



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACRA

QUARTERLY REPORT

MARCH
2019
(UNAUDITED)

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

MCB PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. 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	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited JS Bank Limited Habib Bank Limited National Bank of Pakistan Zarai Traqiati Bank Limited Bank Al-Falah Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shahra-e-Faisal, Karachi -75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Sovereign Fund's** Nine Months Report for the period ended March 31, 2019.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

At the onset of the fiscal year, the economy inherited deep challenges in the form of external crisis as it was facing a huge current account deficit along with depleting foreign reserves. To cope with the underlying challenges, the central bank took major policy actions (currency depreciation of 16% along with interest rate hike of 425 bps in the current fiscal year). Stabilization efforts finally paid off as indicated by a declining current account deficit, which shrank by 22% during the first 8 months of FY19. Moreover, the recent trend is even more promising as current account deficit for Feb'19 was recorded below USD 400 million, a 3 year low.

While the government remained tentative about IMF program signup, it was able to secure funding from friendly allies which has bridged the gap in external account balance for short term. Saudi Arabia, UAE & China provided balance of payment support to the tune of USD 8 billion. Meanwhile Saudi Arabia announced USD 20 billion of investments for Pakistan, along with providing a USD 3 billion deferred credit facility for oil.

GDP growth is expected to set in a range of 2.5-3.0% as last year's record twin deficits restrict the ability of the government to carry on expansionary fiscal policies. Large scale manufacturing (LSM) is already down by 1.5% during the 7MFY19, while weak agricultural growth (cotton and wheat are expected to miss the targets) along with a considerable decline in Retail and Wholesale trade (Import Compression) will slowdown the overall aggregate demand during the current year.

Amid currency depreciation and utility prices adjustment, CPI has also indicating higher inflationary pressures and the inflation which on average has yet remained below 7% for the year but now looking to remain near 9% in coming months which is also likely to continue to remain in the next fiscal year due to utility tariff adjustments along with the lagged impact of currency depreciation. Central bank raised the interest rates by 500 bps during the current year owing to anticipated higher inflation and a weak balance of payment profile.

The government has indicated that it is close to sign the IMF program. Alongside, the government will have to address the key structural issues to tread on the path of long term sustainable economic growth.

The yield curve showed an upward trajectory during the fiscal year due to continued expectations of monetary tightening by the market participants. During the first 9 months, State Bank of Pakistan increased the policy rate by 425 bps in line with the expectations of most of the market. Several PIB auctions during the period under review had to be rejected by State Bank of Pakistan due to thin volume and participation at higher levels. Concerns over external front kept market participants at bay from longer tenor Treasury instruments similarly participation in Pakistan Investment Bonds also price in healthy liquidity premium. During the period under review, 314.38 billion worth of GOP Ijara Sukuk matured against which no fresh GOP Ijara Sukuk were issued by SBP.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.75% as against its benchmark return of 9.69%.

At period-end, the fund was 43.4% invested in Treasury Bills, 54.3% in cash and bank deposits, and 1.8% in PIBs.

The Net Assets of the Fund as at March 31, 2019 stood at Rs. 723 million as compared to Rs. 585 million as at June 30, 2018 registering an increase of 23.59%.

The Net Asset Value (NAV) per unit as at March 31, 2019 was Rs.56.17 as compared to opening NAV of Rs. 55.83 per unit as at June 30, 2018 registering an increase of Rs. 0.34 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The tough measures taken by the incumbent government in the form of currency adjustments and monetary tightening for the purpose of reducing aggregate demand to control external imbalances is bearing fruit. The current account balance has begun to reflect the policy adjustments with the beginning 2 months of the current calendar registering decline of more

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

than 50% in current account balance. The external account is expected to remain at sustainable levels with the impetus expected to come from lagged increase in exports. The balance of payments support availed from friendly nations would be adequate to support financing of the remaining year. Subsequently, we expect normalized PKR/USD adjustment given the Real Effective Exchange Rate is close to its fundamental value.

However, the entrance into IMF program is likely to provide the much needed financial stability relative to external inflows through multilateral agencies along with better policy management related to dealing with structural issues in the economy.

