

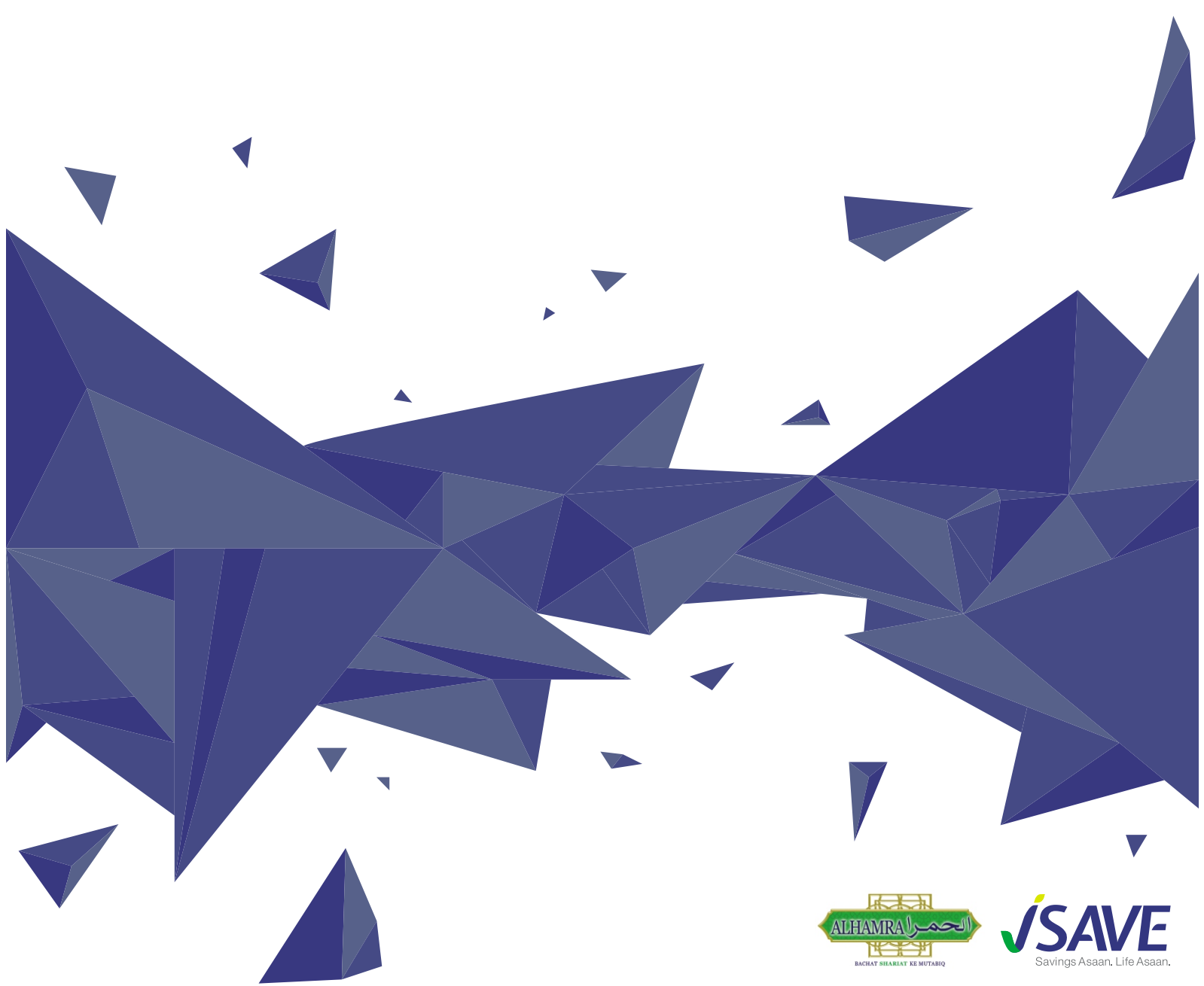


MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

MARCH
2023
(UNAUDITED)

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



MCB PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the nine months and quarter ended March 31, 2023.

ECONOMY AND MONEY MARKET REVIEW

The country faced a period of heightened economic challenges, which were further escalated by the worst floods in more than a decade. The floods caused significant damage to infrastructure, crops, and livestock, as well as loss of precious lives. Efforts to shore up international aid, while resulted in significant commitments of near USD 10bn over medium term however the strain, intensified the short term pressures as country is already grappling with depleting foreign exchange reserves while struggling to unlock IMF support.

The country's external position remains precarious with SBP foreign exchange reserves declining to USD 4.2 billion (mere import cover of 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. The government has been aggressively pursuing IMF program - albeit with a delay – to conclude 9th review of the Fund. Despite taking politically unpopular steps like raising energy tariff, letting PKR devalue, slapping additional taxes and raising interest rates, IMF's Staff Level Agreement (SLA) yet eludes us. The delay in the IMF program led to a slowdown in foreign flows from bilateral and multilateral partners leading to erosion in reserves. As a result, the currency remained under severe pressure, with dollar appreciating by 38.6% in 9MFY23 to close at 283.4 near to its all-time high level.

