



MCB FUNDS  
Investments for Life

# QUARTERLY REPORT

SEPTEMBER  
**2023**  
(UNAUDITED)

Funds Under Management of  
**MCB INVESTMENT MANAGEMENT LIMITED**  
(Formerly: MCB-Arif Habib Savings and Investments Limited)



# **MCB PAKISTAN SOVEREIGN FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB Investment Management Limited</b> (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Manzar Mushtaq Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Credit Committee</b>	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem	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 Taraqjati Bank Limited Js Bank Limited National Bank Of Pakistan
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<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>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	
<b>Transfer Agent</b>	<b>MCB Investment Management Limited</b> (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the quarter ended September 30, 2023.

### **Economy and Money Market Review**

The new fiscal year started on a positive note as the government secured a much needed Stand-by Arrangement (SBA) facility of USD 3bn from the IMF, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows of USD 3bn from Saudi Arabia and UAE and timely rollover from China. These led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook.

Macroeconomic concerns resurfaced in Aug-23 when there was change of political guard as the new interim government came into power. An immediate effort of new finance team to clear pending import payments turned by the speculators to give a notion of weakening external account putting significant pressure on the currency. The rupee weakened to PKR 307 against the greenback in interbank while the open market rate hovered around PKR 330. The interim setup albeit with some delay took decisive steps against smuggling of dollar and abuse of Afghan Transit which led a sharp recovery in exchange rate and elimination of the difference between open market and interbank rates. A sustained action and elimination of smuggling of goods and currency bodes well for the economy.

The country posted a current account deficit (CAD) of USD 0.9bn in the first two months of the fiscal year 2024 (2MFY24) declining by 54% YoY compared to a deficit of USD 2.0bn in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 8.3% decrease in exports coupled with a 26.0% drop in imports led to a 39.5% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 7.6bn as of Sep-23 end compared to USD 4.5bn at the end of last fiscal year. This was on account of flows from IMF and friendly countries.

Headline inflation represented by CPI averaged 29.0% during 1QFY24 compared to 25.1% in the corresponding period last year. Inflation remained on the higher side as currency depreciation led to higher food and energy prices. The government increased electricity base tariff to comply with IMF conditions which led to further inflationary pressure. SBP mainlined status quo in monetary policy held in Sep-23 as it noted that inflation is projected to remain on the downwards trajectory and real interest rates continue to remain in positive territory on a forward-looking basis.

The country's GDP growth recorded at 0.29% in FY23 with Agricultural and Services sector increasing by 1.6% and 0.9%, respectively, while industrial sector witnessed a drop of 2.9%. Historic high interest rates coupled with import restrictions were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 24.1% in 1QFY24 to PKR 2,041bn compared to PKR 1,644bn in the same period last year, outpacing the target by PKR 63bn.

The Secondary markets yields initially increased in the period preceding Sep-23 monetary policy as there was a general market consensus that interest rates will be increased by 100-200bps in the MPS. The 3 month yields increased from 22.7% to a high of 23.8% while 3 Year Bond yields rose from 19.5% to a peak of 21.2%. After SBP maintained status quo in the MPS and dollar started reversing, the yields also receded. The 3-month T-Bill Yield declined to 22.5% while 3 Year PIB decreased to 19.1% as of Sep 23.

### **Fund Performance**

During the period under review, the fund generated an annualized return of 17.18% as against its benchmark return of 23.71%. At period-end, the fund decreased its exposure in cash to 20.1% from 26.4%.

The Net Assets of the Fund as at September 30, 2023 stood at Rs. 3,220 million as compared to Rs. 674 million as at June 30, 2023 registering a increase of 377.7448%.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

The Net Asset Value (NAV) per unit as at September 30, 2023 was Rs. 56.15 as compared to opening NAV of Rs. 53.82 per unit as at June 30, 2023 registering an increase of Rs. 2.33 per unit.

### **Economy & Market – Future Outlook**

Pakistan GDP is expected to rebound to 4.1% in FY24 after a dismal performance last year. The industrial and services sector is expected to show growth as import restriction has been removed which will help to normalize trade activities. Agriculture growth is likely to remain on the higher side due to base effect as the heavy floods last year affected agriculture output. The arrivals of crops have been encouraging with cotton arrival increasing by 72% YoY to 5.0mn bales in the quarter.

The successful resumption of IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. We expect SBP reserves to increase to USD 10.5bn on the back of flows from friendly countries, IMF and multilateral agencies. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account this year to stave off external concerns. We expect a CAD of USD 3.1bn (0.9% of GDP) in FY24 as policy of consolidation is likely to continue under the IMF umbrella.

The rupee has recovered from its recent low due to the administrative measures by the government to curb dollar smuggling and hoarding. However, the sustainability of this recovery will depend on recovery in export and remittances flow. In addition, the flows from bilateral and multilateral sources and reserve building will be vital for external outlook. We expect USD/PKR to close the fiscal year on 311.7 on an ending REER of 95.

