

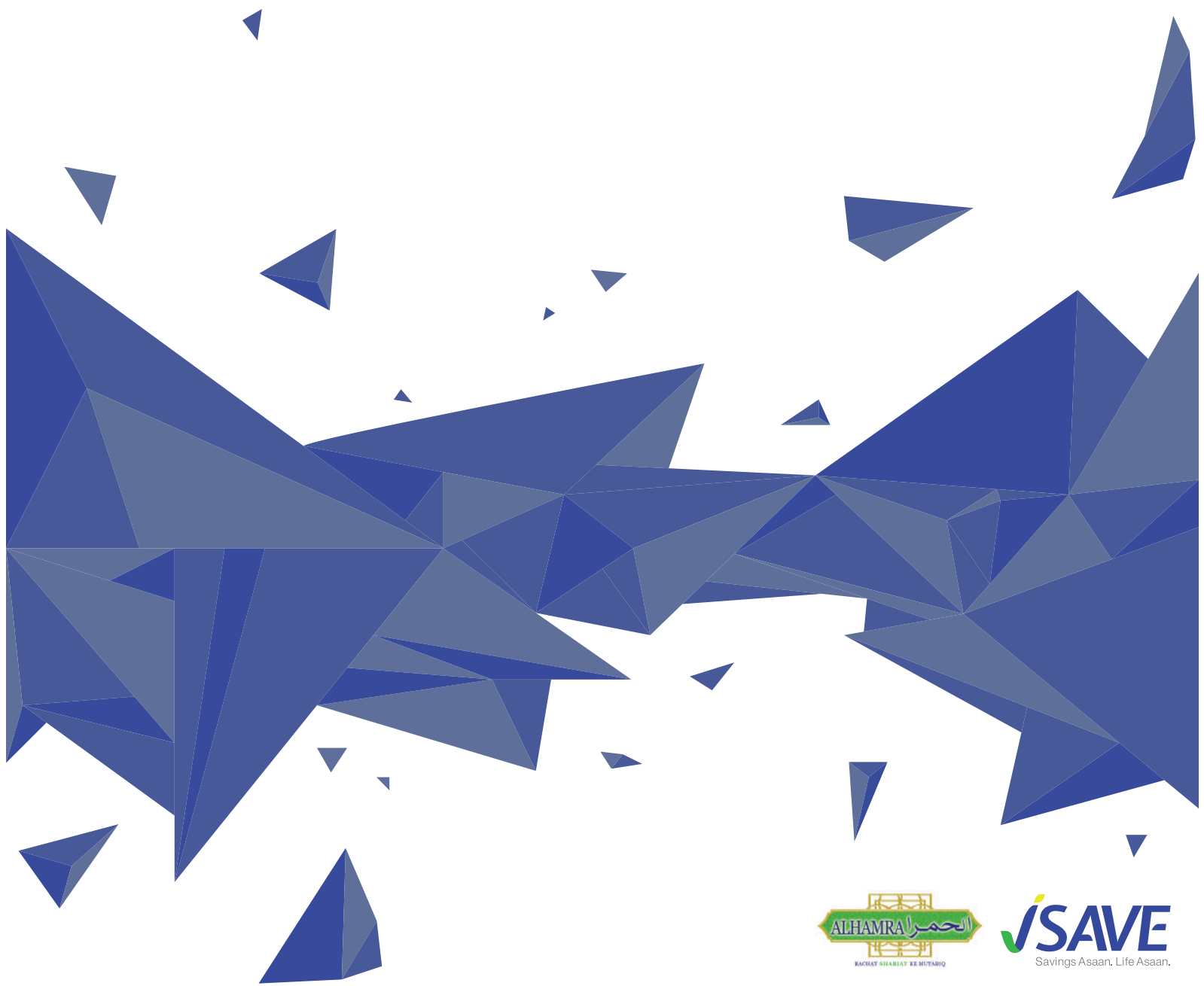


**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2022**  
(UNAUDITED)

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



# **MCB PAKISTAN SOVEREIGN FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	MCB Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqiati Bank Limited Js Bank Limited National Bank Of Pakistan	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Sovereign Fund** accounts review for the nine months & quarter ended March 31, 2022.

## **Economy and Money Market Review**

Political turmoil in the country has taken the central stage in past few weeks where we witnessed ruling party coalition government lost majority in the National Assembly and overthrown by opposition led coalition. In the backdrop of weak economic environment, the transition resulted in significant volatility in equity, fixed income and exchange rate markets. In heightened political environment, markets will increasingly focus on efforts of the new government on policies and measures taken to stabilize the economy.

The fiscal year (July – June) started on strong note with government's renewed focus on reviving growth through several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing and incentives on capital investment at lower rates (TERF), which further supported to growth premise. However, the sharp recovery in domestic demand, coupled with rising international commodity prices, led to a strong pick-up in imports and a commensurate increase in the current account deficit. The start of Russia Ukraine conflict inflicted additional misery as international commodities prices spiked up further to multi-year high.

The country posted a current account deficit of USD 12.1bn in 8MFY22 compared to a surplus of USD 1.0bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 10.6bn in first eight months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 49.1% in 8MFY22 compared to export growth of 28.1%. Trade Deficit increased by 70.2% to USD 27.3bn compared to USD 16.0bn in same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports. As per our estimates, prices contributed more than two-third of the increase in import bill.

