

MCB PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
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 Habib Metropolitan Bank Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited JS Bank Limited Habib Bank Limited National Bank of Pakistan Zarai Traqiati Bank Limited Bank Al-Falah	
Auditors	Deloitte 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 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **MCB Pakistan Sovereign Fund** accounts review for the quarter ended September 30, 2019.

ECONOMY AND MONEY MARKET OVERVIEW

Stabilization measures pursued by the government have started to bear fruits as the Balance of Payment situation continues to improve. The Current Account Deficit (CAD) contracted by ~55% on a Year on Year (YoY) basis to USD 1.3 billion in the first two months of FY20. Imports of goods continued to nose-dive as it compressed by 23.5% while exports increased by 1.4% in the first two months. On the flip side, remittances remained weak amidst lesser number of working days and declined by 8% during the first two months of the fiscal year. Foreign exchange reserves increased by USD 1.2 billion during the period as Pakistan received its first tranche of USD 1.3 billion from IMF, while the outflow from CAD remained restrained.

CPI was rebased with a new base of 2015-16 and the average for newly rebased CPI clocked in at 10.1% YoY. However, the latest monthly readings were recorded north of 11% as rising food and energy prices took its toll on the index. Food inflation during the latest month was recorded at 15.0% YoY. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.4% for the quarter.

Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.3% in July, 2019 primarily decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 27.5% and 15.5% respectively.

Provisional number of tax collection were also encouraging as FBR collected PKR 962 billion in the first quarter of the current fiscal year, which was 16% higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax revenue grew by 28% YoY. The non-tax collection as per the provisional estimates were also promising as the government managed to collect PKR ~400 billion with the major portion driven by Surplus Profitability from SBP and Sale of Telecom sector licenses. The target for primary deficit was also met as per the provisional estimates as government generated a surplus of PKR 200 billion.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. 2 Year bonds eased of by 86 bps during the quarter while the longer end (10Y) saw a massive easing of 154 bps during the same period. The State Bank of Pakistan (SBP) in its latest bi-monthly Monetary Policy Statement also left the Policy Rate unchanged at 13.25%, citing the Monetary Policy Committee's outlook on moderating inflation and balance of payment situation. The monetary policy committee kept the status quo after 8 successive increases.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 19.86% as against its benchmark return of 13.93%. At period-end, the fund decreased its exposure in cash to 53.9% from 58.1%.

The Net Assets of the Fund as at September 30, 2019 stood at Rs. 2,396 million as compared to Rs. 630 million as at June 30, 2019 registering a decline of 280.32%.

The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 55.79 as compared to opening NAV of Rs. 53.13 per unit as at June 30, 2019 registering an increase of Rs. 2.66 per unit.

FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them. Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Our forecast at very conservative assumptions is that CAD will settle at 2.6% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~12 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Aug'19 REER at 92.71) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

CPI is expected to jack up to an average of ~11.0% for the fiscal year from current quarter average of 10.1% owing to a hike in food inflation and rising utility prices. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We expect the 12 month forward CPI to start slowing down from the second half of this fiscal year, which will open the room for monetary easing as central bank has indicated to opt for more proactive monetary policy approach.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~400-500 billion. The result of provisional tax collection for 1Q assert our view as there was a shortfall of PKR 100 billion during the quarter. Resultantly, the shortfall in tax collection will trickle down to a lower development spending. On the equity side, we believe, the last two years' market performance (down approx. 39% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

The equity strategy should be a mix of macro based theme along with bottom up analysis. The overall strategy should be a focus towards defensive sectors (E&P's, Power, Fertilizers) and sector which will benefit from changing dynamics on macro front (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical stocks, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

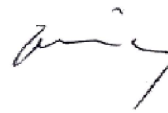
ACKNOWLEDGMENT

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 24, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ

(35 فیصد YoY زیادہ) ٹیکس جمع کرنے کا پُر عزم ہدف طے کر رہی ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے، تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کا ایک توسیعی پبلک سیکٹر ڈولپمنٹ پروگرام (پی ایس ڈی پی) کے لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی کے ہدف کو بے حد مثبت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس میں 400 سے 500 بلین روپے کی کمی آئے گی۔ پہلی سہ ماہی میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 100 بلین ڈالر کی کمی ہوئی تھی۔ ٹیکس وصولی میں کمی کے نتیجے میں ترقیاتی اقدامات کے لیے کم رقم خرچ کی جائے گی۔

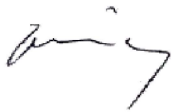
ایکویٹی کی جہت میں ہم سمجھتے ہیں کہ گزشتہ دو برسوں کی مارکیٹ کی کارکردگی (بلند ترین سطحوں سے تقریباً 39 فیصد کم) سے سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی، اور گردشی اسٹاکس کی کارکردگی میں بھی یہی عکاسی ہوتی ہے جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پُرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اسٹاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اسٹاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔

ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پر ہونی چاہیے اور کلاں معاشی میدان میں تبدیل ہوتے ہوئے عوامل سے مستفید ہونے والے شعبے (کمرشل بینکوں) کو زیادہ وزن دیا جانا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ سے برآمدات پر منحصر شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی (IT) کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردشی اسٹاکس میں منفی رجحان کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کوالٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

24 اکتوبر، 2019ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 19.86 فیصد تھا جبکہ بیچ مارک منافع 13.93 فیصد تھا۔ اختتام مدت پر فنڈ کی نقد میں سرمایہ کاری کو 58.1 فیصد سے کم کر کے 53.9 فیصد کر دیا گیا۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 2,396 ملین روپے تھے جو 30 جون 2019ء کی سطح 630 ملین روپے کے مقابلے میں 280.32 فیصد کمی ہے۔

30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 55.79 روپے تھی جو 30 جون 2019ء کی ابتدائی قدر 53.13 روپے فی یونٹ کے مقابلے میں 2.66 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں کلاں معاشیاتی استحکام ہوگا جس کے باعث موجودہ سال کے لیے معاشی ترقی چھوٹے اعداد تک محدود ہو جائے گی۔ آئی ایم ایف کی پیش گوئی کے مطابق حکومت کی اختیار کردہ تنگی پر مبنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 2019-20ء میں سست ہو کر 2.5 فیصد پر آجائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ ہم بے محتاط مفروضوں کی بنیاد پر پیش گوئی کر سکتے ہیں کہ سی اے ڈی مجموعی ملکی پیداوار (جی ڈی پی) کے 2.6 فیصد پر رک جائے گا۔ ہم نے خام تیل کی قیمتوں کو 70 ڈالر فی بی بی ایل فرض کیا ہے جو موجودہ طور پر 60 ڈالر فی بی بی ایل کے قریب منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لا کر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی شدہ سہولت سے بھی زرمبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زرمبادلہ کے ذخائر میں 12 بلین ڈالر اضافہ متوقع ہے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اگست 2019ء 92.7 REER فیصد پر) اور کرنٹ اکاؤنٹ کا خسارہ قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

زیر بحث مالی سال کے لیے سی پی آئی کا اوسط موجودہ سہ ماہی کے اوسط 10.1 فیصد سے 11.0 فیصد تک بڑھ جانے کی توقع ہے جس کا سبب اشیائے خورد و نوش کے افراط زر میں اضافہ اور یوٹیلٹی کی بڑھتی ہوئی قیمتیں ہیں۔ لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل (NFNE) سے ظاہر ہونے والی اصل افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد سے کم متوقع ہے۔ ہمیں اُمید ہے کہ 12 ماہانہ فارورڈ سی پی آئی موجودہ مالی سال کے نصف آخر سے سست رفتار ہونا شروع ہو جائے گا جس کے مالیاتی سہولت کا موقع ملے گا کیونکہ مرکزی بینک نے مالیاتی پالیسی کا زیادہ متحرک لائحہ عمل اختیار کرنے کی طرف اشارہ کیا ہے۔