We expect Average FY24 inflation to ease to 24.1% compared to 29.0% in FY23 as the base effect will come into play. Inflation readings have peaked and inflation is expected to follow a downward trajectory with headline number falling sharply in 2HFY24. This coupled with the buildup of forex reserves during the period will allow the monetary easing cycle to start in the second half of the year. We expect a cumulative easing of around 4.0% till Jun-24, however, its pace and timing would be determined by trend in FX reserves.

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 7.6%, a discount of 61% from its historical average of 19.5%. Similarly, Earning Yield minus Risk Free Rate is close to 5.6%, compared to the historical average of 2.7% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks 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 4.6x, while offering a dividend yield of 12.2%.

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

### **Mutual Fund Industry Review**

The Net Assets of the open end mutual funds industry increased by about 14.7% during 1QFY24 to PKR 1,793bn. Total money market funds grew by about 15.8% since Jun-23. Within the money market sphere, conventional funds showed a growth of 17.0% to PKR 553bn while Islamic funds increased by 14.4% to PKR 491bn. In addition, the total fixed Income funds

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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increased by about 23.0% since Jun-23 to PKR 454bn while Equity and related funds increased by 1.7% to PKR 170bn.

In terms of the segment share, Money Market funds were the leader with a share of around 58.2%, followed by Income funds with 25.3% and Equity and Equity related funds having a share of 8.5% as at the end of Sep-23.

### **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, external concerns have eased post agreement with IMF and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

### **Acknowledgment**

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
October 18, 2023



**Manzar Mushtaq**  
Director  
October 18, 2023

## ڈائریکٹرز رپورٹ

اظہار تشکر

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

Maszar Mushtaq

منظر مشتاق  
ڈائریکٹر

من جانب ڈائریکٹرز،

M. J. J. J.

محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
18 اکتوبر 2023ء



## ڈائریکٹرز رپورٹ

کارآمد بنانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.6x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 12.2 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی اور پُرکشش شرحوں پر اگلم 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 2024ء کی پہلی سہ ماہی کے دوران تقریباً 14.7 فیصد بڑھ کر 1,793 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2023ء سے اب تک تقریباً 15.8 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 17.0 فیصد بڑھ کر 553 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 14.4 فیصد بڑھ کر 491 بلین روپے ہو گئے۔ مزید برآں، فیکسڈ انکم کے مجموعی فنڈز جون 2023ء سے اب تک تقریباً 23.0 فیصد بڑھ کر 454 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 1.7 فیصد بڑھ کر 170 بلین روپے ہو گئے۔ شعبہ جاتی شراکت کے اعتبار سے ستمبر 2023ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 58.2 فیصد کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر اگلم فنڈ 25.3 فیصد کے ساتھ تھے، اور تیسرے نمبر پر ایکویٹی اور متعلقہ فنڈ 8.5 فیصد کے ساتھ تھے۔

### میوچل فنڈ صنعت کی مستقبل کا منظر

سود کی موجودہ شرحوں سے منی 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 آئی ایم ایف معاہدے کے بعد خارجی خدشات کم ہو گئے ہیں اور طویل المیعاد سرمایہ کاران بے حد پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگا سکتے ہیں۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

بحال ہوں گی۔

زراعت کے شعبے کی ترقی متوقع طور پر base کے اثر کی بدولت بلند سطح پر ہوگی کیونکہ گزشتہ سال سیلابوں کے باعث بڑے پیمانے پر زرعی پیداوار متاثر ہوئی تھی۔ فصلوں کی پیداوار حوصلہ افزا رہی، مثلاً کپاس دوران سہ ماہی 72 فیصد YoY (سال در سال) بڑھ کر 5.0 ملین گانٹھیں ہو گئی۔

آئی ایم ایف پروگرام کی کامیابی بحالی اہم ترین پیش رفت ہے کیونکہ اس سے پاکستان کو باہمی اور کثیرالجہتی ذرائع سے رقم کے حصول میں مدد ملے گی۔ دوستانہ ممالک، آئی ایم ایف اور کثیرالجہتی ایجنسیوں سے آمدات کی بدولت اسٹیٹ بینک آف پاکستان کے ذخائر متوقع طور پر بڑھ کر 10.5 بلین ڈالر ہو جائیں گے۔ تاہم ہماری خارجی صورتحال تاحال بے یقینی کا شکار ہے کیونکہ ہم مشکل عالمی حالات کے باعث بین الاقوامی یورو بانڈ اور سٹاک کا اجراء ممکن نظر نہیں آ رہا۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) اور RDA سے ہونے والی آمدنی بھی موجودہ معاشی مسائل کے باعث ممکنہ طور پر تعطل کا شکار رہیں گی۔ چنانچہ ہمیں سال رواں میں ایک قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی مسائل کا خطرہ ٹل سکے۔ مالی سال 2024ء میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) متوقع طور پر 3.1 بلین ڈالر (جی ڈی پی کا 0.9 فیصد) ہوگا کیونکہ آئی ایم ایف کی چھتری تلے استحکام کے حصول کی پالیسی ممکنہ طور پر جاری رہے گی۔

