

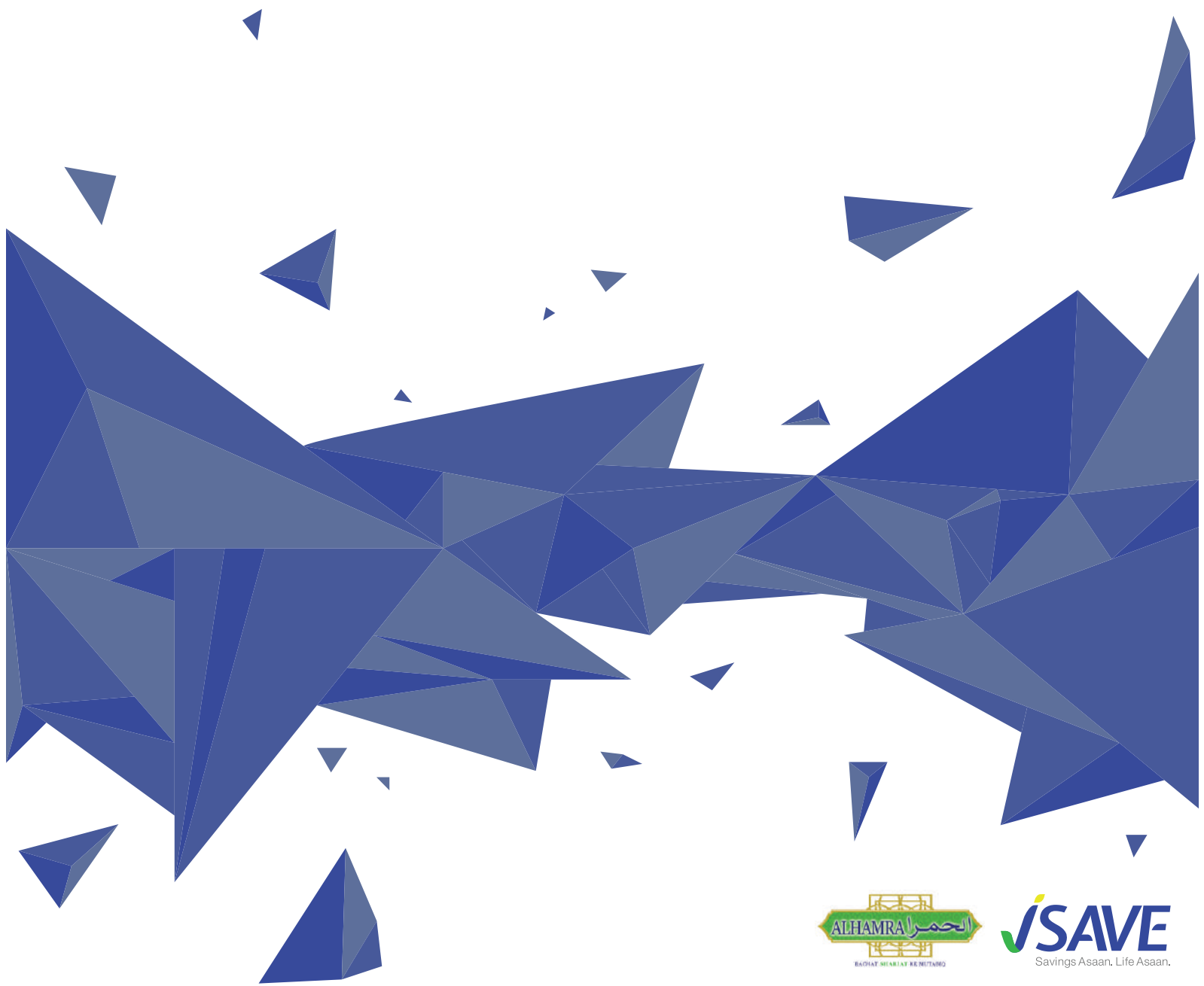


**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

SEPTEMBER  
**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 QUARTER ENDED SEPTEMBER 30, 2021

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the quarter ended September 30, 2021.

### **Economy and Money Market Review**

The fiscal year started on a robust note as Covid-19 vaccination drive gathered paced which helped to lift lockdowns across the county. The economic recovery was higher than expected as lagged impact of monetary easing, higher remittances and government incentives such as TERF facilities provided impetus to economic growth. The GDP growth clocked at 3.94 per cent in FY21 with government expecting the economic growth to clock at 4.8 per cent for FY22.

However, the robust recovery in domestic demand, coupled with higher international commodity prices, led to a strong pick-up in imports and a rise in the current account deficit. This put pressure on the local currency as rupee depreciated by 13.1 per cent against USD during this quarter.

Current account deficit posted a deficit of USD 2,290 million in the first two months of fiscal year compared to a surplus of USD 838 million in the corresponding period of the last year. The deterioration came in primarily on the back of higher imports which grew by 67.8 per cent in the first two months compared to export growth of 35.4 per cent. Trade Deficit increased by 100.2 per cent to USD 6.8 billion compared to USD 3.4 billion last year. Foreign exchange reserves of central bank saw an increase of USD 1.6 billion as Pakistan received USD 2.75 billion from the IMF under its new SDR allocation to back economically vulnerable countries combating the coronavirus pandemic.

