



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2020
(UNAUDITED)

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

AM1
Traded by PSCs



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Savings Asaan. Life Asaan.

MCB PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	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
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	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
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
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 Alfalah Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
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 Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Sovereign Fund** accounts review for the quarter ended September 30, 2020.

Economy and Money Market Review

The start to fiscal year 2021 has been promising as economic activities have started to pick up as lockdowns have been lifted in general across the country. The economic recovery has been sharper than expectations as lagged impact of monetary easing, pent up demand and higher remittances have provided impetus to economic growth. We now expect economic growth to be higher than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% YoY) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have seen a reversal in their fortunes.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of 19% YoY in the first quarter of FY21. Sales of two wheeler units rose at a more impressive rate of 22% YoY reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by 6% YoY during the quarter implying a broad based recovery in economy. While LSM number of only one month have been released for this fiscal year (up 5% YoY), we expect it to grow at high single digit in the first quarter.

Current account deficit posted a surplus of USD 805 million in the first two months of fiscal year compared to a deficit of USD 1,214 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances which grew at a stupendous rate of 31% in the first two months and at a similar rate in the first quarter. Foreign exchange reserves of central bank saw a nominal increase of USD 100 million during the quarter due to improved balance of payment position.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.8% YoY during the quarter, with food inflation averaging 15.1% YoY during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.6% for the period. The MPC committee conducted one monetary policy during the quarter and maintained status quo after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19. As the economy started to open up, tax collection also improved and grew by 5% during the quarter, returning to the positive zone after a span of 4 months. FBR collected record 1,004 billion in taxes, surpassing the target by PKR ~40 billion during the quarter.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3Y, 5Y and 10Y bonds saw a rise of 76 bps, 102 bps and 106 bps respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 4.92% as against its benchmark return of 7.02%. At period-end, the fund increased its exposure in cash to 46.2% from 4.1%.

The Net Assets of the Fund as at September 30, 2020 stood at Rs. 1,519 million as compared to Rs. 1,816 million as at June 30, 2020 registering a decline of 16.37%.

The Net Asset Value (NAV) per unit as at September 30, 2020 was Rs. 53.93 as compared to opening NAV of Rs. 53.27 per unit as at June 30, 2020 registering an increase of Rs. 0.66 per unit.

Economy & Market – Future Outlook

GDP growth for FY21 is projected at 2.1% by government and various institutions. Pakistan has essentially survived the first wave of pandemic, as number of daily cases (within 1000) have reduced to one-sixth of the peak daily cases (about 6000) witnessed during early June. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have geared up after record monetary easing. We expect growth to fare better than general expectations as industrial growth has revived much earlier than our anticipation. We expect economic growth to recover well above 2.1%. Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2020

actions taken by the central government. Global economy has started to recover and the news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact 31% YoY growth in the first quarter has surprised everyone. Even accounting for a 5% decline in remittances from here onwards, the overall situation will remain in comfortable zone. We expect CAD to settle near 1.2% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. Swift continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by USD 2 billion during the next year, which will help alleviate any pressure on currency. Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. However, the inflation trajectory would remain close to 8% over the next few months and would move near double digits by the end of the fiscal year due to the low base effect. Thus, central bank may consider to adjust the interest rates in the second half of the fiscal year. However, the quantum of adjustment will depend on the balance of payment and economic situation at that time.

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

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 14.3% to PKR 848 billion at the end of 1QFY21 compared to end of 4QFY20. Money market funds and Fixed Income funds experienced an influx of investment as the status quo of interest rates was maintained by the central bank throughout the quarter. Total money market funds grew by about 41% since June 2020. Within the money market sphere, the conventional funds dominated as they grew by about 13% to PKR 233 billion. In addition, the total fixed Income funds increased by about 18% since June 2020, as the shariah compliant funds grew by 15% to near PKR 126 billion. The appetite for risk assets ignited in the post lockdown scenario as the aggregate demand boosted. Equity and related funds surged rapidly by 20% from PKR 224 billion to PKR 268 billion over the quarter. Most of the rise in AUMs can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 41%, followed by Equity and Equity related funds with a share of 32% and Income funds having a share of 26% as at the end of 1QFY21.

