



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2021

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



PAKISTAN INCOME ENHANCEMENT FUND

TABLE OF CONTENTS

1	Fund's Information	170
2	Report of the Director of the Management Company	171
3	Report of the Fund Manager	182
4	Trustee Report to the Unit Holders	184
5	Independent Auditor's Report to the Unit Holders	185
6	Statement of Assets and Liabilities	188
7	Income Statement	189
8	Statement of Other Comprehensive Income	190
9	Statement of Movement in Unit Holder's Fund	191
10	Cash Flow Statement	192
11	Notes to and Forming Part of the Financial Statements	193
12	Pattern of Units Holding by Size	219
13	Performance Table	220

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Taraqati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Income Enhancement Fund** accounts review for the year ended **June 30, 2021**.

Economy and Money Market Review

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.32 per cent against its benchmark return of 8.08 per cent.

WAM of fund stood at 1.5 years. The fund was mainly invested in Cash & TFCs. At period-end, the fund was 23.6 per cent invested in Cash, 23.5 per cent in TFCs.

The Net Assets of the fund as at June 30, 2021 stood at Rs. 630 million as compared to Rs. 707 million as at June 30, 2020 registering a decrease of 10.89 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 53.9015 as compared to opening NAV of Rs. 53.8942 per unit as at June 30, 2020 registering an increase of Rs. 0.0073 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021, the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 27.3 to the financial statements.

Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. The Board consists of 1 female and 7 male directors. The details are as under:

Sr.No.	Name	Status	Membership in other Board Committees	
1.	Mr. Haroun Rashid	Non-Executive Director	None	
2.	Mr. Nasim Beg	Non-Executive Director	(i)	Audit Committee; and
3.	Mr. Ahmed Jahangir	Non-Executive Director	(ii)	HR&R* Committee
4.	Mr. Kashif A. Habib	Non-Executive Director	(i)	Audit Committee; and
5.	Syed Savail Meekal Hussain	Independent Director	(ii)	HR&R* Committee.
6.	Mirza Qamar Beg	Independent Director	(i)	Audit Committee
7.	Ms. Mavra Adil Khan	Independent Director	(ii)	Audit Committee (Chairman); and HR&R* Committee (Chairman).
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i)	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg(Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, four (4) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (chairman)	4	4	4	-
2. Mr. Ahmed Jahangir	4	4	4	-
3. Mr. Nasim Beg	4	4	4	-
4. Ms. Mavra Adil Khan	4	4	3	1
5. Syed Savail Meekal Hussain	4	4	4	-
6. Mr. Muhammad Saqib Saleem (CEO)	4	4	4	-

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Mobin Ahmed Siddiqui	Chief Internal Auditor	29,136	0	139

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

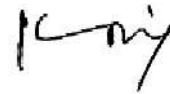
ACKNOWLEDGMENT

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
September 15, 2021



Kashif A. Habib
Director

ڈائریکٹرز رپورٹ

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



محمد نایب سلیم
چیف ایگزیکٹو آفیسر
15 ستمبر 2021ء



کاشف اے حبیب
ڈائریکٹر

ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیئرمین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میقال حسین

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ میوزیشن کمیٹی کی چار (4) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیئرمین)
-	4	4	4	۳۔ جناب احمد جہانگیر
-	4	4	4	۴۔ جناب نسیم بیگ
1	3	4	4	۵۔ محترمہ ماوراء عادل خان
-	4	4	4	۶۔ سید ساویل میقال حسین
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

m. دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے یونٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	29,136	0	139

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز A.F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے A.F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

ڈائریکٹرز رپورٹ

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میوزیشن

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے پالمسرت مطلع کیا جاتا ہے کہ:

a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛
d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فائننس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فائننس کمپنیز اینڈ نوٹیفائیڈ اینڈ ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الاداء ٹیکس، قانونی چارجز اور ڈیویڈنڈ (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریڈنگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

ا. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

ا۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈ ز اور فیکسڈ انکم فنڈ ز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پرعزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمیٹی کی گورننگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون راشد	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید سادیل میکال حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی* (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد شاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

ڈائریکٹرز رپورٹ

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 7.32 فیصد تھا، جبکہ مقررہ معیار کا منافع 8.08 فیصد تھا۔ فنڈ کی بالوزن اوسط میچورٹی 1.5 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں تھی جو اختتام مدت پر بالترتیب 23.6 فیصد اور 23.5 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 630 ملین روپے تھے جو 30 جون 2020ء کی سطح 707 ملین روپے کے مقابلے میں 10.89 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 53.9015 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 53.8942 روپے فی یونٹ کے مقابلے میں 0.0073 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مورخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈز مالیاتی اداروں / صنعتی اسٹیبلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 27.3 ملاحظہ فرمائیے۔

معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سینٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کارکنانہ حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم انہینسمنٹ فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پتھوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں پلک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6- فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7- فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دھتھی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر ہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Fund Type and Category

Pakistan Income Enhancement Fund— (PIEF) is an open end fund which comes under aggressive income scheme. This fund may invest in bonds, money market placements, certificates of deposits, certificates of Musharikas, Commercial Papers, TFCs/Sukuks and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities with at least 10% of the net assets shall be invested in cash and/or near cash instruments which include cash in bank account (excluding TDRs), Treasury bills not exceeding 90 days maturity;

Fund Benchmark

The benchmark for PIEF is One (1) year KIBOR rates.

Investment Objective

The objective of the fund is to deliver return from aggressive investment strategy in debt and fixed income market

Manager's Review

During the period under review, the fund generated an annualized return of 7.32% against its benchmark return of 8.08%. WAM of fund stood at 1.5 years. At period-end, the fund was 23.6% invested in Cash, 23.5% in TFCs and 11.2% in T-Bills.

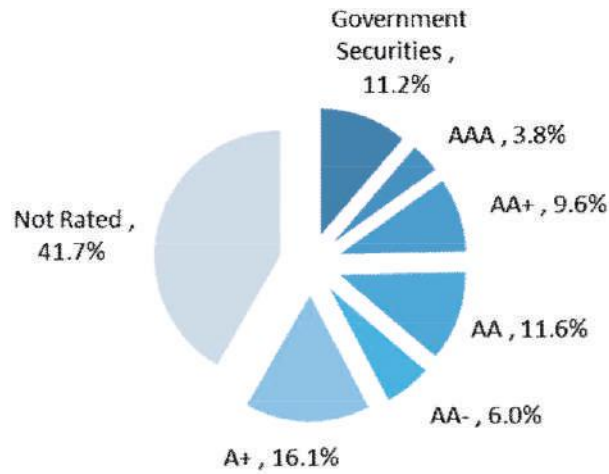
The Net Assets of the fund as at June 30, 2021 stood at Rs. 630 million as compared to Rs. 707 million as at June 30, 2020 registering a decrease of 10.9%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 53.9015 as compared to opening NAV of Rs. 53.8942 per unit as at June 30, 2020 registering an increase of Rs. 0.0073 per unit.

Asset Allocation as on June 30, 2021 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-21
Others including receivables	4.7%
PIBs	0.0%
T-Bills	11.2%
TFCs / Sukuks	23.5%
Cash	23.6%
Margin Trading	0.3%
Spread Transactions	36.7%

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Asset Quality as of June 30, 2021 (% of total assets)



Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME ENHANCEMENT FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Income Enhancement Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 09, 2021



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Income Enhancement Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pakistan Income Enhancement Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 and 5 to the annexed financial statements) Balances with banks and Investments constitute the most significant components of the NAV. Balances with banks of the Fund as at June 30, 2021 aggregated to Rs 156.989 million and Investments amounted to Rs 475.217 million. The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">tested the design and operating effectiveness of the key controls for valuation of investments;obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

▪ KARACHI ▪ LAHORE ▪ ISLAMABAD

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F.FERGUSON & CO.

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none">re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andobtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

3



A.F. FERGUSON & Co.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A handwritten signature in blue ink that reads 'A.F. Ferguson & Co.' in a cursive style.

Chartered Accountants
Karachi

Date: September 23, 2021

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	156,989	78,377
Investments	5	475,217	644,656
Interest, dividend and other receivable	7	5,290	12,666
Receivable against margin trading system		2,257	-
Receivables against sale of investment		4,699	-
Advances, deposits and prepayments	8	3,416	3,285
Receivable from the National Clearing Company of Pakistan Limited		17,470	2,021
Total assets		665,338	741,005
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	9	1,263	640
Payable to Central Depository Company of Pakistan Limited - Trustee	10	48	53
Payable to the Securities and Exchange Commission of Pakistan	11	137	150
Payable against redemption of units		2,079	2,079
Accrued and other liabilities	12	32,215	31,248
Total liabilities		35,742	34,170
NET ASSETS		629,596	706,835
Unitholders' fund (as per statement attached)		629,596	706,835
Contingencies and commitments	13		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		11,680,502	13,115,233
		(Rupees)	
NET ASSET VALUE PER UNIT	3.6	53.9015	53.8942

The annexed notes from 1 to 28 form an integral part of these financial statements.

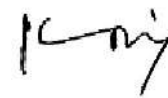
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	For the year ended	
		June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
INCOME			
Interest income from government securities		8,160	40,080
Interest income from term finance certificates		19,391	35,696
Profit on bank deposits		17,268	22,028
Capital gain on sale of investments - net		2,293	26,330
Dividend income		10,123	-
Income on spread income		1,243	-
Profit on margin trading system		1,866	-
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.5	7,089	(295)
Other income		737	180
Total income		<u>68,170</u>	<u>124,019</u>
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	9.1	7,016	11,964
Sindh sales tax on remuneration of Management Company	9.2	912	1,555
Allocated expenses	9.3	686	707
Selling and marketing expenses	9.4	3,196	3,078
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	515	565
Sindh sales tax on remuneration of Trustee	10.2	67	73
Annual Fee to the Securities and Exchange Commission of Pakistan	11.1	137	150
Securities transaction cost		4,802	584
Fees and subscription		598	662
Legal and professional charges		137	228
Auditors' remuneration	14	705	724
Bank charges		139	241
Other expenses		180	43
Total expenses		<u>19,090</u>	<u>20,574</u>
Net income from operating activities		<u>49,080</u>	<u>103,445</u>
Provision for Sindh Workers' Welfare Fund (SWWF)		(982)	(2,069)
Net income for before taxation		<u>48,098</u>	<u>101,376</u>
Taxation	15	-	-
Net income after taxation		<u>48,098</u>	<u>101,376</u>
Earnings per unit	3.12	-	-
Allocation of net income:			
Net income after taxation		48,098	101,376
Income already paid on units redeemed		(9,217)	(17,801)
		<u>38,881</u>	<u>83,575</u>
Accounting income available for distribution			
- Relating to capital gains		6,423	22,292
- Excluding capital gains		32,458	61,283
		<u>38,881</u>	<u>83,575</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

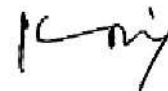
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>For the year ended</u>	
	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
	----- (Rupees in '000) -----	
Net income for the year after taxation	48,098	101,376
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>48,098</u>	<u>101,376</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

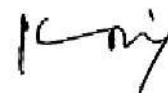
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	604,007	102,828	706,835	602,553	95,207	697,760
Issuance of 14,773,388 units (2020:18,912,966 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	796,200	-	796,200	1,005,247	-	1,005,247
- Element of income	21,470	-	21,470	75,424	-	75,424
	817,670	-	817,670	1,080,671	-	1,080,671
Redemption of 16,208,119 units (2020:18,925,548 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	873,524	-	873,524	1,005,916	-	1,005,916
- Element of loss	18,476	9,217	27,693	66,724	17,801	84,525
	892,000	9,217	901,217	1,072,640	17,801	1,090,441
Total comprehensive income for the year	-	48,098	48,098	-	101,376	101,376
Interim dividend for the year ended June 30, 2021 @ Rs 3.9355 per unit on June 25, 2021	-	(38,862)	(38,862)	-	-	-
Refund of capital for the year ended June 30, 2021	(2,928)	-	(2,928)	-	-	-
Final distribution for the year ended June 30, 2020 @ Rs 6.9605 per unit on June 29, 2019	-	-	-	-	(75,954)	(75,954)
Refund of capital for the year ended June 30, 2020	-	-	-	(6,577)	-	(6,577)
Total distributions during the year	(2,928)	(38,862)	(41,790)	(6,577)	(75,954)	(82,531)
Net assets at end of the year	<u>526,749</u>	<u>102,847</u>	<u>629,596</u>	<u>604,007</u>	<u>102,828</u>	<u>706,835</u>
Undistributed income brought forward comprising of						
- Realised		103,123			98,350	
- Unrealised		(295)			(3,143)	
Undistributed income brought forward		<u>102,828</u>			<u>95,207</u>	
Accounting income available for distribution						
- Relating to capital gains	6,423			22,292		
- Excluding capital gains	32,458			61,283		
	38,881			83,575		
Distributions during the year	(38,862)			(75,954)		
Undistributed income carried forward	<u>102,847</u>			<u>102,828</u>		
Undistributed income carried forward comprising of:						
- Realised		95,758			103,123	
- Unrealised		7,089			(295)	
		<u>102,847</u>			<u>102,828</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at beginning of the year	<u>53.8942</u>			<u>53.1512</u>		
Net asset value per unit at end of the year	<u>53.9015</u>			<u>53.8942</u>		

The annexed notes from 1 to 28 form an integral part of these financial statements.

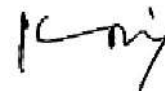
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	For the year ended	
		June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		48,098	101,376
Adjustments for non cash and other items:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(7,089)	295
Provision of Sindh Worker's Welfare Fund (SWWF)		982	2,069
		41,991	103,740
Decrease / (increase) in assets			
Investments - net		251,323	(396,301)
Interest, dividend and other receivable		7,376	(3,528)
Receivable against margin trading system		(2,257)	-
Receivables against sale of Investment		(4,699)	-
Advances, deposit and prepayments		(131)	(24)
Receivable from the National Clearing Company of Pakistan Limited		(15,449)	-
		236,163	(399,853)
Increase / (decrease) in liabilities			
Payable to MCB-Arif Habib Savings and Investments		623	(485)
Payable to Central Depository Company of Pakistan Limited - Trustee		(5)	(62)
Payable to the Securities and Exchange Commission of Pakistan		(13)	(508)
Payable against purchase of treasury bills		-	(369,326)
Accrued expenses and other liabilities		(15)	(6,006)
		590	(376,387)
Net cash generated from / (used in) from operating activities		278,744	(672,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(38,862)	(75,954)
Cash received from issuance of units net of refund of capital		814,742	1,074,094
Cash paid for redemption of units		(901,217)	(1,090,441)
Net cash used in financing activities		(125,337)	(92,301)
Net increase / (decrease) in cash and cash equivalents during the year		153,407	(764,801)
Cash and cash equivalents at beginning of the year		78,377	843,178
Cash and cash equivalents at end of the year	16	231,784	78,377

The annexed notes from 1 to 28 form an integral part of these financial statements.