Inflation remained a concern for the government as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.58 per cent during the quarter, with food inflation averaging 9.5 per cent during the period. Inflation was also effected by increase in fuel prices on account of increase in international oil and LNG prices. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.5 per cent for the period. The MPC committee conducted two monetary policies during the quarter and increased policy rate by 25bps in the Sep-21 meeting. SBP increased the interest rate to control the current account deficit and prevent the overheating of the economy as it noted the need to gradually increase the interest rates to protect the nascent economic growth.

On the fiscal side FBR Tax collection increased by 38 per cent over last year in this quarter to clock at PKR 1,395 billion compared to target of PKR 1,211 billion exceeding it by PKR 186 billion. This was on the back of higher custom duty and sales tax due to higher import.

Secondary markets yields have increased significantly in the quarter as SBP has started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices will add pressure to inflation and we expect average FY22 inflation to clock above the range of 7-9 per cent forecasted by SBP. 3Y, 5Y and 10Y bonds saw a rise of 73 bps, 46 bps and 51 bps respectively during the period.

### **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 12.95 per cent as against its benchmark return of 7.59 per cent. At period-end, the fund decreased its exposure in cash to 53.8 per cent from 57.2 per cent.

The Net Assets of the Fund as at September 30, 2021 stood at Rs. 737 million as compared to Rs. 738 million as at June 30, 2021 registering a decline of 0.14 per cent.

The Net Asset Value (NAV) per unit as at September 30, 2021 was Rs. 55.06 as compared to opening NAV of Rs. 53.32 per unit as at June 30, 2021 registering an increase of Rs. 1.74 per unit.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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

The government has set a GDP growth target of 4.8 per cent for fiscal year 2022 (FY22). Covid-19 vaccination drive is continuing with success as over 50 million people have received the first dose of coronavirus vaccine. This has helped to lift lockdown across the country and we expect the Covid-19 situation to remain under control. Broader economy also appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. However, the recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. Due to the recent government steps to curtail demand we see some downside risks to government growth target. We expect GDP growth to clock higher as compared to previous year but it is likely to remain lower than the government target of 4.8 per cent.

The robust recovery in domestic demand on the back of pro-growth measures by the government, coupled with higher international commodity prices, has led to a strong pick-up in imports and a rise in the current account deficit. The current account deficit is expected to increase to USD 13.1 billion (4.0 per cent of GDP) in FY22, amid rising international crude oil prices along with general increase in international commodity prices. The Current Account deficit is likely to further weaken the local currency and we expect the exchange rate to close the year around 176 PKR/USD. Swift resumption of IMF program will be a key prerequisite to keep the financial account in positive zone. SBP has indicated that the flexible market determined exchange rate and gradual tightening of interest rates would be used in tandem to ensure sustainable current account position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

CPI averaged 8.9 per cent in FY21. The expected utility adjustments, currency depreciation and higher international commodities prices will lead to increase in inflation in this year. We expect Average FY22 inflation to clock at 9.7 per cent with inflation going in double digits in second half of the fiscal year. Based on our expected inflation, the real interest rates now fall into negative range thus requiring adjustments in the monetary policy during the current fiscal year. However, SBP has shown its focus to avoid any shocks to economic growth and will gradually increase interest rate to achieve mildly positive interest rate over the medium term. We expect the Policy Rate to reach 9.0 per cent by the end of the year.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in expected interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 15.9 per cent, a discount of 43 per cent from its historical average. Similarly, risk premiums are close to 5.9 per cent, compared to historical average of 1.5 per cent signifying abnormal returns for long term investors. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to rise given expected increase in interest rates. 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 1.4 per cent during the quarter to PKR 1,032 billion at the end of 1QFY22. Total money market funds grew by about 1.1 per cent since June 2021. Within the money market sphere, the conventional funds dominated as they grew by about 8.1 per cent to PKR 308 billion while Islamic funds declined by 9.9 per cent to PKR 164 billion. In addition, the total fixed Income funds increased by about 8.5 per cent since June 2021, as the conventional income funds grew by 13.6 per cent to PKR 143 billion. Equity and related funds declined by 4.4 per cent over last quarter as market witnessed a decline in the quarter eroding AUMS and concern over macroeconomic and geopolitical factors kept investors at bay.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 28 per cent and Income funds having a share of 26 per cent as at the end of 1QFY22.

### Mutual Fund Industry Outlook

The recent increase in interest rates along with prospect of further monetary tightening would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. 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.