Mutual Fund Industry Outlook

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

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
October 23, 2020



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات تقریباً 14.3 فیصد بڑھ کر مالی سال 2021ء کی پہلی سہ ماہی کے اختتام پر تقریباً 848 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ مرکزی بینک نے سال بھر انٹریسٹ کی شرحوں کی سطح کو برقرار رکھا۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2020ء کے مقابلے میں 41 فیصد اضافہ ہوا۔ زیر جائزہ مدت کے دوران منی مارکیٹ کے دائرے میں روایتی فنڈز حاوی رہے کیونکہ وہ تقریباً 13 فیصد بڑھ کر 233 بلین روپے ہو گئے۔ علاوہ ازیں، مجموعی فیکسڈ انکم فنڈز میں جون 2020ء سے تقریباً 18 فیصد اضافہ ہوا کیونکہ شریعت کی تعمیل والے فنڈز 15 فیصد بڑھ کر تقریباً 126 بلین روپے ہو گئے۔ لاک ڈاؤن ختم ہونے کے بعد مجموعی طلب میں اضافے کے باعث خطرات کے حامل اثاثہ جات کی مانگ میں اضافہ ہوا۔ ایکویٹی اور متعلقہ فنڈز دوران سہ ماہی 20 فیصد بڑھ کر 224 بلین روپے سے 268 بلین روپے ہو گئے۔ AUMs میں اضافے کا بڑا سبب مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے جو سرمایہ کاروں کے پُر جوش رجحان کی بدولت ہوئی۔

مالی سال 2021ء کی پہلی سہ ماہی کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 41 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 32 فیصد، اور انکم فنڈز تقریباً 26 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کا مستقبل کا منظر

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

اظہار تشکر

ڈائریکٹرز ہمارے حصص یافتگان کو خراج تحسین پیش کرتے ہیں کہ انہوں نے کمپنی میں مسلسل اعتماد کا اظہار کیا ہے۔ علاوہ ازیں، ہم کمپنی کے ہر ایک فرد کے عزم و اخلاص اور جدت پسندانہ سوچ کو بھی بے حد سراہتے ہیں اور ہمیں یقین ہے کہ وہ مستقبل میں بھی اسی طرح سرگرم عمل رہیں گے۔

من جانب ڈائریکٹرز،

نسیم بیگ

ڈائریکٹر / وائس چیئرمین

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

23 اکتوبر 2020ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 4.92 فیصد تھا جبکہ مقررہ معیار 7.02 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد میں اپنی شمولیت کو بڑھا کر 4.1 فیصد سے 46.2 فیصد کر دیا۔

30 ستمبر 2020ء کو فنڈ کے net اثاثہ جات 1,519 ملین روپے تھے جو 30 جون 2020ء (1,816 ملین روپے) کے مقابلے میں 16.37 فیصد کمی ہے۔

30 ستمبر 2020ء کو net اثاثہ جاتی قدر (این اے وی) 53.93 روپے فی یونٹ تھی جو 30 جون 2020ء کو ابتدائی این اے وی 53.27 روپے فی یونٹ کے مقابلے میں 0.66 روپے فی یونٹ اضافہ ہے۔