ڈالر کی اسمگلنگ اور ذخیرہ اندوزی کی روک تھام کے حکومتی اقدامات کی بدولت روپے کی قدر اپنی حالیہ پستی سے بحال ہوئی ہے۔ تاہم اس بحالی کی قابلیت بقاء کا انحصار برآمدات اور ترسیلات کے بہاؤ کی بحالی پر ہے۔ مزید برآں، خارجی منظر نامے کے لیے باہمی اور کثیرالجہتی ذرائع سے آمدات اور ذخائر میں اضافہ اہمیت کے حامل ہیں۔ ڈالر روپیہ مالی سال کے اختتام پر 311.7 ہوگا اور اختتامی REER 95 ہوگی۔

مالی سال 2024ء کی اوسط مہنگائی متوقع طور پر مالی سال 2023ء کی سطح 29.0 فیصد سے کم ہو کر 24.1 فیصد ہو جائے گی کیونکہ base کا اثر اپنا کردار ادا کرے گا۔ مہنگائی کی سطحیں عروج پر پہنچ گئی ہیں اور اس میں بتدریج کمی متوقع ہے، اور ہیڈ لائن عدد مالی سال 2024ء کی دوسری سہ ماہی میں تیزی سے گرے گا۔ اس کے ساتھ ساتھ دوران مدت زرمبادلہ کے ذخائر میں اضافے کی بدولت سال کے نصف آخر میں مالیاتی تسہیل کی گردش شروع ہو سکتی ہے۔ جون 2024ء تک مجموعی طور پر تقریباً 4.0 فیصد مجموعی متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زرمبادلہ کے ذخائر کے رجحان پر ہوگا۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 7.6 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.7 فیصد سے 61 فیصد کی ہے۔ اسی طرح Earning Yield مائنس محفوظ شرح تقریباً 5.6 فیصد کے قریب ہے، اور جو کہ 2.7 فیصد کی تاریخی اوسط سے موازنہ کرنے پر پتہ چلتا ہے کہ مارکیٹ میں بھرپور رعایت پر تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد

## ڈائریکٹرز رپورٹ

بجلی کی بنیادی قیمت میں اضافہ کیا جس کے نتیجے میں مہنگائی کے دباؤ میں مزید اضافہ ہوا۔ ایس بی پی نے ستمبر 2023ء کی مانیٹری پالیسی میں جو جمود کو بنیادی طور پر برقرار رکھا کیونکہ افراد ذر کی شرح نیچے کی طرف رہنے کا امکان ہے اور سود کی حقیقی شرحیں ترقی پسندانہ بنیاد پر بدستور مثبت زمرے میں برقرار ہیں۔

مجموعی ملکی پیداوار (GDP) میں مالی سال 2023ء میں 0.29 فیصد ترقی ہوئی۔ اس ضمن میں زراعت اور خدمات کے شعبوں میں بالترتیب 1.6 فیصد اور 0.9 فیصد اضافہ ہوا جبکہ صنعتی شعبے میں 2.9 فیصد گراؤٹ ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ درآمداتی پابندیاں صنعتی پیداوار میں کمی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں دیکھا جائے تو ایف بی آر ٹیکس وصولی مالی سال 2024ء کی پہلی سہ ماہی میں 24.1 فیصد بڑھ کر 2,041 بلین روپے ہو گئی، بالمقابل گزشتہ سال مماثل مدت میں 1,644 بلین روپے کے، چنانچہ ہدف سے 63 بلین روپے زیادہ ٹیکس وصولی ہوئی۔

ثانوی مارکیٹوں کی پیداوار میں ستمبر 2023ء کی مانیٹری پالیسی سے قبل مدت میں ابتدائی طور پر اضافہ ہوا کیونکہ مارکیٹ میں اس بات پر اتفاق تھا کہ MPS میں سود کی شرحوں میں 100 سے 200 بی پی ایس اضافہ ہوگا۔ تین ماہانہ منافع جات 22.7 فیصد سے بڑھ کر 23.8 فیصد ہو گئے جبکہ تین سالہ بانڈز کے منافع جات 19.5 فیصد سے بڑھ کر 21.2 فیصد ہو گئے۔ ایس بی پی کی جانب سے MPS میں جمود کو برقرار رکھنے اور ڈالر کی قدر میں کمی کے بعد منافع جات میں بھی کمی ہونا شروع ہو گئی۔ تین ماہانہ ٹی بل کے منافع جات ستمبر 2023ء کے اختتام پر کم ہو کر 22.5 فیصد ہو گئے جبکہ تین سالہ پی آئی بی کم ہو کر 19.1 فیصد ہو گئے۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 17.18 فیصد تھا، جبکہ اس کا نیچ مارک منافع 23.71 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد میں اپنی سرمایہ کاری کو 26.4 فیصد سے کم کر کے 20.1 فیصد کر دیا۔

30 ستمبر 2023ء کو فنڈ کے net اثاثہ جات 3,220 ملین روپے تھے، جبکہ 30 جون 2023ء کو 674 ملین روپے تھے، یعنی 377.7448 فیصد اضافہ ہوا۔