### ACKNOWLEDGMENT

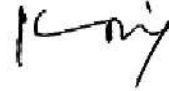
The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
October 22, 2021



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**Kashif A. Habib**  
Director

### میوچل فنڈز صنعت کے مستقبل کا منظر

سود کی شرحوں میں حالیہ اضافے کے ساتھ ساتھ مزید مالیاتی سختی سے money مارکیٹ فنڈز میں آمدات میں اضافہ ہوگا۔ Money مارکیٹ فنڈز اپنی مختصر مدت کی بدولت ایسے سرمایہ کاروں کے لیے موزوں ترین ثابت ہوں گے جو محدود مدت کے لیے اور کم خطرات کے ساتھ کام کرنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے valuations کو کشادہ کر دیا ہے اور سرمایہ کار ان پُرکشش سطحوں پر ایکوٹی میں پیسہ لگانا چاہیں گے۔ 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۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل 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



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

122 اکتوبر 2021ء



کاشف اے حبیب

ڈائریکٹر



مالی سال 2021ء میں سی پی آئی کا اوسط 8.9 فیصد تھا۔ متوقع یوٹیلیٹی تریمیات، روپے کی قدر میں کمی اور بلند ترین الاقوامی اشیائی قیمتوں کے نتیجے میں سال رواں کے دوران افراط زر میں اضافہ ہوگا۔ ہماری توقع کے مطابق مالی سال 2022ء کا افراط زر کا اوسط 9.7 فیصد ہوگا، اور سال کے نصف آخر میں افراط زر دو ہندسوں میں پہنچ جائے گی۔ ہماری متوقع افراط زر کی بنیاد پر حقیقی شروع سودا ب منفی حد میں آرہی ہے، چنانچہ موجودہ مالی سال کے دوران مالیاتی پالیسی میں تریمیات درکار ہیں۔ تاہم ایس بی پی نے معاشی ترقی کو متوقع دھچکوں سے محفوظ رکھنے پر توجہ مرکوز کی ہے اور درمیانی مدت میں معتدل حد تک مثبت شرح سود حاصل کرنے کے لیے شروع سود میں بتدریج اضافہ کیا جائے گا۔ ہماری توقع کے مطابق پالیسی شرح اختتام سال تک 9.0 فیصد تک پہنچ جائے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے تناظر میں، اسٹاک کی قیمتوں میں حالیہ تصحیح کے نتیجے میں تعیین قدر کھل گئی ہے۔ مارکیٹ نے شرح سود میں متوقع اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہوا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 15.9 فیصد ہو گیا ہے، جو اس کے قدیم اوسط سے 43 رعایت ہے۔ اسی طرح خطرات کے پرمیئم تقریباً 5.9 فیصد ہیں، اور ان کے قدیم اوسط 1.5 فیصد کے ساتھ تقابل سے طویل المیعاد سرمایہ کاروں کے لیے غیر معمولی منافعوں کا عندیہ ملتا ہے۔ ہم سمجھتے ہیں کہ شعبوں اور اسٹاک کی مجموعی تصویر اہمیت کی حامل رہے گی، اور سرمایہ کاری کے انتخاب میں ایسی کمپنیوں پر توجہ مرکوز ہونی چاہیے جو اپنی خلقی قدر سے گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب، شروع سود میں متوقع اضافے کی بدولت حکومتی بانڈز کے منافع جات میں اضافہ جاری رہ سکتا ہے۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ کی صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کی پہلی سہ ماہی کے دوران تقریباً 1.4 فیصد بڑھ کر اختتام مدت پر 1,032 بلین روپے تھے۔ مجموعی money مارکیٹ فنڈز میں جون 2021ء کے مقابلے میں 1.1 فیصد اضافہ ہوا۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور 8.1 فیصد بڑھ کر 308 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 9.9 فیصد گھٹ کر 164 بلین روپے ہو گئے۔ علاوہ ازیں، مجموعی فلسفہ ائم فنڈز میں جون 2021ء کے مقابلے میں 8.5 فیصد اضافہ ہوا اور روایتی ائم فنڈز 13.6 فیصد بڑھ کر 143 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں گزشتہ سہ ماہی کے مقابلے میں 4.4 فیصد کمی ہوئی کیونکہ دوران مدت مارکیٹ میں تنزل دیکھا گیا جس کے نتیجے میں اثاثہ جات تحت الانظامیہ (AUMs) گھٹ گئے اور کلاں معاشیاتی اور ارضی سیاسی عوامل پر خدشات نے سرمایہ کاروں کو دُور رکھا۔ شعبہ جاتی اعتبار سے مالی سال 2022ء کی پہلی سہ ماہی کے اختتام پر money مارکیٹ فنڈز تقریباً 46 فیصد شراکت کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز کی شراکت 28 فیصد اور ائم فنڈز کی 26 فیصد تھی۔

## ڈائریکٹرز رپورٹ

ثانوی مارکیٹس کی پیداواروں میں دوران سہ ماہی قابل ذکر اضافہ ہوا ہے کیونکہ اسٹیٹ بینک آف پاکستان نے مالیاتی سختی کا دورہ شروع کر دیا ہے۔ روپے کی قدر میں حالیہ کمی کے ساتھ مسلسل بلند اشیائی قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور مالی سال 2022ء کے لیے افراط زر کا اوسط متوقع طور پر اسٹیٹ بینک آف پاکستان کی پیش گوئی کردہ سطح 7 تا 9 فیصد سے بلند ہوگا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز میں دوران مدت بالترتیب 73 بی پی ایس، 46 بی پی ایس اور 51 بی پی ایس اضافہ ہوا۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 12.95 فیصد تھا جبکہ مقررہ معیار 7.59 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد میں اپنی سرمایہ کاری 57.2 فیصد سے کم کر کے 53.8 فیصد کر دیا۔

30 ستمبر 2021ء کو فنڈ کے net اثاثہ جات 737 ملین روپے تھے، جو 30 جون 2021ء کی سطح 738 ملین روپے کے مقابلے میں 0.14 فیصد کمی ہے۔

