

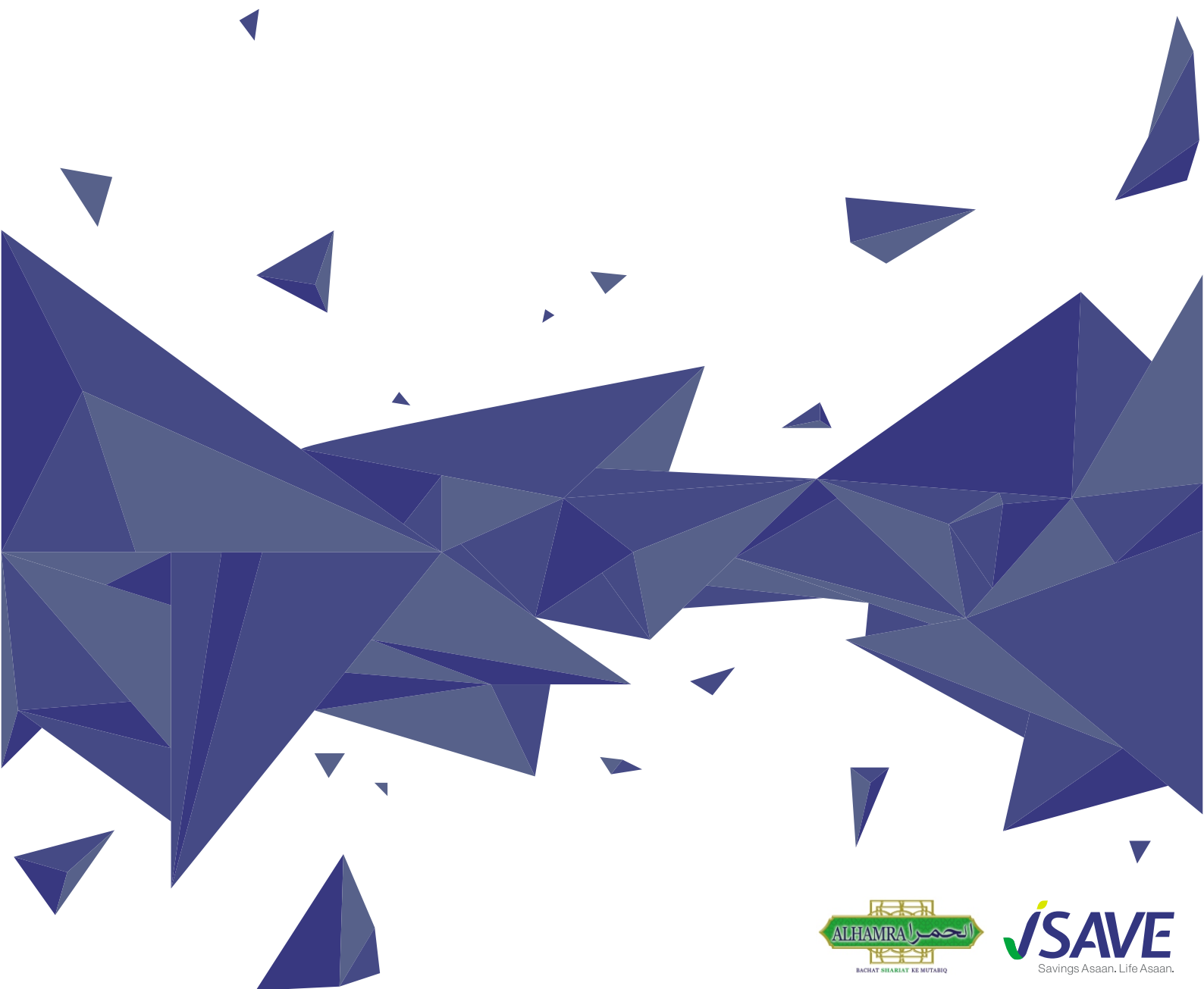


MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2022
(UNAUDITED)

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



MCB PAKISTAN SOVEREIGN FUND

TABLE OF CONTENTS

1	Fund's Information	59
2	Report of the Directors of the Management Company	60
3	Condensed Interim Statement of Assets And Liabilities	66
4	Condensed Interim Income Statement (Un-audited)	67
5	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	68
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	69
7	Condensed Interim Cash Flow Statement (Un-audited)	70
8	Notes to and forming part of the Condensed Interim Financial Statements	71

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 Taraqiati 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 QUARTER ENDED SEPTEMBER 30, 2022

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the quarter ended September 30, 2022.