30 ستمبر 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 56.15 روپے تھی، جبکہ 30 جون 2023ء کو ابتدائی این اے وی 53.82 روپے فی یونٹ تھی، یعنی 2.33 روپے فی یونٹ اضافہ ہوا۔

### معیشت اور مارکیٹ - مستقبل کا منظر نامہ

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) میں گزشتہ سال مایوس ٹخن کارکردگی کے بعد مالی سال 2024ء میں 4.1 فیصد بہتری متوقع ہے۔ صنعت اور خدمات کے شعبے میں ترقی متوقع ہے کیونکہ درآمدات پر عائد پابندی ختم کر دی گئی ہے جس کی بدولت کاروباری سرگرمیاں

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان سوورین فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مُختتمہ 30 ستمبر 2023ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

نیامالی سال مثبت انداز میں شروع ہوا کیونکہ حکومت نے آئی ایم ایف سے بے حد مطلوبہ 3 بلین ڈالر کا اسٹینڈ بائے اگریمنٹ (ایس بی اے) کر لیا، جس میں سے 1.2 بلین ڈالر فوری طور پر جاری کر دیئے گئے۔ اس کے بعد سعودی عرب اور متحدہ عرب امارات سے 3 بلین ڈالر کی مزید آمد، اور چین کی طرف سے بروقت رول اوور کی فراہمی عمل میں آئی۔ اس کے نتیجے میں خارجی منظر نامے میں خوش آئند پیش رفت کی بدولت Fitch کی جاری کردہ پاکستان کی خود مختار درجہ بندی -CCC سے بہتر ہو کر CCC ہو گئی۔

مجموعی معاشی مسائل اگست 2023ء میں دوبارہ اُبھرنے لگے جب سیاسی منظر نامہ تبدیل ہوا اور نگران حکومت آئی۔ درآمدات کے واجبات کی ادائیگی کے لیے نئی مالیاتی ٹیم کی فوری کوشش کو خارجی اکاؤنٹ کی صورتحال میں کمزوری کے طور پر قیاس کیا گیا جس سے روپے پر قابل ذکر دباؤ پڑا۔ انٹرنیٹ میں ڈالر کے مقابلے میں روپے کی قدر میں 307 روپے کی کمی ہوئی جبکہ اوپن مارکیٹ کی شرح تقریباً 330 روپے کے آس پاس رہی۔ نگران حکومت نے، اگرچہ کچھ تاخیر کے ساتھ، ڈالر کی اسمگلنگ اور افغان ٹرانزٹ کے ناجائز استعمال کے حوالے سے فیصلہ گن اقدام کیے جس کے نتیجے میں زرمبادلہ کی شرح تیزی سے بحال ہوئی اور اوپن مارکیٹ اور انٹرنیٹ کی شرحوں میں فرق ختم ہوا۔ باقاعدہ بنیادوں پر کارروائی اور ایشیا اور روپے کی اسمگلنگ کی روک تھام مُلک کے حالات میں بہتری کی نوید ہیں۔

مُلک کا کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2024ء کے پہلے دو ماہ میں 0.9 بلین ڈالر تھا، جبکہ گزشتہ سال مماثل مدت میں 2.0 بلین ڈالر تھا، یعنی 54 فیصد سال در سال (YoY) کمی ہوئی۔ تجارتی خسارے کا کم ہونا CAD کو بہتر بنانے میں اہم کردار ادا کر رہا ہے۔ برآمدات میں 8.3 فیصد کمی اور درآمدات میں 26.0 فیصد کمی کی بدولت کاروباری خسارے میں 39.5 فیصد کمی ہوئی۔

مُلک کی خارجی صورتحال میں بہتری آئی کیونکہ اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر گزشتہ مالی سال کے اختتام پر 4.5 بلین ڈالر کے مقابلے میں بڑھ کر ستمبر 2023ء کے اختتام تک 7.6 بلین ڈالر ہو چکے تھے۔ اس کی وجہ آئی ایم ایف اور دوستانہ ممالک کی طرف سے مالیاتی آمدات تھی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفین کی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2024ء کی پہلی سہ ماہی کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 25.1 فیصد تھا۔ ایشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی، گیس اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے عوامل رہے۔ حکومت نے آئی ایم ایف کی شرائط پوری کرنے کے لیے

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2023**

		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	657,049	192,195
Investments	5	2,585,520	511,943
Profit receivable		11,464	19,736
Advances, prepayments and other receivables		10,802	3,246
<b>Total assets</b>		<b>3,264,835</b>	<b>727,120</b>
<b>LIABILITIES</b>			
Payable to MCB Investments Management Limited - Management Company	6	7,579	1,291
Payable to Central Depository Company of Pakistan Limited - Trustee		158	34
Payable to the Securities and Exchange Commission of Pakistan	7	191	132
Dividend payable		2	2
Accrued expenses and other liabilities	8	37,175	52,041
<b>Total liabilities</b>		<b>45,105</b>	<b>53,500</b>
<b>NET ASSETS</b>		<b>3,219,730</b>	<b>673,620</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>3,219,730</b>	<b>673,620</b>
<b>Contingencies and commitments</b>	9		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>57,340,320</b>	<b>12,515,525</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>56.15</b>	<b>53.82</b>