30 ستمبر 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 55.06 روپے تھی، جو 30 جون 2021ء پر ابتدائی این اے وی 53.32 روپے کے مقابلے میں 1.74 روپے فی یونٹ اضافہ ہے۔

### معیشت اور بازار - مستقبل کا منظر

حکومت نے مالی سال 2022ء کے لیے جی ڈی پی میں ترقی کا ہدف 4.8 فیصد مقرر کیا ہے۔ کووڈ-19 ویکسین مہم کامیابی کے ساتھ جاری ہے اور پانچ کروڑ سے زیادہ افراد پہلی خوراک حاصل کر چکے ہیں۔ اس کی بدولت ملک بھر میں لاک ڈاؤن ختم کرنے میں مدد ملی ہے اور ہم اُمید کرتے ہیں کہ کووڈ کی صورتحال قابو میں رہے گی۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ تاہم اشیاء کی قیمتوں میں حالیہ اضافہ مالیاتی اور خارجی اکاؤنٹس، دونوں کو مشکلات سے دوچار کر دے گا۔ طلب میں کمی کے حالیہ حکومتی اقدامات کے سبب ترقی کے حکومتی اہداف کی تکمیل کو خطرات لاحق ہو گئے ہیں۔ ہم توقع کرتے ہیں کہ جی ڈی پی میں سال گزشتہ کے مقابلے میں زیادہ ترقی ہوگی، لیکن زیادہ امکان اس بات کا ہے کہ یہ 4.8 فیصد کے حکومتی ہدف سے نیچے رہے گی۔

حکومتی ترقیاتی اقدامات اور بلند ترین الاقوامی اشیائی قیمتوں کے باعث مقامی طلب میں بھرپور بحالی ہوئی ہے اور اس کے نتیجے میں درآمدات اور کرنٹ اکاؤنٹ خسارے میں بھرپور اضافہ ہوا ہے۔ خام تیل کی بین الاقوامی قیمتوں اور اشیاء کی عمومی قیمتوں میں اضافے کی صورتحال میں مالی سال 2022ء میں کرنٹ اکاؤنٹ خسارہ بڑھ کر 13.1 بلین ڈالر (جی ڈی پی کے 4.0 فیصد) تک پہنچ سکتا ہے۔ خدشہ ہے کہ یہ خسارہ مقامی روپے کو مزید کمزور کرے گا، اور اختتام سال پر شرح مبادلہ تقریباً 176 ڈالر فی روپیہ ہو جانے کا امکان ہے۔ آئی ایم ایف پروگرام کی تیز رفتار بحالی مالیاتی گوشوارے کو مثبت احاطے میں رکھنے کے لیے کلیدی شرط ہوگی۔ ایس بی پی نے اشارہ دیا ہے کہ کرنٹ اکاؤنٹ کی قابل بقاء صورتحال یقینی بنانے کے لیے مارکیٹ کی متعین کردہ لچکدار شرح مبادلہ اور سود کی شرحوں میں بتدریج سختی کو بھی استعمال کیا جائے گا۔ ہماری خارجی صورتحال کو سنبھالنے میں ترسیلات کے ساتھ ساتھ دوطرفہ اور کثیر الطرفہ آمدات بھی اہم کردار ادا کریں گی۔



بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان Sovereign فنڈ کے گوشواروں مستحکمہ سہ ماہی 30 ستمبر 2021ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

مالی سال کا بھرپور آغاز ہوا جب کووڈ-19 ویکسین کی مہم میں تیز رفتاری سے ٹلک بھر میں لاک ڈاؤن ختم کرنے میں مدد ملی۔ معیشت میں بحالی متوقع سے زیادہ ہوئی کیونکہ مالیاتی تسہیل کی سست رفتار اثر پذیر، ترسیلات زر میں اضافے، اور حکومتی ترغیبات مثلاً TERF سہولتوں نے معاشی ترقی کو محرک فراہم کیا۔ مالی سال 2021ء میں مجموعی ملکی پیداوار (جی ڈی پی) میں 3.94 فیصد ترقی ہوئی اور اگلے مالی سال 2022ء کے لیے حکومت کو 4.8 فیصد معاشی ترقی کی توقع ہے۔

تاہم مقامی طلب کی بھرپور بحالی، اور اس کے ساتھ بلند ترین الاقوامی اشیائی قیمتوں، کے نتیجے میں درآمدات اور کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا۔ چنانچہ مقامی روپے پر دباؤ پڑا جس کی قدر میں دوران سہ ماہی امریکی ڈالر کے مقابلے میں 13.1 فیصد کمی ہوئی۔ کرنٹ اکاؤنٹ نے مالی سال کے پہلے دو ماہ میں 2,290 ملین ڈالر خسارہ پوسٹ کیا جبکہ اس کے بالمقابل سال گزشتہ مماثل مدت میں 838 ملین ڈالر فاضل تھے۔ اس ابتری کی بنیادی وجہ درآمدات میں اضافہ تھی جس میں پہلے دو ماہ کے دوران 67.8 فیصد اضافہ ہوا جبکہ اس کے بالمقابل برآمدات میں 35.4 فیصد اضافہ ہوا۔ تجارتی خسارہ 100.2 فیصد بڑھ کر 6.8 بلین ڈالر ہو گیا جبکہ اس کے بالمقابل سال گزشتہ 3.4 بلین ڈالر تھا۔ مرکزی بینک میں غیر ملکی زرمبادلہ کے ذخائر میں 1.6 بلین ڈالر کا اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف سے اس کے نئے ایس ڈی آر اختصاص کے تحت 2.75 بلین ڈالر موصول ہوئے جس کا مقصد کورونا وائرس وبا سے نبرد آزما ضرر پذیر ممالک کی معاشی معاونت ہے۔