The country posted a current account deficit (CAD) of USD 3.9 billion in first eight months of the fiscal year 2023 (8MFY23) declining by 68% YoY compared to a deficit of USD 12.1 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 9.7% decrease in exports coupled with 21.0% drop in imports led to 29.8% contraction in the trade deficit. The government kept a lid on imports through administrative measures such as imposing import quotas on selective imports. However, these steps have led to an increase in smuggling activity which is also picking away remittances through gray channels. Furthermore, the tight leash on imports is not sustainable as it is causing shortages across various industries impacting overall economic growth.

Headline inflation represented by CPI averaged 27.2% during 9MFY23 as compared to 10.7% in the corresponding period last year. Higher food prices coupled with higher electricity, gas and petroleum prices were the major contributors towards rising CPI. The inflationary pressures were broad based, which is depicted by core inflation increasing to 20.4% compared to 12.3% at the end of last fiscal year. SBP increased the policy rate by a further 100bps to 21.0% in the latest monetary policy held in April 2023. On the fiscal side, FBR tax collection increased by 17.6% in 9MFY23 to PKR 5,156bn compared to PKR 4,385bn in the same period last year and below the target by PKR 304bn.

Secondary markets yields increased in 9MFY23 on account of monetary tightening and an additional bout of inflationary pressures post a massive currency devaluation. The 3,6 and 12 Month T-Bills yield increased by 643, 595 and 585 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 479,226 and 206bps respectively during 9MFY23.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 13.75% as against its benchmark return of 18.01%. At period-end, the fund decreased its exposure in cash to 12.0% from 56.4%. The investment in PIBs stood at 85.0% and Other Receivables were 3.0%. The Net Assets of the Fund as at March 31, 2023 stood at Rs. 610 million as compared to Rs. 610 million as at June 30, 2022 and remained flattish. The Net Asset Value (NAV) per unit as at March 31, 2023 was Rs 58.98 as compared to opening NAV of Rs. 53.46 per unit as at June 30, 2022 registering an increase of Rs. 5.52

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

ECONOMY & MARKET – FUTURE OUTLOOK

We expect FY23 GDP growth to decline to 0.1% as monetary tightening, rupee devaluation and the prevailing uncertainty will lead to slowdown in the economy. The loss of cotton and rice crop in the aftermath of floods would trim agriculture growth to 0.4% while industrial growth is expected at clock at -6.9% owing to demand slowdown and shortage of raw materials. The government is taking administrative measures to control imports, which may reduce service sector growth to 2.3%.

We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The import bill is expected to decrease by 20% YoY to USD 66 billion as we will witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 5.8 billion (1.7% of GDP) in FY23, a massive drop, when compared with USD 17.4 billion (4.5% of GDP) in FY22.

Media reports indicate positive progress on confirmation of support from friendly countries which will remove the last hurdle towards IMF agreement. Saudi Arabia has confirmed commitment of USD 2bn and Pakistan is hoping for similar commitment for UAE or some other source which would lead to the much-delayed staff-level agreement with IMF. The successful resumption of IMF program is essential as it will allow us to tap funding from bilateral and multilateral sources. Due to ongoing uncertainty other external funding sources including Foreign Direct Investment and Roshan Digital Account also remain muted making IMF even more critical for sustainability of external account and economic stability.

We expect Average FY23 inflation to clock at 29.2% compared to 12.1% in FY22. A second round impact of the currency devaluation will keep inflation numbers elevated for the remainder of the year. SBP has increased interest rates by 1.0% to 21.0% in April-23 MPS to push the real interest rate in positive territory on a forward-looking basis and anchor inflation expectations. In our view, subject to smooth resumption of IMF, Interest Rates appear to be near peak and after a brief phase of current rates, a monetary easing cycle can potentially begin in the later part of the year as the base effect on inflation starts kicking in which will be more pronounced from the start of next calendar year.

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 7.7%, a discount of 61% from its historical average. Similarly, Earning Yield Minus Risk Free Rate are close to 6.8%, compared to historical average of 2.7% 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. However, resolution of challenges on external account shall be critical in unlocking the huge potential. The market is currently trading at PER of 4.6x, while offering a dividend yield of 12.1%.

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 funds industry increased by about 22.8% during 9MFY23 to PKR 1,491 billion. Total money market funds grew by about 26.8% since June 2022. Within the money market sphere, the conventional funds showed a decline of 1.1% to PKR 441 billion while Islamic funds increased by 82.2% to PKR 411 billion. In addition, the total fixed Income funds increased by about 24.0% since June 2022 to PKR 358 billion. Equity and related funds declined by 21.9% as market witnessed a drop in 9MFY23, eroding AUMs as concern over macroeconomic factors kept investors at bay.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

In terms of the segment share, Money Market funds were the leader with a share of around 57.1%, followed by Income funds with 24.0% and Equity and Equity related funds having a share of 12.0% as at the end of 9MFY23.