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.4 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف تبدیل ہو سکتا ہے لیکن پرائمری خسارے کو جی ڈی پی کے 0.6 فیصد پر محدود کر دینے کی آئی ایم کی بنیادی شرط کو پورا کرنا لازمی ہے۔ اس مقصد کے لیے ایف بی آر 5.5 ٹرلین روپے

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

ایم سی بی پاکستان Sovereign فنڈ کے بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لیے فنڈ کے گوشواروں کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

حکومت نے استحکام کے لیے جو اقدامات کیے بالآخر ان کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال 2019-20ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) ییز آن ییز (YoY) بنیاد پر 55 فیصد کم ہو کر 1.3 بلین ڈالر ہو گیا۔ پہلے دو ماہ میں درآمدات میں 23.5 فیصد کمی ہوئی جبکہ برآمدات میں 1.4 اضافہ ہوا۔ دوسری جانب ترسیل زر میں 8 فیصد کمی ہوئی اور اس کمزور صورتحال کا سبب ایام کار کی کم تعداد تھی۔ زرمبادلہ کے ذخائر میں دوران مدت 1.2 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف سے 1.3 بلین ڈالر کی پہلی قسط موصول ہوئی، جبکہ سی اے ڈی سے اخراج کا سلسلہ محدود رہا۔

صارفی قیمت کے انڈیکس (سی پی آئی) کو 2015-16 کی نئی بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد و شمار سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔

وسیع پیمانے کی مینوفیکچرنگ (ایل ایس ایم) میں توقع کے مطابق کمی کا رجحان جاری رہا کیونکہ درآمدات پر مبنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبع گردش شعبہ جات تھے۔ گاڑیوں اور اسٹیل کی مینوفیکچرنگ میں مانگ بالترتیب 27.5 فیصد اور 15.5 فیصد سُکڑ گئی۔ ٹیکس کے حصول کے عارضی اعداد بھی حوصلہ افزا تھے۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) نے موجودہ مالی سال کی پہلی سہ ماہی میں 962 بلین روپے ٹیکس جمع کیا جو گزشتہ سال کی مماثل مدت کے مقابلے میں 16 فیصد زیادہ ہے۔ اگر مقامی اور بین الاقوامی اعتبار سے علیحدہ علیحدہ دیکھا جائے تو کارکردگی زیادہ بہتر تھی کیونکہ مقامی سطح پر ٹیکس کی آمدنی میں 28 فیصد YoY اضافہ ہوا۔ ٹیکس کے علاوہ وصولی بھی عارضی تخمینوں کے مطابق حوصلہ افزا تھے۔ حکومت نے 400 بلین روپے ٹیکس جمع کیا جس کا اکثر حصہ اسٹیٹ بینک آف پاکستان (ایس بی پی) سے فاضل منافع اور ٹیلی کام سیکٹر لائسنس کی فروخت سے حاصل ہوا۔ عارضی تخمینوں کے مطابق پرائمری خسارے کا ہدف بھی حاصل ہو گیا کیونکہ حکومت نے 200 بلین کا فاضل منافع پیدا کیا۔

زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر مانگ کے سبب پیداواری خم جھک گیا کیونکہ بازار میں شامل ہونے والے نئے فریق استحکام کے اقدامات سے مطمئن ہو کر افراط زر میں کمی کی توقع کر رہے تھے۔ دوران سہ ماہی دو سالہ بانڈز 86 بیسیس پوائنٹس کی ایزنگ ہوئی جبکہ اسی مدت کے دوران طویل تر میعاد والے (دس سالہ) بانڈز میں 154 بیسیس پوائنٹس کی خطیر ایزنگ ہوئی۔ ایس بی پی نے اپنے تازہ ترین دو ماہانہ مالیاتی پالیسی بیان میں افراط زر اور ادائیگی کے توازن کی صورتحال کو متعادل کرنے پر مانیٹری پالیسی کمیٹی کے نظریے کا حوالہ دیتے ہوئے پالیسی کی شرح کو تبدیل کیے بغیر 13.25 فیصد پر چھوڑ دیا ہے۔ مالیاتی پالیسی نے 8 متواتر اضافوں کے بعد رائج شرح کو برقرار رکھا ہے۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2019

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Balance with banks	6	2,325,057	663,697
Investments	7	1,974,901	472,627
Profit receivable		10,875	2,822
Advances and prepayments		3,346	3,094
Total assets		4,314,178	1,142,240
LIABILITIES			
Payable to the Management Company	8	5,587	816
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	107	96
Payable to the Securities and Exchange Commission of Pakistan	10	52	491
Payable against purchase of investments		1,868,890	467,813
Dividend payable		-	3,965
Accrued expenses and other liabilities	11	43,513	39,415
Total liabilities		1,918,148	512,596
NET ASSETS		2,396,030	629,644
Unit holders' fund (as per statement attached)		2,396,030	629,644
Contingencies and commitments	12		
		----- (Number of units) -----	
Number of units in issue		42,946,637	11,850,746
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		55.79	53.13

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		September 30,	
		2019	2018
	Note	(Rupees in '000)	
Income			
Income from government securities		24,860	10,074
Capital (loss) / gain on sale of investments - net		29,453	(350)
Profit on bank deposits		12,397	2,234
Unrealised (diminution) / appreciation in fair value of investments classified 'at fair value through profit or loss' - net	7.3	1,108	(734)
Total income		67,817	11,224
Expenses			
Remuneration of the Management Company		6,542	1,208
Sindh Sales Tax on remuneration of the Management Company		850	157
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		171	230
Sindh Sales Tax on remuneration of Trustee		22	30
Securities and Exchange Commission of Pakistan - annual fee		52	115
Allocated expenses		262	173
Marketing and Selling expenses		365	-
Provision for Sindh Workers' Welfare Fund	11.1	1,168	178
Brokerage expenses		710	99
Auditors' remuneration		126	128
Other expenses		312	
Total expenses		10,580	2,486
Net income for the period before taxation		57,237	8,738
Taxation	13	-	-
Net income for the period		57,237	8,738
Allocation of net income for the period:			
Net income for the period		57,237	8,738
Income already paid on units redeemed		(9,736)	(441)
		47,500	8,297
Accounting income available for distribution:			
- Relating to capital gains		24,667	-
- Excluding capital gains		22,834	8,297
		47,501	8,297
Earnings per unit			

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
	<u>----- (Rupees in '000) -----</u>	
Net income for the period after taxation	57,237	8,738
Other comprehensive Income for the period:		
Unrealised appreciation in fair value of investments classified as 'at fair value through other comprehensive income' - net	-	-
Total comprehensive income for the period	<u>57,237</u>	<u>8,738</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

