725,341)</b>			
Undistributed loss carried forward							
- Realised	(625,625)			(724,940)			
- Unrealised	15,823			(401)			
	(609,802)			(725,341)			
	---	(Rupees) ---		---	(Rupees) ---		
Net assets value per unit as at beginning of the period	53.13			55.83			
Net assets value per unit as at end of the period	59.82			56.17			

The annexed notes from 1 to 17 form an integral part of these 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,	
	2020	2019
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	236,111	33,523
<b>Adjustments for:</b>		
Capital loss on sale on investments-net	(70,464)	2,533
Unrealised diminution / (appreciation) in fair value of investments classified 'at fair value through profit or loss' - net	(15,823)	401
	<u>149,823</u>	<u>36,457</u>
<b>(Increase) / decrease in assets</b>		
Investments	(2,216,179)	515,072
Profit receivable	(15,890)	(1,249)
Advances and prepayments	(1,653)	12
	<u>(2,233,722)</u>	<u>513,834</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	12,878	353
Payable to the Central Depository Company of Pakistan Limited - Trustee	76	11
Payable to the Securities and Exchange Commission of Pakistan	(191)	(398)
Payable against purchase of investments	971,188	71,349
Dividend payable	(3,965)	-
Accrued expenses and other liabilities	22,333	(257)
	<u>1,002,319</u>	<u>71,058</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(1,081,579)</u>	<u>621,350</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	6,596,980	512,311
Payments on redemption of units	(4,825,240)	(380,196)
Dividend paid	-	(27,853)
<b>Net cash generated from / (used in) financing activities</b>	<u>1,771,740</u>	<u>104,262</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>690,161</u>	<u>725,612</u>
Cash and cash equivalents at beginning of the period	1,131,570	592,954
<b>Cash and cash equivalents at end of the period</b>	<u>1,821,731</u>	<u>1,318,566</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Sovereign Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Habib Metropolitan Bank Limited as Trustee. 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 (AMC Rules), [repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules)].

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.

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 SECP approved the appointment of CDC as the Trustee in place of Habib Metropolitan Bank Limited and further approved the amendments to the Trust Deed vide its letter number SCD/NBFC-11/MF-RS/MSPF/981/2009 dated 3 November 2009. Accordingly, the Trust Deed of the Scheme was revised through a Supplemental Deed executed between the Management Company, Habib Metropolitan Bank Limited and CDC.

Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company was changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited.

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 has been changed from 24th Floor, Centre point, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan to Adamjee House, MCB-AH Savings, 2nd Floor, I.I Chundrigar Rd, Karachi, Pakistan.

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 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 units are listed on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ dated October 08, 2019 to the Management Company and has assigned stability rating of "AA-(f)" dated December 24, 2019 to the Fund. The Fund consists of a 'Perpetual' (the scheme). In addition, the Fund had also issued other sub-scheme which matured as follows:

Name of sub-scheme	Maturity date of sub-scheme
Metro Bank - Pakistan Sovereign Fund - (December 2012)	December 31, 2012
Metro Bank - Pakistan Sovereign Fund - (December 2007)	December 31, 2007
Metro Bank - Pakistan Sovereign Fund - (December 2005)	December 31, 2005
Metro Bank - Pakistan Sovereign Fund - (December 2003)	December 31, 2003

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.

## 2. STATEMENT OF COMPLIANCE

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

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



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

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

- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2019. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2020 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2019.
- 2.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

## **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, 2019.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019.

## **4. FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2019.

<b>5. BANK BALANCES</b>	<b>Note</b>	<b>(Un-Audited) March 31, 2020</b>	<b>(Audited) June 30, 2019</b>
		<b>----- (Rupees in '000) -----</b>	
- In savings accounts	5.1	<b>1,821,711</b>	660,792
- In current accounts	5.2	<b>19</b>	2,905
		<b><u>1,821,731</u></b>	<b><u>663,697</u></b>

- 5.1** These carry mark-up at rates ranging between 11.25% to 14.45% (June 30, 2019: 10.25% to 13%) per annum and include bank balance of Rs. 23.122 million (June 30, 2019: Rs.2,470 million) maintained with MCB Bank Limited (a related party) which carries profit rate 11.25% (June 30, 2019: 10.25%) per annum .
- 5.2** These include a balance of Rs. 0.09 million (June 30, 2019: Rs.2.889 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, 2020**

## 6. INVESTMENTS

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note	----- (Rupees in '000) -----	
6.1	734,665	4,754
6.2	1,572,555	467,873
	<b>2,307,220</b>	<b>472,627</b>

## 6.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Face value				As at 31 Mar 2020			Market value	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at Mar 31, 2020	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----										
Pakistan Investment Bonds - 3 years	19-Sep-19	-	4,100,000	4,100,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years	12-Jul-18	-	2,600,000	1,950,000	650,000	616,239	626,252	10,013	23.74	27.14
Pakistan Investment Bonds - 5 years	19-Sep-19	-	1,725,000	1,725,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	19-Sep-19	-	4,200,000	4,200,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	10-Jun-04	5,500	-	-	5,500	4,867	5,643	776	0.21	0.24
Pakistan Investment Bonds (FRB)- 5 years	25-Jul-19	-	100,000	-	100,000	100,106	102,770	2,664	3.90	4.45
<b>Total as at December 31, 2019</b>						<b>721,212</b>	<b>734,665</b>	<b>13,453</b>		
Total as at June 30, 2019						5,577	4,754	(823)		