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.

ACKNOWLEDGEMENT

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 14, 2023



Nasim Beg
Director/Vice Chairman

ڈائریکٹرز رپورٹ

طرح، Earning Yield Minus Risk Free Rate تقریباً 6.8 فیصد ہیں، اور ان کے قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر مارکیٹ میں ہونے والی تجارت میں بھرپور کمی کا پتہ چلتا ہے۔ ہم سمجھتے ہیں کہ شعبہ جات اور اسٹاکس کا بہت قریبی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیوں پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ تاہم ضخیم استعداد سے فائدہ اٹھانے کے لیے خارجی میدان کے مسائل سے نمٹنا ضروری ہے۔ موجودہ طور پر مارکیٹ میں 4.6x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 12.1 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ Money مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی، اور پُرکشش شرحوں 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 net اثاثہ جات مالی سال 2023ء کے ابتدائی نو ماہ کے دوران تقریباً 22.8 فیصد بڑھ کر 1,491 بلین روپے ہو گئے۔ مجموعی Money مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 26.8 فیصد اضافہ ہوا۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز 1.1 فیصد بڑھ کر 441 بلین روپے ہو گئے، جبکہ اسلاک فنڈز 82.2 فیصد بڑھ کر 411 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 24.0 فیصد بڑھ کر 358 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 21.9 فیصد کم ہو گئے جس کی وجہ پر جائزہ مدت کے دوران مارکیٹ میں انحطاط اور اثاثہ جات تحت الانظامیہ 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 کے ابتدائی نو ماہ کے اختتام پر Money مارکیٹ فنڈز تقریباً 57.1 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.0 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 12.0 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد 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 المیعاد سرمایہ کاران پُرکشش 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 سہولت 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، سیکریٹریز اینڈ ایگزیکٹو کمیٹی آف پاکستان اور فنڈ کے ٹرسٹیوں کے مسلسل تعاون اور حمایت کے لیے شکر گزار ہے۔ نیز، ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
کراچی، 14 اپریل 2023ء

ڈائریکٹرز رپورٹ

بالترتیب 479,226 اور 206 بی پی ایس کا اضافہ ہوا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 13.75 فیصد تھا، جبکہ مقررہ معیار کا منافع 18.01 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد کی شمولیت 56.4 فیصد سے کم کر کے 12.0 فیصد کر دی۔ پی آئی بی میں سرمایہ کاری 85.0 فیصد اور دیگر قابل وصول 3.0 فیصد رہی۔ 31 مارچ 2023ء کو فنڈ کے خالص اثاثہ جات 610 ملین روپے تھے جو 30 جون 2022ء کی سطح 610 ملین روپے ہی رہا۔ 31 مارچ 2023ء کو خالص اثاثہ جاتی قدر (NAV) فی یونٹ 58.98 روپے تھی جو 30 جون 2022ء کو ابھرائی خالص اثاثہ جاتی قدر (NAV) 53.46 روپے فی یونٹ کے مقابلے میں 5.52 روپے فی یونٹ اضافہ ہے۔

معیشت اور بازار - مستقبل کے امکانات

مالی سال 2023ء میں جی ڈی پی کی ترقی میں 0.1 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور موجودہ غیر یقینی صورتحال کے نتیجے میں معیشت منست روی کا شکار ہو جائے گی۔ سیلاب کی تباہ کاریوں کے ضمن میں کپاس اور چاول کی فصلوں کے ضیاع کے باعث زراعت کی ترقی متاثر ہو کر 0.4 فیصد ہو جائے گی جبکہ صنعتی ترقی 6.9- فیصد متوقع ہے جس کے اسباب طلب میں منست روی اور خام مال کی قلت ہیں۔ حکومت درآمدات پر قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس کے باعث خدمات کے شعبے کی ترقی کم ہو کر 2.3 فیصد ہو جائے گی۔ ہم حکومت سے اُمید کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے کھینچ کر رکھے گی اور ڈالر کے غیر ضروری اخراجات کو بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 20 فیصد YoY کم ہو کر 66 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد گوشوں کے حجم منکڑ جائیں گے۔ چنانچہ ہمیں توقع ہے کہ مالی سال 2023ء میں سی اے ڈی کم ہو کر 5.8 بلین ڈالر (جی ڈی پی کا 1.7 فیصد) ہو جائے گا جو مالی سال 2022ء کے 17.4 بلین ڈالر (جی ڈی پی کے 4.5 فیصد) کے مقابلے میں قابل ذکر کمی ہے۔