افراط زر (مہنگائی) حکومت کے لیے مسئلہ بنی رہی اور بڑھتی ہوئی اشیائی قیمتوں نے پالیسی سازوں کو مشکلات سے دوچار رکھا۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط دوران سہ ماہی 8.58 فیصد تھا، اور اشیائے خورد و نوش کے افراط زر کا اوسط 9.5 فیصد تھا۔ بین الاقوامی سطح پر تیل اور ایل این جی کی قیمتوں میں اضافے کے نتیجے میں ایندھن کی قیمتوں میں اضافہ بھی افراط زر پر اثر انداز ہوا۔ اس کے باوجود 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 6.5 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے دوران سہ ماہی دو اجلاس منعقد کیے اور ستمبر 2021ء کے اجلاس میں پالیسی کی شرح میں 25 بیسیس پوائنٹس (بی پی ایس) کا اضافہ کیا۔ اسٹیٹ بینک آف پاکستان نے سود کی شرح میں اضافہ کیا تاکہ کرنٹ اکاؤنٹ خسارے اور معیشت میں بڑھتی ہوئی حرارت کو قابو میں رکھا جائے کیونکہ نوزائیدہ معاشی ترقی کی حفاظت کے لیے سود کی شرحوں میں بتدریج اضافے کی ضرورت ہوتی ہے۔

مالیاتی جانب ایف بی آر کی ٹیکس وصولی میں دوران سہ ماہی سال گزشتہ کے مقابلے میں 38 فیصد اضافہ ہوا؛ 1,395 بلین روپے، جو 1,211 بلین روپے کے ہدف سے 184 بلین روپے زیادہ ہیں۔ اس کی وجہ بلند تر درآمدات کے باعث بلند تر کسٹم ڈیوٹی اور سیلز ٹیکس ہیں

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2021

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	6	763,208	776,052
Investments	7.	545,296	569,132
Receivable against sale of investments		99,841	-
Profit receivable		7,329	7,790
Advances, prepayments and other receivables		3,007	3,024
<b>Total assets</b>		<b>1,418,681</b>	<b>1,355,998</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		1,629	1,018
Payable to Central Depository Company of Pakistan Limited - Trustee		47	47
Payable to the Securities and Exchange Commission of Pakistan		38	252
Payable against purchase of investments		644,474	569,468
Dividend payable		1	1
Accrued expenses and other liabilities	8	35,343	47,282
<b>Total liabilities</b>		<b>681,531</b>	<b>618,068</b>
<b>NET ASSETS</b>		<b>737,150</b>	<b>737,930</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>737,150</b>	<b>737,930</b>
<b>Contingencies and commitments</b>	9.		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>13,386,999</b>	<b>13,838,923</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>55.06</b>	<b>53.32</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

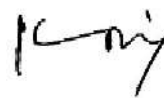
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended September 30,	
	2021	2020
	Note ----- (Rupees in '000) -----	
<b>Income</b>		
Income from government securities	13,477	30,968
Capital gain / (loss) on sale of investments - net	295	(4,840)
Profit on bank deposits	2,060	2,253
Unrealised appreciation / (diminution) in fair value of investments classified 'at fair value through profit or loss' - net	151	(1,629)
<b>Total income</b>	<b>15,983</b>	<b>26,752</b>
<b>Expenses</b>		
Remuneration of the Management Company	1,891	3,759
Sindh Sales Tax on remuneration of the Management Company	246	489
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	124	271
Sindh Sales Tax on remuneration of Trustee	16	35
Securities and Exchange Commission of Pakistan - annual fee	38	83
Allocated expenses	190	417
Marketing and Selling expenses	959	584
Auditors' remuneration	138	138
Brokerage, printing and bank charges	139	211
Legal and other professional charges	1,554	144
<b>Total expenses</b>	<b>5,294</b>	<b>6,131</b>
Sindh Workers' Welfare Fund (SWWF)	8.1 13,419	(412)
<b>Net income for the period before taxation</b>	<b>24,108</b>	<b>20,209</b>
Taxation	10. -	-
<b>Net income for the period</b>	<b>24,108</b>	<b>20,209</b>
<b>Allocation of net income for the period:</b>		
Net income for the period	24,108	20,209
Income already paid on units redeemed	(1,265)	(1,959)
	<b>22,843</b>	<b>18,250</b>
<b>Accounting income available for distribution:</b>		
- Relating to capital gains	343	-
- Excluding capital gains	22,499	18,250
	<b>22,843</b>	<b>18,250</b>
<b>Earning / (Loss) per unit</b>	11.	