معیشت اور بازار - مستقبل کے امکانات

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ پاکستان کو وڈ ۱۹ کی پہلی لہر سے نبرد آزما ہونے میں کامیابی حاصل کی ہے کیونکہ متاثرہ افراد کی یومیہ تعداد (1000 سے کم) ماہ جون کے آغاز میں منظر عام پر آنے والے تعداد کی بلند ترین سطح (تقریباً 6000) کا چھٹا حصہ رہ گئے ہیں۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گردش شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ عمومی توقعات سے بہتر ترقی ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگئی ہے۔ ہمارے نزدیک معاشی ترقی 2.1 سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں فی الوقت ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آ گیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور پہلی سہ ماہی میں 31 فیصد سال در سال ترقی نے سب کو حیران کر دیا ہے۔ اگر ترسیلات زر میں یہاں سے 5 فیصد کمی بھی مان لی جائے تب بھی مجموعی صورتحال قابو میں رہے گی۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1.2 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باسائی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ آئی ایم ایف پروگرام پر عمل درآمد کا سبک رفتاری کے ساتھ جاری رہنا مالیاتی گوشوارے کو مثبت حد میں رکھنے کے لیے کلیدی عامل ثابت ہوگا۔ موجودہ صورتحال میں غیر ملکی زرمبادلہ کے ذخائر میں اگلے سال مزید 2 بلین ڈالر کا اضافہ متوقع ہے جس کی بدولت روپے پر کسی قسم کے دباؤ کو کم کرنے میں مدد ملے گی۔

افراط زر ہماری سابقہ توقعات سے آگے بڑھ گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان کو چھو رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ تاہم اگلے چند ماہ کے دوران افراط زر کی رفتار تقریباً 8 فیصد رہے گی اور مالی سال کے اختتام تک دو عدد تک پہنچے گی جس کی وجہ پست base کی اثر پذیری ہے۔ چنانچہ مرکزی بینک مالی سال کے نصف آخر میں انٹریسٹ کی شرحوں میں ترمیم کرنے کے بارے میں سوچ سکتا ہے۔

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

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

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

معیشت اور بازار کا جائزہ

مالی سال 2021ء کا آغاز اُمید افزا رہا کیونکہ ملک بھر میں عمومی طور پر لاک ڈاؤن ختم کیے جانے کے نتیجے میں معاشی سرگرمیوں کی رفتار میں اضافہ ہوا ہے۔ معاشی بحالی توقعات سے بہتر رہی کیونکہ مالیاتی تسہیل کی سست رفتار اثر پذیر رہی، مقید طلب اور ترسیلات زر میں اضافے کی بدولت معاشی ترقی کو محرک فراہم ہوا۔ ہمیں اُمید ہے کہ اب معاشی ترقی عمومی تخمینوں سے بلند تر ہوگی۔ حکومت کو ابتدائی طور پر پست تر صنعتی ترقی کی توقع تھی (کووڈ 19 کے باعث 0.1 فیصد سال در سال (YoY) کا ہدف)، لیکن ہم سمجھتے ہیں کہ اب یہ توقعات سے بہتر ہوگی کیونکہ گردشی شعبوں کے حالات کی کاپلٹ گئی ہے۔

مالی سال 2021ء کی پہلی سہ ماہی میں سینٹ کے شعبے نے مقامی ترسیلات میں 19 فیصد سال در سال کی متاثر کن ترقی کی۔ موٹر سائیکلوں کی فروخت میں 22 فیصد قابل ذکر اضافہ ہوا جس سے متوسط طبقے کی معاشی صورتحال میں بہتری کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم کی مصنوعات کی مانگ میں دوران سہ ماہی 6 فیصد سال در سال اضافہ ہوا جس سے معیشت میں وسیع بنیاد پر بحالی کی طرف اشارہ ہوتا ہے۔ بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کا اس مالی سال کے لیے صرف ایک عدد ظاہر کیا گیا ہے (5 فیصد سال در سال تک) لیکن ہم سمجھتے ہیں کہ پہلی سہ ماہی کے دوران اس میں بلندیک عددی ترقی ہوگی۔

کرنٹ اکاؤنٹ خسارے میں مالی سال کے پہلے دو ماہ میں 805 ملین ڈالر کی ہوئی جبکہ سال گزشتہ کی مماثل مدت میں خسارہ 1,214 ملین ڈالر تھا۔ اس بہتری کی بنیادی وجہ ترسیلات زر میں پہلے دو ماہ کے دوران اور پہلی سہ ماہی میں بھی 31 فیصد زبردست اضافہ ہے۔ مرکزی بینک کے غیر ملکی زرمبادلہ کے ذخائر میں دوران سہ ماہی 100 ملین ڈالر کا معمولی اضافہ ہوا جس کی وجہ ادائیگیوں کے توازن کی صورتحال میں بہتری ہے۔