میڈیا رپورٹس کے مطابق دوست ممالک سے تعاون کی تصدیق میں مثبت پیش رفت ہوئی ہے جس کی بدولت آئی ایم ایف معاہدے کی راہ میں حائل آخری رکاوٹ دور ہو جائے گی۔ سعودی عرب نے 2 بلین ڈالر کے معاہدے کی تصدیق کی ہے، اور متحدہ عرب امارات سے بھی اسی نوعیت کے معاہدے کی توقع ہے، جس کی بدولت بے حد مطلوب آئی ایم ایف اسٹاف لیول معاہدے کی راہ ہموار ہوگی۔ آئی ایم ایف پروگرام کی کامیابی کی بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو طرفہ اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ موجودہ غیر یقینی صورتحال کے باعث حصول رقم کے دیگر خارجی ذرائع بشمول براہ راست غیر ملکی سرمایہ کاری (FDI) اور روٹن ڈیجیٹل اکاؤنٹ بھی کارآمد ثابت نہیں ہو رہے ہیں، اور اس کے نتیجے میں آئی ایم ایف خارجی اکاؤنٹ کی قابلیت بقاء اور معاشی استحکام کے لیے مزید مشکل ہو رہی ہے۔

مالی سال 2023ء میں اوسط مہنگائی 29.2 فیصد متوقع ہے، بالمقابل مالی سال 2022ء میں 12.1 فیصد کے۔ روپے کی قدر میں کمی کے اثر کا دوسرا دور سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر رکھے گا۔ ایس بی پی نے اپریل 2023ء MPS میں سود کی شرحوں کو 1.0 فیصد بڑھا کر 21.0 فیصد کر دیا ہے تاکہ حقیقی شرح سود کو ترقی پسندانہ بنیاد پر مثبت علاقے میں لے جایا جاسکے اور مہنگائی کی توقعات کو نگر انداز کیا جاسکے۔

ہم سمجھتے ہیں کہ آئی ایم ایف کی بلا رکاوٹ بحالی سے مشروط سود کی شرحیں بظاہر بلندی کے قریب ہیں، اور موجودہ شرحوں کے ایک مختصر دور کے بعد سال کے اواخر میں مالیاتی تسہیل کا چکر شروع ہو سکتا ہے، کیونکہ مہنگائی پر base effect پڑنے لگے گا جو اگلے سال کے آغاز سے مزید واضح ہوگا۔

کیپٹل 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 قدر میں کمی کو مدنظر رکھا ہے۔ مارکیٹ cap گجی ڈی پی کے ساتھ تناسب کم ہو کر 7.7 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 61 فیصد کمی ہے۔ اسی

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان Sovereign فنڈ کے اکاؤنٹس مختصمہ برائے نو ماہ اور سہ ماہی 31 مارچ 2023ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

ملک گھمبیر معاشی مسائل کے دور سے گزرا ہے اور گزشتہ ایک دہائی سے زائد کے بدترین سیلابوں نے اسے مزید سنگین بنا دیا۔ سیلابوں سے انفراسٹرکچر یعنی ساخت، فصلوں اور مویشیوں کو شدید نقصان پہنچا اور انسانی جانوں کا ضیاع ہوا۔ بین الاقوامی امداد جمع کرنے کی کوششوں کے نتیجے میں اگرچہ درمیانی مدت میں تقریباً 10 بلین ڈالر سے زائد کے وعدے حاصل ہوئے تاہم مختصر مدت کے دباؤ میں اضافہ ہوا کیونکہ ملک پہلے ہی زرمبادلہ کے کم ہوتے ہوئے ذخائر سے نمٹ رہا ہے اور آئی ایم ایف کی امداد حاصل کرنے کی کاوش میں لگا ہوا ہے۔

ملک کی خارجی صورتحال غیر یقینی رہی کیونکہ ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 4.2 بلین ڈالر (صرف 3 ہفتوں کا درآمداتی cover) جبکہ مالی سال کے آغاز میں 9.8 بلین ڈالر تھے۔ حکومت متحزک انداز میں آئی ایم ایف پروگرام پر عمل کرتے ہوئے - اگرچہ کچھ تاخیر کے ساتھ - فنڈ کا نواں (9th) جائزہ پایہ تکمیل تک پہنچانے کے لیے پرعزم ہے۔

سیاسی اعتبار سے ناپسندیدہ فیصلوں مثلاً بجلی اور گیس کی قیمت بڑھانے، روپے کی قدر میں کمی ہونے دینا، اضافی ٹیکس لگانے، اور سود کی شرحوں میں اضافہ کرنے کے باوجود آئی ایم ایف کا اسٹاف لیول ایگریمنٹ (SLA) اب بھی ہمارے ہاتھ نہیں آیا ہے۔ آئی ایم ایف پروگرام میں تاخیر کے باعث دو طرفہ اور کثیرالجبہ شراکت داروں سے غیر ملکی امداد دست روی کا شکار ہوئیں اور ذخائر میں کمی ہوئی۔ اس کے نتیجے میں روپے پر شدید دباؤ رہا اور مالی سال 2023ء میں ڈالر کی قدر 38.6 فیصد بڑھ کر 283.4 روپے ہو گئی جو اب تک کی بلند ترین سطح ہے۔