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

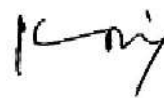
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	<b>Quarter ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Net income for the period after taxation</b>	<b>24,108</b>	20,209
Other comprehensive Income for the period:		
<b>Total comprehensive income for the period</b>	<b>24,108</b>	20,209

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements .

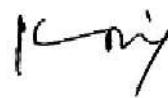
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Quarter ended September 30,						
2021			2020			
(Rupees in '000)						
Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total	
Net assets at beginning of the period	1,445,573	(707,643)	737,930	2,523,996	(707,606)	1,816,390
Issue of 2,924,579 units (2020: 2,361,197 units)						
- Capital value (at net asset value per unit at the beginning of the period)	155,939	-	155,939	125,781	-	125,781
- Element of income	4,337	-	4,337	651	-	651
Total proceeds on issuance of units	160,276	-	160,276	126,432	-	126,432
Redemption of 3,376,503 units (2020: 8,291,343 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(180,035)	-	(180,035)	(441,680)	-	(441,680)
- Amount paid out of element of income						
- Relating to 'Net income for the period after taxation'	(3,863)	(1,265)	(5,128)	(323)	(1,959)	(2,282)
Refund / adjustment on units as element of loss	-	-	-	-	-	-
Total payments on redemption of units	(183,898)	(1,265)	(185,163)	(442,003)	(1,959)	(443,962)
Total comprehensive income for the period	-	24,108	24,108	-	20,209	20,209
Net income for the period less distribution	-	24,108	24,108	-	20,209	20,209
Net assets at end of the period	1,421,951	(684,800)	737,150	2,208,425	(689,356)	1,519,069
Undistributed loss brought forward						
- Realised	(707,648)		(708,640)			
- Unrealised	5		1,034			
	(707,643)		(707,606)			
	-		-			
Undistributed income	(707,643)		(707,606)			
Accounting income available for distribution						
- Relating to capital losses	343		-			
- Excluding capital losses	22,499		18,250			
	22,843		18,250			
Net income for the period after taxation	-		-			
Distribution during the period	-		-			
Undistributed loss carried forward	(684,800)		(689,356)			
Undistributed loss carried forward						
- Realised	(684,952)		(687,727)			
- Unrealised	151		(1,629)			
	(684,800)		(689,356)			
Net assets value per unit at beginning of the period	53.32		53.27			
Net assets value per unit at end of the period	55.06		53.93			

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

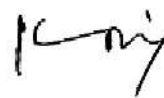
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended September 30,	
	2021	2020
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	24,108	20,209
<b>Adjustments for:</b>		
Unrealised diminution in fair value of investments classified 'at fair value through profit or loss' - net	(151)	1,629
	23,956	21,837
<b>Decrease /(Increase) in assets</b>		
Investments	273,686	278,351
Receivable against sale of investments	(99,841)	-
Profit receivables	461	(15,485)
Advances, deposits, prepayments	17	1,753
	174,322	264,619
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	611	(931)
Payable to Central Depository Company of Pakistan Limited - Trustee	(0)	(63)
Payable to the Securities and Exchange Commission of Pakistan	(214)	(362)
Payable against purchase of investments	75,006	1,271,954
Dividend payable	(0)	-
Accrued expenses and other liabilities	(11,939)	(3,331)
	63,463	1,267,268
<b>Net cash generated from operating activities</b>	261,742	1,553,724
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	160,276	126,432
Payments on redemption of units	(185,163)	(443,962)
<b>Net cash (used in) financing activities</b>	(24,888)	(317,530)
<b>Net increase in cash and cash equivalents during the period</b>	236,854	1,236,194
Cash and cash equivalents at beginning of the period	776,052	76,025
<b>Cash and cash equivalents at end of the period</b>	1,012,906	1,312,219

13.

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

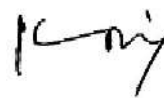
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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).

- 1.2** 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.
- 1.3** 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.
- 1.4** MCB Pakistan Sovereign Fund is an Open-ended Scheme which primarily invests in Government Securities (Treasury Bills, Pakistan Investment Bonds, GOP Ijara Sukuks and/or any other security issued/guaranteed by Federal/Provincial Government etc., subject to approval of SECP), Cash in Bank Accounts & Reverse Repo transactions against Government Debt Securities. The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' dated October 06, 2021 to the Management Company and stability rating of 'AA-(f)' dated September 09, 2021 to the Fund.
- 1.6** 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.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** 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 2021.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

- 2.1.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2021 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2021, whereas 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 quarter ended 30 September 2020.
- 2.1.4** 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.
- 2.1.5** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.
- 2.2. Basis of Measurement**  
This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.
- 2.3. Functional and presentation currency**  
This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.
- 3. SIGNIFICANT ACCOUNTING POLICIES**
- 3.1** The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2021.
- 3.2** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant and does not have any significant impact on the Fund's operations or a change in accounting policies of the Fund, therefore, have not been detailed in these condensed interim financial statements.
- 4. Estimates and Judgements**  
The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2021.
- 5. Financial Risk Management**  
  
The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2021.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>6. BANK BALANCES</b>			
In savings accounts	6.1	760,086	775,093
In current accounts	6.2	3,122	959
		<u>763,208</u>	<u>776,052</u>

- 6.1** These carry profit at the rates ranging between 5.5% to 7.83% ( June 2021: 5.50% to 11.25%) per annum. It includes bank balance of Rs. 0.24 million (June 2021: Rs 0.0025 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.5% (June 2021: 5.5%) per annum.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

6.2 These include Rs. 3.113 million (June 30, 2021: Rs 0.95 million) maintained with MCB Bank Limited, a connected person / related party.