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

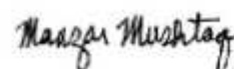
For MCB Investment Management Limited  
(Formerly: MCB-Arif Habib Savings and Investments Limited)  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended September 30,	
	2023	2022
	Note ----- (Rupees in '000) -----	
<b>Income</b>		
Income from government securities	104,152	16,715
Capital (loss)/ gain on sale of investments - net	(20,540)	5,402
Profit on bank deposits	22,321	8,518
Unrealised appreciation/diminution in fair value of investments classified 'at fair value through profit or loss' - net	(1,357)	(2,201)
<b>Total income</b>	<b>104,576</b>	<b>28,434</b>
<b>Expenses</b>		
Remuneration of the Management Company	2,787	1,396
Sindh Sales Tax on remuneration of the Management Company	361	181
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	310	89
Sindh Sales Tax on remuneration of Trustee	40	12
Securities and Exchange Commission of Pakistan - annual fee	422	32
Allocated expenses	1,177	192
Marketing and Selling expenses	5,049	414
Auditors' remuneration	171	152
Brokerage, printing and bank charges	545	276
Legal and other professional charges	220	196
<b>Total expenses</b>	<b>11,082</b>	<b>2,940</b>
<b>Net income for the period before taxation</b>	<b>93,494</b>	<b>25,494</b>
Taxation	10 -	-
<b>Net income for the period</b>	<b>93,494</b>	<b>25,494</b>
<b>Allocation of net income for the period:</b>		
Net income for the period	93,494	25,494
Income already paid on units redeemed	(14,887)	(2,718)
	<b>78,607</b>	<b>22,776</b>
<b>Accounting income available for distribution:</b>		
- Relating to capital gains	-	1,740
- Excluding capital gains	78,607	21,036
	<b>78,607</b>	<b>22,776</b>
<b>Earning / (Loss) per unit</b>	11	

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

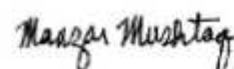
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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	Quarter ended September 30,	
	2023	2022
	----- (Rupees in '000) -----	
Net income for the period after taxation	93,494	25,494
Other comprehensive Income for the period:	-	-
<b>Total comprehensive income for the period</b>	<b>93,494</b>	<b>25,494</b>

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

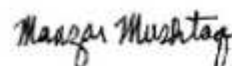
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended September 30,					
	2023			2022		
	(Rupees in '000)					
Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total	
<b>Net assets at beginning of the period</b>	1,375,200	(701,580)	673,620	1,316,281	(705,910)	610,371
Issue of 68,112,851 units (2022: 7,147,102 units)						
- Capital value (at net asset value per unit at the beginning of the period)	3,665,834	-	3,665,834	382,084	-	382,084
- Element of income	73,313	-	73,313	6,624	-	6,624
Total proceeds on issuance of units	3,739,147	-	3,739,147	388,708	-	388,708
Redemption of 23,288,056 units (2022: 6,885,895 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,253,363)	-	(1,253,363)	(368,120)	-	(368,120)
- Amount paid out of element of income						
- Relating to 'Net income for the period after taxation'	(18,281)	(14,887)	(33,168)	(5,150)	(2,718)	(7,868)
Refund / adjustment on units as element of loss	-	-	-	-	-	-
Total payments on redemption of units	(1,271,644)	(14,887)	(1,286,531)	(373,270)	(2,718)	(375,988)
Total comprehensive income for the period	-	93,494	93,494	-	25,494	25,494
Net income for the period less distribution	-	93,494	93,494	-	25,494	25,494
<b>Net assets at end of the period</b>	<b>3,842,703</b>	<b>(622,973)</b>	<b>3,219,730</b>	<b>1,331,719</b>	<b>(683,134)</b>	<b>648,585</b>
Undistributed loss brought forward						
- Realised	(688,112)			(704,872)		
- Unrealised	(13,468)			(1,038)		
	(701,580)			(705,910)		
	-			-		
Undistributed income	(701,580)			(705,910)		
Accounting income available for distribution						
- Relating to capital losses	-			1,740		
- Excluding capital losses	78,607			21,036		
	78,607			22,776		
Undistributed loss carried forward	(622,973)			(683,134)		
Undistributed loss carried forward						
- Realised	(621,616)			(680,933)		
- Unrealised	(1,357)			(2,201)		
	(622,973)			(683,134)		
Net assets value per unit at beginning of the period	53.82			53.46		
Net assets value per unit at end of the period	56.15			55.53		

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

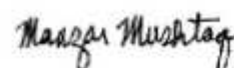
For MCB Investment Management Limited  
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director