Economy and Money Market Review

The new fiscal year started with unprecedented rainfall and added further woes to the already struggling economy of Pakistan. The country witnessed 3 times more rainfall than 30-year average of 135mm which caused considerable damage to the infrastructure, wiped off crops, devastated livestock and resulted in the loss of precious lives. The floods would directly hit our already fragile economy in the shape of higher inflation, worsening Current Account Deficit (CAD), fiscal strain, and lower GDP growth amid the tough global landscape.

The key crop affected by floods are cotton and rice. We expect the cotton imports to increase by 2.5mn bales which translates into an additional import bill of around USD 1.1bn. Similarly, we expect rice export to decrease by 20% leading to a decline in export of USD 500mn. This would worsen our trade deficit by USD 1.6 billion. The inflation could also escalate in the short term as supply chain disruption would lead to increase in price of perishable food products.

Agriculture contributes around 22.7% to the country's GDP with livestock having a weight of 14.0% in the overall pie followed by crops with a weightage of 7.8%. The floods would trim FY23 GDP growth number by 0.4% to 2.0%. On the fiscal front, the government will have to increase its spending to rehabilitate the peoples affected by floods. This could increase risk of fiscal slippage and cause us to miss our target of achieving a primary budget surplus of PKR 153bn (0.2% of GDP) in FY23.

The country posted a current account deficit of USD 1.9bn in first two months of fiscal year 2023 (2MFY23) compared to a deficit of USD 2.4bn in the corresponding period last year, registering a 20% improvement over last year. Narrowing trade deficit was the major contributor towards improving CAD as an 11.2% jump in exports coupled with 2.1% drop in imports led to 11% contraction in trade deficit. In addition to CAD, debt repayments put further pressure on the FX reserves, which dropped by another USD 1.9 billion to USD 7.9 billion, hardly enough for 6 weeks. This led PKR to lost its ground against the USD by 11% to close the quarter at PKR 227 against a Dollar.

Headline inflation represented by CPI averaged 25.1% during the quarter as compared to 8.6% in the corresponding period last year. Higher food prices as an aftermath of floods coupled with higher electricity tariff and rising petroleum prices were the major contributors towards rising CPI. The inflationary pressure was broad based which is depicted by core inflation increasing to 15.7% compared to 12.3% at the end of last quarter. SBP increased policy rate by a further 125bps in July-22 monetary policy while maintained interest rates in the latest MPS held in Oct-22. On the fiscal side, FBR tax collection increased by 17.1% in 1QFY23 to PKR 1,635 billion compared to PKR 1,396 billion in the same quarter last year. This exceeded the target by 25bn.

Secondary markets yields increased in the quarter on account of monetary tightening and additional bout of inflationary pressure post floods. The 3, 6 and 12 Month T-Bills yield increased by 50, 52 and 44 basis points (bps) respectively while 3 and 5 Years Bond yields rose by 38 and 19bps respectively during the quarter.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 15.36% as against its benchmark return of 15.98%. At period-end, the fund decreased its exposure in cash to 28.2% from 56.4%.

The Net Assets of the Fund as at September 30, 2022 stood at Rs. 649 million as compared to Rs. 610 million as at June 30, 2022 registering a increase of 6.39%.

The Net Asset Value (NAV) per unit as at September 30, 2022 was Rs. 55.53 as compared to opening NAV of Rs. 53.46 per unit as at June 30, 2022 registering an increase of Rs. 2.07 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Economy & Market – Future Outlook

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector increasing by 4.4%, 7.2% and 6.2% respectively. The GDP growth is projected to decline to 2.0% in FY23 as monetary tightening, rupee devaluation and the recent floods will lead to slowdown in the economy. The loss of cotton and rice crop would trim agriculture growth to 1.2% while industrial growth is expected at clock at -2.5% owing to demand slowdown. The government is taking administrative measures to control imports which will reduce service sector growth to 3.7%.

The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 13% YoY to USD 63bn as we may witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 7.3bn (2.0% of GDP) in FY23, a massive drop, when compared with USD 17.4bn (4.5% of GDP) in FY22.

The successful resumption of IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. In addition, the aid commitment by multilateral agencies should lend support to foreign inflows. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account this year to stave off external concerns.

The rupee has now recovered from its recent low as more clarity has emerged on foreign assistance from multilateral agencies. In addition, the statement given by the new finance minister regarding the overvaluation of dollar curbed speculation in the market. However, materialization of foreign inflows will be crucial to build sufficient reserve and lend support to the currency. We expect USD/PKR to close at 240 by fiscal year end on an assumed REER of 95.