Foreign exchange reserves of central bank saw a decrease of USD 5.3bn on account of higher current account deficit and debt repayments. Pakistan was also unable to timely roll over commercial loan of USD 2.2bn from China which put further pressure on reserves. In addition, a USD 900mn penalty payment to settle Reko Dik case further dragged the reserves to 22 months' low of USD 11.3bn, implying an import cover of hardly a couple of months. These outflows coupled with widening current account deficit led PKR to lost ground against USD by 14.1% since start of the fiscal year.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 10.7% in 9MFY22 compared to 8.4% in 9MFY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which keeps the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upward trend as it increased to 9.5% in March 2022 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 525bps to 12.75% in the fiscal year to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 29.1% in 9MFY22 to PKR 4,382bn compared to PKR 3,394bn during same period last year. This exceeded the target of 4,134bn by 248bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected on import stage.

Secondary markets yields have increased significantly in 9MFY22 as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

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will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 2.4%, 2.1% and 1.4%, respectively during the period.

### FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 9.37% as against its benchmark return of 9.76%. At period-end, the fund decreased its exposure in cash to 55.0% from 57.2%.

The Net Assets of the Fund as at March 31, 2022 stood at Rs. 638 million as compared to Rs. 738 million as at June 30, 2021 registering a decline of 13.55%.

The Net Asset Value (NAV) per unit as at March 31, 2022 was Rs. 57.07 as compared to opening NAV of Rs. 53.32 per unit as at June 30, 2021 registering an increase of Rs. 3.75 per unit.

### Economy & Market – Future Outlook

The ongoing Russia – Ukraine war has kept international commodity prices at elevated levels which have exacerbated fears about the import bill and external outlook going forward. In addition, due to political pressure the government resorted to the populist move to absorb the hike in international energy prices and keep petroleum prices unchanged. This has undermined the structural reform process and put the IMF program on hold. Going forward the new government will have to engage with the IMF and find the right balance of growth and external account sustainability.

We estimate GDP to grow by 4.5% this year, slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services sectors to grow by 4.5%, 4.1% and 4.5% respectively. Industrial sector growth is likely to remain robust but below government's target due to demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to growth in wheat and cotton crop. The Covid vaccination roll out has been quite successful which is anticipated to unleash Services growth as this segment was the most affected by the pandemic.

The persistently elevated international commodities prices especially petroleum, palm oil, fertilizers and steel, has led to a strong pick-up in imports and a rise in the current account deficit, which we expect to close the year around USD 19.0bn (5.7% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2bn (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 192 against a dollar.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone. The SBP is expected to continue to discourage unnecessary imports and use flexible market determined exchange rate and appropriate monetary policy setting to ensure sustainable external account position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

We expect Average FY22 and FY23 inflation to clock at 11.6% and 13.8% respectively assuming international oil stays above USD 100/bbl. The recent hike in commodity prices and the resultant currency depreciation is likely to keep inflation numbers elevated in near term. In the recent monetary policy held in April-22 SBP increased policy rate by 250bps to 12.25% due to significant uncertainty around outlook for international commodities and global financial condition as result of Russia Ukraine war. As per the SBP the recent rate hike increased forward looking interest rates to mildly positive territory. Thus we may be at the end of monetary tightening cycle.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in interest rate increase and currency depreciation.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

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Market cap to GDP ratio has declined to 13.4%, a discount of 69% from its historical average. Similarly, risk premiums are close to 6.0%, compared to historical average of 1.9% 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 5.7x, while offering a dividend yield of 8.3%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. 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 7.4% during the nine months to PKR 1,093bn. Total money market funds grew by about 11.9% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 19.6% to PKR 341bn while Islamic funds declined by 0.2% to PKR 181bn. In addition, the total fixed Income funds increased by about 17.7% since June 2021, as the conventional income funds rose by 21.5% to PKR 153bn. Equity and related funds declined by 11.3% as market witnessed a decline in 9MFY22 eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 47.8%, followed by Income funds with a share of 26.4% and Equity and Equity related funds having a share of 24.3% as at the end of 9MFY22.

### Mutual Fund Industry Outlook

The recent increase in interest rates would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

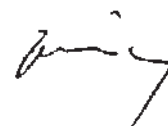
### ACKNOWLEDGMENT

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
April 20, 2022



**Nasim Beg**  
Director/Vice Chairman  
April 20, 2022

## ڈائریکٹرز رپورٹ

تصحیح سے valuations کھل گئی ہیں اور طویل المیعاد سرمایہ کاران پرکشش سطحوں پر ایکوٹی میں سرمایہ کاری کرنا چاہیں گے۔ ہمارے آپریشنز بلا کاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت و 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  
20 اپریل 2022ء