مالی سال 2023ء کے ابتدائی آٹھ ماہ میں ملک نے 3.9 بلین ڈالر کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) پوسٹ کیا، جو سال گزشتہ کی مماثل مدت کی سطح 12.1 بلین ڈالر کے مقابلے میں 68 فیصد YoY کمی ہے۔ سی اے ڈی میں بہتری میں اہم ترین کردار تجارتی خسارے میں کمی کا ہے۔ برآمدات میں 9.7 فیصد کمی کے ساتھ ساتھ درآمدات میں 21.0 فیصد کمی کی بدولت تجارتی خسارہ 29.8 فیصد سے سنکڑ گیا۔ حکومت نے انتظامی اقدامات کے ذریعے درآمدات کو قابو میں رکھا، مثلاً منتخب درآمدات پر درآمداتی کوٹوں کا نفاذ۔ تاہم ان اقدامات سے اسمگلنگ (غیر قانونی درآمدات) کی سرگرمیوں میں اضافہ ہوا ہے اور مشتبه ذرائع سے ترسیلات زر ضائع ہو رہی ہیں۔ علاوہ ازیں، درآمدات کو سختی سے قابو میں رکھنا پائیدار عمل نہیں ہے کیونکہ اس سے مختلف صنعتوں میں کمی پیدا ہو رہی ہے جس کے نتیجے میں مجموعی معاشی ترقی متاثر ہو رہی ہے۔

ہیڈ لائن انفراسٹرکچر، جس کی ترقی جہاں CPI یعنی صارفین کی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2023ء کے ابتدائی نو ماہ کے دوران 27.2 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 10.7 فیصد تھا۔ 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 میں 20.4 فیصد کی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے اپریل 2023ء کی تازہ ترین ماہیٹری پالیسی میں پالیسی شرح کو مزید 100 بیسیس پوائنٹس (بی پی ایس) بڑھا کر 21.0 فیصد کر دیا۔ مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی میں مالی سال 2023ء کے ابتدائی نو ماہ میں 17.6 فیصد اضافہ ہوا اور 5,156 بلین روپے ٹیکس جمع ہوئے، جبکہ گزشتہ سال مماثل مدت میں 4,385 بلین روپے تھا اور ہدف سے 304 بلین روپے کم تھا۔

ثانوی مارکیٹوں کی پیداوار میں مالی سال 2023ء کے ابتدائی نو ماہ میں اضافہ ہوا جس کے اسباب مالیاتی سختی اور روپے کی قدر میں خطیر کمی کے بعد مہنگائی کے دباؤ کی نئی لہر ہے۔ 3، 6 اور 12 ماہانہ ٹی-بلنز کے منافع جات میں پالترتیب 643,595 اور 585 بی پی ایس، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023

		(Un-Audited) Mar 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	77,190	637,844
Investments	5	548,358	473,654
Profit receivable		16,623	16,148
Advances, prepayments and other receivables		3,278	3,089
Total assets		645,449	1,130,735
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited – Management Company	6	1,133	1,208
Payable to the Central Depository Company of Pakistan Limited - Trustee		33	32
Payable to the Securities and Exchange Commission of Pakistan		101	139
Payable against purchase of investments		-	483,428
Dividend payable		1	1
Accrued expenses and other liabilities	7	34,677	35,556
Total liabilities		35,945	520,364
NET ASSETS		609,504	610,371
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		609,504	610,371
CONTINGENCIES AND COMMITMENTS	8		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		10,333,989	11,417,720
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		58.98	53.46

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, 2023**

	Nine months ended March 31,		Quarter ended March 31,	
	2023	2022	2023	2022
INCOME	----- (Rupees in '000) -----			
Income from government securities	69,248	42,305	27,163	14,611
Capital Gain / (loss) on sale of investments - net	5,748	(1,868)	(1,216)	(1,005)
Profit on bank deposits	13,942	7,086	1,235	3,271
Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net	(12,743)	(424)	(8,504)	95
Total income	76,195	47,099	18,677	16,972
EXPENSES				
Remuneration of the Management Company	2,879	5,409	652	1,765
Sindh Sales Tax on remuneration of the Management Company	376	703	85	229
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	277	315	87	91
Sindh Sales Tax on remuneration of Trustee	36	41	11	12
Securities and Exchange Commission of Pakistan - annual fee	101	108	32	33
Allocated expenses	705	538	238	165
Marketing and selling expenses	1,859	1,931	793	461
Brokerage expenses	321	91	44	25
Legal and professional expenses	158	1,471	76	42
Auditors' remuneration	489	412	148	135
Other expenses	689	593	207	195
Total expenses	7,890	11,610	2,374	3,151
Net income from operating activities	68,305	35,489	16,303	13,821
Reversal against Sindh Workers' Welfare Fund	-	13,419	-	-
Net income for the period before taxation	68,305	48,908	16,303	13,821
Taxation	9	-	-	-
Net income for the period	68,305	48,908	16,303	13,821
Allocation of net income for the period:				
Net income for the period	68,305	48,908		
Income already paid on units redeemed	(13,340)	(8,493)		
	54,966	40,415		
Accounting income available for distribution:				
- Relating to capital gains	-	-		
- Excluding capital gains	54,966	40,415		
	54,966	40,415		
Earnings per unit	10			