We expect Average FY23 inflation to clock at 24.7% assuming international oil stays around USD 100/bbl. The government has increased petroleum and electricity prices, which will lead to a bout of inflationary pressure. We will also witness the second round impact of the currency devaluation which will keep inflation numbers elevated for remainder of the year. Food inflation is also expected to stay elevated due to the recent floods. SBP has already increased policy rate to 15.0% to cool aggregate demand and deescalate inflationary pressure. Given the significant economic slowdown and demand curtailment we do not rule out a scenario where SBP keeps real interest rates negative.

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market appears to have priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 9.4%, a discount of 55% from its historical average. Similarly, risk premiums are close to 7.8%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 5.0x, while offering a dividend yield of 10.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 6.3% during 1QFY23 to PKR 1,291bn. Total money market funds grew by about 7.0% since June 2022. Within the money market sphere, the conventional funds showed a growth of 0.6% to PKR 449bn while Islamic funds increased by 19.6% to PKR 270bn. In addition, the total fixed Income funds increased by about 3.3% since June 2022 to PKR 308bn. Equity and related funds declined by 3.6% as market witnessed a decline in 1QFY23 eroding AUMs as concern over macroeconomic factors kept investors at bay.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

In terms of the segment share, Money Market funds were the leader with a share of around 55.6%, followed by Income funds with 23.9% and Equity and Equity related funds having a share of 17.2% as at the end of 1QFY23.

Mutual Fund Industry Outlook

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, a correction in stock prices has opened up valuations and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the 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 21, 2022



Nasim Beg
Director / Vice Chairman

ڈائریکٹر رپورٹ

قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.4 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 55 فیصد کی ہے۔ اسی طرح، خطرات کے پریمیم 7.8 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 5.0x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 10.2 فیصد پر ہے۔ حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شروحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی، اور پرکشش شروحوں پر انکم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے Inet اثاثہ جات مالی سال 2023ء کی پہلی سہ ماہی کے دوران تقریباً 6.3 فیصد بڑھ کر 1,291 بلین روپے ہو گئے۔ مجموعی Money مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 7.0 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 0.6 فیصد بڑھ کر 449 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 19.6 فیصد بڑھ کر 270 بلین روپے ہو گئے۔ مزید براں، مجموعی فیکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 3.3 فیصد بڑھ کر 308 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 3.6 فیصد کم ہو گئے جس کی وجہ مالی سال 2023ء کی پہلی سہ ماہی میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانتظامیہ میں کمی ہے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔ شعبہ جاتی اعتبار سے مالی سال 2023ء کی پہلی سہ ماہی کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.6 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 23.9 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 17.2 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شروحوں سے Money مارکیٹ فنڈز میں آمدورفت میں اضافے کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں تصحیح سے تعینات قدر کھل گئی ہیں اور طویل المیاد سرمایہ کاران بے حد پرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کے مسلسل تعاون اور حمایت کے لیے شکر گزار ہے۔ نیز، ڈائریکٹر ان نظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

منجانب ڈائریکٹر

نسیم بیگ

ڈائریکٹر / وائس چیئرمین

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر
21 اکتوبر 2022ء

ڈائریکٹر رپورٹ

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 15.36 فیصد تھا، جبکہ مقررہ معیار کا منافع 15.98 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد کی شمولیت میں 56.4 فیصد سے کم کر کے 28.2 فیصد کر دی۔

30 ستمبر 2022ء کو فنڈ کے net اثاثہ جات 649 ملین روپے تھے جو 30 جون 2022ء کی سطح 610 ملین روپے کے مقابلے میں 6.39 فیصد کا اضافہ ہے۔

30 ستمبر 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 55.53 روپے تھی جو 30 جون 2022ء کو ابتدائی این اے وی 53.46 روپے فی یونٹ کے مقابلے میں 2.07 روپے فی یونٹ اضافہ ہے۔

معیشت اور بازار - مستقبل کے امکانات

مالی سال 2022ء میں پاکستان کی مجموعی ملکی پیداوار (ج ڈی پی) کی ترقی 6.0 فیصد تھی۔ زراعت، صنعت اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.0 فیصد کی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور حالیہ سیلابوں کے نتیجے میں معیشت سست رفتاری کا شکار ہوگی۔ کپاس اور چاول کی فصل میں نقصان کے باعث زرعی ترقی سنکڑ کر 1.2 فیصد ہو جائے گی جبکہ صنعتی ترقی (مانگ میں سست رفتاری کے باعث) (2.5) فیصد متوقع ہے۔ حکومت درآمدات پر قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس سے خدمات کے شعبے کی ترقی سنکڑ کر 3.7 فیصد ہو جائے گی۔