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
20 اپریل 2022ء



باعث بین الاقوامی اشیائی قیمتوں اور عالمی مالی حالات میں غیر یقینی صورتحال پیدا ہو گئی ہے۔ ایس بی پی کے مطابق شرح میں حالیہ اضافے کے نتیجے میں forward looking شروع سود بڑھ کر معتدل حد تک مثبت محل وقوع میں آ گئی ہیں۔ چنانچہ مالیاتی سختی کے دور کا اختتام متوقع ہے۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز کے تناظر سے، اسٹاک کی قیمتوں میں حالیہ تصحیح سے valuation کھل گئی ہے۔ مارکیٹ نے سود کی شرح میں اضافے اور روپے کی قدر میں کمی سے فائدہ اٹھایا ہے۔ مارکیٹ cap کا مجموعی ملکی پیداوار (جی ڈی پی) کے ساتھ تناسب کم ہو کر 13.4 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 69 فیصد کمی ہے۔ اسی طرح، ریسک پریمیئم 6.0 فیصد کے قریب ہیں جو اپنے قدیم اوسط 1.9 فیصد کے مقابلے میں مارکیٹ میں جاری تجارت میں گہری رعایت کی نشاندہی کرتے ہیں۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد تصویر اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ فی الوقت مارکیٹ میں 5.7 گنا PER پر تجارت ہو رہی ہے جبکہ 8.3 فیصد ڈیویڈنڈ منافع پیش کیا جا رہا ہے۔

قرض حاملین 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 کے منافع جات افراط زر کے دباؤ کے باعث بلند سطحوں پر برقرار رہیں گے۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

مالی سال 2022ء کے ابتدائی نو ماہ کے دوران اوپن end میوچل فنڈ صنعت کے inet اثاثہ جات تقریباً 7.4 فیصد بڑھ کر 1,093 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2021ء کے بعد سے تقریباً 11.9 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے جو تقریباً 19.6 فیصد بڑھ کر 341 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 0.2 فیصد کم ہو کر 181 بلین روپے ہو گئے۔ مزید براں، مجموعی فیکسڈ انکم فنڈز میں جون 2021ء سے تقریباً 17.7 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈز 21.5 فیصد بڑھ کر 153 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں 17.7 فیصد کمی ہوئی کیونکہ مالی سال 2022ء کے ابتدائی نو ماہ کے دوران مارکیٹ تنزل کا شکار رہی جس کے نتیجے میں مجموعی معاشی اور جغرافیائی-سیاسی عوامل پر تشویش کے باعث سرمایہ کاروں کی حوصلہ شکنی اثاثہ جات تحت الانظامیہ (AUMs) میں انحطاط کا سبب بنی۔

شعبہ جاتی اعتبار سے منی مارکیٹ فنڈز تقریباً 47.8 فیصد حصے کے ساتھ سب سے آگے رہے، جبکہ انکم فنڈز 26.4 فیصد حصے اور ایکویٹی اور ایکویٹی سے متعلقہ فنڈز 24.3 فیصد حصے کے ساتھ بالترتیب دوسرے اور تیسرے نمبر پر رہے۔

### میوچل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں حالیہ اضافے سے منی مارکیٹ فنڈز میں آمدات میں اضافہ ہوگا۔ منی مارکیٹ فنڈز اپنی مختصر میعاد کی بدولت ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر مدت کے لیے کم خطرات کے ساتھ چلنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں حالیہ

## معیشت اور بازار - مستقبل کے امکانات

روس اور یوکرین کے مابین جاری جنگ نے بین الاقوامی اشیائی قیمتوں کو بلند سطحوں پر رکھا ہوا ہے جس کے باعث درآمداتی بل اور خارجی جہت کے امکانات سے متعلق اندیشوں میں اضافہ ہوا ہے۔ مزید برآں، حکومت نے سیاسی دباؤ کے باعث populist (یعنی عوام کی مملکت کا) قدم اٹھایا تاکہ توانائی کی بین الاقوامی قیمتوں کو جذب کیا جاسکے اور پٹرولیم کی قیمتوں کو غیر تبدیل شدہ رکھا جاسکے۔ اس کے نتیجے میں بنیادی ڈھانچے سے متعلق اصلاح کے عمل میں رکاوٹ پیدا ہوئی اور آئی ایم ایف پروگرام التواء کا شکار ہو گیا ہے۔ مستقبل میں نئی حکومت کو آئی ایم ایف کے ساتھ مربوط ہو کر ترقی اور خارجی اکاؤنٹ کے استحکام کے مابین درست توازن تلاش کرنا ہوگا۔

ہمارے اندازے کے مطابق مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.5 فیصد اضافہ ہوگا، جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ زراعت، صنعت اور خدمات کے شعبوں میں پالترتیب 4.5 فیصد، 4.1 فیصد اور 4.5 فیصد ترقی متوقع ہے۔ صنعتی شعبے کی ترقی تیز رفتار ہو سکتی لیکن حکومتی ہدف سے کم رہے گی کیونکہ مالیاتی سختی کے نتیجے میں طلب مسکڑ گئی ہے۔ البتہ گندم اور کپاس کی بہتر فصل کی بدولت زراعت کے شعبے کی ترقی حکومتی تخمینوں سے سبقت لے جاسکتی ہے۔ کووڈ ویکسینیشن کا دور کافی کامیاب رہا جس کے نتیجے میں خدمات کے شعبے میں بحالی متوقع ہے کیونکہ یہ شعبہ واء سے سب سے زیادہ متاثر ہوا تھا۔