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, 2023**

	Nine months ended March 31,		Quarter ended Mar 31,	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net income for the period after taxation	68,305	48,908	16,304	13,821
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	68,305	48,908	16,304	13,821

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, 2023**

	Nine months ended Mar 31,					
	2023			2022		
	(Rupees in '000)					
Capital Value	Accumulated loss	Total	Capital Value	Accumulated 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 units 17,920,998 (2022: 5,841,250 units):						
- Capital value (at net asset value per unit at the beginning of the year)	958,057	-	958,057	312,273	-	312,273
- Element of income	34,193	-	34,193	10,266	-	10,266
	992,250	-	992,250	322,539	-	322,539
Redemption of 19,004,730 units (2022: 8,507,711 units):						
- Capital value (at net asset value per unit at the beginning of the year)	(1,015,993)	-	(1,015,993)	(454,822)	-	(454,822)
- Amount paid out of element of Income relating to net income for the period after taxation	(45,429)	(13,340)	(58,769)	(16,919)	(8,493)	(25,412)
	(1,061,422)	(13,340)	(1,061,421)	(471,741)	(8,493)	(471,741)
Total comprehensive income for the period	-	68,305	68,305	-	48,908	48,908
Net assets as at the end of the period	1,247,109	(650,944)	609,504	1,296,371	(667,228)	637,635
Undistributed loss brought forward						
- Realised		(704,873)			(707,648)	
- Unrealised		(1,038)			5	
		(705,911)			(707,643)	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		54,966			40,415	
		54,966			40,415	
Undistributed loss carried forward		(650,944)			(667,228)	
Undistributed loss carried forward						
- Realised		(638,201)			(666,804)	
- Unrealised		(12,743)			(424)	
		(650,944)			(667,228)	
		---	(Rupees) ---		---	(Rupees) ---
Net assets value per unit as at beginning of the period		53.46			53.46	
Net assets value per unit as at end of the period		58.98			57.07	

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, 2023**

	Nine months ended March 31,	
	2023	2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	68,305	48,908
Adjustments for:		
Capital loss/ (gain) on sale on investments-net	(5,748)	1,868
Unrealised diminution / (appreciation) on fair value of investments classified 'at fair value through profit or loss' - net	12,743	424
	<u>75,300</u>	<u>51,200</u>
(Increase) / decrease in assets		
Investments	(81,699)	(336,267)
Profit receivable	(475)	(1,517)
Advances and prepayments	(189)	(218)
	<u>(82,363)</u>	<u>(338,002)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	(75)	81
Payable to the Central Depository Company of Pakistan Limited - Trustee	1	(13)
Payable to the Securities and Exchange Commission of Pakistan	(38)	(144)
Payable against purchase of investments	(483,428)	(36,250)
Dividend payable	0	-
Accrued expenses and other liabilities	(879)	(12,093)
	<u>(484,419)</u>	<u>(48,419)</u>
Net cash used in operating activities	<u>(491,482)</u>	<u>(335,221)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	992,250	322,539
Payments on redemption of units	(1,061,421)	(471,741)
Net cash (used in) financing activities	<u>(69,171)</u>	<u>(149,202)</u>
Net increase in cash and cash equivalents during the period	<u>(560,654)</u>	<u>(484,425)</u>
Cash and cash equivalents at beginning of the period	637,844	1,148,449
Cash and cash equivalents at end of the period	<u>77,190</u>	<u>664,024</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, 2023

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, 2022 to the Management Company and has assigned stability rating of "AA-(f)" dated March 9, 2023 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 information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

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

- 2.1** 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. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2023 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2022, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2023.
- 2.2** 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.
- 2.3** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.4** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.
- 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLI CIES**

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, 2022.

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, 2022. 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, 2022.