In IMF program, focus is expected to shift towards fiscal side. The substantial curtailment of development budget has failed to curtail the fiscal deficit given the higher cost of borrowing for the government and sluggish performance in revenue collection due to relief in income tax, curtailment of telecom duties and import slowdown. The impact of monetary tightening is expected to be more visible in this half towards expenditures side. The revenue shortfall is expected to lead towards a fiscal deficit of more than 6% for this year. The focus of next budget is expected to be towards revenue generation measures particularly, higher taxation, duties, etc.

Inflationary pressures are expected to become more visible as reflected in the recent reading of 9.4% as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy may provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

ACKNOWLEDGMENT

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

On behalf of Directors,



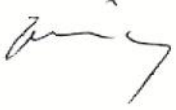
Muhammad Saqib Saleem
Chief Executive Officer
April 19, 2019



Nasim Beg
Vice Chairman / Director

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔
من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
19 اپریل، 2019ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 7.75% تھا جبکہ منافع 9.69% تھا۔
اختتام مدت پر فنڈ کی سرمایہ کاری 43.4% ٹریڈری بلز میں، 54.3% نقد اور بینک ڈپازٹس میں، اور 1.8% پاکستان انویسٹمنٹ بانڈز میں تھی۔
31 مارچ 2019ء کو فنڈ کے net اثاثہ جات 723 ملین روپے تھے جو 30 جون 2018ء کی سطح 585 ملین روپے کے مقابلے میں 23.59% اضافہ ہے۔
31 مارچ 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 56.17 روپے تھی، جو 30 جون 2018ء کی ابتدائی قدر 55.83 روپے فی یونٹ کے مقابلے میں 0.34 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

موجودہ حکومت نے خارجی عدم توازن پر قابو پانے کے لیے مجموعی طلب میں کمی کرنے کے مقصد سے روپے کی قدر میں کمی بیشی اور مالیاتی تنگی کی صورت میں جو سخت اقدامات کیے تھے ان کے ثمرات حاصل ہو رہے ہیں۔ موجودہ کیلنڈر کے ابتدائی دو ماہ کے ساتھ ہی کرنٹ اکاؤنٹ میں پالیسی کی تبدیلیوں کی عکاسی ہونے لگی ہے اور 50% سے زائد کی کمی ہوئی۔ برآمدات میں سست رفتار اضافے سے ملنے والی متوقع قوت سے خارجی اکاؤنٹ کے پائیدار سطحوں پر برقرار رہنے کی توقع ہے۔ ادائیگیوں کے توازن کے ضمن میں دوستانہ ممالک سے حاصل ہونے والا تعاون سال کے بقیہ حصے کے دوران رقم کی فراہمی کے لیے کافی ہوگا۔ بعد ازاں، Real Effective شرح مبادلہ اپنی بنیادی قدر کے قریب ہے جس کے باعث پاکستانی روپے اور امریکی ڈالر میں عمومی باہمی کمی بیشی متوقع ہے۔

آئی ایم ایف پروگرام میں توجہ کا رخ مالیاتی جانب منتقل ہونے کا امکان ہے۔ ترقیاتی بجٹ میں قابل ذکر کمی کے نتیجے میں مالیاتی خسارے میں کمی نہیں ہو سکی جس کی وجہ حکومت کے لیے حصول قرض کی بلند تر قیمت، اور آمدنی ٹیکس میں چھوٹ، ٹیلی کام محصولات میں کمی اور درآمدات میں سست روی کے باعث آمدنی جمع کرنے کی سست رفتار کارکردگی ہے۔ مالیاتی تنگی کے اثرات رواں ششماہی میں اخراجات کی جہت میں مزید ظاہر ہونے کی توقع ہے۔ کم آمدنی کے نتیجے میں رواں سال 6% سے زیادہ مالیاتی خسارہ ہونے کا امکان ہے۔ اگلے بجٹ کی زیادہ توجہ متوقع طور پر آمدنی پیدا کرنے کے اقدامات، بلند تر ٹیکس اور محصولات وغیرہ کی طرف ہوگی۔

