



MCB-ARIF HABIB
Savings and Investments Limited

AM1
by PACRA

HALF YEARLY REPORT

DECEMBER
2020
(UNAUDITED)

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 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
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 Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqati Bank Limited Js Bank Limited National Bank Of Pakistan	
Auditors	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 HALF YEAR ENDED DECEMBER 31, 2020

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Sovereign Fund** accounts review for the half year ended December 31, 2020.

Economy and Money Market Review

The first half of fiscal year 2021 has been promising, as economic activities have swung up in full throttle though challenges from Covid may continue to remain in the near term. 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. Covid-19 has not been as detrimental as initially expected and perhaps local demographics and a successful strategy by the government has been able to wither the storm. We therefore expect economic growth to be better than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of ~17% over last year in the first half of FY21. Sales of 2 and 3 wheeler units rose at a more impressive rate of ~19% over last year reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by near 10% over last year during the half implying a broad based recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by ~7.4% in first five months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 997 million in the first half of fiscal year compared to a deficit of USD 2,032 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 25% during the period. Foreign exchange reserves of central bank saw an increase of ~USD 1.3 billion during the half 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 ~8.6% over last year during the first six months, with food inflation averaging ~13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged ~5.9% for the period. Monetary Policy Committee 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 first half of the fiscal year and almost met the desired target for the period. Fiscal deficit for the first five months of the period clocked in at 1.8% of GDP, compared to 1.6% of GDP last year. Primary balance was even better at a surplus of 0.5% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 74 bps, 114 bps and 129 bps respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 5.14% as against its benchmark return of 7.20%. At period-end, the exposure in was 31.8%.

The Net Assets of the Fund as at December 31, 2020 stood at Rs. 1,402 million as compared to Rs. 1,816 million as at June 30, 2020 registering a decline of 22.80%.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs. 54.65 as compared to opening NAV of Rs. 53.27 per unit as at June 30, 2020 registering an increase of Rs. 1.38 per unit.

Economy & Market – Future Outlook

GDP growth for FY21 is projected at 2.1% by government and various institutions. Despite the reemergence of Covid cases in the winter season, Pakistan has resiliently kept the growth momentum going. 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 have subsided for the near term as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Global economy has started to recover and the reported data and news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact near 25% growth over last year reported in the first half has surprised everyone. We expect Current Account Deficit to settle near 1% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. However, the recent spike in commodity prices from oil to iron ore, coal, etc. pose downside risks to our favorable stance. With Real Effective Rate for Nov-2020 at 99.4, any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. Continuation of 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 about USD 550 million from current levels, 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 near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 8.5%, slightly lesser than current run rate. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring more certainty in investor expectations. The central authority has vowed to keep interest rates stable in the short run and bring in mildly positive interest rates over the medium term. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

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

Mutual Fund Industry Review

The Net Assets of the open-end mutual fund industry increased by about 24.0% to PKR 920 billion at the end of the first half of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 30% during the period to PKR 410 billion. Within the money market sphere, the conventional funds dominated as they grew by about 37% to PKR 281 billion. Equity and related funds surged rapidly by 24% from PKR 224 billion to PKR 278 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 24% as at the end of the calendar year.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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
February 08, 2021



Nasim Beg
Director / Vice Chairman

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2021ء کے نصف اول کے اختتام پر تقریباً 24.0 فیصد بڑھ کر 920 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 30 فیصد بڑھ کر 410 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 37 فیصد بڑھ کر 281 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سہ ماہی 24 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 278 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہمیں اُمید ہے کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورت حال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وپاء 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 سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکیں۔

اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2021ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 5.14 فیصد تھا جبکہ مقررہ معیار 7.20 فیصد تھا۔ اختتام مدت پر میں سرمایہ کاری 31.8 فیصد تھی۔

31 دسمبر 2020ء کو فنڈ کے Inet اثاثہ جات 1,402 ملین روپے تھے جو 30 جون 2020ء (1,816 ملین روپے) کے مقابلے میں 22.80 فیصد کمی ہے۔