**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Note	Quarter ended September 30,	
		2023	2022
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before taxation		93,494	25,494
<b>Adjustments for:</b>			
Unrealised diminution in fair value of investments classified 'at fair value through profit or loss' - net		1,357	2,201
		<u>94,851</u>	<u>27,695</u>
<b>Decrease /(Increase) in assets</b>			
Investments		(145,135)	80,285
Profit receivables		8,272	918
Advances, deposits, prepayments		(7,556)	128
		<u>(144,419)</u>	<u>81,332</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		6,288	(487)
Payable to Central Depository Company of Pakistan Limited - Trustee		124	1
Payable to the Securities and Exchange Commission of Pakistan		59	(107)
Payable against purchase of investments		-	(458,459)
Dividend payable		-	(0)
Accrued expenses and other liabilities		(14,867)	(859)
		<u>(8,396)</u>	<u>(459,911)</u>
<b>Net cash used in operating activities</b>		<u>(57,964)</u>	<u>(350,884)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from issuance of units		3,739,147	388,708
Payments on redemption of units		(1,286,531)	(375,988)
<b>Net cash generated from financing activities</b>		<u>2,452,616</u>	<u>12,720</u>
<b>Net increase /(decrease) in cash and cash equivalents during the period</b>		<u>2,394,652</u>	<u>(338,164)</u>
Cash and cash equivalents at beginning of the period		192,195	637,844
<b>Cash and cash equivalents at end of the period</b>	13	<u>2,586,847</u>	<u>299,680</u>

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

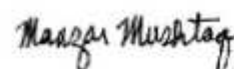
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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)]. Due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" the Fund is required to be registered under the said Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investments Management Limited. Thereafter, the Company applied to SECP, for approval of change of name, which was granted on August 15, 2023 and as such, the change of name became effective from that date.
- 1.4 The Board of Directors have approved that the Fund should be categorised as 'Income Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 MCB Pakistan Sovereign Fund has a policy of investing in Pakistan rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' dated October 06, 2023 to the Management Company and stability rating of 'AA-(f)' dated September 08, 2023 to the Fund.
- 1.7 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the Trustee of the Fund.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
- International Financial Reporting Standards (IFRSs) 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
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2023. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2023 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2023, 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 quarter ended 30 September 2022.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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

**3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

- 3.1** The accounting policies adopted 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, 2023. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

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, 2023. 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, 2023.

	Note	(Un-Audited) September 30, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2023
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	651,162	190,089
In current accounts	4.2	5,887	2,106
		657,049	192,195

- 4.1** These carry profit at the rates ranging 20.5% ( June 2022: 12.25% to 21.5%) per annum. It includes bank balance of Rs. 0.7 million (June 2023: Rs 0.665 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 20.5% (June 2023: 19.5%) per annum.

- 4.2** These include Rs. 5.88 million (June 30, 2023: Rs 2.09 million) maintained with MCB Bank Limited, a connected person / related party.

	Note	September 30, 2022 ----- (Rupees in '000) -----	June 30, 2023
<b>5. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
<b>Government Securities</b>			
Pakistan investment bonds	5.1.1	5,065	4,923
Pakistan investment bonds - Floating Rate Bond (FRB)	5.1.2	181,854	301,861
Market treasury bills	5.1.3	2,273,626	205,159
Gop Ijarah	5.1.4	124,975	-
		2,585,520	511,943

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

**5.1 At fair value through profit or loss**

**5.1.1 Government securities - Pakistan Investment Bonds**

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2023			Market value					
			As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments			
Pakistan Investment Bonds - 03 years	04-JUL-23	04-JUL-26	-	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds - 20 years	10-JUN-24	10-JUN-24	5,500	-	-	5,500	5,077	5,065	(12)	0.00	0.00			
<b>Total as at September 30, 2023 (un-audited)</b>							<b>5,077</b>	<b>5,065</b>	<b>(12)</b>					
Total as at June 30, 2023 (audited)							5,328	4,923	(405)					

**5.1.2 Government securities - Pakistan Investment Bonds FRB**

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2023			Market value					
			As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments			
Pakistan Investment Bonds - 02 years	06-APR-23	06-APR-25	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	08-MAY-21	06-MAY-26	1,25,000	-	1,25,000	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	10-AUG-23	10-AUG-28	-	325,000	325,000	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	26-JUL-19	26-JUL-29	1,00,000	-	-	1,00,000	95,409	95,970	561	0.03	0.04			
Pakistan Investment Bonds - 10 years	22-AUG-19	22-AUG-29	90,000	-	-	90,000	86,021	86,164	143	0.03	0.04			
<b>Total as at September 30, 2023 (un-audited)</b>							<b>1,81,430</b>	<b>1,81,954</b>	<b>524</b>					
Total as at June 30, 2023 (audited)							313,070	301,861	(11,209)					