مسلسل بڑھی ہوئی بین الاقوامی اشیائی قیمتوں، خصوصاً پٹرولیم، پام تیل، کھاد اور اسٹیل، کے نتیجے میں درآمدات میں بھرپور بحالی اور کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا ہے جو اختتام سال پر ہمارے اندازے کے مطابق تقریباً 19.0 بلین ڈالر (جی ڈی پی کا 5.7 فیصد) ہوگا۔ یہ مالی سال 2018ء میں ہونے والے 19.2 بلین ڈالر خسارے (جی ڈی پی کا 6.1 فیصد) کے بعد تاحال سب سے بڑا خسارہ ہوگا۔ اس بلند خسارے کے رد عمل میں ہم سمجھتے ہیں کہ روپے کی قدر میں مزید کمی ہوگی اور مالی سال کے اختتام پر یہ تقریباً 192 روپے بالمقابل ایک ڈالر ہوگا۔

آئی ایم ایف پروگرام کی کامیاب بحالی مالیاتی اکاؤنٹ کو مثبت محل وقوع میں رکھنے کے لیے کلیدی شرط ہوگی۔ اسٹیٹ بینک آف پاکستان متوقع طور پر غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ سے تعین کردہ لچکدار شرح مبادلہ اور موزوں مالیاتی پالیسی کے ذریعے خارجی اکاؤنٹ کے استحکام کو یقینی بنائے گا۔ ترسیلاتِ زرمع دو جہتی اور کثیر الجہتی آمدات بھی خارجی اکاؤنٹ کو سنبھالنے میں اہم عوامل ثابت ہوں گے۔

افراطِ زر کا اوسط مالی سال 2022ء میں 11.6 فیصد اور مالی سال 2023ء میں 13.8 فیصد متوقع ہے بشرطیکہ تیل کی بین الاقوامی قیمت 100 ڈالر فی بیرل برقرار رہے۔ اشیائی قیمتوں میں حالیہ اضافہ اور اس کے نتیجے میں ہونے والی روپے کی قدر میں کمی کے باعث افراطِ زر کے قریب المیاد میں بلند رہنے کا امکان ہے۔ حالیہ مانیٹری پالیسی منعقدہ اپریل 2022ء میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں 250 بی پی ایس اضافہ کر کے اسے 12.25 فیصد کر دیا کیونکہ روس اور یوکرین کے مابین جنگ کے

افراط زر باعث تشویش بنی رہی کیونکہ بڑھتی ہوئی اشیائی قیمتوں کی وجہ سے پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط مالی سال 2022ء کے ابتدائی نو ماہ میں 10.7 فیصد تھا، جبکہ مالی سال 2021ء کے ابتدائی نو ماہ میں 8.4 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتیں، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور پاکستانی روپے کی قدر میں کمی کے دوسرے مرحلے کا اثر تھیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔ بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان رہا اور مارچ 2022ء میں 9.5 فیصد تک جا پہنچی، جبکہ جون 2021ء میں 6.9 فیصد تھی۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) پالیسی شرح میں مجموعی طور پر 525 بیس پوائنٹس (بی پی ایس) کا اضافہ کر کے اسے 12.75 فیصد تک لے گیا تاکہ افراط زر کے دباؤ اور مجموعی طلب میں سست روی کا مقابل کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے ابتدائی نو ماہ میں 29.1 فیصد بڑھ کر 4,382 بلین روپے تک پہنچ گئی جو 4,134 بلین روپے کے ہدف سے 248 بلین روپے زیادہ تھی، جبکہ گزشتہ سال مماثل مدت کے دوران 3,394 بلین روپے تھی۔ اس بہتر کارکردگی کی بنیادی وجہ درآمد کے مرحلے پر پہلے سے زیادہ کسٹم ڈیوٹی اور سیلز ٹیکس کی وصولی ہے۔

ثانوی مارکیٹوں کے منافع جات میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کے دور کا آغاز کر دیا۔ روپے کی قدر میں حالیہ کمی کے ساتھ ساتھ مسلسل بڑھی ہوئی اشیائی قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور افراط زر کا اوسط درمیانی مدت میں متوقع طور پر بلند رہے گا۔ تین، پانچ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 2.1، 2.4 اور 1.4 فیصد اضافہ ہوا۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 9.37 فیصد سالانہ منافع حاصل کیا جبکہ اس کا مقررہ منافع 9.76 فیصد تھا۔ مدت کے اختتام پر فنڈ نے نقد رقم میں اپنی سرمایہ کاری 57.2 فیصد سے کم کر کے 55.0 فیصد کر دی۔

31 مارچ 2022ء کو فنڈ کے خالص اثاثے 638 ملین روپے رہے جبکہ 30 جون 2021ء کو 738 ملین روپے تھے، یعنی 13.55 فیصد کمی ریکارڈ کی گئی۔

31 مارچ 2022ء کو خالص اثاثہ قدر (این اے وی) 57.07 روپے فی یونٹ رہی جبکہ 30 جون 2021ء کو (این اے وی) 53.32 روپے فی یونٹ تھی، یعنی 3.75 روپے فی یونٹ کا اضافہ درج کیا گیا۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان سوورن فنڈ کے گوشواروں کا جائزہ برائے نومبر اور سہ ماہی مختتمہ 31 مارچ 2022ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

گزشتہ کچھ ہفتوں کے دوران ملک میں سیاسی افراتفری توجہ کا مرکز بنی رہی۔ حکمران جماعت نے قومی اسمبلی میں اکثریت کھودی اور حزب اختلاف کی قیادت میں بننے والے اتحاد کے ہاتھوں حکومت کا تختہ الٹ گیا۔ یہ تبدیلی پہلے سے ہی کمزور معاشی ماحول کے پس منظر میں ایکوٹی، مقررہ آمدنی اور شرح مبادلہ کی مارکیٹوں میں عدم استحکام کا باعث بنی۔ اس مضطرب سیاسی ماحول میں مارکیٹیں نئی حکومت کی معیشت کو مستحکم کرنے کی پالیسیوں اور اقدام کی منتظر ہیں۔