افراط زر کے دباؤ متوقع طور پر مزید ظاہر ہوں گے جیسا کہ روپے کی قدر میں کمی کے سست رفتار اثرات، گیس کی قیمت میں اضافہ اور بجلی کی قیمت میں کمی بیشی کو شامل کرنے پر 9.4% کی حالیہ سطح سے عکاسی ہوتی ہے۔ تاہم زیادہ تر مالیاتی تنگی آئندہ افراط زر کے دباؤ کی عکاسی کے لیے کی گئی ہے، اور مزید تنگی کی وسعت 50 bps کی حد میں رہے گی۔ سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سست روی کا شکار رہے گی کیونکہ کرنسی میں کمی بیشی اور مالیاتی پالیسی میں مزید تنگی کھپت کے رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی تنظیم کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور مکمل نہ پائیدار پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکویٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات کی قیمت کا تعین کر دیا گیا ہے یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریسٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) اُن کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دوچار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان Sovereign فنڈ کی 31 مارچ 2019ء کو ختم ہونے والے نو ماہ کی رپورٹ پیش خدمت ہے۔

مارکیٹ اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

مالی سال کے آغاز ہی سے معیشت کو کرنٹ اکاؤنٹ کے خطرہ خسارے اور غیر ملکی ذخائر میں کمی کے باعث خارجی بحران کی شکل میں سنگین چیلنجز وراثت میں ملے۔ ان مسائل سے نمٹنے کے لیے مرکزی بینک نے اہم پالیسی اقدامات اٹھائے (موجودہ مالی سال میں روپے کی قدر میں 16% کمی اور انٹریسٹ کی شرح میں 425 bps اضافہ)۔ بالآخر استحکام کی کوششوں کے ثمرات حاصل ہوئے اور مالی سال 2019ء کے پہلے آٹھ ماہ کے دوران کرنٹ اکاؤنٹ کے خسارے میں 22% کمی ہوئی۔ مزید برآں، حالیہ رجحان زیادہ اُمید افزا ہے کیونکہ فروری 2019ء کا کرنٹ اکاؤنٹ کا خسارہ 400 ملین ڈالر سے کم تھا جو گزشتہ 3 برسوں کی پست ترین سطح ہے۔

اگرچہ حکومت آئی ایم ایف پروگرام کے حوالے سے غیر یقینی صورتحال سے دوچار رہی لیکن دوستانہ اتحادیوں سے رقم حاصل کرنے میں کامیاب ہوئی جس کی بدولت مختصر میعاد کے لیے خارجی اکاؤنٹ میں موجود خلا پُر ہوگئی۔ سعودی عرب، متحدہ عرب امارات اور چین نے ادائیگیوں کے توازن میں 8 بلین ڈالر تک کی معاونت فراہم کی، جبکہ سعودی عرب نے پاکستان کے لیے 20 بلین ڈالر کی سرمایہ کاریوں کے اعلان کے ساتھ ساتھ تیل کے شعبے میں 3 بلین ڈالر کی پیشگی ادائیگی کی سہولت فراہم کی۔

مجموعی ملکی پیداوار (GDP) میں 2.5 سے 3 فیصد تک ترقی متوقع ہے کیونکہ گزشتہ برس بلند ترین جڑواں خساروں کے سبب توسیعی مالیاتی پالیسیاں جاری رکھنے کی حکومتی صلاحیت متاثر ہوئی۔ وسیع پیمانے کی مینوفیکچرنگ (LSM) مالی سال 2019ء کے ساتویں ماہ میں پہلے ہی پست سطح پر ہے، جبکہ کمزوری ترقی (کپاس اور گندم ہدف تک نہیں پہنچ سکیں گے) کے ساتھ ساتھ خوردہ اور تھوک تجارت میں قابل ذکر کمی (درآمداتی کمپریشن) کے باعث موجودہ سال کے دوران کل مجموعی طلب سست روی کا شکار ہوگی۔

روپے کی قدر اور بجلی اور گیس وغیرہ کی قیمتوں میں کمی کے ساتھ ساتھ CPI افراط زر کے دباؤ میں اضافے کی نشاندہی کرتا رہا ہے۔ افراط زر کا اوسط اس سال 7% سے کم رہا لیکن آنے والے مہینوں میں تقریباً 9% پر قائم رہنے کے لیے پُر امید ہے، اور توقع ہے کہ یہ سطح بجلی اور گیس وغیرہ کی قیمتوں میں کمی پیشی کے ساتھ ساتھ روپے کی قدر میں کمی کے سبب رواتر کے باعث اگلے مالی سال میں برقرار رہے گی۔ افراط زر میں متوقع مزید اضافے اور ادائیگیوں کے توازن کی کمزوری صورتحال کے باعث موجودہ سال میں مرکزی بینک نے انٹریسٹ کی شرحوں میں 500 bps اضافہ کیا۔