## 6.2 Government securities - Treasury Bills

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

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>6.3 Net unrealised loss on revaluation of investments at fair value through profit or loss'</b>			
Market value of investments	6.1 & 6.2	2,307,220	472,627
Carrying value of investments	6.1 & 6.2	(2,291,397)	(473,390)
		<u>15,823</u>	<u>(763)</u>

**7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED –  
MANAGEMENT COMPANY**

Management remuneration payable	7.1	10,385	672
Sindh Sales Tax on management remuneration payable		1,350	87
Sales Load Payable		924	-
Payable against allocated expenses	7.2	232	57
Marketing and selling expenses payable	7.3	802	-
		<u>13,694</u>	<u>816</u>

**7.1** As per amendment in the offering document, the management company with effect from August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis. Provided that fund is subject to a minimum fee of 0.5% of the average daily net assets of the scheme.

**7.2** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1% and resultantly, during the current period, the Management Company has charged actual expenses.

**7.3** SECP vide SRO 639(I)/2019 dated June 20, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). It has also removed maximum cap of selling and marketing expense of 0.4% per annum.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	8.1	10,331	5,511
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		2,395	57
Auditors' remuneration payable		245	346
Brokerage payable		499	68
Others		15,081	235
		<u>61,748</u>	<u>39,415</u>

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

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### 8.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re.0.23 per unit (June 30, 2019 Re. 0.47 per unit).

### 8.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re. 0.66 per unit (June 30, 2019: Re. 2.45 per unit).

### 9. CONTINGENCIES AND COMMITMENTS

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

### 10. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule 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 ended June 30, 2019 to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

### 11. 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.

### 12. TOTAL EXPENSE RATIO

The Annualized total expense ratio of the Fund is 3.19% as on March 31, 2020 (March 31, 2019: 1.43%) and this includes 0.62% (March 31, 2019: 0.01%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. this ratio is within the limit 2.5% prescribed under the NBFC regulation for a collective investment scheme categorized as income scheme.

### 13. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and unit holders holding more than 10% units of the Fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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

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

For the Nine months ended March 2020									
	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at Mar 31, 2020	As at July 01, 2019	Issued for cash	Bonus	As at Mar 31, 2020
	(Rupees in '000)								
	Units								
DG Khan Cement Company Limited	7				7	-			-
Mandate under discretionary portfolio services	1	24,791,235		24,780,790	10,446	-	1,395,161		1,417,966
Key management personnel	-	605,721		581,725	23,995	-	33,895		32,792
Security General Insurance Co. Ltd. Employees Provident Fund Trust	-	86,365		-	86,365	-	4,895		5,167
Mcbb-Arif Habib Savings and Investments Limited	-	8,242,168		7,852,769	389,399	-	450,216		432,008
Unitholders holding 10% or more	1,871,421	-	-	-	1,871,421	99,431	-	-	111,953
	(Rupees in '000)								
	Units								
DG Khan Cement company Limited	6	-	-	-	6	-	-	-	-
Mandate under discretionary portfolio services	452,075	23,421	-	475,496	-	25,241	1,243	-	25,294
Key management personnel	7	19,662	-	19,669	-	-	1,100	-	1,102
	(Rupees in '000)								
	Units								
	For the nine months ended March 31, 2019								
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	As at July 01, 2018	Issued for cash	Bonus	As at March 31, 2019
	(Rupees in '000)								
	Units								
DG Khan Cement company Limited	6	-	-	-	6	-	-	-	-
Mandate under discretionary portfolio services	452,075	23,421	-	475,496	-	25,241	1,243	-	25,294
Key management personnel	7	19,662	-	19,669	-	-	1,100	-	1,102
	(Rupees in '000)								
	Units								
	For the nine months ended March 31, 2019								
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	As at July 01, 2018	Issued for cash	Bonus	As at March 31, 2019
	(Rupees in '000)								
	Units								

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

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

	(Unaudited) Mar 31, 2020	(Unaudited) Mar 31, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration of the Management Company including indirect taxes	35,454	4,677
Expenses allocated by the Management Company	1,502	504
Marketing And Selling expenses	2,103	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	1,105	772
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	316	36
Bank charges	16	3
Purchase of securities - face value 1,050 M (2019: Nil)	948,125	-
Sale of securities - face value 125 M (2019: 450 M)	105,587	446,479
<b>Arif Habib Limited</b>		
Brokerage expense*	104	-

## 13.3 Balances outstanding at period / year end:

	(Unaudited) Mar 31 2020	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration payable to Management Company	10,385	672
Sales tax payable on remuneration to Management Company	1,350	87
Sale load payable	924	-
Selling and marketing payable	802	-
Expenses allocated by Management Company	232	57
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to Trustee	152	96
Sales tax payable on remuneration to Trustee	20	
<b>MCB Bank Limited</b>		
Bank balance	23,121	5,359
Mark-up receivable	-	84
Sales load payable	8	72
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage payable*	60	-

\* 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, 2020**

		(Un-Audited) Mar 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>14. CASH AND CASH EQUIVALENTS</b>			
Balance with banks	5	1,821,731	663,697
Treasury bills maturing within 3 months	6.2	-	467,873
		<u>1,821,731</u>	<u>1,131,570</u>

**16. CORRESPONDING FIGURES**

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

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue on April 20, 2020 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director



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

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