مالی سال (جولائی-جون) کا آغاز مضبوط نوٹ کے ساتھ ہوا جس میں حکومت کی جانب سے مالی سال 2022 (FY22) کے بجٹ میں کئی مراعات کے ذریعے ترقی کی بحالی پر نئی توجہ مرکوز کی گئی۔ یہ مالیاتی تسہیل کے تاخیری اثر اور کم شرحوں (TERF) پر سرمایہ کاری کی ترغیبات پر مستزاد تھا جس سے ترقی کو مزید معاونت حاصل ہوئی۔ تاہم مقامی طلب میں تیز رفتار بحالی اور اس کے ساتھ ساتھ بڑھتی ہوئی بین الاقوامی اشیائی قیمتوں کے نتیجے میں درآمدات میں بھی بھرپور بحالی ہوئی اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ روس اور یوکرین کے مابین تنازعے کے باعث مشکلات میں اضافہ ہوا کیونکہ بین الاقوامی اشیائی قیمتیں کئی برسوں کی بلند ترین سطح پر پہنچ گئیں۔

مالی سال 2022ء کے ابتدائی آٹھ ماہ میں ملک کا کرنٹ اکاؤنٹ خسارہ 12.1 بلین ڈالر تھا، جبکہ گزشتہ سال کی مماثل مدت میں 1.0 بلین ڈالر فاضل (منافع) تھا۔ یہ مالی سال 2018ء کے ابتدائی آٹھ ماہ میں ہونے والے 10.6 بلین ڈالر خسارے سے تاحال سب سے زیادہ خسارہ تھا۔ اس کی بنیادی وجہ ابتدائی آٹھ ماہ درآمدات میں 49.1 فیصد اضافہ تھی، جبکہ برآمدات میں اضافہ 28.1 فیصد تھا۔ تجارتی خسارہ 70.2 فیصد بڑھ کر 27.3 بلین ڈالر ہو گیا، جبکہ گزشتہ سال مماثل مدت میں 16.0 بلین ڈالر تھا۔ درآمدات میں یہ فقید المثال اضافہ ہماری اشیائی basket کی قدیم بلند قیمتوں کی بدولت ہوا، بشمول خام تیل، پام تیل، کونڈہ اور اس کے ساتھ ساتھ ویکسین کی یکبار درآمد۔ ہمارے اندازے کے مطابق درآمداتی بل میں قیمتوں کا دو تہائی حصہ تھا۔

مرکزی بینک کے زیر مبادلہ کے ذخائر میں 5.3 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ کا بلند تر خسارہ اور ادائیگی و قرض میں اضافہ تھا۔ علاوہ ازیں، پاکستان چین سے 2.2 بلین ڈالر کے تجارتی قرض کی بروقت تجدید نہیں کر سکا جس کے باعث ذخائر پر مزید باؤ پڑا۔ مزید برآں، ریکوڈک معاملے کو نمٹانے کے لیے 900 ملین ڈالر جرمانے کی ادائیگی کے باعث ذخائر گزشتہ 22 ماہ کی پست ترین سطح 11.3 بلین ڈالر پر پہنچ گئے، یعنی بمشکل کچھ ماہ کا درآمداتی cover۔ یہ اخراجات بمع پھیلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں روپے کی ڈالر کے مقابلے میں قدر مالی سال کے آغاز سے 14.1 فیصد کم ہو گئی۔

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

		(Un-Audited) Mar 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	5	664,024	776,052
Investments	6	530,710	569,132
Profit receivable		9,307	7,790
Advances, prepayments and other receivables		3,242	3,024
<b>Total assets</b>		<b>1,207,283</b>	<b>1,355,998</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited – Management Company	7.	1,099	1,018
Payable to the Central Depository Company of Pakistan Limited - Trustee		34	47
Payable to the Securities and Exchange Commission of Pakistan		108	252
Payable against purchase of investments		533,218	569,468
Dividend payable		1	1
Accrued expenses and other liabilities	8	35,189	47,282
<b>Total liabilities</b>		<b>569,648</b>	<b>618,068</b>
<b>NET ASSETS</b>		<b>637,635</b>	<b>737,930</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>637,635</b>	<b>737,930</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>11,172,462</b>	<b>13,838,923</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>57.07</b>	<b>53.32</b>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