افراط زر حکومت کا کمزور پہلو رہا کیونکہ اشیائے خورد و نوش کی قیمتوں میں اضافہ پالیسی ساز افراد کے لیے چیلنج پیش کرتا رہا۔ دوران سہ ماہی ہیڈ لائن افراط زر، جس کی نمائندگی صارفی قیمت کی انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط 8.8 فیصد سال در سال تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط 15.1 فیصد سال در سال تھا۔ جلد خراب ہو جانے والی اشیائے خورد و نوش بشمول گندم کی قیمت میں اضافہ جاری رہا جس کی وجہ رسد کی جہت میں ہونے والی خرابیاں اور بدانتظامی ہے۔ بہر حال اصل افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے شعبوں کے علاوہ کے ذریعے ہوتی ہے، قابو میں تھی اور اس کا اوسط 6.6 فیصد تھا۔ ایم پی سی کمیٹی نے دوران سہ ماہی ایک مانیٹری پالیسی اجلاس منعقد کیا اور گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ انٹریسٹ کی اصل شرحیں منفی رہیں، مرکزی بینک کووڈ 19 کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے ساتھ ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران سہ ماہی 5 فیصد اضافہ ہوا، اور اس طرح چار ماہ بعد یہ عدد منفی سے مثبت ہوا۔ ایف بی آر نے ریکارڈ 1,004 بلین روپے ٹیکس جمع کیا جو مقررہ ہدف سے تقریباً 40 بلین روپے زیادہ ہے۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا اور پیداواری خم بلندی کی طرف جاننا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ مانیٹری پالیسی کمیٹی (ایم پی سی) کے منٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا نچلی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 76، 102 اور 106 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2020

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Balance with banks	6	1,312,219	76,025
Investments	7	1,500,517	1,780,496
Profit receivable		23,409	7,924
Advances, prepayments and other receivables		3,001	4,754
Total assets		2,839,146	1,869,199
LIABILITIES			
Payable to the Management Company		1,869	2,800
Payable to the Central Depository Company of Pakistan Limited - Trustee		94	157
Payable to the Securities and Exchange Commission of Pakistan		83	445
Payable against purchase of investments		1,271,954	-
Dividend payable		-	-
Accrued expenses and other liabilities	8	46,076	49,407
Total liabilities		1,320,077	52,809
NET ASSETS		1,519,069	1,816,390
Unit holders' fund (as per statement attached)		1,519,069	1,816,390
Contingencies and commitments	9		
		----- (Number of units) -----	
Number of units in issue		28,166,116	34,096,262
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		53.93	53.27

The annexed notes from 1 to 16 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, 2020

		Quarter ended September 30,	
		2020	2019
Note		----- (Rupees in '000) -----	
Income			
	Income from government securities	30,968	24,860
	Capital (loss) / gain on sale of investments - net	(4,840)	29,453
	Profit on bank deposits	2,253	12,397
	Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net	(1,629)	1,108
	Total income	26,752	67,817
Expenses			
	Remuneration of the Management Company	3,759	6,542
	Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	489	850
	Remuneration of the Central Depository Company of Pakistan Limited - Trustee	271	171
	Sindh Sales Tax on remuneration of Trustee	35	22
	Securities and Exchange Commission of Pakistan - annual fee	83	52
	Allocated expenses	417	262
	Marketing and Selling expenses	584	365
8.1	Provision for Sindh Workers' Welfare Fund	412	1,168
	Brokerage expenses	126	710
	Auditors' remuneration	138	126
	Other expenses	229	312
	Total expenses	6,543	10,580
	Net income for the period before taxation	20,209	57,237
	Taxation	10. -	-
	Net income for the period	20,209	57,237
Allocation of net income for the period:			
	Net income for the period	20,209	57,237
	Income already paid on units redeemed	(1,959)	(9,736)
		18,250	47,501
Accounting income available for distribution:			
	- Relating to capital gains	-	24,667
	- Excluding capital gains	18,250	22,834
		18,250	47,501
	Earning / (loss) per unit	11.	