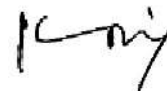
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letters dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unitholders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2020 to the Management Company and "A+(f)" as stability rating dated March 9, 2021 to the Fund .
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020, has submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020).

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS's) 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), 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 IFRS's, 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 the requirements of the Trust Deed have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors (amendment)'	January 1, 2023

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund .

There are certain other standards, interpretations and amendments that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

2.5 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for SWWF (note 12.1), provision for Federal Excise Duty (note 12.2) and provision for taxation (notes 3.11 and 15).

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification and subsequent measurement

Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income "(FVOCI)"
- at fair value through profit or loss (FVTPL) based on the business model of the entity

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income on equity securities classified under FVPL is recognised in the Income Statement .

The Fund can also invest in equity securities for the purpose of spread transactions.

3.2.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments as per Circular 33 of 2012) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in the credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.2.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy duly approved by the Board of Directors.

3.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.2.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.2.7 Derivatives

Derivate instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured at fair value and the resultant gain or loss is recognised in the Income Statement.

3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost using effective interest method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement. Financial liabilities include payable to the Management Company and other liabilities.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties, charges and transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate for provision of duties, charges and transactions costs, if applicable.

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.9 Revenue recognition

- Interest income on government securities is recognised on an accrual basis using effective interest method.
- Income on debt securities (including term finance certificates and sukuks) is recognised on an accrual basis using effective interest method.
- Profit on bank deposits is recognised on an accrual basis using effective interest method.
- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.10 Expenses

All expenses including Management fee, Trustee fee, the Securities and Exchange Commission of Pakistan fee and allocated expenses are recognised in the Income Statement on an accrual basis.

3.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates .

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

3.12 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

3.13 Distribution to units holders fund

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4	BALANCES WITH BANKS	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)		
	In current account		7,610	11
	In deposit accounts	4.1	149,379	78,366
		4.2	<u>156,989</u>	<u>78,377</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 4.1 These carry mark-up at rates ranging between 5.5% to 9.75% per annum (2020: 5.5% to 14.45% per annum).
- 4.2 These include balances held with MCB Bank Limited (a related party) of Rs 7.683 million (2020: Rs 1 8.325) million.

5 INVESTMENTS	Note	June 30, 2021	June 30, 2020
(Rupees in '000)			
Investments at fair value through profit or loss			
Government securities	5.1	74,795	351,825
Listed debt securities	5.2	-	111,005
Unlisted debt securities	5.3	156,233	181,826
Listed equity securities	5.4	236,537	-
Future stock contracts		7,652	-
		475,217	644,656
5.1 Government securities			
Market Treasury Bills	5.1.1	74,795	246,596
Pakistan Investment Bonds	5.1.2	-	105,229
Sukuk Certificate	5.1.3	-	-
		74,795	351,825

5.1.1 Market Treasury Bills

Tenure	Note	Issue Date	Face value			June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	
			At July 01, 2020	Purchased during the year	Sold / matured during the year	At June 30, 2021	Carrying value	Market value			(Diminution) / appreciation
----- (Rupees in '000) ----- % -----											
Market Treasury bills											
- 3 months		July 2, 2020	-	75,000	75,000	-	-	-	-	-	
- 3 months		July 16, 2020	-	75,000	75,000	-	-	-	-	-	
- 3 months		August 27, 2020	-	50,000	50,000	-	-	-	-	-	
- 3 months		October 8, 2020	-	75,000	75,000	-	-	-	-	-	
- 3 months		November 5, 2020	-	250,000	250,000	-	-	-	-	-	
- 3 months		November 19, 2020	-	220,000	220,000	-	-	-	-	-	
- 3 months		December 3, 2020	-	720,000	720,000	-	-	-	-	-	
- 3 months		December 17, 2020	-	500,000	500,000	-	-	-	-	-	
- 3 months		January 14, 2021	-	525,000	525,000	-	-	-	-	-	
- 3 months		January 28, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		February 25, 2021	-	650,000	650,000	-	-	-	-	-	
- 3 months		March 25, 2021	-	125,000	125,000	-	-	-	-	-	
- 3 months		April 8, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months	5.1.1.1	April 22, 2021	-	575,000	500,000	75,000	74,793	74,795	2	12%	
- 3 months		May 6, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		May 20, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		June 3, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		June 17, 2021	-	500,000	500,000	-	-	-	-	-	
Market Treasury bills											
- 6 months		June 18, 2020	-	250,000	250,000	-	-	-	-	-	
- 6 months		July 2, 2020	-	95,000	95,000	-	-	-	-	-	
- 6 months		July 16, 2020	-	75,000	75,000	-	-	-	-	-	
- 6 months		November 5, 2020	-	50,000	50,000	-	-	-	-	-	
Market Treasury bills											
- 12 months		September 12, 2019	250,000	-	250,000	-	-	-	-	-	
- 12 months		December 5, 2019	-	500,000	500,000	-	-	-	-	-	
- 12 months		December 19, 2019	-	60,000	60,000	-	-	-	-	-	
- 12 months		January 16, 2020	-	20,000	20,000	-	-	-	-	-	
- 12 months		April 9, 2020	-	20,000	20,000	-	-	-	-	-	
- 12 months		June 4, 2020	-	75,000	75,000	-	-	-	-	-	
As at June 30, 2021							74,793	74,795	2		
As at June 30, 2020							246,243	246,596	353		

5.1.1.1 This will mature on July 15, 2021 (2020: September 10, 2020) and carries effective yield of 7.25% (2 020: 7.90%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.1.2 Pakistan Investments Bonds

Tenure	Issue Date	Face value				June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2020	Purchased during the year	Sold during the year	At June 30, 2021	Carrying value	Market value	Appreciation		
----- (Rupees in '000) ----- % -----										
Pakistan Investment Bonds										
- 3 years	August 20, 2020	-	200,000	200,000	-	-	-	-	-	-
- 3 years	June 18, 2020	-	350,000	350,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 5 years	September 19, 2019	100,000	200,000	300,000	-	-	-	-	-	-
- 5 years	October 15, 2020	-	175,000	175,000	-	-	-	-	-	-
As at June 30, 2021						-	-	-		
As at June 30, 2020						102,659	105,229	2,570		

5.1.3 Sukuk Certificate

Particulars	Number of certificates				Balance as at June 30, 2021			Market value as a percentage of		
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
----- (Rupees in '000) ----- % -----										
GOP Ijara - 5 years (Jul-28-2020 - Jul-28, 2025)	-	47,500	47,500	-	-	-	-	-	-	
GOP Ijara - 5 years (Jul-29-2020 - Jul-28, 2025)	-	110,000	110,000	-	-	-	-	-	-	
GOP Ijara - 5 years (Jul-29-2020 - Jul-28, 2025)	-	110,000	110,000	-	-	-	-	-	-	
As at June 30, 2021						-	-	-		
As at June 30, 2020						-	-	-		

5.2 Listed debt securities - Term Finance Certificates / Sukuk Certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					June 30, 2021			Market value as a percentage of	
	At July 1, 2020	Purchased during the year	Matured during the year	Sold during the year	At June 30, 2021	Carrying value	Market value	Appreciation / (diminution)	net assets	total investment
-----Rupees in '000----- % -----										
Financial Institutions										
Habib Bank Limited - TFC - 1 - (February 19, 2016)*	500	-	-	500	-	-	-	-	-	-
Fertilizer										
Dawood Hercules Corporation Limited (Sukuk November 16, 2017)*	735	-	-	735	-	-	-	-	-	-
Dawood Hercules Corporation Limited (Sukuk March 1, 2018)*	125	-	-	125	-	-	-	-	-	-
Real Estate investment and services										
Pace Pakistan Limited (15-02-08) (note 5.6)	15,000	-	-	-	15,000	74,910	(74,910)	-	-	-
Less: Provision for impairment										
As at June 30, 2021						-	-	-		
As at June 30, 2020						111,026	111,005	(21)		

* Face value of the investment is Rs. 100,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.3 Unlisted debt securities - Term Finance Certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					June 30, 2021			Market value as a percentage of	
	As at July 1, 2020	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment
----- Rupees in '000 ----- % -----										
Financial Institutions										
Askari Bank Limited IV - TFC (September 30, 2014)	8,300	-	-	8,300	-	-	-	-	-	-
Askari Bank Limited VII - TFC (March 17, 2020)**	20	-	-	-	20	20,000	19,796	(204)	3.14%	4.17%
Samba Bank Limited-TFC-I (1 March 2021)*	-	400	-	-	400	40,000	40,000	-	6.35%	8.42%
Bank Al Habib Limited (March 17, 2016) TFC-II	5,000	-	-	5,000	-	-	-	-	-	-
The Bank of Punjab Limited TFC - I (December 23, 2016)*	475	75	-	-	550	54,014	55,450	1,436	8.81%	11.67%
Jahangir Siddiqui & Company Limited - TFC-III (July 18, 2017)	17,000	-	-	-	17,000	39,468	39,820	352	6.32%	8.38%
Construction and Material										
Byco Petroleum Limited - Sukuk (January 18, 2017)*	10	10	-	-	20	1,170	1,167	(3)	0.19%	0.25%
Eden Housing Limited - Sukuk (March 31, 2008) (note 5.6)	10,415	-	-	-	10,415	10,251				
- Due but not received						(10,251)				
Less: Provision for impairment										
Total as at June 30, 2021						154,652	156,233	1,581		
Total as at June 30, 2020						185,023	181,826	(3,197)		

* Face value of this sukuk certificate is Rs.100,000 per certificate.

** Face value of this sukuk certificate is Rs.1,000,000 per certificate.

5.3.1 Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned term finance certificates of Askari Bank Limited and Jahangir Siddiqui and Company Limited have been valued at a discretionary rate of Rs 98.9779 and Rs 98.6259 where as the reported market rates on MUFAP valuation sheet as at June 30, 2021 were Rs 100.4474 and Rs 100.3844 respectively.

5.4 Listed equity securities - 'at fair value through profit or loss'

Name of investee company	Number of shares				Balance as at June 30, 2021			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the period	Sold during the period	As at June 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total investments	
----- (Rupees in '000) ----- % -----										
Automobile Assembler										
Gandhara Nissan Limited	-	34,000	34,000	-	-	-	-	-	-	-
Gandhara Industries Limited	-	54,000	54,000	-	-	-	-	-	-	-
Sazgar Engineering Works	-	5,500	-	5,500	968	925	(43)	0.15	0.19	0.01
Pak Suzuki Motors Company Limited*	-	31,000	30,000	1,000	357	355	(2)	0.06	0.07	-
					1,325	1,280	(45)	0.20	0.27	0.01
Automobile Parts & Accessories										
The General Tyre & Rubber Company	-	67,500	67,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Cable & electrical goods										
Pak Elektron Limited	-	2,687,000	2,423,500	263,500	9,249	9,238	(11)	1.47	1.94	0.05
					9,249	9,238	(11)	1.47	1.94	0.05
Balance carried forward					10,574	10,518	(56)			

* Nil figures due to rounding off

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	Number of shares				Balance as at June 30, 2021			Market Value as a percentage of		Percentage in relation to paid- up capital of the investee company
	As at July 01, 2020	Purchased during the period	Sold during the period	As at June 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
					----- (Rupees in '000) ----- % -----					
Balance carried forward					10,574	10,518	(56)			
Cement										
Cherat Cement Company Limited	-	72,500	72,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited**	-	450,000	412,500	37,500	4,738	4,422	(316)	0.70	0.93	0.01
Fauji Cement Company Limited*	-	891,000	855,500	35,500	846	817	(29)	0.13	0.17	-
Lucky Cement Limited	-	34,500	34,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	992,500	865,000	127,500	6,068	5,990	(78)	0.95	1.26	0.01
Pioneer Cement Limited	-	252,500	227,000	25,500	3,377	3,342	(35)	0.53	0.70	0.01
Power Cement Limited**	-	199,000	199,000	-	-	-	-	-	-	-
					15,029	14,571	(458)	2.31	3.06	0.03
Chemicals										
Engro Polymer and Chemicals Limited*	-	455,000	420,500	34,500	1,681	1,630	(51)	0.26	0.34	-
Ghani Global Holdings Limited	-	1,088,000	438,000	650,000	30,207	32,266	2,059	5.12	6.79	0.23
Lotte Chemical Pakistan Limited	-	1,450,000	1,272,000	178,000	2,843	2,748	(95)	0.44	0.58	0.01
					34,731	36,644	1,913	5.82	7.71	0.24
Engineering										
Amreli Steels Limited*	-	539,500	525,500	14,000	628	608	(20)	0.10	0.13	-
International Industries Limited	-	151,500	142,000	9,500	2,051	2,005	(46)	0.32	0.42	0.01
Aisha Steel Limited**	-	1,004,000	480,000	524,000	12,964	13,053	89	2.07	2.75	0.06
International Steels Limited	-	980,500	784,500	196,000	18,492	18,308	(184)	2.91	3.85	0.05
Mughal Iron & Steel Industries Limited*	-	64,500	62,500	2,000	216	209	(7)	0.03	0.04	-
					34,351	34,183	(168)	5.43	7.19	0.12
Fertilizer										
Engro Fertilizer Limited	-	116,000	116,000	-	-	-	-	-	-	-
Engro Corporation Limited*	-	50,000	48,500	1,500	461	442	(19)	0.07	0.09	-
Fauji Fertilizer Bin Qasim Limited	-	455,500	359,500	96,000	2,567	2,535	(32)	0.40	0.53	0.01
Fauji Fertilizer Company Limited	-	1,000	1,000	-	-	-	-	-	-	-
					3,028	2,977	(51)	0.47	0.62	0.01
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited*	-	809,500	783,500	26,000	2,522	2,471	(51)	0.39	0.52	-
Pakistan Oilfields Limited	-	111,000	111,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited*	-	681,000	672,500	8,500	768	738	(30)	0.12	0.16	-
					3,290	3,209	(81)	0.51	0.68	-
Oil and Gas Marketing Companies										
Hascol Petroleum Limited	-	6,359,000	6,359,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited*	-	179,500	173,000	6,500	1,537	1,458	(79)	0.23	0.31	-
Sui Northern Gas Pipelines Limited	-	454,000	360,500	93,500	4,384	4,542	158	0.72	0.96	0.01
Sui Southern Gas Company Limited*	-	193,500	190,500	3,000	42	40	(2)	0.01	0.01	-
					5,963	6,040	77	0.96	1.28	2.24
Paper And Board										
Century Paper & Board Mills Limited	-	2,500	2,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	-	159,000	159,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Power Generation & Distribution										
The Hub Power Company Limited*	-	335,000	324,500	10,500	849	837	(12)	0.13	0.18	-
Kot Addu Power Company Limited	-	754,500	573,500	181,000	7,748	8,027	279	1.27	1.69	0.02
K-Electric Limited*&***	-	1,135,000	933,000	202,000	847	844	(3)	0.13	0.18	-
					9,444	9,708	264	1.53	2.05	0.02
Balance carried forward					116,410	108,142	1,176			