بین الاقوامی اشیاء کی قیمتیں حالیہ بلند سطح سے نیچے آئی ہیں لیکن توانائی کی قیمتیں ابھی تک آسمان سے باتیں کر رہی ہیں۔ ہم اُمید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام ڈالے رکھے گی اور ڈالر کے غیر ضروری اخراجاتی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 13 فیصد سال در سال (YoY) کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد شعبوں میں حُجّمتاتی سنکڑ دیکھا جائے گا۔ چنانچہ مالی سال 2023ء میں سی اے ڈی متوقع طور پر کم ہو کر 7.3 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) ہو جائے گا، جو مالی سال 2022ء (17.4 بلین ڈالر - جی ڈی پی کا 4.5 فیصد) کے مقابلے میں بڑی کمی ہے۔

آئی ایم ایف پروگرام کی کامیاب بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو جہتی اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ علاوہ ازیں، کثیر الجہتی ایجنسیوں کی طرف سے امداد کے وعدے سے غیر ملکی آمداتی بہاؤ کو معاونت حاصل ہوگی۔ تاہم ہماری خارجی حالت اب بھی غیر یقینی ہے کیونکہ وقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی یورو بانڈ یا سنکک جاری کریں۔ FDI اور RDA سے حاصل ہونے والی آمدنیاں بھی موجودہ معاشی مشکلات کے باعث متوقع طور پر رُکی رہیں گی۔ چنانچہ اس سال ہمیں ایک قابلِ بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی خدشات ختم ہو سکیں۔

روپے کی قدر حالیہ پست سطح سے بحال ہوئی ہے کیونکہ کثیر الجہتی ایجنسیوں سے غیر ملکی امداد کے حوالے سے صورتحال مزید واضح ہوئی ہے۔ علاوہ ازیں، نئے وزیر خزانہ کے ڈالر کی بیش قدری سے متعلق بیان سے بازار میں قیاس آرائی میں کمی ہوئی۔ تاہم خاطر خواہ ذخائر جمع کرنے اور روپے کو سہارا فراہم کرنے کے لیے غیر ملکی آمداتی بہاؤ کا عملی جامہ پہننا بے حد ضروری ہوگا۔ ہماری توقع کے مطابق مالی سال کے اختتام پر (REER کے 95 ہونے کے مفروضے پر) ڈالر کے مقابلے میں روپے کی قدر 240 ہوگی۔

مالی سال 2023ء میں اوسط مہنگائی 24.7 فیصد متوقع ہے، بشرطیکہ تیل بین الاقوامی سطح پر تقریباً 100 ڈالر فی بیرل پر برقرار رہے۔ حکومت نے پٹرول اور بجلی کی قیمتوں میں اضافہ کیا ہے جس کے نتیجے میں مہنگائی کی دباؤ میں شدت آئے گی۔ روپے کی قدر میں کمی کے اثر کا دوسرا دور بھی دیکھنے میں آئے گا جس کے باعث سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر رہیں گے۔ حالیہ سیلابوں کے سبب اشیائے خورد و نوش کی قیمتیں بھی بلند رہنے کا امکان ہے۔ اسٹیٹ بینک آف پاکستان نے پہلے ہی پالیسی شرح کو بڑھا کر 15.0 فیصد کر دیا ہے تاکہ مجموعی مانگ اور مہنگائی کے دباؤ سے نمٹا جاسکے۔ معیشت میں اچھی خاصی سست رفتاری اور مانگ میں کمی کے باعث ایس بی پی کے حقیقی شروع سود کو منفی رکھنے کا امکان خارج از بحث نہیں ہے۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے بظاہر شرح سود میں اضافے اور روپے کی

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

منجانب بورڈ آف ڈائریکٹرز ایم سی بی پاکستان Sovereign فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مختتمہ 30 ستمبر 2022ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

نئے مالی سال کا آغاز فقید المثال برسات سے ہوا جس نے پاکستان کی مسائل میں گھری معیشت کو مزید مشکلات سے دوچار کر دیا۔ ملک میں گزشتہ تیس برسوں کی اوسط بارش 135mm سے تین گنا زیادہ بارشیں ہوئیں جس کے نتیجے میں انتظامی ڈھانچے کو گھمبیر نقصان پہنچا، فصلوں کا صفایا ہو گیا، مویشی ہلاک ہوئے اور قیمتی جانیں ضائع ہوئیں۔ سیلاب ہماری پہلے سے خستہ حال معیشت پر براہ راست وار کریں گے جو مہنگائی میں اضافے، کرنٹ اکاؤنٹ خسارے (سی اے ڈی) میں مزید بگاڑ، مالیاتی تناؤ، اور عالمی سطح پر مشکلات کے نتیجے میں مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی میں کمی کی صورت میں ظاہر ہوگا۔