31 دسمبر 2020ء کو فنڈ کی Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 54.65 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 53.27 روپے فی یونٹ روپے کے مقابلے میں 1.38 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۔ موسم سرما میں کووڈ کے دوبارہ ظہور پذیر ہونے کے باوجود پاکستان نے لچک کا مظاہرہ کرتے ہوئے ترقی کی رفتار برقرار رکھی۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گزشتہ شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ ترقی عمومی توقعات سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 فیصد سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں نے فی الوقت ختم ہو گئی 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 نصف اوّل میں سال گزشتہ کے مقابلے میں 25 فیصد ترقی نے سب کو حیران کر دیا ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باآسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم تیل سے لے کر خام لوہے اور کونکے تک اشیاء کی قیمتوں میں حالیہ اضافہ ہماری خوش آئند صورتحال کے لیے خطرہ ثابت ہو سکتا ہے۔ نومبر 2020ء کا ریٹیل اڈیکس ریٹ 99.4 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پر دو گرام پر عمل درآمد کا سبب 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 کی موجودہ سطحوں میں مزید 550 ملین 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 نکل گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 8.5 فیصد رہے گا جو موجودہ سطح سے کچھ کم ہے۔ مرکزی بینک نے پہلی مرتبہ تقریباً المیعا دیں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے سود کی شرحوں کو مختصر مدت میں مستحکم رکھنے اور درمیانی مدت میں کچھ مثبت کرنے کا عزم کیا ہے۔ اب مرکزی بینک کی راہنمائی کے پیش نظر ہمیں اُمید ہے سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

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

ایم سی بی پاکستان Sovereign فنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020ء کو اختتام پذیر ہونے والی ششماہی کے گوشواروں کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

مالی سال 2021ء کا نصف اول اُمید افزا رہا کیونکہ معاشی سرگرمیوں نے پوری قوت کے ساتھ سر اٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیعا میں برقرار رہیں گی۔ معاشی بحالی توقعات سے تیز تر رہی ہے کیونکہ مالیاتی تسہیل، طلب کی محدودیت اور بہتر ترسیلات نے معاشی ترقی کو محرک فراہم کیا۔ کووڈ-19 اُتنا نقصان دہ ثابت نہیں ہوا جتنا اس بارے میں ابتدائی امکانات تھے، اور شاید مقامی آبادی کے اعداد و شمار اور حکومت کے کامیاب لائحہ عمل کی بدولت یہ طوفان پسپا ہو گیا۔ چنانچہ ہم سمجھتے ہیں کہ معاشی ترقی عمومی تخمینوں کے مقابلے میں بہتر رہے گی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کووڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردش شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

مالی سال 2021ء کی پہلی ششماہی میں سیمنٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو سال گزشتہ سے 17 فیصد زیادہ تھی۔ 2 اور 3 پہیوں والے یونٹس کی فروخت میں مزید متاثر کن ترقی ہوئی جو سال گزشتہ سے 19 فیصد زیادہ تھی جس سے متوسط طبعے کی مشترک مالی صورتحال کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم مصنوعات کی طلب میں سال گزشتہ کے مقابلے میں تقریباً 10 فیصد اضافہ ہوا جس سے معیشت میں وسیع البندیا بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں موجودہ مالی سال کے پہلے پانچ ماہ میں 7.4 فیصد ترقی ہوئی ہے۔

مالی سال کے نصف اول میں کرنٹ اکاؤنٹ میں 997 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,032 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات میں اضافہ تھا جن میں دوران مدت 25 فیصد ترقی ہوئی۔ سینٹرل بینک کے زرمبادلہ کے ذخائر میں 1.3 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔

افراط زر حکومت کی دکھتی رگ بنی رہی کیونکہ ایشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط پہلے چھ ماہ کے دوران 8.6 فیصد تھا، جبکہ ایشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث گندم اور جلد خراب ہو جانے والی ایشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش ایشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 5.9 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی، مرکزی بینک کووڈ-19 کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے نصف اول کے دوران 5 فیصد اضافہ ہوا جو ہدف برائے مدت کے تقریباً قریب تھا۔ پہلے پانچ ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 1.8 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 1.6 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.5 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا جس کے باعث پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ 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 چلنی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 74، 114 اور 129 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



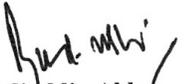
TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN SOVEREIGN FUND

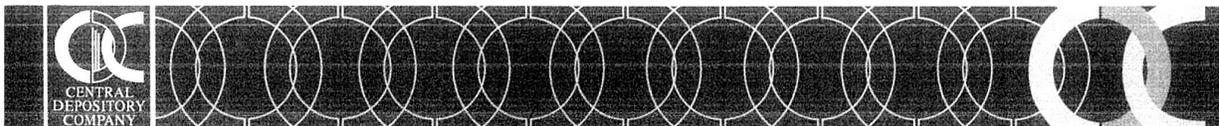
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Sovereign Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 11, 2021



AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
www.yousufadil.com

INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS OF MCB PAKISTAN SOVEREIGN FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Sovereign Fund** (the Fund) as at December 31, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2020. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim financial information for the quarters ended December 31, 2020 and 2019, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.