The annexed notes from 1 to 16 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, 2020**

	Quarter ended September 30,	
	2020	2019
	----- (Rupees in '000) -----	
Net income for the period after taxation	20,209	57,237
Other comprehensive Income for the period:		
Unrealised appreciation in fair value of investments classified as 'at fair value through other comprehensive income' - net	-	-
Total comprehensive income for the period	20,209	57,237

The annexed notes from 1 to 16 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 QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30,					
	2020			2019		
	----- (Rupees in '000) -----					
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
Net assets at beginning of the period	2,523,996	(707,606)	1,816,390	1,382,425	(752,781)	629,644
	2,523,996	(707,606)	1,816,390	1,382,425		629,644
Issue of 2,361,197 units (2019: 56,435,728 units)						
- Capital value (at net asset value per unit at the beginning of the period)	125,781	-	125,781	2,998,432	-	2,998,432
- Element of income	651	-	651	98,840	-	98,840
Total proceeds on issuance of units	126,432	-	126,432	3,097,272	-	3,097,272
Redemption of 8,291,343 units (2019: 25,339,837 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(441,680)	-	(441,680)	(1,346,306)	-	(1,346,306)
- Amount paid out of element of income	(323)	(1,959)	(2,282)	(32,081)	(9,736)	(41,817)
- Relating to 'Net income for the period after taxation'	-	-	-	-	-	-
Refund / adjustment on units as element of loss	(442,003)	(1,959)	(443,962)	(1,378,387)	(9,736)	(1,388,123)
Total payments on redemption of units						
Total comprehensive income for the period	-	20,209	20,209	-	57,237	57,237
Net income for the period less distribution	-	20,209	20,209	-	57,237	57,237
Net assets at end of the period	2,208,425	(689,356)	1,519,069	3,101,310	(705,280)	2,396,030
Undistributed loss brought forward						
- Realised		(708,640)			(752,018)	
- Unrealised		1,034			(763)	
		(707,606)			(752,781)	
		-				
Undistributed income - restated		(707,606)				
Accounting income available for distribution						
- Relating to capital losses		-			24,667	
- Excluding capital losses		18,250			22,834	
		18,250			47,501	
Undistributed loss carried forward		(689,356)			(705,280)	
Undistributed loss carried forward						
- Realised		(687,727)			(706,388)	
- Unrealised		(1,629)			1,108	
		(689,356)			(705,280)	
Net assets value per unit at beginning of the period		53.27			53.13	
Net assets value per unit at end of the period		53.93			55.79	

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter ended September 30,	
		2020	2019
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		20,209	57,237
Adjustments for:			
Unrealised diminution in fair value of investments classified 'at fair value through profit or loss' - net		1,629	(1,108)
Provision for Sindh Workers' Welfare Fund (SWWF)		-	-
		<u>21,837</u>	<u>56,129</u>
Decrease /(Increase) in assets			
Investments		278,351	(464,063)
Profit receivables		(15,485)	(8,053)
Advances, deposits, prepayments		1,753	(252)
		<u>264,619</u>	<u>(472,368)</u>
Increase / (decrease) in liabilities			
Payable to the Management Company		(931)	4,771
Payable to the Central Depository Company of Pakistan Limited - Trustee		(63)	11
Payable to the Securities and Exchange Commission of Pakistan		(362)	(439)
Payable against purchase of investments		1,271,954	1,401,077
Dividend payable		-	(3,965)
Accrued expenses and other liabilities		(3,331)	4,098
		<u>1,267,268</u>	<u>1,405,552</u>
Net cash generated from operating activities		<u>1,553,724</u>	<u>989,314</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units (excluding additional units)		126,432	3,097,272
Payments on redemption of units		(443,962)	(1,388,123)
Net cash (used in) / generated financing activities		<u>(317,530)</u>	<u>1,709,149</u>
Net increase / (decrease) in cash and cash equivalents during the period		<u>1,236,194</u>	<u>2,698,463</u>
Cash and cash equivalents at beginning of the period		76,025	1,131,570
Cash and cash equivalents at end of the period	13.	<u>1,312,219</u>	<u>3,830,033</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Sovereign Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited 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, 2020 to the Management Company and stability rating of 'AA-(f)' dated October 19, 2020 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 2020.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

2.1.3 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2020 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2020, 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 2019.