September 30,

	2019			2018		
	(Rupees in '000)					
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
Net assets at beginning of the period	1,382,425	(752,781)	629,644	1,310,356	(725,375)	584,981
	1,382,425	(752,781)	629,644	1,310,356		584,981
Issue of 56,435,728 units (2018: 3,045,483 units)						
- Capital value (at net asset value per unit at the beginning of the period)	2,998,432	-	2,998,432	161,655	-	161,655
- Element of income	98,840	-	98,840	645	-	645
Total proceeds on issuance of units	3,097,272	-	3,097,272	162,300	-	162,300
Redemption of 25,339,837 units (2018: 2,072,354 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,346,306)	-	(1,346,306)	(110,001)	-	(110,001)
- Amount paid out of element of income						
- Relating to 'Net income for the period after taxation'	(32,081)	(9,736)	(41,817)	(163)	(441)	(604)
Refund / adjustment on units as element of loss	-	-	-	-	-	-
Total payments on redemption of units	(1,378,387)	(9,736)	(1,388,123)	(110,164)	(441)	(110,605)
Total comprehensive income for the period	-	57,237	57,237	-	8,738	8,738
Final Distribution for the period Rs. Nil (For the year ended June 30, 2018 Rs. 2.75 per unit including additional units declared on July 04, 2018) units	-	-	-	(960)	(27,853)	(28,813)
Net income for the period less distribution	-	57,237	57,237	(960)	(19,115)	(20,075)
Net assets at end of the period	3,101,310	(705,281)	2,396,030	1,361,532	(744,931)	616,601
Undistributed loss brought forward						
- Realised		(752,018)			(724,969)	
- Unrealised		(763)			(406)	
		(752,781)			(725,375)	
Accounting income available for distribution						
- Relating to capital losses		24,667			-	
- Excluding capital losses		22,834			8,297	
		47,501			8,297	
Distribution during the period		-			(27,853)	
Undistributed loss carried forward		(705,281)			(744,931)	
Undistributed loss carried forward						
- Realised		(706,388)			(744,316)	
- Unrealised		1,108			(734)	
		(705,281)			(744,931)	
-- (Rupees in '000) --						
Net assets value per unit at beginning of the period		53.13			55.83	
Net assets value per unit at end of the period		55.79			53.85	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

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MCB PAKISTAN SOVEREIGN FUND

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30,	
	2019	2018
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	57,237	8,857
Adjustments for:		
Unrealised diminution in fair value of investments classified 'at fair value through profit or loss' - net	(1,108)	734
Provision for Sindh Workers' Welfare Fund (SWWF)	-	178
	<u>56,129</u>	<u>9,769</u>
Decrease /(Increase) in assets		
Investments	(464,063)	(148,084)
Profit receivables	(8,053)	(802)
Advances, deposits, prepayments	(252)	(170)
	<u>(472,367)</u>	<u>(149,056)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	4,771	25
Payable to the Central Depository Company of Pakistan Limited - Trustee	11	(4)
Payable to the Securities and Exchange Commission of Pakistan	(439)	(624)
Payable against purchase of investments	1,401,077	(41,026)
Dividend payable	(3,965)	-
Accrued expenses and other liabilities	4,098	34
	<u>1,405,552</u>	<u>(41,595)</u>
Net cash generated from operating activities	<u>989,314</u>	<u>(180,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units (excluding additional units)	3,097,272	162,300
Payments on redemption of units	(1,388,123)	(110,605)
Dividend paid	-	(28,813)
Net cash (used in) / generated financing activities	<u>1,709,149</u>	<u>22,882</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>2,698,463</u>	<u>(158,000)</u>
Cash and cash equivalents at beginning of the period	1,131,570	1,107,480
Cash and cash equivalents at end of the period	<u>3,830,033</u>	<u>949,480</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

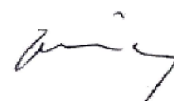
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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 (AMC Rules), [repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules)].
- 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 is situated at 24th Floor, Centre Point, off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3 The Board of Directors have approved that the Fund should be categorised as 'Income Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated October 08, 2019 to the Management Company and has assigned stability rating of 'AA-(f)' dated June 27, 2019 to the Fund. The Fund consists of a 'Perpetual' (the scheme).
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2019.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

2.1.3 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019, whereas 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 2018.

2.1.4 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.

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

2.2 Basis of Measurement

This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2019.

3.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/ relevant to the Fund

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

4. Estimates and Judgements

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2019.

5. Financial Risk Management

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2019.