Chartered Accountants

Dated: February 18, 2021
Place: Karachi

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	1,290,138	76,025
Investments	6	2,747,932	1,780,496
Profit receivable		18,958	7,924
Advances, prepayments and other receivables		2,886	4,754
Total assets		4,059,914	1,869,199
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited – Management Company	7	1,677	2,800
Payable to Central Depository Company of Pakistan Limited - Trustee		88	157
Payable to Securities and Exchange Commission of Pakistan		156	445
Payable against purchase of investments		2,608,910	-
Accrued expenses and other liabilities	8	46,649	49,407
Total liabilities		2,657,480	52,809
NET ASSETS		1,402,434	1,816,390
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,402,434	1,816,390
CONTINGENCIES AND COMMITMENTS	9		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		25,660,041	34,096,262
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		54.65	53.27

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

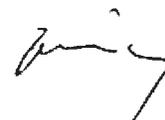
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
----- (Rupees in '000) -----					
INCOME					
Income from government securities		58,009	104,672	27,041	79,812
Capital (loss) / gain on sale of investments - net		(9,650)	29,362	(4,810)	(91)
Profit on bank deposits		3,619	21,113	1,366	8,716
Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net	6.1.5	(365)	762	1,264	(346)
Total income		51,613	155,909	24,861	88,091
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited – Management Company	7.1	6,761	16,213	3,002	9,671
Sindh Sales Tax on remuneration of the Management Company		879	2,108	390	1,258
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		509	605	238	434
Sindh Sales Tax on remuneration of Trustee		66	79	31	57
Annual Fee to Securities and Exchange Commission of Pakistan		156	186	73	134
Allocated expenses	7.3	782	930	365	668
Marketing and selling expenses	7.4	1,095	1,300	511	935
Brokerage expenses		216	1,130	90	420
Legal and professional expenses		68	91	34	45
Auditors' remuneration		277	311	139	185
Other expenses		371	514	176	248
Total expenses		11,180	23,467	5,049	14,055
Net income from operating activities		40,433	132,442	19,812	74,036
Provision for Sindh Workers' Welfare Fund	8.1	809	2,649	396	1,481
Net income for the period before taxation		39,624	129,793	19,416	72,555
Taxation	10	-	-	-	-
Net income for the period after taxation		39,624	129,793	19,416	72,555
Allocation of net income for the period:					
Net income for the period after taxation		39,624	129,793	19,416	72,555
Income already paid on units redeemed		(4,728)	(40,317)	(2,769)	(30,581)
		34,896	89,476	16,647	41,974
Accounting income available for distribution:					
- Relating to capital gains		-	16,649	-	-
- Excluding capital gains		34,896	72,827	16,647	41,974
		34,896	89,476	16,647	41,974
Earnings per unit	11				

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	39,624	129,793	19,416	72,555
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	39,624	129,793	19,416	72,555

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

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended December 31,					
	2020			2019		
	(Rupees in '000)					
Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	
Net assets at beginning of the period	2,523,996	(707,606)	1,816,390	1,382,425	(752,781)	629,644
Issue of 2,766,931 units (2019: 86,174,093 units):						
- Capital value (at net asset value per unit at the beginning of the period)	147,394	-	147,394	4,578,430	-	4,578,430
- Element of income	1,043	-	1,043	195,839	-	195,839
	148,437	-	148,437	4,774,269	-	4,774,269
Redemption of 11,203,152 units (2019: 54,240,324 units):						
- Capital value (at net asset value per unit at the beginning of the period)	(596,792)	-	(596,792)	(2,881,788)	-	(2,881,788)
- Amount paid out of element of Income relating to net income for the period after taxation	(497)	(4,728)	(5,225)	(101,218)	(40,317)	(141,535)
	(597,289)	(4,728)	(602,017)	(2,983,006)	(40,317)	(3,023,323)
Total comprehensive income for the period	-	39,624	39,624	-	129,793	129,793
Net assets as at the end of the period	2,075,144	(672,710)	1,402,434	3,173,688	(663,305)	2,510,383
Undistributed loss brought forward						
- Realised		(708,640)			(752,018)	
- Unrealised		1,034			(763)	
		(707,606)			(752,781)	
Accounting income available for distribution						
- Relating to capital gains		-			16,649	
- Excluding capital gains		34,896			72,827	
		34,896			89,476	
Undistributed loss carried forward		(672,710)			(663,305)	
Undistributed loss carried forward						
- Realised		(672,345)			(664,067)	
- Unrealised		(365)			762	
		(672,710)			(663,305)	
		---			---	
		(Rupees)			(Rupees)	
Net assets value per unit as at beginning of the period	53.27			53.13		
Net assets value per unit as at end of the period	54.65			57.33		