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 period ended June 30, 2020.

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 2020.

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 2020.

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
6. BANK BALANCES			
In savings accounts	6.1	1,306,373	67,316
In current accounts	6.2	5,846	8,709
		1,312,219	76,025

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

- 6.1** These carry profit at the rates ranging between 5.5% to 7.83% (June 2020: 11.25% to 14.4 %) per annum. It includes bank balance of Rs. 0.35 million (June 2020: Rs 5.026 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.5% (June 2020: 11.25%) per annum.
- 6.2** These include Rs. 5.833 million (June 30, 2020: Rs 1.672 million) maintained with MCB Bank Limited, a connected person / related party.

		Un-Audited September 30, 2020	Audited June 30, 2020
	Note	----- (Rupees in '000) -----	
7. INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Government Securities			
Pakistan investment bonds	7.1.1	56,535	5,874
Pakistan investment bonds - Floating Rate Bond (FRB)	7.1.2	1,019,560	466,253
Market treasury bills	7.1.3	424,422	1,308,369
		1,500,517	1,780,496

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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, 2020			Market value	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020	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	19-Sep-19	19-Sep-22	-	300,000	250,000	50,000	51,468	50,835	(633)	0.03	0.11
Pakistan Investment Bonds - 05 years	19-Sep-19	19-Sep-24	-	350,000	350,000	-	-	-	-	-	-
Pakistan Investment Bonds - 20 years	10-Jun-04	10-Jun-24	5,500	-	-	5,500	5,850	5,700	(150)	0.00	0.01
Total as at September 30, 2020 (un-audited)							57,318	56,535	(783)		
Total as at June 30, 2020 (audited)							4,905	5,874	969		

7.1.2 Government securities - Pakistan Investment Bonds FRB

Name of security	Date of issue	Date of Maturity	Face value				As at September 30, 2020			Market value	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments
Pakistan Investment Bonds - 03 years	18-Jun-20	19-Jun-23	375,000	1,750,000	1,300,000	825,000	827,967	827,970	3	0.55	1.72
Pakistan Investment Bonds - 10 years	22-Aug-19	22-Aug-29	90,000	-	-	90,000	90,744	90,630	(114)	0.06	0.19
Pakistan Investment Bonds - 10 years	25-Jul-19	25-Jul-29	-	100,000	-	100,000	100,633	100,960	327	0.07	0.21
Total as at September 30, 2020 (un-audited)							1,019,343	1,019,560	217		
Total as at June 30, 2020 (audited)							467,252	466,253	(999)		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