حکومت نے اشارہ دیا ہے کہ وہ آئی ایم ایف پروگرام پر عنقریب دستخط کرنے والی ہے۔ ساتھ ساتھ حکومت کو اہم ترین بنیادی مسائل پر توجہ دینی ہوگی تاکہ طویل المیعاد پائیدار معاشی ترقی کی راہ پر گامزن ہو سکے۔

دوران مالی سال مارکیٹ کے شرکاء کی مالیاتی تنگی کی مسلسل توقعات کے باعث پیداواری خم بلندی کی طرف گامزن رہا۔ پہلے نو ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں 425 bps اضافہ کیا جو مارکیٹ کے بڑے حصے کی توقعات کے مطابق تھا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز کی متعدد نیلامیوں کو کمزور حجم اور بلند سطحوں پر شرکت کے باعث اسٹیٹ بینک آف پاکستان کو مسترد کرنا پڑا۔ خارجی میدان میں خدشات نے مارکیٹ کے شرکاء کو طویل المیعاد ڈریسٹری انسٹرومنٹس سے دور رکھا۔ زیر جائزہ مدت کے دوران 314.38 بلین مالیت کے حکومت پاکستان اجارہ سلک کی مدت مکمل ہوئی، اور ان کی جگہ اسٹیٹ بینک آف پاکستان کی طرف سے تازہ سلک جاری نہیں کیے گئے۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
Balance with banks	4	732,706	592,954
Investments	5	610,717	542,864
Profit receivable		3,421	2,172
Advances and prepayments		2,806	2,818
Total assets		1,349,651	1,140,808
LIABILITIES			
Payable to the Management Company		830	477
Payable to the Central Depository Company of Pakistan Limited - Trustee		101	90
Payable to the Securities and Exchange Commission of Pakistan		341	739
Payable against purchase of investments		585,836	514,487
Accrued expenses and other liabilities	6	39,777	40,034
Total liabilities		626,885	555,827
NET ASSETS		722,766	584,981
Unit holders' fund (as per statement attached)		722,766	584,981
Contingencies and commitments	7		
		----- (Number of units) -----	
Number of units in issue		12,866,739	10,477,317
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		56.17	55.83

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
Note	(Rupees in '000)			
Income				
Income from government securities	33,911	37,707	11,711	12,003
Capital (loss) / gain on sale of investments - net	(2,533)	(1,495)	1,684	(1,245)
Profit on bank deposits	10,614	13,542	6,135	2,632
Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net 5.2	(401)	(289)	264	(266)
Total income	41,591	49,465	19,794	13,124
Expenses				
Remuneration of the Management Company	4,139	5,136	1,613	1,441
Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	538	668	210	188
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	683	1,165	224	345
Sindh Sales Tax on remuneration of Trustee	89	151	29	44
Securities and Exchange Commission of Pakistan - annual fee	341	615	112	172
Allocated expenses	504	927	158	259
Provision for Sindh Workers' Welfare Fund	684	796	345	207
Brokerage expenses	90	90	23	13
Auditors' remuneration	443	436	84	143
Other expenses	557	460	196	163
Total expenses	8,068	10,444	2,994	2,975
Net income for the period before taxation	33,523	39,021	16,800	10,149
Taxation 8	-	-	-	-
Net income for the period	33,523	39,021	16,800	10,149
Allocation of net income for the period:				
Net income for the period	33,523	39,021	16,800	10,149
Income already paid on units redeemed	(5,636)	(15,443)	(4,264)	(9,901)
	27,887	23,578	12,536	248
Accounting income available for distribution:				
- Relating to capital gains	-	-	1,948	-
- Excluding capital gains	27,887	23,578	10,588	248
	27,887	23,578	12,536	248
Earnings per unit 9				

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019**

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	33,523	39,021	16,800	10,149
Other comprehensive Income for the period:				
Unrealised appreciation in fair value of investments classified as 'at fair value through other comprehensive income' - net	-	365	-	253
Total comprehensive income for the period	33,523	39,386	16,800	10,402