**5.1.3 Government securities - Treasury Bills**

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2023			Market value					
			As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments			
Market treasury bills - 3 months	21-SEP-23	14-DEC-23	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 1 year	18-JUN-23	13-JUN-24	250,000	-	250,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 1 year	13-JUL-23	11-JUL-24	-	600,000	600,000	405,000	345,224	343,928	(1,396)	0.11	0.15			
Market treasury bills - 3 months	18-MAY-23	10-AUG-23	-	600,000	600,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 3 months	13-JUL-23	05-OCT-23	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 3 months	10-AUG-23	02-NOV-23	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 3 months	07-SEP-23	30-NOV-23	-	2,000,000	2,000,000	2,000,000	1,930,146	1,929,798	(348)	0.60	0.60			
Market treasury bills - 3 months	22-JUN-23	21-SEP-23	-	5,300,000	5,300,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 3 months	15-JUN-23	07-SEP-23	-	1,950,000	1,950,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 8 months	27-MAR-23	21-SEP-23	-	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 3 months	20-APR-23	13-JUL-23	-	250,000	250,000	-	-	-	-	-	-	-	-	-
<b>Total as at September 30, 2023 (un-audited)</b>							<b>2,275,370</b>	<b>2,273,826</b>	<b>(1,544)</b>					
Total as at June 30, 2023 (audited)							207,013	205,159	(1,854)					

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

5.1.4 GoP Ijarah Sukuk Bonds - at fair value through profit or loss

Debt Sub-Fund

Name of security	Issue date	Face value			Balance as at September 30, 2023		Market value as a % of net asset of the sub-fund
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023	Carrying value	
GoP Ijarah Sukuk	20-Sep-23	-	125,000	-	125,000	124,975	(25)
GoP Ijarah Sukuk	7-Aug-23	-	969,000	969,000	-	-	-
<b>Total as at September 30, 2023 (Un-Audited)</b>					<b>125,000</b>	<b>124,975</b>	<b>(25) 0.00%</b>
Total as at June 30, 2023 (Audited)					-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

<b>6 PAYABLE TO MCB INVESTMENTS MANAGEMENT LIMITED – MANAGEMENT COMPANY</b>		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
		----- (Rupees in '000) -----	
Management remuneration payable	6.1	1,490	280
Sindh Sales Tax on management remuneration payable	6.2	194	37
Payable against allocated expenses	6.3	713	80
Payable against marketing and selling expenses	6.4	5,049	872
Sale load payable		133	22
		<u>7,579</u>	<u>1,291</u>

- 6.1** The management company charged management fee at the rate up to 10% of the gross earnings of the scheme, calculated on a daily basis. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 6.2** Sales tax on management remuneration has been charged at the rate of 13%.
- 6.3** The Management Company has charged allocated expenses 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 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.

<b>7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
		----- (Rupees in '000) -----	
SECP fee payable		1,521	280
		<u>1,521</u>	<u>280</u>

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis.

<b>8. ACCRUED AND OTHER LIABILITIES</b>		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
		----- (Rupees in '000) -----	
Provision for Federal Excise Duty and related tax on			
- Management fee	8.1	29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		2,678	509
Auditors' remuneration payable		665	494
Brokerage payable		370	15
Others		264	17,825
		<u>37,175</u>	<u>52,041</u>

- 8.1 Federal Excise Duty and related tax payable**  
There is no change in the status of Federal Excise Duty as reported in the annual financial statements of the Fund for the period ended June 30, 2023. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2023 would have been higher/lower by Re. 0.58 per unit (June 30, 2023: Re. 2.66 per unit).

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1. CONTINGENCIES

An ex-parte income tax order dated April 30, 2021 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 order was passed by misconstruing that the Fund allegedly distributed less than 90% of its income to its unitholders which is the sole criterion for income tax exemption claim under clause (99).

Whilst passing the impugned order, the learned ACIR erred in grossly misinterpreting clause (99) of Part I of Second Schedule of the Ordinance, whereunder the assessing officer is bound to accept accounting income (for the purposes of calculating the threshold of 90%) calculated under the generally accepted Accounting Principles and verified by the auditors. More specifically:

- instead of the correct figure of Rs. 273,949,000 (being the income for the year before including capital gains), the learned ACIR has wrongly taken the figure of Rs 852,032,000 as the income for the year (which is the income arrived at before taking into account an amount of Rs. 572,492,000 representing 'Net element of loss included in prices of units issued less those in units redeemed' and amount of Rs. 5,591,000 representing Provision for Workers' Welfare Fund).
- the ACIR included the capital gains of Rs. 331,524,000 whilst computing the amount required to be distributed for purposes of clause (99) despite that capital gains (whether realised or unrealised) are specifically mentioned in clause (99) to be excluded while computing the distributable income for purposes of clause (99).

The ACIR also imposed super tax @ 3% which is contrary to the ATIR's order reported as 2018 PTD 1723 in which it has been held that the requirement to pay Super Tax under Section 4B of the Ordinance is not applicable to a taxpayer whose income is exempt under any provision of the Ordinance

'On appeal, the Commissioner Inland Revenue (Appeals) remanded back the matter through Appellate Order dated November 25, 2021 with specific directions to "re-examine, re-verify and re-adjudicate the facts of the case".