		September 30, 2021	June 30, 2021
Note		----- (Rupees in '000) -----	
<b>7. INVESTMENTS</b>			
	<b>Financial assets 'at fair value through profit or loss'</b>		
	<b>Government Securities</b>		
	Pakistan investment bonds	7.1.1 5,552	5,643
	Pakistan investment bonds - Floating Rate Bond (FRB)	7.1.2 290,046	191,092
	Market treasury bills	7.1.3 249,698	372,397
		<b>545,296</b>	<b>569,132</b>

7.1 At fair value through profit or loss

7.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Date of Maturity	Face value				As at September 30, 2021			Market value	
			As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at September 30, 2021	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments
<div>(Rupees in '000)</div> <div>%</div>											
Pakistan Investment Bonds - 03 years	20-Aug-20	20-Aug-23	-	100,000	100,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	12-Jul-18	12-Jul-23	-	200,000	200,000	-	-	-	-	-	-
	15-Oct-20	15-Oct-25	-	300,000	300,000	-	-	-	-	-	-
Pakistan Investment Bonds - 20 years	10-Jun-04	10-Jun-24	5,500	-	-	5,500	5,631	5,552	(80)	0.01	0.02
Total as at September 30, 2021 (un-audited)							5,631	5,552	(80)		
Total as at June 30, 2021 (audited)							5,779	5,643	(136)		

7.1.2 Government securities - Pakistan Investment Bonds FRB

Name of security	Date of issue	Date of Maturity	Face value				As at September 30, 2021			Market value	
			As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at September 30, 2021	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)											
Pakistan Investment Bonds - 03 years	22-Oct-20	22-Oct-23	-	150,000	150,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	6-May-21	6-May-26	-	250,000	150,000	100,000	98,293	98,330	38	0.13	0.39
Pakistan Investment Bonds - 10 years	25-Jul-19	25-Jul-29	100,000	100,000	100,000	100,000	100,840	100,870	30	0.14	0.40
	22-Aug-19	22-Aug-29	90,000	90,000	90,000	90,000	90,666	90,846	180	0.12	0.36
Total as at September 30, 2021 (un-audited)							289,799	290,046	248		
Total as at June 30, 2021 (audited)							190,969	191,092	123		

7.1.3 Government securities - Treasury Bills

Name of security	Date of issue	Date of Maturity	Face value				As at September 30, 2021			Market value	
			As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at September 30, 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	8-Apr-21	7-Oct-21	-	100,000	-	100,000	99,880	99,879	(1)	0.14	0.39
Market treasury bills - 3 months	22-Apr-21	15-Jul-21	175,000	-	175,000	-	-	-	-	-	-
Market treasury bills - 3 months	20-May-21	12-Aug-21	-	125,000	125,000	-	-	-	-	-	-
Market treasury bills - 3 months	3-Jun-21	26-Aug-21	200,000	-	200,000	-	-	-	-	-	-
Market treasury bills - 3 months	2-Jul-21	23-Sep-21	-	520,000	520,000	-	-	-	-	-	-
Market treasury bills - 3 months	15-Jul-21	7-Oct-21	-	900,000	750,000	150,000	149,817	149,819	2	0.20	0.59
Market treasury bills - 3 months	29-Jul-21	21-Oct-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	12-Aug-21	4-Nov-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	26-Aug-21	18-Nov-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	9-Sep-21	2-Dec-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	25-Mar-21	23-Sep-21	-	175,000	175,000	-	-	-	-	-	-
Market treasury bills - 6 months	2-Jul-21	30-Dec-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	15-Jul-21	13-Jan-22	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	29-Jul-21	27-Jan-22	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	12-Aug-21	10-Feb-22	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	26-Aug-21	24-Feb-22	-	650,000	650,000	-	-	-	-	-	-
Market treasury bills - 6 months	9-Sep-21	10-Mar-22	-	1,250,000	1,250,000	-	-	-	-	-	-
Total as at September 30, 2021 (un-audited)							249,696	249,698	2		
Total as at June 30, 2021 (audited)							372,379	372,397	18		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>8. ACCRUED AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	8.1	-	13,419
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		110	167
Auditors' remuneration payable		520	382
Brokerage payable		27	12
Others		1,489	104
		<u>35,343</u>	<u>47,282</u>

## 8.1 Provision for Sindh Workers' Welfare Fund (SWWF)

Sindh Revenue Board (SRB) through its letter dated August 12, 2021 received on August 13, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds till August 12, 2021 on August 13, 2021.

SECP has also given its concurrence for recording reversal of provision of SWWF on the day letter was received by MUFAP. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

## 8.2 Federal Excise Duty and related tax payable

There is no change in the status of Federal Excise Duty as reported in the annual financial statements of the Fund for the period ended June 30, 2021. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2021 would have been higher/lower by Re. 2.48 per unit (June 30, 2021: Re. 2.40 per unit).