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended March 31,							
	2019				2018			
	(Rupees in '000)							
	Capital value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on available-for-sale investments	Total	Capital value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on available-for-sale investments	Total
Net assets at beginning of the period	1,310,356	(725,494)	119	584,981	2,104,177	(753,347)	555	1,351,385
Change in accounting policy - note 3.3		119	(119)					
Net assets at beginning of the period	1,310,356	(725,375)	-	584,981	2,104,177		555	1,351,385
Issue of 9,333,976 units (2018: 3,125,556 units)								
- Capital value (at net asset value per unit at the beginning of the period)	495,449	-	-	495,449	166,061	-	-	166,061
- Element of income	17,822	-	-	17,822	3,639	-	-	3,639
Total proceeds on issuance of units	513,271	-	-	513,271	169,700	-	-	169,700
Redemption of 6,944,554 units (2018: 15,771,546 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(368,617)	-	-	(368,617)	(837,942)	-	-	(837,942)
- Amount paid out of element of income								
- Relating to 'Net income for the period after taxation'	(5,943)	(5,636)	-	(11,579)	-	(15,443)	-	(15,443)
Refund / adjustment on units as element of loss	-	-	-	-	(2,663)	-	-	(2,663)
Total payments on redemption of units	(374,560)	(5,636)	-	(380,196)	(840,605)	(15,443)	-	(856,048)
Total comprehensive income for the period	-	33,523		33,523	-	39,021	365	39,386
Final Distribution for the year ended June 30, 2018 (including additional units) at the rate of Rs. 2.75 per unit (Declared on July 04, 2018)	(960)	(27,853)	-	(28,813)	-	-	-	-
Net income for the period less distribution	(960)	5,670	-	4,710	-	39,021	365	39,386
Net assets at end of the period	1,448,107	(725,341)	-	722,766	1,433,272	(729,769)	920	704,423
Undistributed loss brought forward								
- Realised		(725,088)						(753,344)
- Unrealised		(406)						(3)
Effect of Change in accounting policy - Note 3.3		(725,494)						(753,347)
Undistributed income - restated		119						
		(725,375)						
Accounting income available for distribution								
- Relating to capital losses		-						-
- Excluding capital losses		27,887						23,578
		27,887						23,578
Net income for the period after taxation		-						-
Distribution during the period		(27,853)						-
Undistributed loss carried forward		(725,341)						(729,769)
Undistributed loss carried forward								
- Realised		(724,940)						(729,480)
- Unrealised		(401)						(289)
		(725,341)						(729,769)

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

		Nine months ended March 31,	
		2019	2018
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		33,523	39,021
Adjustments for:			
Capital loss on sale on investments - net		2,533	1,495
Unrealised diminution in fair value of investments classified 'at fair value through profit or loss' - net		401	289
		<u>36,457</u>	<u>40,805</u>
Increase in assets			
Investments		515,072	496,929
Profit receivables		(1,249)	-
Advances, deposits, prepayments		12	3,046
		<u>513,834</u>	<u>499,975</u>
Increase / (decrease) in liabilities			
Payable to the Management Company		353	(789)
Payable to the Central Depository Company of Pakistan Limited - Trustee		11	(91)
Payable to the Securities and Exchange Commission of Pakistan		(398)	(3,334)
Payable against purchase of investments		71,349	(447,742)
Accrued expenses and other liabilities		(257)	(10,105)
		<u>71,058</u>	<u>(462,061)</u>
Net cash generated from operating activities		<u>621,349</u>	<u>78,719</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units (excluding additional units)		512,311	169,700
Payments on redemption of units		(380,196)	(856,048)
Dividend paid		(27,853)	-
Net cash (used in) / generated from financing activities		<u>104,262</u>	<u>(686,348)</u>
Net increase / (decrease) in cash and cash equivalents during the period			
		725,611	(607,629)
Cash and cash equivalents at beginning of the period		592,954	1,321,761
Cash and cash equivalents at end of the period	12	<u>1,318,565</u>	<u>714,132</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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)].
- 1.2** 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.
- 1.3** 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.
- 1.4** 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.
- 1.5** 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 is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.6** 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.
- 1.7** 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.
- 1.8** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ dated April 08, 2019 to the Management Company and has assigned stability rating of "AA-(f)" dated December 28, 2018 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
MetroBank - Pakistan Sovereign Fund - (December 2012)	December 31, 2012
MetroBank - Pakistan Sovereign Fund - (December 2007)	December 31, 2007
MetroBank - Pakistan Sovereign Fund - (December 2005)	December 31, 2005
MetroBank - Pakistan Sovereign Fund - (December 2003)	December 31, 2003