* Nil figures due to rounding off

**These transactions relate to shares of related parties

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	Number of shares				Balance as at June 30, 2021			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the period	Sold during the period	As at June 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total investments	
					(Rupees in '000)			%		
Balance carried forward					116,410	108,142	1,176			
Refinery										
Attock Refinery Limited	-	976,500	866,500	110,000	29,182	28,210	(972)	4.48	5.94	0.10
National Refinery Limited*	-	342,000	339,000	3,000	1,623	1,570	(53)	0.25	0.33	-
Byco Petroleum Pakistan Limited	-	4,473,500	3,249,000	1,224,500	15,071	14,216	(855)	2.26	2.99	0.02
Pakistan Refinery Limited	-	2,624,000	2,624,000	-	-	-	-	-	-	-
					45,876	43,996	(1,880)	6.99	9.26	0.12
Technology & Communications										
Avanceon Limited	-	1,410,500	1,302,000	108,500	10,125	9,947	(178)	1.58	2.09	0.04
Hum Network Limited	-	7,601,000	4,201,000	3,400,000	28,531	27,268	(1,263)	4.33	5.74	0.36
NetSol Technologies Limited	-	367,000	367,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited*	-	19,500	3,000	16,500	205	195	(10)	0.03	0.04	-
TRG Pakistan Limited	-	2,006,500	1,914,500	92,000	15,808	15,302	(506)	2.43	3.22	0.02
					54,669	52,712	(1,957)	8.37	11.09	0.42
Textile Composite										
Gul Ahmed Textile Mills Limited	-	35,000	8,500	26,500	1,385	1,345	(40)	0.21	0.28	0.01
Nishat (Chunian) Limited**	-	47,000	47,000	-	-	-	-	-	-	-
Nishat Mills Limited**	-	169,500	169,500	-	-	-	-	-	-	-
					1,385	1,345	(40)	0.21	0.28	0.01
Transport										
Pakistan International Bulk Terminal Limited*	-	4,129,000	4,090,000	39,000	421	444	23	0.07	0.09	-
					421	444	23	0.07	0.09	-
Food & Personal Care Products										
Unity Foods Limited	-	12,452,500	11,999,000	453,500	19,922	20,190	268	3.21	4.25	0.05
					19,922	20,190	268	3.21	4.25	0.05
Total as at June 30, 2021					238,683	236,537	(2,146)			
Total as at June 30, 2020					-	-	-			

* Nil figures due to rounding off

**These transactions relate to shares of related parties

*** This has a face value of Rs. 3.5 per share

The TRG movement in equity securities represents spread transactions entered into by the Fund. The fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day resulting in spread income / (loss) due to difference in ready and future stock prices.

5.5	Note	June 30, 2021	June 30, 2020
Net unrealised appreciation / (diminution) in value of investments at fair value through profit or loss		(Rupees in '000)	
Market value of investments	5.1.1, 5.1.2, 5.1.3, 5.2, 5.3 & 5.4	475,217	644,656
Carrying value of investments	5.1.1, 5.1.2, 5.1.3, 5.2, 5.3 & 5.4	468,128	644,951
		<u>7,089</u>	<u>(295)</u>

5.6 Significant terms and conditions of term finance certificates and other securities outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
		Rupees	Rupees				
Unlisted debt securities							
Askari Bank Limited VII - TFC	20	1,000,000	1,000,000	3M KIBOR+1.2%	March 17, 2030	Unsecured	AA
Samba Bank Limited -(TFC-I)	400	100,000	100,000	6M Kibor + 1.35%	March 1, 2031	Secured	AA-
The Bank of Punjab Limited - TFC I	550	100,000	99,820	6M KIBOR+1%	December 23, 2026	Unsecured	AA
Jahangir Siddiqui & Company Limited. - TFC III	17,000	5,000	2,375	6M KIBOR+1.4%	July 18, 2023	Secured	AA+
Byco Petroleum Limited (Sukuk)	20	100,000	58,333	3M KIBOR+1.05%	January 18, 2023	Secured	AAA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

6. DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at June 30, 2021, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer at the time of repayment of coupon due on the respective dates.

Category of non-compliant investment	Name of Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
-----Rs in '000-----						
Investment in debt securities	a) Pace Pakistan Limited (see note 5.2)	74,910	74,910	-	-	-
	b) Eden Housing Limited (see note 5.3)	10,251	10,251	-	-	-

7 INTEREST, DIVIDEND AND OTHER RECEIVABLE

Interest on:

- Term finance certificates	2,983	9,320
- Government securities	-	2,685
- Deposit accounts	1,049	661
- Margin trading system	20	-
- Dividend receivable	66	-
- Other receivable	1,172	-
	5,290	12,666

8 ADVANCES, DEPOSITS AND PREPAYMENTS

Advance tax	8.1	303	294
Deposits with:			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		200	200
Prepayments		413	291
		3,416	3,285

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend, profit on bank deposits, profit on markup on margin trading system and profit on debt securities paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt securities, profit on bank deposits and profit on margin trading system transactions amounts to Rs.0.303 million (2020: Rs.0.294 million).

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on profit on debt securities, profit on bank deposits and profit on margin trading system transactions has been shown as advance tax under 'Advances, deposits and prepayments' as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
9 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		------(Rupees in '000)-----	
Management remuneration payable	9.1	1,052	179
Sindh Sales Tax payable on remuneration of the Management Company	9.2	136	23
Allocated expenses payable	9.3	54	17
Selling and marketing expenses payable	9.4	-	392
Sales load payable		21	29
		1,263	640

9.1 The management company has charged management fee at the rate upto, 15% of the gross earnings of scheme, calculated on daily basis subject to minimum fee of 0.25% of average daily net assets of the Fund. The aforementioned limit was revised in the prior period and is effective since August 8, 2019. Previously, the management fee was charged at the rate of 1.5% of the average daily net assets of the Fund.

9.2 During the year, an amount of Rs 0.912 million (2020: Rs 1.555 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.799 million (2020: Rs 1.646 million) has been paid on account of sales tax on management remuneration to the Management Company which acts as a collecting agent.

9.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

9.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Asset management Company (BOD) as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

	Note	June 30, 2021	June 30, 2020
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		------(Rupees in '000)-----	
Trustee remuneration payable	10.1	42	47
Sindh Sales Tax payable on trustee remuneration	10.2	6	6
		48	53

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (2020: 0.075%) of average daily net assets of the Fund during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 10.2** During the year, an amount of Rs 0.67 million (2020: Rs 0.73 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.0.67 million (2020: 0.80 million) on account of sales tax on remuneration of trustee was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2021	June 30, 2020
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		------(Rupees in '000)-----	
Annual fee	11.1	137	150

- 11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (June 30, 2020: 0.02%) of average daily net assets of the Fund during the year.

	Note	June 30, 2021	June 30, 2020
12 ACCRUED AND OTHER LIABILITIES		------(Rupees in '000)-----	
Provision for Sindh workers' welfare fund	12.1	9,434	8,452
Provision for federal excise duty payable on	12.2		
- Management fee		16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		443	34
Capital gain tax payable		231	651
Auditors' remuneration payable		396	396
Printing expense payable		37	40
Legal advisor payable		31	20
Other payable		307	319
		32,215	31,248

12.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year amounting to a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.81 (2020: Re. 0.64) per unit.

12.2 Federal Excise Duty payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 21.336 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Rs 1.42 (2020: Rs 1.26) per unit.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at June 30, 2021 and June 30, 2020.

	June 30, 2021	June 30, 2020
Commitments	----- (Rupees in '000) -----	
Future sale transactions of equity securities entered into by the Fund which have not been settled as at year end		
Sell	250,704	-
Buy	4,721	-
Margin Trading sale transactions not settled as at year end	2,269	-

14. AUDITORS' REMUNERATION

Annual audit fee	297	297
Half yearly review fee	181	181
Other certifications	50	50
Out of pocket expenses	177	196
	705	724

15. 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

	Note	June 30, 2021	June 30, 2020
16. CASH AND CASH EQUIVALENTS AT END OF THE YEAR		----- (Rupees in '000) -----	
Balances with banks	4	156,989	78,377
Treasury bills - 3 months	5.1.1	74,795	-
		231,784	78,377

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year is 2.92% (2020: 3%) which includes 0.3% (2020: 0.51%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sindh Sales tax, Annual fee to the SECP etc. The prescribed limit for the ratio is 2.5% under the NBFC Regulations for a collective investment scheme categorised as a "Aggressive fixed income scheme". However, collective investment scheme categorised as a "Aggressive fixed income scheme" which invest in Margin Trading System (MTS) and / or ready future spread transaction, may charge additional MTS and / or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme. Accordingly, the enhanced prescribed limit for the ratio after incorporating the aforementioned additional expenses is 3% (2020: 3%).

18 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Offering document.

Remuneration to the Trustee of the Fund is determined in accordance with the provision of the Trust Deed.

The details of transactions and balances at year end with related parties / connected persons are as follows:

18.1 Details of transactions with connected persons are as follows:

	<u>For the year ended</u>	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	7,928	13,519
Allocated expenses	686	707
Selling and marketing expense	3,196	3,078
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	582	638
CDC Settlement charges	191	21
MCB Bank Limited		
Profit on bank deposits	90	244
Bank charges	19	11
Purchase of securities - Face Value: Rs. 250,000,000 (2020: Nil)	242,800	-
Sale of securities - Face Value: Nil (2020: Rs. 500,000,000)	-	444,029
D. G. Khan Cement Company Limited - Group Company of Parent Company		
Purchase of Shares 2021: 450,000 (2020: NIL)	50,575	-
Sale of Shares 2021: 412,500 (2020: NIL)	46,232	-
Nishat Mills Limited - Group Company of Parent Company		
Purchase of Shares 2021: 169,500 (2020: NIL)	16,708	-
Sale of Shares 2021: 169,500 (2020: NIL)	16,330	-
Dividend Income	512	-

* 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended	
	June 30, 2021	June 30, 2020
	------(Rupees in '000)-----	
Nishat (Chunian) Limited - Group Company of Parent Company		
Purchase of Shares 2021: 47,000 (2020: NIL)	2,081	-
Sale of Shares 2021: 47,000 (2020: NIL)	2,103	-
Aisha Steel Mills Limited - Group Company of Parent Company		
Purchase of Shares 2021: 1,004,000 (2020: NIL)	24,575	-
Sale of Shares 2021: 480,000 (2020: NIL)	11,200	-
Power Cement Limited- subsidiary of associated company		
Purchase of Shares 2021: 199,000 (2020: NIL)	1,951	-
Sale of Shares 2021: 199,000 (2020: NIL)	1,975	-
Arif Habib Limited		
Brokerage*	-	47
	June 30, 2021	June 30, 2020
	------(Rupees in '000)-----	
18.2 Amounts outstanding at year end		
MCB - Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	1,052	179
Sindh Sales Tax payable on remuneration of the Management Company	136	23
Allocated expenses payable	54	17
Selling and marketing expenses payable	-	392
Sales load payable	21	29
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	42	47
Sindh Sales Tax payable on trustee remuneration	6	6
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	7,683	18,325
D.G. Khan Cement Company Limited		
Shares held 37,500 (2020: NIL)	4,422	-
Aisha Steel Mills Limited		
Shares held 524,000 (2020: NIL)	13,053	-

* 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.

18.3 Transactions during the year with connected persons / related parties in units of the Fund:

For the Year Ended ended June 30, 2021							
As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
Units ----- (Rupees in '000) -----							

Associated companies:

Security General Insurance Company							
Limited Employees Provident Fund Trust	46,809	3,418	-	50,227	2,523	184	-
							2,707

Mandate under discretionary portfolio services

	8	-	8	-	-	-	-
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Key management personnel *

	-	29,285	9	29,276	-	1,578	1
							1,578

Unit holders holding 10% or more units	1,892,804	138,217	-	2,031,021	102,011	7,449	-
							109,475

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

For the Year Ended ended June 30, 2020							
As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020

	Units		(Rupees in '000)					
Associated companies:								
MCB Arif Habib Savings and Investments Limited	-	5	5	-	-	1	1	-
Security General Insurance Company Limited Employees Provident Fund Trust	41,471	5,338	-	46,809	2,204	289	-	2,523
Mandate under discretionary portfolio services	7	1	-	8	-	1	-	-
Key management personnel *	-	106,288	106,288	-	-	5,932	5,934	-
Unit holders holding 10% or more units	1,676,950	215,854	-	1,892,804	89,132	11,672	-	102,011

* This reflects the position of related party / connected persons status as at June 30, 2020.

19 FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2021		
At amortised cost	At fair value through profit or loss	Total

	(Rupees in'000)	
Financial assets		
Balances with banks	156,989	-
Investments	-	475,217
Interest, dividend and other receivable	5,290	-
Deposits	2,700	-
Receivable against margin trading system	2,257	-
Receivables against sale of investment	4,699	-
Receivable from National Clearing Company of Pakistan Limited	17,470	-
	189,405	475,217
		664,622

June 30, 2021		
At fair value through profit or loss	At amortised cost	Total

	(Rupees in'000)	
Financial liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	1,263
Payable to Central Depository Company of Pakistan Limited - Trustee	-	48
Payable against redemption of units	-	2,079
Accrued and other liabilities	-	1,214
	-	4,604
		4,604

June 30, 2020		
At amortised cost	At fair value through profit or loss	Total

	(Rupees in'000)	
Financial assets		
Balances with banks	78,377	-
Investments	-	644,656
Interest, dividend and other receivable	12,666	-
Deposits	2,700	-
Receivable from National Clearing Company of Pakistan Limited	2,021	-
	95,764	644,656
		740,420

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
(Rupees in'000)		

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	640	640
Payable to Central Depository Company of Pakistan Limited - Trustee	-	53	53
Payable against redemption of units	-	2,079	2,079
Accrued and other liabilities	-	809	809
	-	3,581	3,581

20 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk .

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks, investments in term finance certificates, investment in sukuk certificates and investment in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2021, the Fund holds KIBOR based interest bearing term finance and sukuk certificates exposing the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 1.562 million (2020: Rs 2.928 million).

The Fund holds Term Finance Certificates and Sukuks classified as 'fair value through profit or loss' exposing the Fund to interest rate fair value risk. In case of a 5% increase / decrease in rates determined by MUFAP as on June 30, 2021, the net assets value of the Fund and the net income for the year would increase / decrease by Rs. 7.8116 million (2020: Rs.14.642 million), as a result of reduction / increase in unrealised gains / (losses) respectively.

The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 1.493 million (2020: Rs 0.784 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds government securities which are classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association of Pakistan (FMAP) on June 30, 2021, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 0.748 million (2020: higher / lower by Rs 3.518 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by FMAP is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

June 30, 2021					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total

Rupees in '000

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.5% to 9.75%	149,379	-	-	7,610	156,989
Investments						
at fair value through profit and loss - net						
Listed equity securities		-	-	-	236,537	236,537
Future Stock Contracts		-	-	-	7,652	7,652
- Market Treasury Bills	7.25%	74,795	-	-	-	74,795
- Unlisted debt securities	3M Kibor+1.05% to 6M Kibor 1.4%	20,963	135,270	-	-	156,233
		95,758	135,270	-	244,189	475,217
Interest, dividend and other receivable		-	-	-	5,290	5,290
Security deposits		-	-	-	2,700	2,700
Receivable against margin trading system		-	-	-	2,257	2,257
Receivables against sale of investment		-	-	-	4,699	4,699
Receivable from National Clearing Company of Pakistan Limited		-	-	-	17,470	17,470
		245,137	135,270	-	284,215	664,622

Financial Liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	1,263	1,263
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	48	48
Payable against redemption of units		-	-	-	2,079	2,079
Accrued and other liabilities		-	-	-	1,214	1,214
		-	-	-	4,604	4,604

On-balance sheet gap (a)

	245,137	135,270	-	279,611	660,018
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Off-balance sheet financial instruments

	-	-	-	257,694	-
--	---	---	---	---------	---

Off-balance sheet gap (b)

	-	-	-	257,694	-
--	---	---	---	---------	---

Total interest rate sensitivity gap (a+b)

	245,137	135,270	-		
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Cumulative interest rate sensitivity gap

	245,137	380,407	380,407		
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total

Rupees in '000

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.5% to 14.45%	78,366	-	-	11	78,377
Investments						
at fair value through profit and loss - net						
- Market Treasury Bills	7.90%	246,596	-	-	-	246,596
- Pakistan Investments Bonds	8.82%	-	-	105,229	-	105,229
- Listed debt securities	3M Kibor+1% to 6M Kibor+0.5%	62,143	48,862	-	-	111,005
- Unlisted debt securities	3M Kibor+0.75% to 6M Kibor 1.4%	20,585	161,241	-	-	181,826
		329,324	210,103	105,229	-	644,656
Interest, dividend and other receivable		-	-	-	12,666	12,666
Security deposits		-	-	-	2,700	2,700
Receivable from National Clearing Company of Pakistan Limited		-	-	-	2,021	2,021
		407,690	210,103	105,229	17,398	740,420

Financial Liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	640	640
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	53	53
Payable against redemption of units		-	-	-	2,079	2,079
Accrued and other liabilities		-	-	-	809	809
		-	-	-	3,581	3,581
On-balance sheet gap (a)		407,690	210,103	105,229	13,817	736,839
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		407,690	210,103	105,229		
Cumulative interest rate sensitivity gap		407,690	617,793	723,022		

20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 5.4.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date, with all other variables held constant.

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Investments	11,827	-
Income statement	11,827	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

20.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

The Fund is exposed to counter party credit risks on investment in term finance certificates, sukuks, balances with bank and other receivable balances. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Treasury bills are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. This information is supplied by the independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The table below analyses the Fund's maximum exposure to credit risk:

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	-----Rupees in '000-----			
Balances with banks	156,989	156,989	78,377	78,377
Investments in government securities	74,795	-	351,825	-
Investments in debt securities	156,233	156,233	292,831	292,831
Listed equity securities	236,537	-	-	-
Future Stock Contracts	7,652	-	-	-
Interest, dividend and other receivable	5,290	5,290	12,666	9,981
Deposits	2,700	2,700	2,700	2,700
Receivable against margin trading system	2,257	2,257	-	-
Receivables against sale of investment	4,699	4,699	-	-
Receivable from National Clearing Company of Pakistan Limited	17,470	17,470	2,021	2,021
	<u>664,622</u>	<u>345,638</u>	<u>740,420</u>	<u>385,910</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities of Rs. 74.795 million (2020: Rs. 351.825 million), investment in listed equity securities of Rs. 236.537 million (2020: Nil), investment in future stock contracts of Rs. 7.652 million (2020: Nil) and profit receivable from these securities of Rs. Nil (2020: Rs. 2.685 million) are not exposed to credit risk.

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020:

Bank Balances by rating category	2021	2020
	----- % -----	
AAA	15.57	79.15
AA+	0.66	20.65
AA	1.01	0.03
AA-	49.98	0.02
A+	32.76	0.10
A	0.01	0.04
A-	0.01	0.01
	<u>100.00</u>	<u>100.00</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The analysis below summarizes the credit quality of the Fund's investment in government securities, term finance certificates and sukuks as at June 30, 2021 and June 30, 2020:

Investments by rating category	June 30, 2021	June 30, 2020
	----- % -----	
Government Securities	32.38	54.58
AAA, AA, AA-, AA+	67.62	17.22
A, A-, A+	-	28.20
	100.00	100.00

Investment in fixed income securities

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using the central clearing system.

20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

----- June 30, 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

----- Rupees in '000 -----

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,263	-	-	-	-	-	1,263
Payable to Central Depository Company of Pakistan Limited - Trustee	48	-	-	-	-	-	48
Payable against redemption of units	2,079	-	-	-	-	-	2,079
Accrued expenses and other liabilities	1,214	-	-	-	-	-	1,214
	4,604	-	-	-	-	-	4,604

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	640	-	-	-	-	-	640
Payable to Central Depository Company of Pakistan Limited - Trustee	53	-	-	-	-	-	53
Payable against redemption of units	2,079	-	-	-	-	-	2,079
Accrued expenses and other liabilities	809	-	-	-	-	-	809
	3,581	-	-	-	-	-	3,581

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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).

As at June 30, 2021, the Fund held the following financial instruments measured at fair values:

June 30, 2021			
Level 1	Level 2	Level 3	Total

(Rupees in '000)

ASSETS

Government securities	-	74,795	-	74,795
Unlisted debt securities	-	156,233	-	156,233
Listed equity securities	236,537	-	-	236,537
Future stock contracts	7,652	-	-	7,652
	244,189	231,028	-	475,217

June 30, 2020			
Level 1	Level 2	Level 3	Total

(Rupees in '000)

ASSETS

Government securities	-	351,825	-	351,825
Listed debt securities	-	111,005	-	111,005
Unlisted debt securities	-	181,826	-	181,826
	-	644,656	-	644,656

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of their proportionate share of the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unitholders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
3	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	11
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	16
5	Mr. Syed Mohammad Usama Iqbal	Fund Manager	B.COM	17
6	Mr. Jawad Naeem	Head of Islamic Equity	MBA & CFA	12
7	Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	13

23.1 Mr. Saad Ahmed is the Fund manager. Details of the other funds being managed by him are as follows:

- MCB DCF Income Fund
- MCB Cash Management Optimizer
- Pakistan Cash Management Fund
- MCB Pakistan Sovereign Fund
- Alhamra Daily Dividend Fund

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

**2021
(Percentage)**

1	Adam Securities Pvt Ltd	59.92%
2	Top Line Securities Pvt Ltd	17.81%
3	EFG Hermes Pakistan Limited	13.48%
4	MRA Securities Limited	4.28%
5	BMA Capital Management Ltd	1.30%
6	Multiline Securities Pvt Ltd	0.83%
7	Next Capital Ltd	0.75%
8	Continental Exchange Pvt.	0.62%
9	Invest One Markets Private	0.30%
10	Paramount Capital Pvt Limited	0.18%
		0.20%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2020 (Percentage)
1 Continental Exchange Private Limited	29.87%
2 Invest One Markets Private Limited	17.58%
3 BIPL Securities Limited	12.69%
4 C And M Management Private Limited	5.71%
5 Icon Securities Private Limited	4.89%
6 Paramount Capital Private Limited	4.40%
7 Bright Capital Private Limited	4.28%
8 Arif Habib Limited	3.42%
9 Next Capital Limited	3.04%
10 JS Global Capital Limited	2.27%

25 PATTERN OF UNITHOLDINGS

----- As at June 30, 2021 -----				
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	808	7,466,508	402,456	63.92
Associated company	1	50,227	2,707	0.43
Retirement funds	17	1,754,081	94,548	15.02
Others	12	2,409,686	129,885	20.63
	838	11,680,502	629,596	100

----- As at June 30, 2020 -----				
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	691	8,614,975	464,297	65.69
Associated company	1	46,809	2,523	0.36
Retirement funds	20	2,042,581	110,083	15.57
Others	42	2,410,868	129,932	18.38
	754	13,115,233	706,835	100

26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Names of directors attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings not attended
			Attendance required	Attended	Leave granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain ****	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159,163 & 167
Mr. Muhammad Saqib Saleem	Chief Executive Officer	11	11	11	-	-

27 GENERAL

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

27.2 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

27.3 Subsequent Event

Subsequent to the year ended June 30, 2021, Sindh Revenue Board (SRB) through its letter dated August 12, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021.

The SECP has given its concurrence for prospective reversal of provision for SWWF through its letter dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Rs 0.81 (2020: Re 0.64).

28 DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 27.3 to these financial statements.

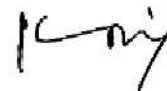
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
361	001-10,000	13,448
153	10,001 – 100,000	100,854
204	100,001 – 1,000,000	1,603,006
120	1,000,001+	9,963,195
838		11,680,502

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	629.6	707	1,106	1,350	1,688
Net Assets value per unit – Rupees	53.9015	53.8942	53.1512	55.8399	53.0958
Closing Offer Price	55.1197	55.1122	54.3524	57.1019	54.2958
Closing Repurchase Price	52.0742	52.0672	53.1512	55.8399	53.0958
Highest offer price per unit	59.1479	62.4156	58.5188	57.1019	57.0442
Lowest offer price per unit	54.9296	54.3835	53.107	54.3263	54.2372
Highest Redemption price per unit	57.8407	61.0362	57.2255	55.8399	55.7835
Lowest Redemption price per unit	53.7156	53.1816	53.1208	53.1257	53.0385
Distribution per unit – Rs. *	3.9355	6.9605	6.8514	-	2.75
Average Annual Return - %					
One year	7.32	14.45	7.84	5.17	5.06
Two year	10.89	11.15	6.51	5.12	6.70
Three year	9.87	9.15	6.02	6.19	9.01
Net Income for the year – Rs. in million	48.0980	101.3760	65.9800	66.27	63.88
Distribution made during the year – Rs. in million	41.7900	82.5310	116.7300	-	6.76
Accumulated Capital Growth – Rs. in million	6.3080	18.85	(50.75)	66.27	57.12
Weighted average Portfolio Duration (years)	1.5	2.6	1.8	2.0	2.20

*** Date of Distribution**

2021	
Date	Rate
June 25, 2021	3.9355

2020	
Date	Rate
June 26, 2020	6.9605

2019	
Date	Rate
July 04, 2018	2.7329
June 28, 2019	4.1185

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	2.75

Disclaimer The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

MCB-Arif Habib Savings and Investments Limited

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

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URL: www.mcbah.com, Email: info@mcbah.com



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2021

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



Vision

To become synonymous with Savings

Mission

To become a preferred Saving and Investment Manager in the domestic and regional markets while maximizing stakeholders' value

Core Values

The Company takes pride in its orientation towards client service. it believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

CONTENTS

01	MCB DCF Income Fund	03
02	Pakistan Income Fund	57
03	MCB Pakistan Sovereign Fund	114
04	Pakistan Income Enhancement Fund	168
05	Pakistan Cash Management Optimizer	221
06	MCB Cash Management Fund	271
07	MCB Pakistan Stock Market Fund	317
08	ALHAMRA Islamic Stock Fund	371
09	MCB Pakistan Asset Allocation Fund	426
10	Pakistan Capital Market Fund	486
11	ALHAMRA Islamic Asset Allocation Fund	540
12	ALHAMRA Islamic Income Fund	592
13	ALHAMRA Islamic Active Allocation Fund	643
14	MCB Pakistan Frequent Payout Fund	717
15	ALHAMRA Daily Dividend Fund	770

MCB DCF INCOME FUND

TABLE OF CONTENTS

1	Fund's Information	05
2	Report of the Director of the Management Company	06
3	Report of the Fund Manager	17
4	Trustee Report to the Unit Holders	19
5	Independent Auditor's Report to the Unit Holders	20
6	Statement of Assets and Liabilities	23
7	Income Statement	24
8	Statement of Other Comprehensive Income	25
9	Statement of Movement in Unit Holder's Fund	26
10	Cash Flow Statement	27
11	Notes to and Forming Part of the Financial Statements	28
12	Pattern of Units Holding by Size	55
13	Performance Table	56

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shakra-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 Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	A.F. Ferguson & Co. Chartered Accountants (A Members Firm of PWC Network) Sate Life Building 1-C, I.I Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB DCF Income Fund** accounts review for the year ended **June 30, 2021**.

Economy and Money Market Review

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 6.66 per cent as against its benchmark return of 7.71 per cent. The WAM of the fund increased to 1.5 years because of interest rate outlook which was on a dropping trend. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was 17.1 per cent invested in T-Bills, 51.9 per cent in Cash and 9.6 per cent in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 3,646 million as compared to Rs. 4,033 million as at June 30, 2020 registering a decrease of 9.60 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs.107.0518 as compared to opening NAV of Rs. 106.9649 per unit as at June 30, 2020 registering an increase of Rs. 0.0869 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021, the management, in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 26.2 to the financial statements.

Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance.

The Board consists of 1 female and 7 male directors. The details are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i) Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	(i) Audit Committee (ii) HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i) Audit Committee (Chairman); and (ii) HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i) HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i) HR&R* Committee

* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg(Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, four (4) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2021**

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (chairman)	4	4	4	-
2. Mr. Ahmed Jahangir	4	4	4	-
3. Mr. Nasim Beg	4	4	4	-
4. Ms. Mavra Adil Khan	4	4	3	1
5. Syed Savail Meekal Hussain	4	4	4	-
6. Mr. Muhammad Saqib Saleem (CEO)	4	4	4	-

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Nil	Nil	Nil	Nil	Nil

External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

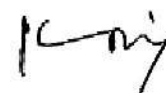
ACKNOWLEDGMENT

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
September 15, 2021



Kashif A. Habib
Director

ڈائریکٹرز رپورٹ

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



محمد ناقب سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء



کاشف اے حبیب

ڈائریکٹر

ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیئر مین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میکال حسین

۲۔ ہیومن ریسورس اینڈ ریورنیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریورنیشن کمیٹی کی چار (4) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیئر مین)
-	4	4	4	۳۔ جناب احمد جہانگیر
-	4	4	4	۴۔ جناب نسیم بیگ
1	3	4	4	۵۔ محترمہ ماوراء عادل خان
-	4	4	4	۶۔ سید ساویل میکال حسین
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

m۔ دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس انٹرنل آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے یونٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
					یونٹس کی تعداد
۱	کوئی نہیں	کوئی نہیں	کوئی نہیں	کوئی نہیں	کوئی نہیں

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز A.F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے A.F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

ڈائریکٹرز رپورٹ

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میوزیشن

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے پالمسرت مطلع کیا جاتا ہے کہ:

a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. کمپنی کی درست بکنس آف اکاؤنٹس بنائی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیٹ ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الاداء ٹیکس، قانونی چارجز اور ڈیویڈنڈ (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ/ گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریڈنگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

ا. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

ا۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈ ز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پرعزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمیٹی کی گورننگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون راشد	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید سادیل میکال حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی* (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد شاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

ڈائریکٹرز رپورٹ

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.66 فیصد تھا، جبکہ مقررہ معیار کا منافع 7.71 فیصد تھا۔ فنڈ کی پالوزن اوسط میچورٹی بڑھ کر 1.5 سال ہو گئی جس کا سبب سود کی شرح میں کمی کا رجحان تھا۔ زیر جائزہ مدت کے اختتام پر فنڈ کا زیادہ تر اختصاص نقد اور ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں تھا۔ اختتام مدت پر فنڈ کی سرمایہ کاری ٹریڈری ہلنز (ٹی ہلنز) میں 17.1 فیصد، نقد میں 51.9 فیصد اور ٹی ایف سی میں 9.6 فیصد تھی۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شرحیں تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 3,646 ملین روپے تھے جو 30 جون 2020ء کی سطح 4,033 ملین روپے کے مقابلے میں 9.60 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 107.0518 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 106.9649 روپے فی یونٹ کے مقابلے میں 0.0869 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مورخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیبلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 26.2 ملاحظہ فرمائیے۔

معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیشکش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔ درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں قوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آسکتی ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف انکم فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سہنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 چھتوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں لچک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6- فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7- فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دکھتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔ معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Fund Type and Category

MCB DCF Income Fund (MCB DCFIF) is an open-end Income scheme, which falls under the category of Income Scheme.

Fund Benchmark

The benchmark for MCB DCFIF is Six(6) months KIBOR rates.

Investment Objective

To deliver superior fixed income returns by investing in an optimal mix of authorized debt instruments while taking into account capital security and liquidity consideration.

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in medium to long term assets. The fund may also invest a portion of the Fund in money market and short term instruments in order to provide liquidity to Unit Holders at the same time.

Manager's Review

During the period under review, the fund generated an annualized return of 6.66% as against its benchmark return of 7.71%. The WAM of the fund increased to 1.5 years. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was 17.1% invested in T-Bills, 51.9% in Cash and 9.6% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 3,646 million as compared to Rs. 4,033 million as at June 30, 2020 registering a decrease of 9.6%.

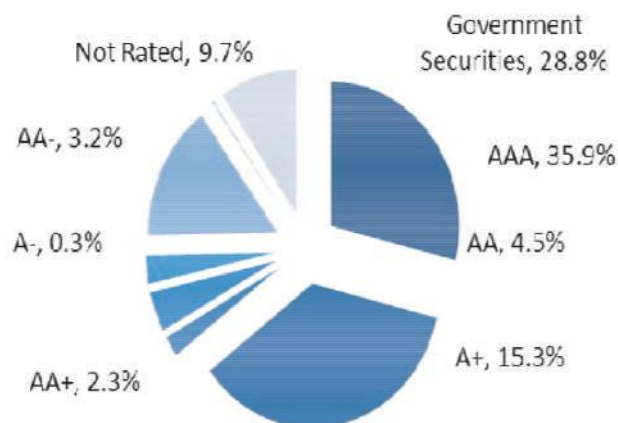
The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs.107.0518 as compared to opening NAV of Rs. 106.9649 per unit as at June 30, 2020 registering an increase of Rs. 0.0869 per unit.

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Asset Allocation as on June 30, 2021 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-21
Cash	51.9%
TFCs/Sukuks	9.6%
Government Backed / Guaranteed Securities	0.0%
GOP Ijara Sukuk	0.6%
PIBS	11.1%
T-Bills	17.1%
Spread Transactions	0.8%
Others including receivables	8.0%
Margin Trading	0.9%

Asset Quality as of June 30, 2021 (% of total assets)



Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB DCF INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB DCF Income Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 09, 2021



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB DCF Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB DCF Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 and 5 to the annexed financial statements) Balances with banks and Investments constitute the most significant components of the NAV. Balances with banks of the Fund as at June 30, 2021 aggregated to Rs 3,014.318 million and Investments amounted to Rs 2,278.357 million. The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore, we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">tested the design and operating effectiveness of the key controls for valuation of investments;obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none">re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andobtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

3



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.


Chartered Accountants
Karachi

Date: September 23, 2021

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	3,014,318	1,643,631
Investments	5	2,278,357	3,437,545
Mark-up, dividend and other receivables	6	34,325	33,893
Receivable against margin trading system		49,596	-
Receivable against sale of investments		386,229	-
Advances, deposits and prepayments	7	47,070	145,206
Total assets		5,809,895	5,260,275
LIABILITIES			
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	8	10,064	11,493
Payable to Central Depository Company of Pakistan Limited - Trustee	9	280	317
Payable to the Securities and Exchange Commission of Pakistan	10	807	887
Payable against purchase of investments		1,965,915	1,046,022
Accrued and other liabilities	11	186,879	168,781
Total liabilities		2,163,945	1,227,500
NET ASSETS		3,645,950	4,032,775
Unit holders' fund (as per statement attached)		3,645,950	4,032,775
Contingencies and commitments	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		34,057,826	37,701,847
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	3.7	107.0518	106.9649

The annexed notes from 1 to 27 form an integral part of these financial statements

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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	For the year ended	
		June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
INCOME			
Net gain on sale of investments		33,545	69,071
Profit on bank deposits and term deposit receipts		88,124	113,700
Income from government securities		82,303	239,956
Income from term finance certificates and sukuk certificates		79,129	174,674
Dividend income		34,279	36,584
Income / (loss) from spread transactions - net	5.1.2.1	35,017	(23,335)
Net gain on sale of investments		5,405	3,413
Profit on margin trading system		12,479	-
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss' - net	5.1.8	16,335	(10,929)
Other income		925	-
Total income		387,541	603,134
EXPENSES			
Remuneration of MCB-Arif Habib Savings & Investments Limited - Management Company	8.1	60,510	66,559
Sindh sales tax on remuneration of the Management Company	8.2	7,866	8,653
Allocated expenses	8.3	4,034	4,437
Selling and marketing expenses	8.4	15,732	13,977
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,026	3,328
Sindh sales tax on remuneration of the Trustee	9.2	393	433
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	807	887
Auditors' remuneration	13	816	857
Brokerage, settlement and bank charges		28,951	7,356
Legal and professional charges		936	94
Fees and subscription		771	662
Printing and related costs		36	41
Total expenses		(123,878)	(107,284)
Net income from operating activities		263,663	495,850
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	(5,273)	(9,917)
Net income for the year before taxation		258,390	485,933
Taxation	14	-	-
Net income for the year after taxation		258,390	485,933
Earnings per unit	3.13	-	-
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		258,390	485,933
Income already paid on units redeemed		(67,853)	(85,981)
		190,537	399,952
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		35,874	48,304
- Excluding capital gains		154,663	351,648
		190,537	399,952

The annexed notes from 1 to 27 form an integral part of these financial statements

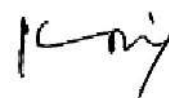
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	258,390	485,933
Other comprehensive income for the year	-	-
Total comprehensive income for the year	258,390	485,933

The annexed notes from 1 to 27 form an integral part of these financial statements

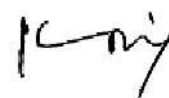
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021			June 30, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	3,623,649	409,126	4,032,775	3,539,191	394,254	3,933,445
Issuance of 127,150,311 units (2020: 130,749,577 units)						
- Capital value (at ex-net assets value per unit at the beginning of the year)	13,600,620	-	13,600,620	13,931,922	-	13,931,922
- Element of income	214,613	-	214,613	1,094,770	-	1,094,770
	13,815,233	-	13,815,233	15,026,692	-	15,026,692
Redemption of 130,794,332 units (2020: 129,962,685 units)						
- Capital value (at ex-net assets value per unit at the beginning of the year)	13,990,403	-	13,990,403	13,848,075	-	13,848,075
- Element of loss	180,944	67,853	248,797	1,062,922	85,981	1,148,903
	14,171,347	67,853	14,239,200	14,910,997	85,981	14,996,978
Total comprehensive income for the year	-	258,390	258,390	-	485,933	485,933
Interim distribution for the year ended June 30, 2021 @ Rs 7.0333 per unit on June 25, 2021	-	(188,284)	(188,284)	-	-	-
Refund of capital for the year ended June 30, 2021	(32,964)	-	(32,964)	-	-	-
Final distribution for the year ended June 30, 2020 @ Rs 12.0476 per unit on June 30, 2020	-	-	-	-	(385,080)	(385,080)
Refund of capital for the year ended June 30, 2020	-	-	-	(31,237)	-	(31,237)
Total distributions during the year	(32,964)	(188,284)	(221,248)	(31,237)	(385,080)	(416,317)
Net assets at end of the year	<u>3,234,571</u>	<u>411,379</u>	<u>3,645,950</u>	<u>3,623,649</u>	<u>409,126</u>	<u>4,032,775</u>
Undistributed income brought forward comprising of:						
- Realised	420,055			407,880		
- Unrealised	(10,929)			(13,626)		
Undistributed income brought forward	409,126			394,254		
Accounting income available for distribution:						
- Relating to capital gains	35,874			48,304		
- Excluding capital gains	154,663			351,648		
	190,537			399,952		
Distributions during the year	(188,284)			(385,080)		
Undistributed income carried forward	<u>411,379</u>			<u>409,126</u>		
Undistributed income carried forward comprising of:						
- Realised	395,044			420,055		
- Unrealised	16,335			(10,929)		
	<u>411,379</u>			<u>409,126</u>		
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the year	<u>106.9649</u>			<u>106.5542</u>		
Net asset value per unit at the end of the year	<u>107.0518</u>			<u>106.9649</u>		

The annexed notes from 1 to 27 form an integral part of these financial statements

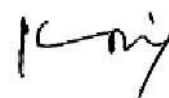
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended	
	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	258,390	485,933
Adjustments for:		
Dividend income	(34,279)	(36,584)
Provision for Sindh Workers' Welfare Fund (SWWF)	5,273	9,917
(Income) / loss from spread transactions - net	(35,017)	23,335
Unrealised appreciation / (diminution) on re-measurement of investments 'financial assets at fair value through profit or loss' - net	(16,335)	10,929
	<u>178,032</u>	<u>493,530</u>
Decrease / (Increase) in assets		
Investments - net	1,210,716	(1,259,535)
Mark-up, dividend and other receivables	483	14,100
Receivable against margin trading system	(49,596)	-
Receivable against sale of investments	(386,229)	22,840
Advances, deposits and prepayments	98,136	(101,281)
	<u>873,510</u>	<u>(1,323,876)</u>
(Decrease) / Increase in liabilities		
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	(1,429)	5,375
Payable to Central Depository Company of Pakistan Limited - Trustee	(37)	(68)
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(80)	(2,052)
Payable against purchase of investments	919,893	1,041,579
Accrued and other liabilities	12,825	(33,523)
	<u>931,172</u>	<u>1,011,311</u>
Dividends received	33,363	37,158
Net cash generated from operating activities	<u>2,016,078</u>	<u>218,123</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units - net of refund of capital	13,782,269	14,995,455
Net payments on redemption of units	(14,239,200)	(14,996,978)
Dividend paid	(188,284)	(385,080)
Net cash used in financing activities	<u>(645,215)</u>	<u>(386,603)</u>
Net increase / (decrease) in cash and cash equivalents during the year	1,370,863	(168,480)
Cash and cash equivalents at beginning of the year	2,640,913	2,809,393
Cash and cash equivalents at end of the year	<u>4,011,776</u>	<u>2,640,913</u>
	15	

The annexed notes from 1 to 27 form an integral part of these financial statements

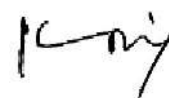
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 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 a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of its funds in medium term assets in order to provide higher return to unit holders.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1 dated October 06, 2020 to the Management Company and a stability rating of 'AA-(f)' dated March 09, 2021 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.
- 1.7 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020, has submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020).

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (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), 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 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 Regulations and requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2023

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund .

There are certain other standards, interpretations and amendments that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

2.5 Critical accounting estimates and judgements

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5), provision for SWWF (note 11.1), provision for FED (note 11.2) and provision for taxation (notes 3.12 and 14).