7.1.3 Government securities - Treasury Bills

Name of security	Date of issue	Date of Maturity	Face value				As at September 30, 2020			Market value	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at September 30, 2020	Carrying value	Market value	Unrealised gain/ (loss)	As a percentage of net assets	As a percentage of total
(Rupees in '000)											
Market treasury bills - 3 months	16-JUL-2020	08-OCT-2020	-	5,650,000	5,650,000	-	-	-	-	-	-
Market treasury bills - 3 months	02-JUL-2020	24-SEP-2020	-	75,000	75,000	-	-	-	-	-	-
Market treasury bills - 3 months	04-JUN-2020	27-AUG-2020	1,250,000	-	1,250,000	-	-	-	-	-	-
Market treasury bills - 3 months	23-APR-2020	16-JUL-2020	-	975,000	975,000	-	-	-	-	-	-
Market treasury bills - 6 months	02-JUL-20	31-DEC-20	-	75,000	75,000	-	-	-	-	-	-
Market treasury bills - 6 months	09-APR-20	08-OCT-20	-	200,000	100,000	100,000	99,864	99,864	-	0.07	0.21
Market treasury bills - 6 months	18-JUN-20	17-DEC-20	-	1,650,000	1,650,000	-	-	-	-	-	-
Market treasury bills - 6 months	10-SEP-20	11-MAR-21	-	600,000	600,000	-	-	-	-	-	-
Market treasury bills - 6 months	26-MAR-20	24-SEP-20	-	325,000	325,000	-	-	-	-	-	-
Market treasury bills - 6 months	23-APR-20	22-OCT-20	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	16-JUL-20	14-JAN-21	-	3,225,000	3,225,000	-	-	-	-	-	-
Market treasury bills - 12 months	19-DEC-19	17-DEC-20	32,600	2,400,000	2,432,600	-	-	-	-	-	-
Market treasury bills - 12 months	07-NOV-19	05-NOV-20	41,500	-	41,500	-	-	-	-	-	-
Market treasury bills - 12 months	12-SEP-19	10-SEP-20	-	175,000	175,000	-	-	-	-	-	-
Market treasury bills - 12 months	10-OCT-19	08-OCT-20	-	725,000	400,000	325,000	324,557	324,558	1	0.21	0.67
Market treasury bills - 12 months	29-AUG-19	27-AUG-20	-	275,000	275,000	-	-	-	-	-	-
Total as at September 30, 2020 (un-audited)							424,421	424,422	1		
Total as at June 30, 2020 (audited)							1,307,305	1,308,369	1,064		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
8. ACCRUED AND OTHER LIABILITIES	Note		
Provision for Sindh Workers' Welfare Fund	8.1	12,482	12,070
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		130	3,519
Auditors' remuneration payable		140	382
Brokerage payable		78	152
Others		49	86
		<u>46,076</u>	<u>49,407</u>

8.1 Provision for Sindh Workers' Welfare Fund (SWWF)

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the period ended June 30, 2020. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2020 would have been higher/lower by Re. 0.45 per unit (June 30, 2020 Re. 0.35 per unit).

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, 2020. 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, 2020 would have been higher/lower by Re. 1.03 per unit (June 30, 2019: Re. 0.85 per unit).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2020 and June 30, 2020.

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 FOR THE QUARTER ENDED SEPTEMBER 30, 2020

11. EARNINGS / (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

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2% to 2.5%. The total expense ratio of the Fund from July 1, 2020 to September 30, 2020 is 1.59% (September 30, 2019: 1.01 %) and this includes 0.28% (September 30, 2019: 0.2%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as Income scheme.

13. CASH AND CASH EQUIVALENTS

	(Un-Audited) September 30, 2020	(Un-Audited) September 30, 2019
	----- (Rupees in '000) -----	
Bank balances	1,312,219	2,325,057
Government securities - Treasury bill	-	1,504,976
	<u>1,312,219</u>	<u>3,830,033</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

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:

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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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

	(Unaudited) September 30, 2020	(Unaudited) September 30, 2019
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration of the Management Company including indirect taxes	4,248	7,393
Expenses allocated by the Management Company and related taxes	417	262
Marketing And Selling expenses	584	365
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	306	193
MCB Bank Limited		
Mark-up on bank deposits	37	74
Bank charges	32	1
Purchase of securities - Face Value 1,250 M (2019: 300 M)	1,213,999	272,526
Sale of securities - Face Value Nil (2019: Face value: 200 M)	-	168,943

14.3 Balances outstanding at period / year end:

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration payable to Management Company	1,025	1,223
Sales tax payable on remuneration to Management Company	133	159
Expenses allocated by Management Company	128	146
Sale load payable	0	361
Selling and marketing payable	583	911
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	83	139
Sales tax on remuneration payable	11	18
MCB Bank Limited		
Bank balance	6,178	10,156
Mark-up receivable	6	-
Sales load payable	-	25

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

* 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. GENERAL

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

15.2 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.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 23, 2020 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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