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

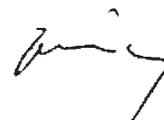
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,	
	2020	2019
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	39,624	129,793
Adjustments for non cash and other items:		
Unrealised diminution / (appreciation) in fair value of investments classified 'at fair value through profit or loss' - net	365	(762)
Provision for Sindh Workers' Welfare Fund	809	2,649
	40,798	131,680
(Increase) / decrease in assets		
Investments	(767,585)	(2,311,112)
Profit receivable	(11,034)	(25,434)
Advances and prepayments	1,868	(65)
	(776,751)	(2,336,611)
(Decrease) / Increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited – Management Company	(1,123)	3,858
Payable to Central Depository Company of Pakistan Limited - Trustee	(69)	61
Payable to Securities and Exchange Commission of Pakistan	(289)	(305)
Payable against purchase of investments	2,608,910	1,761,794
Dividend payable	-	(3,965)
Accrued expenses and other liabilities	(3,567)	685
	2,603,862	1,762,128
Net cash generated from / (used in) operating activities	1,867,909	(442,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	148,437	4,774,269
Payments on redemption of units	(602,017)	(3,023,323)
Net cash (used in) / generated from financing activities	(453,580)	1,750,946
Net increase in cash and cash equivalents during the period	1,414,329	1,308,143
Cash and cash equivalents at beginning of the period	1,352,825	1,131,570
Cash and cash equivalents at end of the period	2,767,154	2,439,713

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Board of Directors have approved that the Fund should be categorised as 'Income Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

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

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

The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the Trustee of the Fund.

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

2. BASIS OF PREPARATION

Statement of compliance

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

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

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

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 does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of audited financial statements of the Fund as at and for the year ended June 30, 2020.

The preparation of this 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, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited financial statements as at and for the year ended June 30, 2020.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
5. BANK BALANCES			
Savings accounts	5.1	1,285,685	67,316
Current accounts	5.2	4,453	8,709
		1,290,138	76,025

5.1 These carry mark-up at rates ranging between 5.50% to 7.60% (June 30, 2020: 5.50 to 7.83%) per annum and include bank balance of Rs. 0.058 million (June 30, 2020: Rs.1.45 million) maintained with MCB Bank Limited (a related party) which carries profit rate 5.50% (June 30, 2020: 5.50%) per annum .

5.2 These include a balance of Rs. 4.44 million (June 30, 2020: Rs.8.704 million) held with MCB Bank Limited (a related party).

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
6. INVESTMENTS			
Financial assets 'at fair value through profit or loss'	6.1		
Government Securities			
Pakistan Investment Bonds	6.1.1	158,620	5,874
Pakistan Investment Bonds - Floating Rate Bond (FRB)	6.1.2	1,112,296	466,253
Market Treasury Bills	6.1.3	1,477,016	1,308,369
GoP Ijarah Sukuks	6.1.4	-	-
		2,747,932	1,780,496

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

6.1 Financial assets at fair value through profit or loss*

6.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Face value			As at December 31, 2020			Market value	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)	As a percentage of net assets
Pakistan Investment Bonds - 3 years	September 19, 2019	-	350,000	300,000	50,000	50,879	242	3.63	1.85
Pakistan Investment Bonds - 5 years	September 19, 2019	-	1,100,000	1,000,000	100,000	101,271	748	7.27	3.71
Pakistan Investment Bonds - 20 years	June 10, 2004	5,500	-	-	5,500	5,826	(104)	0.41	0.21
As at December 31, 2020					157,734	158,620	886		
As at June 30, 2020					4,905	5,874	969		