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.3 Financial assets

3.3.1 Classification and subsequent measurement

3.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income “(FVOCI)”
- at fair value through profit or loss (FVTPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognised in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

3.3.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments as per Circular 33 of 2012) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted around that is determined by evaluating a range of possible out comes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

3.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.3.4 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the Net Asset Value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributors and the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redemption price represents the NAV per unit as on the close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net asset value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis using the effective yield rate method.
- Income on government securities is recognised on an accrual basis using the effective yield rate method.
- Income on debt securities (including term finance certificates and sukuks) is recognised on an accrual basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the income is recorded on cash basis.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on margin trading system is recognised on an accrual basis using the effective yield rate method.
- Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Other income is recognised on an accrual basis using the effective yield rate method.

3.11 Expenses

All expenses including management fee, trustee fee, the Securities and Exchange Commission of Pakistan fee and allocated expenses are recognised in the Income Statement on accrual basis.

3.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates .

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on enacted tax rates.

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 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

3.13 Earnings per unit

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

3.14 Distribution to units holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		Note	June 30, 2021	June 30, 2020
4.	BALANCES WITH BANKS		----- (Rupees in '000) -----	
	Current accounts		39	21,598
	Savings accounts	4.1	3,014,279	1,622,033
		4.2	3,014,318	1,643,631
4.1	These carry profit at the rates ranging from 5.5% to 8.5% per annum (2020: 4.5% to 14.45% per annum).			
4.2	This includes balances with related parties of Rs. 0.602 million (2020: Rs. 22.634 million) maintained with MCB Bank Limited and Rs. 0.010 million (2020:Rs. 0.011 million) maintained with MCB Islamic Bank Limited.			
5.	INVESTMENTS		June 30, 2021	June 30, 2020
5.1	Investments at fair value through profit or loss		----- (Rupees in '000) -----	
	Government securities	5.1.1	1,677,862	2,167,473
	Listed equity securities	5.1.2	43,725	325,426
	Listed debt securities	5.1.3	-	333,290
	Unlisted debt securities	5.1.4	555,267	614,897
	Future stock contracts		1,503	(3,541)
			2,278,357	3,437,545
5.1.1	Government securities			
	Market Treasury Bills	5.1.1.1	997,458	1,073,409
	Pakistan Investment Bonds	5.1.1.2	642,679	406,133
	Government Debt securities	5.1.1.3	37,725	687,931
			1,677,862	2,167,473
5.1.1.1	Market Treasury Bills			

Name of security	Note	Date of issue	Face Value				As at June 30, 2021			Market value as a percentage of	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----											
Market Treasury Bills											
- 3 months		April 23, 2020	1,000,000	-	1,000,000	-	-	-	-	-	
- 3 months		July 2, 2020	-	150,000	150,000	-	-	-	-	-	
- 3 months		June 3, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		December 3, 2020	-	3,075,000	3,075,000	-	-	-	-	-	
- 3 months		June 4, 2020	-	250,000	250,000	-	-	-	-	-	
- 3 months		November 5, 2020	-	2,475,000	2,475,000	-	-	-	-	-	
- 3 months		May 6, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		April 8, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		October 8, 2020	-	2,000,000	2,000,000	-	-	-	-	-	
- 3 months		September 10, 2020	-	1,500,000	1,500,000	-	-	-	-	-	
- 3 months		February 11, 2021	-	800,000	800,000	-	-	-	-	-	
- 3 months		March 11, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		January 14, 2021	-	1,350,000	1,350,000	-	-	-	-	-	
- 3 months		July 16, 2020	-	1,875,000	1,875,000	-	-	-	-	-	
- 3 months		June 17, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		December 17, 2020	-	500,000	500,000	-	-	-	-	-	
- 3 months		June 18, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		November 19, 2020	-	525,000	525,000	-	-	-	-	-	
- 3 months		May 20, 2021	-	500,000	500,000	-	-	-	-	-	
- 3 months		April 22, 2021	-	5,500,000	4,500,000	1,000,000	997,444	997,458	14	27.36 43.78	
- 3 months		September 24, 2020	-	2,400,000	2,400,000	-	-	-	-	-	
- 3 months		February 25, 2021	-	4,374,900	4,374,900	-	-	-	-	-	
- 3 months		March 25, 2021	-	75,000	75,000	-	-	-	-	-	
- 3 months		December 31, 2020	-	3,100,000	3,100,000	-	-	-	-	-	
- 3 months		August 27, 2020	-	2,500,000	2,500,000	-	-	-	-	-	
Balance carried forward							997,444	997,458	14		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of security	Note	Date of issue	Face Value				As at June 30, 2021			Market value as a percentage of	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised gain	Net assets	Total investments
						(Rupees in '000)			%		
Balance brought forward							997,444	997,458	14		
Market Treasury Bills		July 2, 2020	-	75,000	75,000	-	-	-	-	-	-
- 6 months		May 6, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months		April 8, 2021	-	2,700,000	2,700,000	-	-	-	-	-	-
- 6 months		September 10, 2020	-	340,000	340,000	-	-	-	-	-	-
- 6 months		July 16, 2020	-	8,625,000	8,625,000	-	-	-	-	-	-
- 6 months		June 17, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months		June 18, 2020	-	3,265,000	3,265,000	-	-	-	-	-	-
- 6 months		May 20, 2021	-	2,500,000	2,500,000	-	-	-	-	-	-
- 6 months		April 23, 2020	-	300,900	300,900	-	-	-	-	-	-
Market Treasury Bills		June 4, 2020	-	325,000	325,000	-	-	-	-	-	-
-12 months		December 5, 2020	-	1,450,000	1,450,000	-	-	-	-	-	-
-12 months		October 10, 2019	-	8,160,000	8,160,000	-	-	-	-	-	-
-12 months		March 12, 2020	50,000	410,000	460,000	-	-	-	-	-	-
-12 months		September 12, 2019	-	500,000	500,000	-	-	-	-	-	-
-12 months		December 19, 2019	-	4,500,000	4,500,000	-	-	-	-	-	-
-12 months		May 21, 2020	-	2,000,000	2,000,000	-	-	-	-	-	-
-12 months		October 24, 2019	-	11,400	11,400	-	-	-	-	-	-
-12 months		August 29, 2019	-	1,000,000	1,000,000	-	-	-	-	-	-
-12 months		April 9, 2020	30,000	-	30,000	-	-	-	-	-	-
Total as at June 30, 2021 5.1.1.1.1							<u>997,444</u>	<u>997,458</u>	<u>14</u>		
Total as at June 30, 2020							<u>1,071,726</u>	<u>1,073,409</u>	<u>1,683</u>		

5.1.1.1.1 These will mature latest by July 15, 2021 (2020: April 09, 2021) and carries effective yield at the rate of 7.19% per annum (2020: 7.14% to 13.09% per annum).

5.1.1.2 Pakistan Investment Bonds

Name of security	Note	Date of issue	Face Value				As at June 30, 2021			Market value as a percentage of	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised gain / (loss)	Net assets	Total investments
						(Rupees in '000)			%		
Pakistan Investment Bonds		November 5, 2020	-	150,000	50,000	100,000	99,692	99,650	(42)	2.73	4.37
Pakistan Investment Bonds		July 12, 2018	11,000	-	-	11,000	11,001	11,000	(1)	0.30	0.48
- 03 years		September 19, 2019	19,000	200,000	219,000	-	-	-	-	-	-
- 03 years		June 18, 2020	375,000	1,200,000	1,375,000	200,000	200,220	200,240	20	5.49	8.79
- 03 years		August 20, 2020	-	950,000	950,000	-	-	-	-	-	-
- 03 years		October 22, 2020	-	250,000	250,000	-	-	-	-	-	-
Pakistan Investment Bonds		July 12, 2018	-	700,000	400,000	300,000	296,050	296,585	535	8.13	13.02
- 05 years		October 15, 2020	-	1,525,000	1,525,000	-	-	-	-	-	-
- 05 years		September 19, 2019	-	200,000	200,000	-	-	-	-	-	-
Pakistan Investment Bonds		August 22, 2019	-	105,000	70,000	35,000	35,179	35,204	25	0.97	1.55
Total as at June 30, 2021 5.1.1.2.1							<u>642,142</u>	<u>642,679</u>	<u>537</u>		
Total as at June 30, 2020							<u>403,182</u>	<u>406,133</u>	<u>2,951</u>		

5.1.1.2.1 These will mature latest by August 22, 2029 (2020: June 18, 2023) and carries effective yield at the rates ranging from 7.13% to 8.72% per annum (2020: 8.27% to 13.09%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.1.1.3 Government Debt securities

Particulars	Profit rate	Number of certificates				Balance as at June 30, 2021			Market value as a percentage of	
		As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
Pakistan Energy Sukuk - 10 years	6M KIBOR + 0.1%	100,000	-	100,000	-	-	-	-	-	-
GOP Ijara - 5 years (June-24, 2020 - June 24, 2025)	7.38%	187,500	37,500	187,500	37,500	37,744	37,725	(19)	1.03	1.66
GOP Ijara - 5 years (July 29, 2020 - July 29, 2025)	8.37%	-	365,000	365,000	-	-	-	-	-	-
GOP Ijara - 5 years (July 29, 2020 - July 29, 2025)	6.27%	-	552,500	552,500	-	-	-	-	-	-
Total as at June 30, 2021						37,744	37,725	(19)		
Total as at June 30, 2020						687,500	687,931	431		

5.1.2 Listed equity securities

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of investee company	Number of shares				Balance as at June 30, 2021			Market value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
----- (Rupees in '000) ----- % -----										
Automobile Assembler										
Ghandhara Industries Limited	-	329,000	329,000	-	-	-	-	-	-	-
Ghandhara Nissan Limited	-	85,000	85,000	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	284,500	284,500	-	-	-	-	-	-	-
Sazgar Engineering Works	-	43,000	43,000	-	-	-	-	-	-	-
Automobile parts & accessories										
General Tyre & Rubber Company Limited	-	148,500	148,500	-	-	-	-	-	-	-
Cable & electrical goods										
Pak Elektron Limited***	1,714,000	13,691,500	15,405,500	-	-	-	-	-	-	-
Cement										
Cherat Cement Company Limited	-	429,500	429,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	514,500	3,731,000	4,245,500	-	-	-	-	-	-	-
Fauji Cement Company Limited	320,500	3,763,500	4,084,000	-	-	-	-	-	-	-
Lucky Cement Limited	32,500	407,500	440,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited***	1,081,500	10,590,500	11,672,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	1,609,500	1,609,500	-	-	-	-	-	-	-
Power Cement Limited*	-	3,036,500	3,036,500	-	-	-	-	-	-	-
Chemicals										
Engro Polymer and Chemicals Limited	137,500	4,480,000	4,617,500	-	-	-	-	-	-	-
Ghani Global Holdings Limited	-	3,508,000	3,508,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	371,000	7,893,500	8,264,500	-	-	-	-	-	-	-
Sitara Peroxide Limited	-	2,000	2,000	-	-	-	-	-	-	-
Commercial Banks										
Habib Bank Limited	-	29,000	29,000	-	-	-	-	-	-	-
United Bank Limited	-	8,500	8,500	-	-	-	-	-	-	-
Engineering										
Aisha Steel Limited	-	4,865,000	4,865,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	2,153,000	2,153,000	-	-	-	-	-	-	-
International Industries Limited	2,000	1,130,500	1,132,500	-	-	-	-	-	-	-
International Steels Limited	92,500	3,484,000	3,576,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	1,059,500	1,059,500	-	-	-	-	-	-	-
Balance carried forward										

* These transactions relating to shares of related parties

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	Number of shares				Balance as at June 30, 2021			Market value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
					----- (Rupees in '000) ----- % -----					
Balance brought forward					-	-	-			
Fertilizer										
Engro Fertilizer Limited	-	1,219,000	1,219,000	-	-	-	-	-	-	-
Engro Corporation Limited	50,000	542,500	592,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	28,500	7,073,000	7,101,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	154,000	241,000	395,000	-	-	-	-	-	-	-
Food & personal care products										
Treet Corporation Limited	-	329,500	329,500	-	-	-	-	-	-	-
Unity Foods Limited	-	53,678,500	53,678,500	-	-	-	-	-	-	-
Glass & Ceramics										
Shabbir Tiles & Ceramics Limited	-	8,000	8,000	-	-	-	-	-	-	-
Tariq Glass Industries	-	27,500	27,500	-	-	-	-	-	-	-
Miscellaneous										
Siddiqsons Tin Plate Limited	-	129,500	129,500	-	-	-	-	-	-	-
Oil & Gas Exploration Companies										
Oil & Gas Development Company Limited	57,000	2,785,500	2,842,500	-	-	-	-	-	-	-
Pakistan Oilfields Limited	-	86,500	86,500	-	-	-	-	-	-	-
Pakistan Petroleum Limited	642,500	4,221,500	4,864,000	-	-	-	-	-	-	-
Oil & Gas Marketing Companies										
Hascol Petroleum Limited	-	22,889,500	22,889,500	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	286,500	1,545,500	1,832,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	1,186,000	1,186,000	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	119,500	840,000	959,500	-	-	-	-	-	-	-
Paper And Board										
Century Paper & Board Mills Limited	-	39,500	39,500	-	-	-	-	-	-	-
Pharmaceuticals										
Ferozsons Laboratories Limited	-	12,500	12,500	-	-	-	-	-	-	-
The Searle Company Limited	26,500	1,226,000	1,252,500	-	-	-	-	-	-	-
Power generation & distribution										
Hub Power Company Limited	1,500	3,257,000	3,258,500	-	-	-	-	-	-	-
Kot Addu Power Co. Limited	84,500	3,980,500	4,065,000	-	-	-	-	-	-	-
K-Electric Limited**	1,000	15,106,000	15,107,000	-	-	-	-	-	-	-
Refinery										
Attock Refinery Limited	203,500	4,433,500	4,466,500	170,500	44,113	43,725	(388)	1.20	1.92	0.16
Byco Petroleum Pakistan Limited	-	17,411,000	17,411,000	-	-	-	-	-	-	-
National Refinery Limited	17,500	1,402,000	1,419,500	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	15,020,000	15,020,000	-	-	-	-	-	-	-
					44,113	43,725	(388)			
Technology & Communications										
Avanceon Limited	45,500	5,855,000	5,900,500	-	-	-	-	-	-	-
Hum Network Limited	-	11,863,500	11,863,500	-	-	-	-	-	-	-
NetSol Technologies Limited	18,000	2,690,500	2,708,500	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	1,977,000	1,977,000	-	-	-	-	-	-	-
Trg Pakistan Limited	-	14,293,500	14,293,500	-	-	-	-	-	-	-
Balance carried forward					44,113	43,725	(388)			

* These transactions relating to shares of related parties

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	Number of shares				Balance as at June 30, 2021			Market value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
Balance brought forward					44,113	43,725	(388)			
Textile Composite										
Gul Ahmed Textile Mills Limited	48,500	1,217,000	1,265,500	-	-	-	-	-	-	-
Nishat (Chunian) Limited*	-	619,000	619,000	-	-	-	-	-	-	-
Nishat Mills Limited*	64,000	1,639,000	1,703,000	-	-	-	-	-	-	-
Transport										
Pakistan International Bulk Terminal Limited	531,500	41,467,000	41,998,500	-	-	-	-	-	-	-
Total as at June 30, 2021					44,113	43,725	(388)			
Total as at June 30, 2020					323,075	325,426	2,351			

* These transactions relating to shares of related parties

** These have a face value of Rs.3.5 per share

**** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by SECP:

Name of security	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Number of shares)		(Rupees in '000)	
Pak Elektron Limited	-	1,000,000	-	22,930
Maple Leaf Cement Factory Limited	-	900,000	-	23,382

5.1.2.1 The movement in equity securities represents spread transactions entered into by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income / (loss) due to difference in ready and future stock prices.