After conducting remand back proceedings (vide notice dated September 27, 2022), the ACIR once again rejected Fund's exemption claim through order dated November 7, 2022 and raised tax demand of Rs. 309,896,010 whilst concluding that the Fund was not eligible to claim income tax exemption under clause (99) since the distribution by Fund allegedly fell short of 90% distribution threshold.

An appeal against the order was filed before the Commissioner (Appeals). The Commissioner (Appeals) vide Appellate Order dated April 7, 2023 decided the appeal in favour of the Fund.

9.2. There were no other material contingencies and commitments outstanding as at June 30, 2023 and September 30, 2023.

### 10. TAXATION

The income of the Fund is exempt from income tax under 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 as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income to be earned during current year to the unit holders as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore, no provision for taxation has been made in these condensed interim financial statements during the period. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 11. EARNING / (LOSS) PER UNIT

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

### 12. TOTAL EXPENSE RATIO

The annualized total Expense Ratio (TER) of the Fund for the period ended September 30, 2023 is 1.96% which includes 0.16% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc.

### 13. CASH AND CASH EQUIVALENTS

Bank balances  
Government securities - Treasury bill 3Months

(Un-Audited) September 30,	(Un-Audited) September 30,
2023	2022
----- (Rupees in '000) -----	
657,049	199,862
<u>1,929,798</u>	<u>99,818</u>
<u>2,586,847</u>	<u>299,680</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

**14. TRANSACTIONS WITH CONNECTED PERSONS**

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

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

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

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

	For the quarter ended September 30, 2023							
	As at July 01, 2023	Issued for cash	Redeemed	As at September 30, 2023	As at July 01, 2023	Issued for cash	Redeemed	As at September 30, 2023
	Units (Rupees in '000)							
MCB INVESTMENTS MANAGEMENT LIMITED	-	2,743,233	2,743,233	(0)	-	150,000	150,329	(0)
D.G Khan Cement Company Limited	8	-	-	8	0	-	-	0
Adamjee Life Assurance Company Limited-Employees Gratuity Fund	-	913,910	913,910	0	-	50,000	50,393	0
Key management personnel	0	331,304	331,296	8	0	18,106	18,177	0
Mandate Under Discretionary Portfolio Services	0	3,643,389	1,816,519	1,826,870	0	199,220	100,290	102,579
Unitholders holding 10% or more	-	42,325,352	7,642,041	34,683,311	-	2,327,459	425,524	1,947,468

\* This reflects the position of related party / connected persons status as at September 30, 2023.

	For the quarter ended September 30, 2022							
	As at July 01, 2022	Issued for cash	Redeemed	As at September 30, 2022	As at July 01, 2022	Issued for cash	Redeemed	As at September 30, 2022
	Units (Rupees in '000)							
MCB INVESTMENTS MANAGEMENT LIMITED	-	4,745,873	4,745,874	(1)	-	256,704	258,550	(0)
D.G Khan Cement Company Limited	8	-	-	8	0	-	-	0
Key management personnel	3	180,049	180,016	36	0	9,993	9,984	2
Unitholders holding 10% or more	3,423,890	-	-	3,423,890	183,041	-	-	190,916

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



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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

	(Unaudited) September 30, 2023	(Unaudited) September 30, 2022
	— (Rupees in '000) —	
<b>MCB Investments Management Limited - Management Company</b> (Formerly: MCB Arif Habib Savings and Investments Limited)		
Remuneration of the Management Company including indirect taxes	3,148	1,577
Expenses allocated by the Management Company and related taxes	1,177	192
Marketing And Selling expenses	5,049	414
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	350	101
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	36	73
Bank charges	3	1

### 14.3 Balances outstanding at period / year end:

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
	— (Rupees in '000) —	
<b>MCB Investments Management Limited - Management Company</b> (Formerly: MCB Arif Habib Savings and Investments Limited)		
Remuneration payable to Management Company	1,400	280
Sales tax payable on remuneration to Management Company	194	37
Payable against allocated expenses	713	80
Payable against marketing and selling expenses	5,049	872
Sales load payable	133	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (including indirect taxes)	140	30
Sales tax on remuneration payable	18	4
<b>MCB Bank Limited</b>		
Bank balance	6,581	2,764

### 15 FAIR VALUE MEASUREMENTS

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

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

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

#### Fair value hierarchy

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

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

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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16 GENERAL

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

16.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant or reclassifications were made in these condensed interim financial statements to report.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 18 2023 by the Board of Directors of the Management Company.

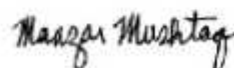
For MCB Investment Management Limited  
(Formerly: MCB-Arif Habib Savings and Investments Limited)  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**MCB INVESTMENT MANAGEMENT LIMITED**

(Formerly: MCB Arif Habib Savings and Investments Limited)

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

**UAN:** (+92-21) 111 468 378 (111 INVEST)

**URL:** [www.mcbfunds.com](http://www.mcbfunds.com), **Email:** [info@mcbfunds.com](mailto:info@mcbfunds.com)