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
6. BALANCE WITH BANKS			
- Savings accounts	6.1	2,323,380	660,792
- Current accounts	6.2	1,677	2,905
		<u>2,325,057</u>	<u>663,697</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

- 6.1. These carry profit at the rates ranging between 11.25% to 14.4% (2019: 10.25% to 13 %) per annum. It includes bank balance of Rs. 3.355 million (2019: Rs 2.47 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 11.25% (2019: 10.25%) per annum.
- 6.2. These include Rs. 1.672 million (June 30, 2019: Rs 5.359 million) maintained with MCB Bank Limited, a connected person / related party.

	(Un-Audited)	(Audited)
	September 30,	June 30,
	2019	2019
Note	----- (Rupees in '000) -----	

7. INVESTMENTS

'At fair value through profit or loss '

Government securities - Pakistan investment bonds	7.1.1	105,813	4,754
Government securities - Treasury Bills	7.1.2	1,869,087	467,873
		1,974,901	472,627

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

7.1 At fair value through profit or loss

7.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2019			Market value		
			As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised loss	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)											
Pakistan Investment Bonds - 03 years	12-Jul-18	12-Jul-21	-	700,000	700,000	-	-	-	-	-	-
Pakistan Investment Bonds - 03 years	19-Sep-19	19-Sep-22	-	1,650,000	1,650,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	12-Jul-18	12-Jul-23	-	1,725,000	1,725,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	19-Sep-19	19-Sep-24	-	650,000	650,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	12-Jul-18	12-Jul-28	-	375,000	375,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	19-Sep-19	19-Sep-29	-	400,000	400,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	25-Jul-19	25-Jul-29	-	100,000	-	100,000	100,111	100,760	649	0.04	0.05
Pakistan Investment Bonds - 20 years	10-Jun-04	10-Jun-24	5,500	-	-	5,500	4,792	5,053	261	0.00	0.00
Total as at September 30, 2019 (un-audited)							104,903	105,813	910		
Total as at June 30, 2019 (audited)							5,577	4,754	(823)		

7.1.2 Government securities - Treasury Bills

Name of security	Date of issue	Date of Maturity	Face value			As at September 30, 2019			Market value					
			As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at September 30, 2019	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total			
(Rupees in '000)														
Market treasury bills - 3 months	16-Aug-19	7-Nov-19	-	150,000	150,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 3 months	18-Jul-19	10-Oct-19	-	4,520,000	3,010,000	1,510,000	1,504,860	1,504,976	116	-	0.63	-	0.76	-
Market treasury bills - 3 months	23-May-19	15-Aug-19	475,000	-	475,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 6 months	18-Jul-19	16-Jan-20	-	700,000	600,000	100,000	96,085	96,125	41	-	0.04	-	0.05	-
Market treasury bills - 12 months	12-Sep-19	10-Sep-20	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 12 months	16-Aug-19	13-Aug-20	-	600,000	300,000	300,000	267,944	267,986	41	-	0.11	-	0.14	-
Market treasury bills - 12 months	18-Jul-19	16-Jul-20	-	200,000	200,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 12 months	26-Sep-19	24-Sep-20	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Market treasury bills - 12 months	29-Aug-19	27-Aug-20	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Total as at September 30, 2019 (un-audited)								1,868,890	1,869,087	198				
Total as at June 30, 2019 (audited)								467,813	467,873	60				

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
7.3 Net unrealised loss on revaluation of investments at fair value through profit or loss'			
Market value of investments	7.1.1 & 7.1.2	1,974,900	472,627
Carrying value of investments	7.1.1 & 7.1.2	<u>(1,973,792)</u>	<u>(473,390)</u>
		<u>1,108</u>	<u>(763)</u>

8 Payable to – Management Company

Management remuneration payable	8.1	3,896	672
Sindh Sales Tax on management remuneration payable	8.2	506	87
Payable against allocated expenses	8.3	145	57
Marketing and selling expense	8.4	365	-
Sale load payable		675	-
		<u>5,587</u>	<u>816</u>

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

8.2 Sales tax on management remuneration has been charged at the rate of 13% (2019: 13%).

8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1%. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.