5.1.3 Listed debt securities - Term Finance Certificates (TFCs) and Sukuks
(face value of Rs.5,000 each unless otherwise stated)

Particulars	Number of certificates				Balance as at June 30, 2021			Market value as a percentage of	
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
Commercial banks									
Habib Bank Limited - TFC (February 19, 2016)*	425	-	425	-	-	-	-	-	-
Fertilizer									
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017) *	2,500	-	2,500	-	-	-	-	-	-
Dawood Hercules Corporation Limited - Sukuk (March 1, 2018) *	1,412	-	1,412	-	-	-	-	-	-
Financial services									
Saudi Pak Leasing Company Limited (March 13, 2010)	10,000	-	-	10,000	27,548	-	-	-	-
Less: Provision for impairment (see note 6.1)					(27,548)	-	-	-	-
Total as at June 30, 2021					-	-	-		
Total as at June 30, 2020					329,507	333,290	3,783		

* Face value of these term finance certificates is Rs.100,000 per certificate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.1.4 Unlisted debt securities - Term Finance Certificates (TFCs) and Sukuks (face value of Rs.5,000 each unless otherwise stated)

Particulars	Number of certificates				Balance as at June 30, 2021			Market value as a percentage of	
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----									
Commercial banks									
Askari Bank Limited IV - TFC (September 30, 2014)	39,000	-	39,000	-	-	-	-	-	-
Askari Bank Limited VII - TFC ** (March 17, 2020) (see note 5.1.5)	50	-	-	50	50,000	49,489	(511)	1.36	2.17
The Bank of Punjab Limited - TFC I * (December 23, 2016)	1,200	-	-	1,200	117,533	120,982	3,449	3.32	5.31
The Bank of Punjab Limited - TFC II * (April 23, 2018)	850	-	-	850	74,061	84,877	10,816	2.33	3.73
Samba bank limited (March 1, 2021)*	-	1,850	-	1,850	185,000	185,000	-	5.07	8.12
Bank Al Habib Limited - TFC II (March 17, 2016)	10,480	-	10,480	-	-	-	-	-	-
					426,594	440,348	13,754	12.08	19.33
Chemical									
Ghani Gases Limited - Sukuk * (February 02, 2017)	500	-	-	500	19,350	19,964	614	0.01	0.01
Investment bank									
Jahangir Siddiqui & Company Limited - TFC (July 18, 2017) (see note 5.1.5)	10,000	-	-	10,000	23,217	23,424	207	0.64	0.01
Jahangir Siddiqui & Company Limited - TFC (March 06, 2018)	18,000	-	-	18,000	71,418	71,531	113	0.02	0.03
					94,635	94,955	320	0.66	0.04
Household goods									
New Allied Electronics Industries (Private) Limited - TFC (May 15, 2007)	10,400	-	-	10,400	21,983				
Less: Provision for impairment (see note 6.1)					(21,983)				
					-				
New Allied Electronics Industries (Private) Limited - Sukuk (July 25, 2007)	112,000	-	-	112,000	35,063				
Less: Provision for impairment (see note 6.1)					(35,063)				
					-				
Total as at June 30, 2021					540,579	555,267	14,688		
Total as at June 30, 2020					633,484	614,897	(18,587)		

* Face value of this sukuk certificate is Rs. 100,000 per certificate.

** Face value of this sukuk certificate is Rs. 1,000,000 per certificate.

5.1.5 Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned term finance certificates of Jahangir Siddiqui & Company Limited and Askari Bank Limited has been valued at a discretionary rate of 98.6259 and 98.9779 respectively when the reported market rate on MUFAP valuation sheet as at June 30, 2021 was 100.3844 and 100.4474 respectively.

5.1.6 Significant terms and conditions of term finance certificates and sukuk outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
Unlisted debt securities							
Askari Bank Limited VII - TFC	50	1,000,000	1,000,000	3M KIBOR + 1.2%	March 17, 2030	Unsecured	AA
Samba Bank Limited	1,850	100,000	100,000	6M KIBOR+1.35%	March 1, 2031	Secured	AA-
The Bank of Punjab Limited - TFC I	1,200	100,000	99,820	6M KIBOR+1%	December 23, 2026	Unsecured	AA
The Bank of Punjab Limited - TFC II	850	100,000	99,880	6M KIBOR+1.25%	April 23, 2028	Unsecured	AA
Ghani Gases Limited - Sukuk	500	100,000	45,833	3M KIBOR+1%	February 2, 2023	Unsecured	A-
Jahangir Siddiqui & Company Limited - TFC	10,000	5,000	2,375	6M KIBOR+1.4%	July 18, 2022	Secured	AA+
Jahangir Siddiqui & Company Limited - TFC	18,000	5,000	4,000	6M KIBOR+1.4%	March 6, 2023	Secured	AA+

The term finance certificates and sukuk held by the Fund are secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.1.7 Details of non-compliant investments with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at June 30, 2021, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer at the time of repayment of coupon due on the respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of total investments
----- Rupees in '000 -----						
Listed debt securities						
Saudi Pak Leasing Company Limited	TFC	27,548	(27,548)	-	-	-
Unlisted debt securities						
New Allied Electronics Industries (Private) Limited	TFC	21,983	(21,983)	-	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	35,063	(35,063)	-	-	-

5.1.8 Net unrealised appreciation / (diminution) on re-measurement of Investments classified as financial assets 'at fair value through profit or loss'

	Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
Market value of investments	5.1.1.1, 5.1.1.2, 5.1.1.3, 5.1.2, 5.1.3 & 5.1.4	2,278,357	3,437,545
Less: Carrying value of investments	5.1.1.1, 5.1.1.2, 5.1.1.3, 5.1.2, 5.1.3 & 5.1.4	2,262,022	3,448,474
		16,335	(10,929)

6 MARK-UP, DIVIDEND AND OTHER RECEIVABLES

	Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
Mark-up on:			
- Pakistan investment bonds		14,495	1,959
- GOP Ijara Sukuk		61	265
- Term finance certificates		36,576	52,393
- Deposit accounts		7,669	5,119
- Margin trading system		328	-
Dividend receivable		916	-
Other receivables		123	-
		60,168	59,736
Less: provision for impairment	6.1	(25,843)	(25,843)
		34,325	33,893

6.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investments as non-performing debt securities as mentioned in note 5.1.7. The Fund has suspended further accrual of mark-up there against.

7 ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
Security deposits / margin with:			
- National Clearing Company of Pakistan Limited (NCCPL)	7.1	17,750	17,750
- Central Depository Company of Pakistan Limited		200	200
Exposure deposit with the National Clearing Company Pakistan Limited against spread transactions		27,274	125,359
Prepaid stability rating fee - PACRA		239	290
Advance tax	7.2	1,607	1,607
		47,070	145,206

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

7.1 This includes a deposit of Rs. 2.75 million (2020: Rs. 2.75 million) and a margin of Rs. 15 million (2020: Rs. 15 million) with NCCPL in respect of trading in Margin Trading System.

7.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend, profit on bank deposits, profit on markup on margin trading system and profit on debt securities paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt, profit on bank deposits and dividends amounts to Rs.1.607 million (2020: Rs.1.607 million).

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividend, profit on bank deposits, profit on margin trading system and profit on debt securities has been shown as advance tax under 'Advances, deposits and prepayments' as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
8 PAYABLE TO MCB-ARIF HABIB SAVINGS & INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	4,960	5,612
Sindh Sales Tax payable on remuneration of the Management Company	8.2	647	730
Allocated expenses payable	8.3	330	374
Selling and marketing expenses payable	8.4	3,918	4,721
Sales load payable		208	56
		10,064	11,493

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. The Management Company has charged its remuneration at the rate of 1.5% per annum (2020: 1.5% per annum) of the average daily net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 7.866 million (2020: Rs. 8.653 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 7.949 million (2020: Rs. 8.544 million) has been paid to the Management Company which acts as a collecting agent.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense. These expenses have also been approved by the Board of Directors of the Management Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 8.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average daily net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration payable	248	281
	Sindh Sales Tax on remuneration payable	32	36
		280	317

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (June 30, 2020: 0.075%) of average daily net assets of the Fund during the year.

- 9.2 During the year, an amount of Rs.0.393 million (2020: Rs.0.433 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.397 million (2020: Rs. 0.441 million) was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
	Annual fee	807	887

- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with the SRO No. 685 (I) / 2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (June 30, 2020: 0.02%) of average daily net assets of the Fund during the year.

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
11	ACCRUED AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund (SWWF)	42,902	37,629
	Provision for Federal Excise Duty payable on remuneration of the Management Company	99,060	99,060
	Federal Excise Duty payable on sales load	27,933	27,933
	Sale load payable to MCB Bank Limited (a related party)	-	390
	Auditors' remuneration payable	549	535
	Withholding tax payable	2,014	1,464
	Brokerage payable	1,037	1,209
	Dividend payable	3	2
	Other payables	13,381	559
		186,879	168,781

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year amounting to a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Rs.1.26 (2020: Re. 1) per unit.

11.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the **Management Company and sales load was applicable with effect from June 13, 2013. The Management Company** was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and FED on sales load with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 126.993 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2021 would have been higher by Rs.2.91 (2020: Rs.2.63) per unit.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

During the current year, DCF Income Fund (DCFIF) has received a notice of tax demand for the tax year 2018 from the Additional Commissioner (Inland) Revenue (ACIR). whereby the ACIR has raised objection on claiming of income already paid on units redeemed" as part of distribution and has thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR is of the view that the amount of 'Cash Dividend' paid can only be treated as part of distribution and according to his view the amount of income already paid on units redeemed is not cash Dividend'. The ACIR has raised a tax demand of Rs. 73,375,787 on the Fund in respect of the tax year 2018. Currently, based on the request of the Management Company, the Commissioner Appeals has granted stay of demand until September 15, 2021.

The Management Company contends that the practice being followed by it is as per the applicable regulations and in line with the industry practice. Based on the advice of the tax advisor and merits of the case. the Management Company believes that the assessment will be decided in the favour of the Fund and accordingly, no provision has been recognised in these financial statements.

12.2 There were no other material contingencies outstanding as at June 30, 2021 and June 30, 2020.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
12.2	Commitments		
	Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at year end	45,728	323,536
13	AUDITORS' REMUNERATION		
	Annual audit fee	350	350
	Half yearly review fee	189	189
	Other certifications and services	100	100
	Out of pocket expenses	177	218
		<u>816</u>	<u>857</u>

14 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
15	CASH AND CASH EQUIVALENTS		
	Balances with banks	3,014,318	1,643,631
	Treasury bills maturing within 3 months	997,458	997,282
		<u>4,011,776</u>	<u>2,640,913</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 3.20% (2020: 2.64%) which includes 0.35% (2020: 0.45%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, annual fee to SECP etc. The prescribed limit for the ratio is 2.5% (2020: 2.5%) under the NBFC Regulations for a collective investment scheme categorised as a "income scheme". However, collective investment scheme categorised as a "income scheme" which invest in Margin Trading System (MTS) and / or ready future spread transaction, may charge additional MTS and / or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme. Accordingly, the enhanced prescribed limit for the ratio after incorporating the aforementioned additional expenses is 3% (2020: 3%).

17 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provision of the Trust Deed.