سیلابوں سے سب سے زیادہ متاثر ہونے والی فصلیں کپاس اور چاول ہیں۔ کپاس کی درآمد میں 2.5 ملین گانٹھیں اضافہ متوقع ہے جس کا مطلب درآمداتی بل میں تقریباً 1.1 بلین ڈالر اضافہ ہے۔ اسی طرح، چاول کی درآمد میں 20 فیصد کمی متوقع ہے جس کے نتیجے میں برآمدات میں 500 ملین ڈالر کمی آئے گی۔ جسکے باعث خسارہ میں 1.6 بلین ڈالر اضافہ ہوگا۔ مہنگائی میں بھی مختصر میعاد میں اضافہ ہو سکتا ہے کیونکہ زنجیر رسد میں بگاڑ کے نتیجے میں جلد خراب ہو جانے والی اشیائے خورد و نوش کی قیمتیں بڑھ جائیں گی۔

زراعت کا جی ڈی پی میں حصہ تقریباً 22.7 فیصد ہے جس میں مویشیوں کا حصہ 14.0 فیصد اور فصلوں کا حصہ 7.8 فیصد ہے۔ سیلابوں کے باعث مالی سال 2023ء میں ترقی کی شرح 0.4 فیصد کم ہو کر 2.0 فیصد رہ جائے گی۔ مالیاتی جہت میں حکومت کو سیلاب متاثرین کی بحالی کے لیے زیادہ رقم خرچ کرنا ہوگی۔ اس کے نتیجے میں مالیاتی اعتبار سے پھسلنے کا خطرہ بڑھ جائے گا اور مالی سال 2023ء میں 153 بلین روپے (جی ڈی پی کا 0.2 فیصد) پر انٹری بجٹ surplus کا ہمارا ہدف چوک سکتا ہے۔

مالی سال 2023ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 1.9 بلین ڈالر تھا، جو گزشتہ سال مماثل مدت میں 2.4 بلین ڈالر کے مقابلے میں 20 فیصد بہتری ہے۔ اس کا اہم ترین سبب تجارتی خسارے میں 11 فیصد کمی ہے جو برآمدات میں 11.2 فیصد اضافے اور درآمدات میں 2.1 فیصد کمی کا مجموعی نتیجہ ہے۔ سی اے ڈی کے علاوہ قرضوں کی ادائیگیوں نے بھی زیر مبادلہ کے ذخائر پر مزید دباؤ ڈالا، جو مزید 1.9 بلین ڈالر کم ہو کر 7.9 بلین ڈالر رہ گئے ہیں، اور یہ 6 ہفتوں کے لیے بھی بمشکل کافی ہوں گے۔ چنانچہ ڈالر کے مقابلے میں روپے کی قدر 11 فیصد گھٹ کر اختتام سہ ماہی پر 227 روپے فی ڈالر رہ گئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط دوران سہ ماہی 25.1 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 8.6 فیصد تھا۔ سیلابوں کے نتیجے میں اشیائے خورد و نوش کی قیمتوں کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ وسیع پیمانے پر تھا جس کا اظہار core مہنگائی سے ہوتا ہے۔ جنسمیں 15.7 فیصد ہوا جو گزشتہ سہ ماہی کے اختتام پر 12.3 فیصد تھا۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں جولائی 2022ء کی مانیٹرنگ پالیسی میں مزید 125 بیسیس پوائنٹس (bps) کا اضافہ کیا جبکہ اکتوبر 2022ء میں منعقدہ تازہ ترین MPS میں سود کی شرحوں کو برقرار رکھا۔ مالیاتی جہت میں فیڈرل بورڈ آف ریونیو کی ٹیکس وصولی میں مالی سال 2023ء کی پہلی سہ ماہی میں 17.1 فیصد اضافہ ہوا اور 1,635 بلین روپے ٹیکس جمع ہوا، جبکہ گزشتہ سال مماثل سہ ماہی میں 1,396 بلین روپے تھے۔ اس طرح ہدف سے 25 بلین روپے زیادہ ٹیکس وصول ہوا۔

ثانوی مارکیٹوں کی پیداوار میں دوران سہ ماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دوران سہ ماہی 3، 6 اور 12 ماہانہ ٹریڈری بلنڈ (ٹی-بلنڈ) کے منافع جات میں بالترتیب 50، 52 اور 44 پی ایس، جبکہ 3 اور 5 سالہ بانڈز کے منافع جات میں بالترتیب 38 اور 19 پی ایس کا اضافہ ہوا۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2022