6.1.2 Government securities - Pakistan Investment Bonds FRB

Name of security	Date of issue	Face value			As at December 31, 2020			Market value	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)	As a percentage of net assets
Pakistan Investment Bonds FRB - 2 years	November 5, 2020	-	150,000	-	150,000	149,486	(514)	10.66	5.44
Pakistan Investment Bonds FRB - 3 years	June 18, 2020	375,000	2,225,000	2,125,000	475,000	475,903	(523)	33.90	17.30
Pakistan Investment Bonds FRB - 3 years	October 22, 2020	-	600,000	300,000	300,000	297,810	(600)	21.19	10.82
Pakistan Investment Bonds FRB - 10 years	July 25, 2019	-	200,000	100,000	100,000	100,300	(60)	7.15	3.65
Pakistan Investment Bonds FRB - 10 years	August 22, 2019	90,000	90,000	90,000	90,000	89,991	(9)	6.42	3.27
As at December 31, 2020					1,113,499	1,112,296	(1,203)		
As at June 30, 2020					467,252	466,253	(999)		

6.1.3 Government securities - Market Treasury Bills

Tenor	Date of issue	Face value			As at December 31, 2020			Market value	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)	As a percentage of net assets
3 Months									
3 months	July 2, 2020	-	75,000	-	-	-	-	-	-
3 months	December 3, 2020	-	200,000	-	-	-	-	-	-
3 months	June 4, 2020	750,000	-	750,000	-	-	-	-	-
3 months	June 4, 2020	500,000	-	500,000	-	-	-	-	-
3 months	November 5, 2020	-	250,000	250,000	-	-	-	-	-
3 months	October 8, 2020	-	1,120,000	1,120,000	-	-	-	-	-
3 months	July 16, 2020	-	5,650,000	5,650,000	-	-	-	-	-
3 months	December 17, 2020	-	500,000	500,000	-	-	-	-	-
3 months	November 19, 2020	-	250,000	250,000	-	-	-	-	-
3 months	April 23, 2020	-	975,000	975,000	-	-	-	-	-
3 months	September 24, 2020	-	200,000	200,000	-	-	-	-	-
3 months	August 27, 2020	-	2,575,000	2,575,000	-	-	-	-	-
3 months	December 31, 2020	-	1,500,000	-	1,500,000	1,477,064	(48)	105.32	53.75

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
6.1.5 Net unrealised (diminution) / appreciation on revaluation of investments at fair value through profit or loss'			
Market value of investments	6.1.1, 6.1.2, 6.1.3 & 6.1.4	2,747,932	2,316,628
Carrying value of investments	6.1.1, 6.1.2, 6.1.3 & 6.1.4	(2,748,297)	(2,315,866)
		(365)	762

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

Management remuneration payable	7.1	921	1,223
Sindh Sales Tax on management remuneration payable	7.2	120	159
Sales load payable		6	361
Payable against allocated expenses	7.3	119	146
Payable against marketing and selling expenses	7.4	511	911
		1,677	2,800

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

7.2 Sales tax on management remuneration has been charged at the rate of 13% (2020: 13%).

7.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.

7.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

In the financial year 2019-20, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Asset management company (BOD) as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision against Sindh Workers' Welfare Fund	8.1	12,878	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		134	3,519
Auditors' remuneration payable		278	382
Brokerage payable		91	152
Others		70	86
		46,649	49,407

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

8.1 Provision against Sindh Workers' Welfare Fund (SWWF)

There is no change in the status of the SWWF as reported in the audited annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Re.0.5 per unit (June 30, 2020 Re. 0.35 per unit).

8.2 Federal Excise Duty (FED) and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the audited annual financial statements of the Fund for the year ended June 30, 2020. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Re. 1.13 per unit (June 30, 2020: Re. 0.85 per unit).

9. CONTINGENCIES AND COMMITMENTS

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

10. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information.

11. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

12. TOTAL EXPENSE RATIO

The total expense ratio (annualized) of the Fund from July 1, 2020 to December 31, 2020 is 1.53% and this includes 0.24% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc.