		Nine months ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
Note		(Rupees in '000)			
<b>INCOME</b>					
Income from government securities		42,305	77,803	14,611	19,794
Capital (loss) on sale of investments - net		(1,868)	(18,307)	(1,005)	(8,657)
Profit on bank deposits		7,086	5,499	3,271	1,880
Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net		(424)	(365)	95	-
<b>Total income</b>		<b>47,099</b>	<b>64,630</b>	<b>16,972</b>	<b>13,017</b>
<b>EXPENSES</b>					
Remuneration of the Management Company		5,409	8,964	1,765	2,203
Sindh Sales Tax on remuneration of the Management Company		703	1,165	229	286
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		315	686	91	177
Sindh Sales Tax on remuneration of Trustee		41	89	12	23
Securities and Exchange Commission of Pakistan - annual fee		108	210	33	54
Allocated expenses		538	1,054	165	272
Marketing and selling expenses		1,931	1,476	461	381
Brokerage expenses		91	311	25	95
Legal and professional expenses		1,471	190	42	122
Auditors' remuneration		412	412	135	135
Other expenses		593	594	195	223
<b>Total expenses</b>		<b>11,610</b>	<b>15,152</b>	<b>3,151</b>	<b>3,972</b>
<b>Net income from operating activities</b>		<b>35,489</b>	<b>49,478</b>	<b>13,821</b>	<b>9,045</b>
Reversal/ (provision) against Sindh Workers' Welfare Fund	8.1	13,419	(990)	-	(181)
<b>Net income for the period before taxation</b>		<b>48,908</b>	<b>48,488</b>	<b>13,821</b>	<b>8,864</b>
Taxation	10	-	-	-	-
<b>Net income for the period</b>		<b>48,908</b>	<b>48,488</b>	<b>13,821</b>	<b>8,864</b>
<b>Allocation of net income for the period:</b>					
Net income for the period		48,908	48,488		
Income already paid on units redeemed		(8,493)	(20,579)		
		<b>40,415</b>	<b>27,909</b>		
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-	-		
- Excluding capital gains		40,415	27,909		
		<b>40,415</b>	<b>27,909</b>		
<b>Earnings per unit</b>	11				

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022**

	Nine months ended March 31,		Quarter ended Mar 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	48,908	48,488	13,821	8,864
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>48,908</b>	<b>48,488</b>	<b>13,821</b>	<b>8,864</b>

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

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



Chief Executive Officer



Chief Financial Officer



Director



# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended Mar 31,					
	2022			2021		
	(Rupees in '000)					
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the period	1,445,573	(707,643)	737,930	2,523,996	(707,606)	1,816,390
Issue of units 5,841,250 (2021: 3,112,120 units):						
- Capital value (at net asset value per unit at the beginning of the year)	311,455	-	311,455	165,783	-	165,783
- Element of income	11,084	-	11,084	1,552	-	1,552
	322,539	-	322,539	167,335	-	167,335
Redemption of 8,507,711 units (2021: 21,954,985 units):						
- Capital value (at net asset value per unit at the beginning of the year)	(453,631)	-	(453,631)	(1,169,542)	-	(1,169,542)
- Amount paid out of element of Income relating to net income for the period after taxation	(18,110)	(8,493)	(26,603)	(1,338)	(20,579)	(21,917)
	(471,741)	(8,493)	(471,741)	(1,170,880)	(20,579)	(1,191,459)
Total comprehensive income for the period	-	48,908	48,908	-	48,488	48,488
Net assets as at the end of the period	1,296,371	(667,228)	637,635	1,520,451	(679,697)	840,754
Undistributed loss brought forward						
- Realised		(707,648)			(708,640)	
- Unrealised		5			1,034	
		(707,643)			(707,606)	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	40,415			27,909		
	40,415			27,909		
Undistributed loss carried forward		(667,228)			(679,697)	
Undistributed loss carried forward						
- Realised		(666,804)			(679,332)	
- Unrealised		(424)			(365)	
		(667,228)			(679,697)	
	---	(Rupees) ---		---	(Rupees) ---	
Net assets value per unit as at beginning of the period	53.32			53.27		
Net assets value per unit as at end of the period	57.07			55.12		

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

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



Chief Executive Officer



Chief Financial Officer



Director



# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended March 31,	
	2022	2021
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	48,908	48,488
<b>Adjustments for:</b>		
Capital loss/ (gain) on sale on investments-net	1,868	18,307
Unrealised diminution / (appreciation) on fair value of investments classified 'at fair value through profit or loss' - net	424	365
	<u>51,200</u>	<u>67,160</u>
<b>(Increase) / decrease in assets</b>		
Investments	(336,267)	(334,620)
Profit receivable	(1,517)	(5,587)
Advances and prepayments	(218)	1,566
	<u>(338,002)</u>	<u>(338,641)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	81	(1,693)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(13)	(100)
Payable to the Securities and Exchange Commission of Pakistan	(144)	(235)
Payable against purchase of investments	(36,250)	826,447
Dividend payable	-	-
Accrued expenses and other liabilities	(12,093)	(2,113)
	<u>(48,419)</u>	<u>822,306</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(335,221)</u>	<u>550,825</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	322,539	167,335
Payments on redemption of units	(471,741)	(1,191,459)
<b>Net cash (used in) financing activities</b>	<u>(149,202)</u>	<u>(1,024,124)</u>
<b>Net (decrease) in cash and cash equivalents during the period</b>		
	<u>(484,425)</u>	<u>(473,299)</u>
Cash and cash equivalents at beginning of the period	1,148,449	1,352,825
<b>Cash and cash equivalents at end of the period</b>	<u>664,024</u>	<u>879,526</u>

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

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 NINE MONTHS ENDED MARCH 31, 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.

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, 2021 to the Management Company and has assigned stability rating of "AA-(f)" dated March 9, 2022 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.

## 2. BASIS OF PREPARATION

### Statement of compliance

This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises 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.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do 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, 2021.

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.

In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.

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

The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021.