		(Un-Audited) September 30, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	199,862	637,844
Investments	5.	490,987	473,654
Receivable against sale of investments		-	-
Profit receivable		15,230	16,148
Advances, prepayments and other receivables		2,960	3,089
Total assets		709,039	1,130,735
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		721	1,208
Payable to Central Depository Company of Pakistan Limited - Trustee		33	32
Payable to the Securities and Exchange Commission of Pakistan		32	139
Payable against purchase of investments		24,969	483,428
Dividend payable		1	1
Accrued expenses and other liabilities	6	34,698	35,556
Total liabilities		60,454	520,364
NET ASSETS		648,585	610,371
Unit holders' fund (as per statement attached)		648,585	610,371
Contingencies and commitments	7		
		----- (Number of units) -----	
Number of units in issue		11,678,928	11,417,720
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		55.53	53.46

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

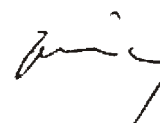
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter ended September 30,	
	2022	2021
Note	(Rupees in '000)	
Income		
Income from government securities	16,715	13,477
Capital gain / (loss) on sale of investments - net	5,402	295
Profit on bank deposits	8,518	2,060
Unrealised appreciation / (diminution) in fair value of investments classified 'at fair value through profit or loss' - net	(2,201)	151
Total income	28,434	15,983
Expenses		
Remuneration of the Management Company	1,396	1,891
Sindh Sales Tax on remuneration of the Management Company	181	246
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	89	124
Sindh Sales Tax on remuneration of Trustee	12	16
Securities and Exchange Commission of Pakistan - annual fee	32	38
Allocated expenses	192	190
Marketing and Selling expenses	414	959
Auditors' remuneration	152	138
Brokerage, printing and bank charges	276	139
Legal and other professional charges	196	1,554
Total expenses	2,940	5,294
Sindh Workers' Welfare Fund (SWWF)	-	13,419
Net income for the period before taxation	25,494	24,108
Taxation	8	-
Net income for the period	25,494	24,108
Allocation of net income for the period:		
Net income for the period	25,494	24,108
Income already paid on units redeemed	(2,718)	(1,265)
	22,776	22,843
Accounting income available for distribution:		
- Relating to capital gains	1,740	343
- Excluding capital gains	21,036	22,500
	22,776	22,843
Earning / (Loss) per unit	9	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

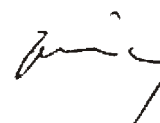
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter ended September 30,	
	2022	2021
	----- (Rupees in '000) -----	
Net income for the period after taxation	25,494	24,108
Other comprehensive Income for the period:		
Total comprehensive income for the period	25,494	24,108

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

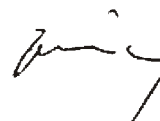
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Quarter ended
September 30,

	2022			2021		
	(Rupees in '000)					
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
Net assets at beginning of the period	1,316,281	(705,910)	610,371	1,445,573	(707,643)	737,930
Issue of 7,147,102 units (2021: 2,924,579 units)						
- Capital value (at net asset value per unit at the beginning of the period)	382,084	-	382,084	155,939	-	155,939
- Element of income	6,624	-	6,624	4,337	-	4,337
Total proceeds on issuance of units	388,708	-	388,708	160,276	-	160,276
Redemption of 6,885,895 units (2021: 3,376,503 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(368,120)	-	(368,120)	(180,035)	-	(180,035)
- Amount paid out of element of income						
- Relating to 'Net income for the period after taxation'	(5,150)	(2,718)	(7,868)	(3,863)	(1,265)	(5,128)
Refund / adjustment on units as element of loss	-	-	-	-	-	-
Total payments on redemption of units	(373,270)	(2,718)	(375,988)	(183,898)	(1,265)	(185,163)
Total comprehensive income for the period	-	25,494	25,494	-	24,108	24,108
Net income for the period less distribution	-	25,494	25,494	-	24,108	24,108
Net assets at end of the period	1,331,719	(683,134)	648,585	2,208,425	(684,800)	737,150
Undistributed loss brought forward						
- Realised		(704,872)			(707,648)	
- Unrealised		(1,038)			5	
		(705,910)			(707,643)	
Undistributed income		(705,910)			(707,606)	
Accounting income available for distribution						
- Relating to capital losses		1,740			343	
- Excluding capital losses		21,036			22,499	
		22,776			22,843	
Undistributed loss carried forward		(683,134)			(684,800)	
Undistributed loss carried forward						
- Realised		(680,933)			(684,952)	
- Unrealised		(2,201)			151	
		(683,134)			(684,800)	
Net assets value per unit at beginning of the period		53.46			53.32	
Net assets value per unit at end of the period		55.53			55.06	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		Quarter ended September 30,	
		2022	2021
	Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		25,494	24,108
Adjustments for:			
Unrealised diminution in fair value of investments classified 'at fair value through profit or loss' - net		2,201	(151)
		27,695	23,956
(Increase) / Decrease in assets			
Investments		80,285	273,686
Receivable against sale of investments		-	(99,841)
Profit receivables		918	461
Advances, deposits, prepayments		128	17
		81,332	174,322
Increase / (decrease) in liabilities			
Payable to the Management Company		(487)	611
Payable to Central Depository Company of Pakistan Limited - Trustee		1	(0)
Payable to the Securities and Exchange Commission of Pakistan		(107)	(214)
Payable against purchase of investments		(458,459)	75,006
Dividend payable		(0)	(0)
Accrued expenses and other liabilities		(859)	(11,939)
		(459,911)	63,463
Net cash generated (used in) / from operating activities		(350,884)	261,742
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		388,708	160,276
Payments on redemption of units		(375,988)	(185,163)
Net cash from / (used in) financing activities		12,720	(24,888)
Net (decrease) / increase in cash and cash equivalents during the period		(338,164)	236,854
Cash and cash equivalents at beginning of the period		637,844	776,052
Cash and cash equivalents at end of the period	11	299,680	1,012,906