8.4 SECP vide SRO 639(I)/2019 dated June 20, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Furthermore, maximum cap of selling and marketing expense of 0.4% per annum has also been removed. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
		----- (Rupees in '000) -----	
9 Payable to Central Depository of Pakistan - Trustee			
Trustee remuneration payable	9.1	95	85
Sindh Sales Tax on remuneration of the trustee		12	11
		<u>107</u>	<u>96</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

9.1 From July 01, 2019, Central Depository Company of Pakistan Limited vide its letter number CDC/CEO/L-112/18/2019 dated June 27, 2019 changed its tariff structure. The trustee is entitled to a monthly remuneration for services rendered to the Fund at a flat rate of 0.065% of the average net assets calculated on a daily basis plus actual reimbursement of the actual custodial expenses (if any).

10 Payable to Securities and Exchange Commission of Pakistan (SECP)

SECP, vide SRO no. 685 (I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2019: 0.075%) of net assets on all categories of Collective Investment Schemes which is effective from July 01, 2019.

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
		----- (Rupees in '000) -----	
11 ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	11.1	6,680	5,511
Provision for Federal Excise Duty and related tax on	11.2		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		655	57
Auditors' remuneration payable		471	346
Brokerage payable		627	68
Others		1,881	235
		<u>43,513</u>	<u>39,415</u>

11.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2019 would have been higher by Re.0.1555 per unit (June 30, 2019 Re. 0.47 per unit).

11.2 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 year ended June 30, 2019. 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, 2019 would have been higher by Re. 0.6759 per unit (June 30, 2019: Re. 2.45 per unit).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2019 and June 30, 2019.

13. 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 available for distribution for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

(minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

14. 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.

15. TOTAL EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2% to 2.5%. The total expense ratio of the Fund from July 1, 2019 to September 30, 2019 is 1.01% (September 30, 2018: 0.41 %) and this includes 0.2% (September 30, 2018: 0.08%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as Income scheme.

16. CASH AND CASH EQUIVALENTS

	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
Bank balances	2,325,057	663,697
Government securities - Treasury bill	1,504,976	467,873
	<u>3,830,033</u>	<u>1,131,570</u>

(Un-Audited)	(Audited)
September 30,	June 30,
2019	2019
	----- (Rupees in '000) -----

17. TRANSACTIONS WITH CONNECTED PERSONS

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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

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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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

	(Unaudited) September 30, 2019 ----- (Rupees in '000) -----	(Unaudited) September 30, 2018 -----
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration of the Management Company including indirect taxes	7,392	1,365
Expenses allocated by the Management Company and related taxes	262	173
Marketing And Selling expenses	365	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	193	260
MCB Bank Limited		
Mark-up on bank deposits	74	33
Bank charges	1	4
Purchase of securities - Face Value 300M (2018: Nil)	272,526	-
Sale of securities - Face Value 200M (2018: Face value: Nil)	168,943	-
Silk Bank Limited		
Purchase of securities - Face Value 450M (2018: Nil)	388,679	-
Sale of securities face value 1950M (2018: Nil)	1,780,167	-

17.3 Balances outstanding at period / year end:

	(Unaudited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019 -----
MCB-Arif Habib Savings and Investments Limited - 'Management Company		
Remuneration payable to Management Company	3,896	672
Sales tax payable on remuneration to Management Company	506	87
Expenses allocated by Management Company	145	57
Sale load payable	675	-
Selling and marketing payable	365	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	95	85
Sales tax on remuneration payable	12	11
MCB Bank Limited		
Bank balance	5,027	5,359
Mark-up receivable	84	84
Sales load payable	1,676	72
Arif Habib Limited - Brokerage House		
Brokerage payable*	-	1

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

* The amount disclosed represents the amount of brokerage paid 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.

18. GENERAL

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

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

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 24, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director