	Note	(Un-Audited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
4. BANK BALANCES			
- In savings accounts	4.1	73,996	633,349
- In current accounts	4.2	3,194	4,495
		77,190	637,844

- 4.1.** These carry mark-up at rates ranging between 12.25% to 19% (June 30, 2022: 5.50% to 17.15%) per annum and include bank balance of Rs. 0.6121 million (June 30, 2022: Rs. 0.701 million) maintained with MCB Bank Limited (a related party) which carries profit rate 12.25% (June 30, 2022: 8.25%) per annum .
- 4.2.** These include a balance of Rs. 3.169 million (June 30, 2022: Rs. 4.488 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, 2023**

	(Un-Audited) March 31, 2023	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	
5.1	4,895	86,024
5.2	543,464	387,630
5.3	-	-
	548,358	473,654

5. INVESTMENTS

Government securities - Pakistan Investment Bonds
Government securities - Pakistan Investment Bonds (FRB)
Government securities - Treasury Bills

5.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Face value			As at 31 Mar 2023			Market value	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at Mar 31, 2023	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) -----									
Pakistan Investment Bonds - 3 years	04-AUG-22	-	1,750,000	-	1,750,000	-	-	-	-
	20-AUG-20	-	187,000	-	187,000	-	-	-	-
	05-AUG-21	-	250,000	-	250,000	-	-	-	-
Pakistan Investment Bonds - 5 years	19-SEP-19	-	27,000	-	27,000	-	-	-	-
	29-APR-22	100,000	-	900,000	900,000	-	-	-	-
	13-OCT-22	-	950,000	-	950,000	-	-	-	-
	12-JUL-18	-	88,000	-	88,000	-	-	-	-
	12-JUL-18	-	70,500	-	70,500	-	-	-	-
	10-JUN-04	5,500	-	-	5,500	5,282	4,895	-	0.89%
Total as at March 31, 2023					5,282	4,895	(388)		
Total as at June 30, 2022					86,751	86,024	(727)		

5.2 Government securities - Pakistan Investment Bonds (FRB)

Name of security	Date of issue	Face value			As at 31 Mar 2023			Market value	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at Mar 31, 2023	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) -----									
Pakistan Investment Bonds FRB - 2 years	08-SEP-22	-	445,000	200,000	245,000	242,918	242,109	(809)	39.72%
	26-AUG-21	100,000	100,000	200,000	-	-	-	-	-
	18-JUN-20	-	15,000	15,000	-	-	-	-	-
Pakistan Investment Bonds FRB - 3 years	17-NOV-22	-	50,000	50,000	-	-	-	-	-
	06-MAY-21	100,000	125,000	100,000	125,000	122,901	119,938	(2,963)	19.68%
	22-AUG-19	90,000	-	-	90,000	90,000	85,977	(4,023)	14.11%
	25-JUL-19	100,000	-	-	100,000	100,000	95,440	(4,560)	15.66%
Total as at March 31, 2023					555,819	543,464	(12,356)		
Total as at June 30, 2022					387,941	387,630	(311)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

5.3 Government securities - Treasury Bills

Name of security	Date of issue	Face value				As at 31 Mar 2023			Market value	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at Mar 31, 2023	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
3 Months										
Market treasury bills - 3 months	28-JUL-22		1,000,000	1,000,000	0	-	-	-	-	-
Market treasury bills - 3 months	30-JUN-22		45,000	45,000	0	-	-	-	-	-
Market treasury bills - 3 months	20-OCT-22		173,000	173,000	0	-	-	-	-	-
Market treasury bills - 3 months	03-NOV-22		185,000	185,000	0	-	-	-	-	-
Market treasury bills - 3 months	01-DEC-22		100,000	100,000	0	-	-	-	-	-
Market treasury bills - 3 months	04-JAN-23		70,000	70,000	0	-	-	-	-	-
Market treasury bills - 3 months	17-NOV-22		735,000	735,000	0	-	-	-	-	-
Market treasury bills - 3 months	19-MAY-22		60,000	60,000	0	-	-	-	-	-
Market treasury bills - 3 months	06-OCT-22		685,000	685,000	0	-	-	-	-	-
Market treasury bills - 3 months	22-SEP-22		90,000	90,000	0	-	-	-	-	-
Market treasury bills - 3 months	16-JUN-22		25,000	25,000	0	-	-	-	-	-
Market treasury bills - 3 months	25-AUG-22		100,000	100,000	0	-	-	-	-	-
Market treasury bills - 3 months	26-JAN-23		500,000	500,000	0	-	-	-	-	-
Market treasury bills - 3 months	14-JUL-22		400,000	400,000	0	-	-	-	-	-
6 Months										
Market treasury bills - 6 months	06-OCT-22		500,000	500,000	0	-	-	-	-	-
Market treasury bills - 6 months	10-FEB-22		225,000	225,000	0	-	-	-	-	-
Market treasury bills - 6 months	21-APR-22		200,000	200,000	0	-	-	-	-	-
12 Months										
Market treasury bills - 12 months	27-JAN-22		150,000	150,000	0	-	-	-	-	-
Market treasury bills - 12 months	20-OCT-22		300,000	300,000	0	-	-	-	-	-
Market treasury bills - 12 months	06-OCT-22		450,000	450,000	0	-	-	-	-	-
Total as at March 31, 2023										
					-	-	-	-	-	-
Total as at June 30, 2022										
					-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

**6 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS
LIMITED – MANAGEMENT COMPANY**

Management remuneration payable	6.1	228	632
Sale load Payable		3	-
Sindh Sales Tax on management remuneration payable	6.2	30	82
Payable against allocated expenses	6.3	79	50
Payable against marketing and selling expenses	6.4	793	444
		<u>1,133</u>	<u>1,208</u>

6.1 As per regulation 61 of the NBFC 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 the offering document, the management company charged management fees at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis.