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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 Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely “Sindh Trusts Act, 2020” (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 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 has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' dated October 06, 2022 to the Management Company and stability rating of 'AA-(f)' dated September 09, 2022 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 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

- 2.1.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.1.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.
- 2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

- 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, 2022.

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 2022.

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 2022.

		(Un-Audited) September 30, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
In savings accounts	4.1	191,560	633,349
In current accounts	4.2	8,302	4,495
		<u>199,862</u>	<u>637,844</u>

- 4.1** These carry profit at the rates ranging between 13.75% to 16.30% (June 2022: 5.50% to 17.5%) per annum. It includes bank balance of Rs. 0.622 million (June 2022: Rs 0.701 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 13.75% (June 2022: 12.25%) per annum.

- 4.2** These include Rs. 8.295 million (June 30, 2022: Rs 4.488 million) maintained with MCB Bank Limited, a connected person / related party.

		September 30, 2022	June 30, 2022
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Government Securities			
Pakistan investment bonds	5.1.1	5,179	86,024
Pakistan investment bonds - Floating Rate Bond (FRB)	5.1.2	385,990	387,630
Market treasury bills	5.1.3	99,818	-
		<u>490,987</u>	<u>473,654</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

5.1 At fair value through profit or loss

5.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2022			Market value		
			As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at September 30, 2022	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	20-Aug-20	20-Aug-23	-	187,000	-	187,000	-	-	-	-	-
Pakistan Investment Bonds - 03 years	05-Aug-21	05-Aug-24	-	250,000	-	250,000	-	-	-	-	-
Pakistan Investment Bonds - 03 years	04-Aug-22	04-Aug-25	-	900,000	-	900,000	-	-	-	-	-
Pakistan Investment Bonds - 05 years	12-Jul-18	12-Jul-23	-	88,000	-	88,000	-	-	-	-	-
	19-Sep-19	19-Sep-24	-	27,000	-	27,000	-	-	-	-	-
	29-Apr-22	29-Apr-27	100,000	800,000	-	900,000	-	-	-	-	-
Pakistan Investment Bonds - 10 years	12-Jul-18	12-Jul-28	-	70,500	-	70,500	-	-	-	-	-
Pakistan Investment Bonds - 20 years	10-Jun-04	10-Jun-24	5,500	-	-	5,500	5,192	5,179	(13)	0.01	0.05
Total as at September 30, 2022 (un-audited)							5,192	5,179	(13)		
Total as at June 30, 2022 (audited)							86,751	86,024	(727)		

5.1.2 Government securities - Pakistan Investment Bonds FRB

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2022			Market value		
			As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at September 30, 2022	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)											
Pakistan Investment Bonds - 02 years	26-Aug-21	26-Aug-23	100,000	100,000	-	100,000	99,648	99,370	(278)	0.15	0.95
Pakistan Investment Bonds - 05 years	6-May-21	6-May-26	100,000	100,000	-	100,000	98,534	96,620	(1,914)	0.15	0.92
Pakistan Investment Bonds - 10 years	25-Jul-19	25-Jul-29	100,000	-	-	100,000	100,000	100,000	-	0.15	0.95
	22-Aug-19	22-Aug-29	90,000	-	-	90,000	90,000	90,000	-	0.14	0.86
Total as at September 30, 2022 (un-audited)							388,182	385,990	(2,192)		
Total as at June 30, 2022 (audited)							387,941	387,630	(311)		