- 1.9** 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. 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:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

- 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 2018.
- 2.1.3** In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2018, 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 2018.
- 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 state of affairs of the Fund.
- 2.1.6** 2.4 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

- 3.1** 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, 2018 except for the change in accounting policy as explained in note 3.3.
- 3.2** 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 recognized 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, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

3.3 Standards and amendments to published accounting and reporting standards that are effective in the current period

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt and equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The Fund has adopted modified retrospective restatement for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current period. The effect of this change in accounting policy is as follows:

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018
		Rupees in '000	
Impact on Statement of Unit holders' fund			
Unrealised appreciation / (diminution) on 'Available-for-sale'	119	(119)	-
Undistributed income	(725,494)	119	(725,375)
	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018
		Rupees in '000	
Impact on Statement of Assets and Liabilities			
Investments - 'available for sale'	11,449	(11,449)	-
Investments - 'At fair value through profit or loss'	531,415	11,449	542,864

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption. There is no impact on the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim cash flow statement. There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the condensed interim financial statements of the Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2019. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
4. BALANCE WITH BANKS	Note	----- (Rupees in '000) -----	
- Savings accounts	4.1	730,192	592,134
- Current accounts	4.2	2,514	820
		732,706	592,954

4.1. These carry profit at the rates ranging between 8% to 11.6% (2018: 3.75% and 6.8%) per annum and include Rs. 0.42 million maintained with MCB Limited (2018: 0.68 million), (a related party) which carries profit at the rate of 8% per annum

4.2. These include Rs. 2.51 million (2018: Rs 0.82 million) maintained with MCB Bank Limited, a connected person / related party.

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
5. INVESTMENTS	Note	----- (Rupees in '000) -----	
'At fair value through profit or loss '			
Government securities - Pakistan investment bonds	5.1.1	24,858	16,889
Government securities - Treasury Bills	5.1.2	585,859	514,526
		610,717	531,415
'Available-for-sale'			
Government securities - Pakistan investment bonds		-	11,449
		610,717	542,864

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

5.1 At fair value through profit or loss

5.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Date of Maturity	Face value			As at March 31, 2019			Market value	
			As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at March 31, 2019	Carrying value	Market value	Unrealised loss	As a percentage of net assets
(Rupees in '000)										
Pakistan Investment Bonds - 03 years	12-Jul-18	12-Jul-21	-	150,000	150,000	-	-	-	-	-
Pakistan Investment Bonds - 10 years	19-Jul-12	19-Jul-22	15,200	-	15,200	-	-	-	-	-
Pakistan Investment Bonds - 10 years	21-Feb-19	21-Feb-29	-	50,000	50,000	-	-	-	-	-
Pakistan Investment Bonds - 20 years	10-Jun-04	10-Jun-24	-	5,500	-	5,500	5,581	4,952	(629)	0.01
Pakistan Investment Bonds - 10 years	9-Aug-18	9-Aug-28	-	340,000	320,000	20,000	19,701	19,906	205	0.03
Total as at March 31, 2019							25,282	24,858	(423)	
Total as at June 30, 2018							17,337	16,889	(448)	