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

6.3 In accordance with 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). The Management Company has charged actual expenses related to registrar services, accounting, operations and valuation services to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

6.4 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). The Management Company has charged selling and marketing expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

	(Un-Audited) March 31, 2023	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES		
Provision for Federal Excise Duty and related tax on		
- Management fee	7.1 29,028	29,028
- Sales load	4,170	4,170
Withholding tax payable	233	1,172
Auditors' remuneration payable	451	383
Brokerage payable	4	6
Payable to legal advisor	721	734
Others	70	63
	<u>34,677</u>	<u>35,556</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

7.1 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, 2022. 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, 2023 would have been higher by Rs. 3.21 per unit (June 30, 2022: Re. 2.91 per unit).

8. CONTINGENCIES AND COMMITMENTS

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 as per Clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company on behalf of the Fund filed an appeal for 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. On November 07, 2022 the ACIR decided the matter against the Fund. Again being aggrieved with the impugned order the Fund filed an appeal with CIRA. On April 7, 2023 the CIRA decided the matter in favor of the Fund.

9. 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 Regulations, 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. The Fund has not recorded any tax liability in respect of income relating to current period as the Management Company intends to distribute in cash the required minimum percentage of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unitholders.

10. 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.

11. TOTAL EXPENSE RATIO

The total annualized expense ratio of the fund from July 01, 2022 to March 31, 2023 is 1.56% (March 31, 2022: 2.16%) and this includes 0.11% (March 31, 2022: 0.16%) representing Government Levy.

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 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, 2023**

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

	For the Nine months ended March 2023				
	As at July 01, 2022	Issued for cash	Redeemed	As at Mar 31, 2023	As at Mar 31, 2023
	Units ----- (Rupees in '000) -----				
DG Khan Cement Company Limited	8	-	-	8	-
ADAMJEE INSURANCE CO.LTD EMPLOYEES PROVIDENT FUND	-	627,690	627,690	-	35,176
McB-Arif Habib Savings and Investments Limited	-	9,307,194	9,307,194	-	514,770
ADAMJEE INSURANCE CO.LTD. EMPLOYEES GRATUITY FUND	-	313,845	313,845	-	17,588
Key management personnel*	3	896,237	896,237	3	50,370
Mandate Under Discretionary Portfolio Services*	-	1,777,806	1,777,806	-	99,628
Unitholders holding 10% or more*	3,423,890	-	-	3,423,890	183,035
					201,943

* This reflects the position of related party / connected persons status as at March 31, 2023.

	For the Nine months ended March 2022				
	As at July 01, 2021	Issued for cash	Redeemed	As at Mar 31, 2022	As at Mar 31, 2022
	Units ----- (Rupees in '000) -----				
DG Khan Cement Company Limited	7	-	-	7	-
Security General Insurance Co. Ltd. Employees Provident Fund Trust	105,833	-	-	105,833	5,658
McB-Arif Habib Savings and Investments Limited	-	1,802,776	1,802,776	-	100,054
Key management personnel*	2,849	77,732	80,581	-	4,438
Unitholders holding 10% or more*	3,174,109	-	-	3,174,109	169,682
					187,211

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

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

	(Unaudited) Mar 31, 2023	(Unaudited) Mar 31, 2022
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration of the Management Company including indirect taxes	3,254	6,112
Expenses allocated by the Management Company	705	538
Marketing And Selling expenses	1,859	1,931
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	314	356
MCB Bank Limited		
Mark-up on bank deposits	1	6
Bank charges	8	10
Purchase of securities - face value Nil (2022: 50 M)	-	46,371
Arif Habib Limited - Brokerage House		
Brokerage expense*	63	-

	(Unaudited) Mar 31, 2023	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
12.3 Balances outstanding at period / year end:		
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration payable to Management Company	228	503
Sales tax payable on remuneration to Management Company	30	65
Sale load payable	3	14
Selling and marketing payable	793	461
Expenses allocated by Management Company	79	55
MCB Bank Limited		
Bank balance	27	2,248
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to Trustee	29	30
Sales tax payable on remuneration to Trustee	4	4

* 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

13. 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

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

14. CORRESPONDING FIGURES

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

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on April 14, 2023 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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