### 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2021.

			(Un-Audited) March 31, 2022	(Audited) June 30, 2021
			----- (Rupees in '000) -----	
<b>5. BANK BALANCES</b>	<b>Note</b>			
- In savings accounts	5.1		661,793	775,093
- In current accounts	5.2		2,231	959
			<b>664,024</b>	<b>776,052</b>

**5.1** These carry mark-up at rates ranging between 5.50% to 12.15% (June 30, 2021: 5.50% to 11.25%) per annum and include bank balance of Rs. 0.025 million (June 30, 2021: Rs. 0.025 million) maintained with MCB Bank Limited (a related party) which carries profit rate 8.25% (June 30, 2021: 5.50%) per annum .

**5.2** These include a balance of Rs. 2.223 million (June 30, 2021: Rs. 0.95 million) held with MCB Bank Limited (a related party).

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
6. INVESTMENTS	Note	----- (Rupees in '000) -----	
Government securities - Pakistan Investment Bonds	6.1	5,268	5,643
Government securities - Pakistan Investment Bonds (FRB)	6.2	388,149	191,092
Government securities - Treasury Bills	6.3	137,292	372,397
GoP Ijarah Sukuks	6.4	-	-
		<b>530,710</b>	<b>569,132</b>

## 6.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Face value				As at 31 Mar 2022			Market value	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at Mar 31, 2022	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
<div>----- (Rupees in '000) -----</div>										
Pakistan Investment Bonds - 3 years	20-Aug-20	-	100,000	100,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	12-Jul-20	-	200,000	200,000	-	-	-	-	-	-
	15-Oct-20	-	550,000	550,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	10-Dec-20	-	50,000	50,000	-	-	-	-	-	-
Pakistan Investment Bonds - 20 years	10-Jun-04	5,500	-	-	5,500	5,607	5,268	(339)	0.83	0.99
Total as at March 31, 2022						5,607	5,268	(339)		
Total as at June 30, 2021						5,779	5,643	(136)		

## 6.2 Government securities - Pakistan Investment Bonds (FRB)

Name of security	Date of issue	Face value				As at 31 Mar 2022			Market value	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at Mar 31, 2022	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) -----										
									----- % -----	
Pakistan Investment Bonds FRB - 2 years	26-Aug-21	-	1,000,000	900,000	100,000	99,357	99,330	(27)	15.58	18.72
Pakistan Investment Bonds FRB - 3 years	22-Oct-20	-	150,000	150,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 5 years	6-May-21	-	550,000	450,000	100,000	98,060	98,040	(20)	15.38	18.47
Pakistan Investment Bonds FRB - 10 years	25-Jul-19	100,000	400,000	400,000	100,000	100,420	100,410	(10)	15.75	18.92
	22-Aug-19	90,000	270,000	270,000	90,000	90,378	90,369	(9)	14.17	17.03
Total as at March 31, 2022						388,215	388,149	(66)		
Total as at June 30, 2021						190,969	191,092	123		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

## 6.3 Government securities - Treasury Bills

Name of security	Date of issue	Face value				As at 31 Mar 2022			Market value	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at Mar 31, 2022	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----										
3 Months										
Market treasury bills - 3 months	22-Apr-21	175,000	-	175,000	-	-	-	-	-	-
Market treasury bills - 3 months	20-May-21	-	125,000	125,000	-	-	-	-	-	-
Market treasury bills - 3 months	3-Jun-21	200,000	-	200,000	-	-	-	-	-	-
Market treasury bills - 3 months	2-Jul-21	-	520,000	520,000	-	-	-	-	-	-
Market treasury bills - 3 months	15-Jul-21	-	900,000	900,000	-	-	-	-	-	-
Market treasury bills - 3 months	29-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	12-Aug-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	26-Aug-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	9-Sep-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	7-Oct-21	-	950,000	950,000	-	-	-	-	-	-
Market treasury bills - 3 months	21-Oct-21	-	75,000	75,000	-	-	-	-	-	-
Market treasury bills - 3 months	30-Dec-21	-	600,000	600,000	-	-	-	-	-	-
Market treasury bills - 3 months	27-Jan-22	-	500,000	500,000	-	-	-	-	-	-
6 Months										
Market treasury bills - 6 months	25-Mar-21	-	175,000	175,000	-	-	-	-	-	-
Market treasury bills - 6 months	8-Apr-21	-	100,000	100,000	-	-	-	-	-	-
Market treasury bills - 6 months	6-May-21	-	300,000	300,000	-	-	-	-	-	-
Market treasury bills - 6 months	3-Jun-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	2-Jul-21	-	575,000	575,000	-	-	-	-	-	-
Market treasury bills - 6 months	15-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	29-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	12-Aug-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	26-Aug-21	-	650,000	650,000	-	-	-	-	-	-
Market treasury bills - 6 months	9-Sep-21	-	1,250,000	1,250,000	-	-	-	-	-	-
Market treasury bills - 6 months	2-Dec-21	-	150,000	150,000	-	-	-	-	-	-
Market treasury bills - 6 months	16-Dec-21	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	27-Jan-22	-	500,000	500,000	-	-	-	-	-	-
12 Months										
Market treasury bills - 12 months	30-Dec-21	-	150,000	-	150,000	137,293	137,292	(1)	22	26
Total as at March 31, 2022						137,293	137,292	(1)		
Total as at June 30, 2021						372,379	372,397	18		