## 9. CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

During the year, an ex-parte income tax order was passed for tax year 2015 through which a tax demand of Rs. 309,896,010 was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR) by rejecting the Fund's claim for income tax exemption under clause (99) contained in Part I of the Second Schedule to the Income Tax Ordinance, 2001. The order was passed by misconstruing that the Fund allegedly distributed less than 90% of its income to its unitholders which is the sole criterion for income tax exemption claim under clause (99). Whilst reaching this conclusion the ACIR neither considered element of loss nor excluded Capital gains (realized or unrealized) while calculating income available for distribution.

The Fund has already obtained stay from the Commissioner Inland Revenue – Appeals (CIRA) against recovery of impugned tax demand and the appeal filed with the CIRA against the order is presently pending. Based on the above-referred facts, it is apparent that the order passed by the ACIR is against the facts of the case and the Management is confident that the ultimate outcome of appeal will be in favour of the Fund. For this reason, no provisioning in this regard is recommended to be made in the financial statements.

## 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 available for distribution 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 available for distribution other than 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. The management intends to distribute at least 90% of income to be earned during the current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

## 11. EARNING / (LOSS) PER UNIT

Earnings/(Loss) 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 based on the current period results is 2.78% (September 30, 2020:1.59%) and this includes 0.16% (September 30, 2020:0.28%) representing government levy, SECP fee etc.

## 13. CASH AND CASH EQUIVALENTS

	(Un-Audited) September 30, 2021	(Un-Audited) September 30, 2020
	----- (Rupees in '000) -----	
Bank balances	763,208	1,312,219
Government securities - Treasury bill	249,698	-
	<u>1,012,906</u>	<u>1,312,219</u>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

## 14. 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 entity in which the Management Company, its CISs or their connected persons have material interest, 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 and their close family members, 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 of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

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

	For the quarter ended September 30, 2021						For the quarter ended September 30, 2020					
	As at July 01, 2021	Issued for cash	Redeemed	As at September 30, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at September 30, 2020	As at July 01, 2020	Issued for cash	Redeemed	As at September 30, 2020
	Units											
	(Rupees in '000)											
<b>MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED</b>	-	-	-	-	-	-	-	-	-	-	-	-
DG Khan Cement company Limited	7	-	-	7	-	-	-	-	-	-	-	-
Security General Insurance Company Limited Employees Provident Fund Trust	105,833	-	-	105,833	5,643	-	-	-	5,643	-	-	5,827
Mandate under discretionary portfolio services	-	-	-	-	-	-	-	-	-	-	-	-
Key management personnel	2,849	77,732	62,349	18,232	152	4,273	3,433	1,004	-	-	-	-
Unitholders holding 10% or more	2,067,358	-	-	2,067,358	110,232	-	-	113,829	-	-	-	-
	Units											
	(Rupees in '000)											
<b>MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED</b>	-	10,956	10,956	-	-	590	591	-	-	-	-	-
DG Khan Cement company Limited	7	-	-	7	-	-	-	-	-	-	-	-
Mandate under discretionary portfolio services	1	768,112	765,946	2,166	-	41,084	41,168	117	-	-	-	-
Key management personnel	3,193	427	3,556	64	-	23	190	3	-	-	-	-
Security General Insurance Company Limited Employees Provident Fund Trust	100,244	-	-	100,244	5,345	-	-	5,406	-	-	-	-
Unitholders holding 10% or more	3,742,411	-	-	3,742,411	199,545	-	-	201,828	-	-	-	-

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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

	(Unaudited) <u>September 30,</u> 2021	(Unaudited) <u>September 30,</u> 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration of the Management Company including indirect taxes	2,136	4,248
Expenses allocated by the Management Company and related taxes	190	417
Marketing And Selling expenses	959	584
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	140	306
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	2	37
Bank charges	2	32
Purchase of securities - Face Value Nil (2020: 1,250 M)	-	1,213,999
Sale of securities - Face Value Nil (2020: Face value: Nil)	-	-

## 14.3 Balances outstanding at period / year end:

	(Unaudited) <u>September 30,</u> 2021	(Audited) <u>June 30,</u> 2021
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration payable to Management Company	537	588
Sales tax payable on remuneration to Management Company	70	76
Payable against allocated expenses	63	63
Payable against marketing and selling expenses	959	291
Sales load payable	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (including indirect taxes)	41	42
Sales tax on remuneration payable	5	5
<b>MCB Bank Limited</b>		
Bank balance	3,353	975
Mark-up receivable	-	-
Sales load payable	-	-

- \* The amount disclosed represents the amount of brokerage paid 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.

## 15 FAIR VALUE MEASUREMENTS

Fair value is 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

### 16 IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown. During the lockdown that lasted from March to May 2020, the funds continued their activity, as the Pakistan Stock Exchange and the money markets continued trading. Management Company is of the view that while COVID-19 and its resulting containment measures have affected the economy, investors' confidence and adequate steps from the government and regulators have spearheaded recovery and subsequent events reflect that in due course, things would be normalised.

### 17 GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

17.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant or reclassifications were made in these condensed interim financial statements to report.

### 18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 22, 2021 by the Board of Directors of the Management Company.

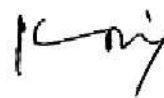
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



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

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