5.1.2 Government securities - Treasury Bills

Name of security	Date of issue	Date of Maturity	Face value				As at March 31, 2019			Market value	
			As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at March 31, 2019	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	7-Jun-18	30-Aug-18	520,000	-	520,000	-	-	-	-	-	-
Market treasury bills - 3 months	6-Dec-18	28-Feb-19	-	1,200,000	1,200,000	-	-	-	-	-	-
Market treasury bills - 3 months	2-Aug-18	25-Oct-18	-	1,490,000	1,490,000	-	-	-	-	-	-
Market treasury bills - 3 months	3-Jan-19	28-Mar-19	-	400,000	400,000	-	-	-	-	-	-
Market treasury bills - 3 months	10-May-18	2-Aug-18	-	420,000	420,000	-	-	-	-	-	-
Market treasury bills - 3 months	11-Oct-18	3-Jan-19	-	450,000	450,000	-	-	-	-	-	-
Market treasury bills - 3 months	14-Feb-19	9-May-19	-	775,000	475,000	300,000	296,664	296,678	14	0.41	0.49
Market treasury bills - 3 months	17-Jan-19	11-Apr-19	-	580,000	290,000	290,000	289,172	289,181	9	0.40	0.47
Market treasury bills - 3 months	19-Jul-18	11-Oct-18	-	720,000	720,000	-	-	-	-	-	-
Total as at March 31, 2019							585,836	585,859	23		
Total as at June 30, 2018							514,482	514,526	44		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
5.2 Net unrealised loss on revaluation of investments at fair value through profit or loss'			
Market value of investments	5.1.1 & 5.1.2	610,717	531,415
Carrying value of investments	5.1.1 & 5.1.2	(611,118)	(531,819)
		(401)	(404)

6. ACCRUED AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund	6.1	5,198	4,513
Provision for Federal Excise Duty and related tax on	6.2		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		21	62
Auditors' remuneration payable		395	366
Brokerage payable		35	33
Others		931	1,862
		39,777	40,034

6.1 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, 2018. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2019 would have been higher by Re.0.4 per unit (June 30, 2018 Re. 0.43 per unit).

6.2 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, 2018. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2019 would have been higher by Re. 2.26 per unit (June 30, 2018: Re. 2.77 per unit).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2019 and June 30, 2018

8. 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 realized or unrealized 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 the income to be earned by the Fund during the year ending 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

9. 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.

10. TOTAL EXPENSE RATIO

The total expense ratio of the Fund from July 1, 2018 to March 31, 2019 is 1.07% (March 31, 2018: 0.74%) and this includes 0.01 % (March 31, 2018: 0.25 %) representing government levy, Sindh Worker's Welfare Fund and SECP fee. This ratio is within the maximum limit of 2 % prescribed under the NBFC Regulations for a collective investment scheme categorized as a "Income scheme".

11. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes 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 undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

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:

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

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	Redeemed	As at March 31, 2019
	Units					(Rupees in '000)				
DG Khan Cement company Limited	6	-	-	-	6	-	-	-	-	-
Mandate under discretionary portfolio services	452,075	23,421	-	475,496	0	25,241	1,243	-	25,294	0
Key management personnel	7	19,662	-	19,669	(0)	-	1,100	-	1,102	-

For the nine months ended March 31, 2018										
	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at March 31, 2018	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at March 31, 2018
	Units					(Rupees in '000)				
Mandate under discretionary portfolio services	47,579	201	-	-	47,780	2,528	11	-	-	2,632
Key management personnel	11,048	7	-	11,048	7	587	-	-	600	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

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

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration of the Management Company including indirect taxes	4,677	5,804
Expenses allocated by the Management Company and related taxes	504	927
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	772	1,316
MCB Bank Limited		
Mark-up on bank deposits	36	24
Bank charges	3	3
Sale of securities - Face Value Rs. 450M (2018: Face value: Nil)	446,479	-
Silk Bank Limited		
Purchase of securities - Face Value Rs. 250M (2018: Nil)	237,986	-
Sale of securities face value Nil (2018: 400 million)	-	403,601
Arif Habib Limited- Brokerage House		
Brokerage expense*	-	4
	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees in '000) -----	

11.3 Balances outstanding at period / year end:

MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration payable to Management Company	645	375
Sales tax payable on remuneration to Management Company	84	49
Expenses allocated by Management Company	59	53
Sale load payable	42	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	101	90
MCB Bank Limited		
Bank balance	2,931	1,442
Mark-up receivable	91	91
Sales load payable	776	-
Arif Habib Limited - Brokerage House		
Brokerage payable*	-	1

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

* 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.

2- Replace "Unaudited March 31, 2018" into "Audited June 30, 2018", in note no. 12.

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
		----- (Rupees in '000) -----	
12. CASH AND CASH EQUIVALENTS	Note		
Balance with banks	4	732,706	592,954
Treasury bills maturing within 3 months	5.1.2	585,859	514,526
		1,318,565	1,107,480

13. GENERAL

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

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

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 19, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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