13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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

	For the half year ended December 31, 2020						As at December 31, 2020
	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 01, 2020	Issued for cash	
	Units						(Rupees in '000)
DG Khan Cement Company Limited	7	-	-	7	-	-	-
Mandate under discretionary portfolio services	-	768,112	765,946	2,166	-	41,084	41,168
Key management personnel	-	431	375	56	-	23	20
Security General Insurance Co. Ltd. Employees Provident Fund Trust	100,244	-	-	100,244	5,340	-	5,478
MCB-Arif Habib Savings and Investments Limited	-	10,956	10,956	-	-	590	-
Unitholders holding 10% or more	3,742,411	-	-	3,742,411	199,358	-	204,523
	For the half year ended December 31, 2019						As at December 31, 2019
	As at July 01, 2019	Issued for cash	Redeemed	As at December 31, 2019	As at July 01, 2019	Issued for cash	Redeemed
	Units						(Rupees in '000)
DG Khan Cement Company Limited	7	-	-	7	-	-	-
Mandate under discretionary portfolio services	1	8,587,062	8,587,062	1	25,246	471,081	474,429
Key management personnel	-	497,960	497,960	-	-	27,534	27,785
Security General Insurance Co. Ltd. Employees Provident Fund Trust	-	86,365	-	86,365	-	4,895	-
MCB-Arif Habib Savings and Investments Limited	-	8,227,804	7,852,769	375,035	-	449,377	432,008
							21,503

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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

	(Unaudited) December 31, 2020	(Unaudited) December 31, 2019
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company including indirect taxes	7,640	18,321
Expenses allocated by the Management Company	782	930
Marketing and Selling expenses	1,095	1,300
MCB Bank Limited - Parent of the Management Company		
Mark-up on bank deposits	46	256
Bank charges	35	11
Purchase of securities - face value 1,250 million (2019: 550 million)	1,213,999	505,452
Sale of securities - Nil (2019: 700 million)	-	612,972
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	575	684
Arif Habib Limited		
Brokerage expense*	-	104

13.3 Balances outstanding at period / year end:

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable to Management Company	921	1,223
Sales tax payable on remuneration to Management Company	120	159
Sale load payable	-	361
Selling and marketing payable	511	911
Expenses allocated by Management Company	119	146
MCB Bank Limited - Parent of the Management Company		
Bank balance	4,498	10,156
Sales load payable	6	25
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to Trustee	78	139
Sales tax payable on remuneration to Trustee	10	18

* The amount disclosed represents the amount of brokerage paid / payable to related party / 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 related party / connected persons as the ultimate counter-parties are not related party / connected persons.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
14. CASH AND CASH EQUIVALENTS			
Balance with banks	5	1,290,138	76,025
Treasury bills maturing within 3 months	6.1.3	1,477,016	1,276,800
		2,767,154	1,352,825

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

	December 31, 2020 (Un-audited)						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Pakistan investment bonds	158,620	-	158,620	-	158,620	-	158,620
Pakistan investment bonds - Floating Rate Bond	1,112,296	-	1,112,296	-	1,112,296	-	1,112,296
Market treasury bills	1,477,016	-	1,477,016	-	1,477,016	-	1,477,016
	<u>2,747,932</u>	<u>-</u>	<u>2,747,932</u>	<u>-</u>	<u>2,747,932</u>	<u>-</u>	<u>2,747,932</u>
Financial assets not measured at fair value							
Bank balances	-	1,290,138	1,290,138				
Profit receivable	-	18,958	18,958				
Other receivables	-	37	37				
	<u>-</u>	<u>1,309,133</u>	<u>1,309,133</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	1,677	1,677				
Payable to the Trustee	-	88	88				
Payable against purchase of investments	-	2,608,910	2,608,910				
Accrued and other liabilities	-	439	439				
	<u>-</u>	<u>2,611,114</u>	<u>2,611,114</u>				
----- (Rupees in '000) -----							
June 30, 2020 (Audited)							
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Market treasury bills	1,308,369	-	1,308,369	-	1,308,369	-	1,308,369
Pakistan investment bonds FRB	466,253	-	466,253	-	466,253	-	466,253
Pakistan investment bonds	5,874	-	5,874	-	5,874	-	5,874
	<u>1,780,496</u>	<u>-</u>	<u>1,780,496</u>	<u>-</u>	<u>1,780,496</u>	<u>-</u>	<u>1,780,496</u>
Financial assets not measured at fair value							
Bank balances	-	76,025	76,025				
Profit receivable	-	7,924	7,924				
Other receivables	-	1,717	1,717				
	<u>-</u>	<u>85,666</u>	<u>85,666</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	2,641	2,641				
Payable to the Trustee	-	139	139				
Accrued and other liabilities	-	620	620				
	<u>-</u>	<u>3,400</u>	<u>3,400</u>				

During the period ended December 31, 2020, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

16 CORRESPONDING FIGURES

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

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on 8 February 2021 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

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST)
URL: www.mcbah.com, Email: info@mcbah.com