5.1.3 Government securities - Treasury Bills

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2022			Market value		
			As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at September 30, 2022	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
INVESTMENT IN MARKET SECURITIES - (Rupees in '000)											

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

6. ACCRUED AND OTHER LIABILITIES

Provision for Federal Excise Duty and related tax on	6.1		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		48	1,172
Auditors' remuneration payable		535	383
Brokerage payable		122	6
Others		795	797
		34,698	35,556

6.1 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, 2022. 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, 2022 would have been higher/lower by Re. 2.84 per unit (June 30, 2022: Re. 2.91 per unit).

7. CONTINGENCIES AND COMMITMENTS

7.1. CONTINGENCIES

As reported in the annual audited Financial Statements of the Fund for the year ended June 30, 2022, an ex-parte Income Tax Order was passed for Tax Year 2015 through which a tax demand of Rs. 309,896,010 was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR) by rejecting the Fund's claim for income tax exemption under Clause (99) contained in Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA); Stay Order was duly granted by CIRA.

On November 25, 2021, the Assessment Order as issued by ACIR was remanded back by Commissioner Appeals (CIRA) and ACIR have restarted proceedings. The Management Company, in consultation with its advisor, anticipates a favorable outcome of the case.

7.2. Commitments

There were no commitments outstanding as at September 30, 2022 and June 30, 2022.

8. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of 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 or cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders in cash. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

9. EARNING / (LOSS) PER UNIT

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

10. TOTAL EXPENSE RATIO

The annualized total expense ratio of the Fund based on the current period results is 1.83% (September 30, 2021: 2.78%) and this includes 0.16% (September 30, 2021: 0.16%) representing government levy, SECP fee etc.

11. CASH AND CASH EQUIVALENTS

	(Un-Audited) September 30, 2022	(Un-Audited) September 30, 2021
	2022	2021
	----- (Rupees in '000) -----	
Bank balances	199,862	763,208
Government securities - Treasury bill	99,818	249,698
	299,680	1,012,906

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

12. TRANSACTIONS WITH CONNECTED PERSONS

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

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

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

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

	For the quarter ended September 30, 2022				
	As at July 01, 2022	Issued for cash	Redeemed	As at September 30, 2022	As at September 30, 2022
					(Rupees in '000)
MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED	-	4,745,873	4,745,874	(1)	258,550 (0)
D.G Khan Cement Company Limited	8	-	-	8	- 0
Key management personnel	3	180,049	180,016	36	9,993 2
Unitholders holding 10% or more	3,423,890	-	-	3,423,890	- 190,129

* This reflects the position of related party / connected persons status as at September 30, 2022.

	For the quarter ended September 30, 2021				
	As at July 01, 2021	Issued for cash	Redeemed	As at September 30, 2021	As at September 30, 2021
					(Rupees in '000)
MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED	-	-	-	-	-
DG Khan Cement company Limited	7	-	-	7	- 0
Security General Insurance Company Limited Employees Provident Fund Trust	105,833	-	-	105,833	- 5,877
Key management personnel	2,849	77,732	62,349	18,232	4,273 1,012
Unitholders holding 10% or more	2,067,358	-	-	2,067,358	- 114,800

* This reflects the position of related party / connected persons status as at September 30, 2021.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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

	(Unaudited) <u>September 30,</u> 2022	(Unaudited) <u>September 30,</u> 2021
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration of the Management Company including indirect taxes	1,577	2,136
Expenses allocated by the Management Company and related taxes	192	190
Marketing And Selling expenses	414	959
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	101	140
MCB Bank Limited		
Mark-up on bank deposits	73	2
Bank charges	1	2

12.3 Balances outstanding at period / year end:

	(Unaudited) <u>September 30,</u> 2022	(Audited) <u>June 30,</u> 2022
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration payable to Management Company	196	632
Sales tax payable on remuneration to Management Company	25	82
Payable against allocated expenses	79	50
Payable against marketing and selling expenses	413	444
Sales load payable	8	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	33	28
Sales tax on remuneration payable	5	4
MCB Bank Limited		
Bank balance	8,917	5,189

13 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Fair value hierarchy

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

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

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

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

14 GENERAL

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

14.2 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.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 21, 2022 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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