## 6.4 Government securities - GoP Ijarah Sukuks

Name of security	Date of issue	Face value				As at 31 Mar 2022			Market value	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at Mar 31, 2022	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
<div>----- (Rupees in '000) ----- % -----</div>										
GoP Ijarah Sukuks - 5 years.	15-Dec-21	-	50,000	50,000	-	-	-	-	-	-
Total as at March 31, 2022						-	-	-		
Total as at June 30, 2021						-	-	-		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>6.5 Net unrealised loss on revaluation of investments at fair value through profit or loss'</b>			
Market value of investments	6.1,6.2 & 6.3	530,710	569,132
Carrying value of investments	6.1,6.2 & 6.3	(531,115)	(569,127)
		<u>(405)</u>	<u>5</u>

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

Management remuneration payable	7.1	503	588
Sale load Payable		14	-
Sindh Sales Tax on management remuneration payable	7.2	65	76
Payable against allocated expenses	7.3	55	63
Payable against marketing and selling expenses	7.4	461	291
		<u>1,099</u>	<u>1,018</u>

- 7.1** As per regulation 61 of the NBFC and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 10% of the gross earnings of the fund, calculated on daily basis. Provided that fund is subject to a minimum fee of 0.5% of the average daily net asset of the scheme. The remuneration is payable to the Management Company monthly in arrears.

Subsequent to the period end, with effect from January 07, 2022, the minimum fee of 0.5% has been removed through supplement offering document dated March 31, 2021.

- 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.

- 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 average daily 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 can charge selling and marketing expenses to the Fund based on its discretion subject to the approval of Board of Directors and not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	8.1	-	13,419
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		130	167
Auditors' remuneration payable		245	382
Brokerage payable		-	12
Others		1,616	104
		<u>35,189</u>	<u>47,282</u>

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

During the period, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. Accordingly all Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF, on August 13, 2021.

## 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, 2021. 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 March 31, 2022 would have been higher by Rs. 2.97 per unit (June 30, 2021: Re. 2.4 per unit).

## 9. CONTINGENCIES AND COMMITMENTS

As reported in the annual audited financial statements of the Fund for the year ended June 30, 2021, 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). Since then, no Order has yet been issued from FBR.

## 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.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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### 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

Total Expense Ratio of the Fund is 2.16% as on March 31, 2022 (March 31, 2021: 1.53%) and this includes 0.16% (March 31, 2021: 0.24%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee.

### 13. 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 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 NINE MONTHS ENDED MARCH 31, 2022**

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

For the nine months ended March 2022						
As at July 01, 2021	Issued for cash	Redeemed	As at Mar 31, 2022	As at July 01, 2021	Issued for cash	Redeemed
----- Units ----- (Rupees in '000) -----						
DG Khan Cement Company Limited	7	-	7	-	-	-
Security General Insurance Co. Ltd. Employees Provident Fund Trust	105,833	-	105,833	5,643	-	6,040
Mcb-Arif Habib Savings and Investments Limited	-	1,802,776	-	-	100,000	100,054
Key management personnel*	2,849	77,732	80,581	152	4,273	4,438
Unitholders holding 10% or more*	3,174,109	-	3,174,109	169,252	-	181,153

\* This reflects the position of related party / connected persons status as at March 31, 2022.

For the nine months ended March 31, 2021						
As at July 01, 2020	Issued for cash	Redeemed	As at Mar 31, 2021	As at July 01, 2020	Issued for cash	Redeemed
----- Units ----- (Rupees in '000) -----						
DG Khan Cement Company Limited	7	-	7	-	-	-
Mandate under discretionary portfolio services*	-	768,112	2,166	-	41,084	41,168
Key management personnel*	-	431	1	-	23	23
Security General Insurance Co. Ltd. Employees Provident Fund Trust	100,244	-	100,244	5,340	-	5,525
Mcb-Arif Habib Savings and Investments Limited	-	10,956	-	-	590	591
Unitholders holding 10% or more*	1,973,817	-	1,973,817	105,150	-	108,795

\* This reflects the position of related party / connected persons status as at March 31, 2021.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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

	(Unaudited) Mar 31, 2022	(Unaudited) Mar 31, 2021
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration of the Management Company including indirect taxes	6,112	10,129
Expenses allocated by the Management Company	538	1,054
Marketing And Selling expenses	1,931	1,476
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	356	775
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	6	46
Bank charges	10	54
Purchase of securities - face value 50 M (2021: 1,250 M)	46,371	1,213,999

## 13.3 Balances outstanding at period / year end:

	(Unaudited) Mar 31, 2022	(Audited) June 30, 2021
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - 'Management Company</b>		
Remuneration payable to Management Company	503	588
Sales tax payable on remuneration to Management Company	65	76
Sale load payable	14	-
Selling and marketing payable	461	291
Expenses allocated by Management Company	55	63
<b>MCB Bank Limited</b>		
Bank balance	2,248	975
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to Trustee	30	42
Sales tax payable on remuneration to Trustee	4	5

- \* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

## 14. 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 price).

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. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

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

**15. CORRESPONDING FIGURES**

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

**16. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue on April 20, 2022 by the Board of Directors of the Management Company.

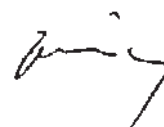
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

**Head Office:** 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

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