The details of transactions and balances at year end with related parties / connected persons are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		For the year ended June 30, 2021	For the year ended June 30, 2020
		----- (Rupees in '000) -----	
17.1	Details of transactions with connected persons are as follows:		
	MCB-Arif Habib Savings and Investment Limited - Management Company		
	Remuneration (including indirect taxes)	68,376	75,212
	Selling and marketing expenses	15,732	13,977
	Allocated expenses	4,034	4,437
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration (including indirect taxes)	3,419	3,761
	Settlement charges	1,271	148
	Group / associated companies		
	MCB Bank Limited		
	Mark-up on deposit accounts	87	556
	Bank charges	34	29
	Sale of Securities having Face Value of Rs 1,065,000,000 (2020: 246,900,000)	1,034,327	233,426
	Arif Habib Limited - Brokerage House		
	Brokerage and settlement charges*	10	18
	Nishat Chunian Power Limited		
	Purchase of 619,000 (2020: 467,500) shares	26,233	16,990
	Sale of 619,000 (2020: 472,000) shares	26,542	16,816
	Dividend income	-	378
	D.G. Khan Cement Company Limited		
	Purchase of 3,731,000 (2020: 1,927,000) shares	38,833	150,776
	Sale of 4,245,500 (2020: 1,412,500) shares	416,842	109,993
	Nishat Mills Limited		
	Purchase of 1,639,000 (2020: 512,000) shares	162,649	45,137
	Sale of 1,703,000 (2020: 448,500) shares	161,200	40,012
	Dividend income	2,792	740
	Power Cement Limited		
	Purchase of 3,036,500 (2020: NIL) shares	30,700	-
	Sale of 3,036,500 (2020: NIL) shares	30,977	-
17.2	Amounts outstanding at year end	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
	MCB-Arif Habib Savings and Investments Limited - Management Company		
	Management remuneration payable	4,960	5,612
	Sindh sales tax payable on remuneration of the management company	647	730
	Allocated expenses payable	330	374
	Selling and marketing expenses payable	3,918	4,721
	Sales load payable	184	50
	Sales tax payable on sales load	24	6
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable (including indirect taxes)	281	317
	Security deposit	200	200
	Group / associated companies		
	MCB Bank Limited		
	Balances with banks	602	22,634
	Sales load payable	-	390
	MCB Islamic Bank Limited		
	Balances with banks	10	11
	Arif Habib - Brokerage House		
	Brokerage and settlement charges payable*	3	-
	D.G. Khan Cement Company Limited		
	NIL (2020: 514,500) shares held	-	43,902
	Nishat Mills Limited		
	Nil (2020: 64,000) shares held	-	4,993
	* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

June 30, 2021							
As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
Units				(Rupees in '000)			
Group / associated companies							
MCB-Arif Habib Savings & Investment Limited							
-	9,344	9,344	-	-	1,015	1,015	-
1,573,656	103,437	-	1,677,093	168,326	11,068	-	179,536
1,573,656	103,437	-	1,677,093	168,326	11,068	-	179,536
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust							
4,733	311	-	5,044	506	33	-	540
Mandate under discretionary portfolio services*							
10,284	-	-	10,284	1,100	-	-	1,101

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

June 30, 2020							
As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020
Units				(Rupees in '000)			
Group / associated companies							
MCB-Arif Habib Savings & Investment Limited							
-	3,794,369	3,794,369	-	-	442,543	446,650	-
1,414,434	159,222	-	1,573,656	150,714	17,040	-	168,326
1,414,434	159,222	-	1,573,656	150,714	17,040	-	168,326
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust							
4,254	479	-	4,733	453	51	-	506
Mandate under discretionary portfolio services							
-	106,279,129	106,268,845	10,284	-	12,305,755	12,324,452	1,100
Key management personnel*							
-	31,200	31,200	-	-	3,411	3,425	-

*This reflects the position of related party / connected persons status as at June 30, 2020

18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Financial Assets		
Balances with banks	3,014,318	3,014,318
Investments	-	2,278,357
Mark-up, dividend and other receivables	34,325	34,325
Receivable against margin trading system	49,596	49,596
Receivable against sale of investments	386,229	386,229
Deposits and others	45,224	45,224
<u>3,529,692</u>	<u>2,278,357</u>	<u>5,808,049</u>

As at June 30, 2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Financial Liabilities		
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	10,064	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee	280	280
Payable against purchase of investments	1,965,915	1,965,915
Accrued and other liabilities	2,261	2,261
<u>1,978,520</u>	<u>-</u>	<u>1,978,520</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

----- As at June 30, 2020 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Financial Assets		
Balances with banks	1,643,631	1,643,631
Investments	-	3,437,545
Mark-up, dividend and other receivables	33,893	33,893
Receivable against sale of investments	-	-
Deposits and others	143,309	143,309
	<u>1,820,833</u>	<u>5,258,378</u>

----- As at June 30, 2020 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Financial Liabilities		
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	11,493	11,493
Payable to Central Depository Company of Pakistan Limited - Trustee	317	317
Payable against purchase of investments	1,046,022	1,046,022
Accrued and other liabilities	2,695	2,695
	<u>1,060,527</u>	<u>1,060,527</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

19.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk .

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks, investments in sukuk certificates, term finance certificates, market treasury bills and Pakistan Investment Bonds. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2021, the Fund holds KIBOR based interest bearing term finance and sukuk certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs.8.904 million (2020: Rs.9.482 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Fund holds Term Finance Certificates and Sukuks classified as 'fair value through profit or loss' exposing the Fund to interest rate fair value risk. In case of a 5% increase / decrease in rates determined by MUFAP as on June 30, 2021, the net assets value of the Fund and the net income for the year would increase / decrease by Rs. 44.52 million (2020: Rs.47.41 million), as a result of reduction / increase in unrealised gains / (losses) respectively.

The Fund also holds KIBOR based bank deposits exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets value of the Fund and the net income for the year would be higher / lower by Rs 30.14 million (2020: Rs 16.22 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds Market treasury bills and Pakistan investment bonds which are classified 'at fair value through profit or loss, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2021, with all other variables held constant, the net assets value of the Fund and the net income for the year would be lower / higher by Rs.13.050 million (2020: Rs.14.795 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by FMAP is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

June 30, 2021					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.5% to 8.5%	3,014,279	-	-	39	3,014,318
Investments						
- Market Treasury Bills	7.19%	997,458	-	-	-	997,458
- Pakistan Investment Bonds	7.13% to 8.72%	-	11,000	631,679	-	642,679
- Government Debt Securities	7.38%	-	-	37,725	-	37,725
- Unlisted debt securities	3M KIBOR+1%'to 6M KIBOR+1.4%	69,453	485,814	-	-	555,267
- Listed equity securities		-	-	-	43,725	43,725
- Future stock contracts		-	-	-	1,503	1,503
		1,066,911	496,814	669,404	45,228	2,278,357
Mark-up, dividend and other receivables		-	-	-	34,325	34,325
Receivable against margin trading system		-	-	-	49,596	49,596
Receivable against sale of investments		-	-	-	386,229	386,229
Deposits and others		-	-	-	45,224	45,224
		4,081,190	496,814	669,404	560,641	5,808,049

Financial Liabilities

Payable to MCB-Arif Habib Savings & Investments Limited - Management Company		-	-	-	10,064	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	280	280
Payable against purchase of investments		-	-	-	1,965,915	1,965,915
Accrued and other liabilities		-	-	-	2,261	2,261
		-	-	-	1,978,520	1,978,520

On-balance sheet gap (a)

4,081,190	496,814	669,404	(1,417,879)	3,829,529
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Off-balance sheet financial instruments

-	-	-	(45,728)	-
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Off-balance sheet gap (b)

-	-	-	(45,728)	-
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Total profit rate sensitivity gap (a+b)

4,081,190	496,814	669,404		
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Cumulative profit rate sensitivity gap

4,081,190	4,578,004	5,247,408		
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Balances with banks	4.5% to 14.45%	1,622,033	-	-	21,598	1,643,631
Investments						
- Market Treasury Bills	7.14% to 13.09%	997,282	76,127	-	-	1,073,409
- Pakistan Investment Bonds	8.27% to 13.09%	-	-	406,133	-	406,133
- Government Debt Securities	6M KIBOR + 0.1% and 7.38%	-	-	687,931	-	687,931
- Listed debt securities	3M KIBOR+1% to 6M KIBOR+1.25%	291,757	41,533	-	-	333,290
- Unlisted debt securities	3M KIBOR+1% to 6M KIBOR+1.4%	69,350	545,547	-	-	614,897
- Listed equity securities		-	-	-	325,426	325,426
- Future stock contracts		-	-	-	(3,541)	(3,541)
Mark-up, dividend and other receivables		1,358,389	76,127	1,681,144	321,885	3,437,545
Deposits and others		-	-	-	33,893	33,893
		-	-	-	143,309	143,309
		2,980,422	76,127	1,681,144	520,685	5,258,378

Financial Liabilities

Payable to MCB-Arif Habib Savings & Investments Limited - Management Company		-	-	-	11,493	11,493
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	317	317
Payable against purchase of investments		-	-	-	1,046,022	1,046,022
Accrued expenses and other liabilities		-	-	-	2,695	2,695
		-	-	-	1,060,527	1,060,527

On-balance sheet gap (a)

2,980,422	76,127	1,681,144	(539,842)	4,197,851
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Off-balance sheet financial instruments

-	-	-	(323,536)	-
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Off-balance sheet gap (b)

-	-	-	(323,536)	-
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Total profit rate sensitivity gap (a+b)

2,980,422	76,127	1,681,144		
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Cumulative profit rate sensitivity gap

2,980,422	3,056,549	4,737,693		
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(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 5.1.2.

The following table illustrates the sensitivity of the net assets value of the Fund and the net income for the year to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date, with all other variables held constant.

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Investments	2,186	16,271
Income statement	2,186	16,271

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

19.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

The Fund is exposed to counter party credit risks on investments (other than treasury bills and PIBs), balances with banks and other receivables. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Treasury bills and Pakistan Investment Bonds are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed by financial department in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The table below analyses the Fund's maximum exposure to credit risk:

	2021		2020	
	Balance as per statement of assets and	Maximum exposure to credit risk	Balance as per statement of assets and	Maximum exposure to credit risk
----- (Rupees in '000) -----				
Balances with banks	3,014,318	3,014,318	1,643,631	1,643,631
Investments in government securities	1,677,862	-	2,167,473	-
Investments in debt securities	555,267	555,267	948,187	948,187
Investments in equity securities	43,725	-	325,426	-
Investments in future stock contracts	1,503	-	(3,541)	-
Mark-up, dividend and other receivables	34,325	19,769	33,893	27,165
Receivable against margin trading system	49,596	49,596	-	-
Receivable against sale of investments	386,229	386,229	-	-
Deposits and others	45,224	45,224	143,309	143,309
	<u>5,808,049</u>	<u>4,070,403</u>	<u>5,258,378</u>	<u>2,762,292</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities, equity securities, future stock contracts and profit receivable from government securities amounting to Rs 1,677.862 (2020: Rs 2,167.473) million, Rs 43.725 (2020: Rs 325.426) million, Rs.1.503 {2020: Rs (3.541)} million and Rs 14.556 (2020: 6.728) million respectively is not exposed to credit risk.

The analysis below summaries the credit rating quality of the Fund's financial assets.

Bank balances by rating category	June 30,	June 30,
	2021	2020
	----- % -----	
AAA	69.27	95.31
AA+	0.37	4.69
AA	0.09	-
AA-	12.46	-
A+	17.81	-
A*	-	-
A-*	-	-
	<u>100.00</u>	<u>100.00</u>

Nil figures due to rounding off

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

* The analysis below summarizes the credit quality of the Fund's investment in term finance certificates, sukuks and government securities as at June 30, 2021 and June 30, 2020:

Investments by rating category	June 30, 2021	%	June 30, 2020
Government securities	75.14		43.37
AAA, AA, AA-, AA+	23.97		55.41
A, A-, A+	0.89		1.22
	100.00		100.00

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	10,064	-	-	-	-	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee	280	-	-	-	-	280
Payable against purchase of investments	1,965,915	-	-	-	-	1,965,915
Accrued and other liabilities	2,261	-	-	-	-	2,261
1,978,520	-	-	-	-	-	1,978,520

Financial liabilities

Payable to MCB-Arif Habib Savings & Investments Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against purchase of investments

Accrued and other liabilities

	10,064	-	-	-	-	-	10,064
	280	-	-	-	-	-	280
	1,965,915	-	-	-	-	-	1,965,915
	2,261	-	-	-	-	-	2,261
	1,978,520	-	-	-	-	-	1,978,520

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

June 30, 2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	11,493	-	-	-	-	11,493
Payable to Central Depository Company of Pakistan Limited - Trustee	317	-	-	-	-	317
Payable against purchase of investments	1,046,022	-	-	-	-	1,046,022
Accrued and other liabilities	2,695	-	-	-	-	2,695
	1,060,527	-	-	-	-	1,060,527

20 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).

The Fund held the following financial instruments measured at fair values:

June 30, 2021			
Fair value			
Level 1	Level 2	Level 3	Total

(Rupees in '000)

Financial assets measured at fair value through profit or loss

Market treasury bills	-	997,458	-	997,458
Pakistan investment bonds	-	642,679	-	642,679
Government Debt securities	-	37,725	-	37,725
Listed equity securities	43,725	-	-	43,725
Unlisted debt securities	-	555,267	-	555,267
Future stock contracts	1,503	-	-	1,503
	45,228	2,233,129	-	2,278,357

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

----- June 30, 2020-----				
Fair value				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
Financial assets measured at fair value through profit or loss				
Market treasury bills	-	1,073,409	-	1,073,409
Pakistan investment bonds	-	406,133	-	406,133
Government Debt securities	-	687,931	-	687,931
Listed equity securities	325,426	-	-	325,426
Listed debt securities	-	333,290	-	333,290
Unlisted debt securities	-	614,897	-	614,897
Future stock contracts	(3,541)	-	-	(3,541)
	<u>321,885</u>	<u>3,115,660</u>	<u>-</u>	<u>3,437,545</u>

21 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of their proportionate share of the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in unit holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

22 PATTERN OF UNITHOLDINGS

----- June 30, 2021-----				
Number of unit holders	Number of units held	Investment Amount	Percentage of total investments	
----- (Rupees in '000) -----				
Individuals	2,209	24,805,882	2,655,513	72.83%
Associated companies	3	3,359,231	359,612	9.86%
Retirement funds	25	3,071,187	328,776	9.02%
Others	43	2,821,526	302,049	8.28%
	<u>2,280</u>	<u>34,057,826</u>	<u>3,645,950</u>	<u>100%</u>

----- June 30, 2020-----				
Number of unit holders	Number of units held	Investment Amount	Percentage of total investments	
----- (Rupees in '000) -----				
Individuals	2,200	28,578,791	3,056,928	75.80%
Associated companies	3	3,152,046	337,157	8.36%
Retirement funds	26	3,298,016	352,772	8.75%
Others	83	2,672,994	285,918	7.09%
	<u>2,312</u>	<u>37,701,847</u>	<u>4,032,775</u>	<u>100%</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

	June 30, 2021 (Percentage)
1 Adam Securities Pvt Ltd	38.31%
2 Top Line Securities Pvt Ltd	32.55%
3 Multiline Securities Pvt Ltd	7.87%
4 Mra Securities Limited	6.73%
5 Js Global Capital Limited	5.40%
6 Efg Hermes Pakistan Limited	3.74%
7 Bma Capital Management Ltd	1.00%
8 Next Capital Ltd	0.94%
9 Continental Exchange Pvt Ltd	0.69%
10 Invest One Markets Limited	0.58%
	June 30, 2020 (Percentage)
1 Adam Securities Private Limited	25.33%
2 Efg Hermes Pakistan Limited	16.18%
3 Mra Securities Limited	14.80%
4 Top Line Securities Private Limited	12.36%
5 Invest One Markets Limited	5.13%
6 Continental Exchange Private Limited	4.55%
7 Multiline Securities Private Limited	4.35%
8 Alfalah Clsa Securities Private Limited	4.17%
9 C & M Management Private Limited	1.94%
10 Paramount Capital Private Limited	1.91%

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159,163 & 167
Mr. Muhammad Saqib Saleem (CEO)	Chief Executive Officer	11	11	11	-	-

25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
3	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	11
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	16
5	Syed Mohammad Usama Iqbal	Fund Manager	Graduate	17

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

25.1 Mr. Saad Ahmed is the Fund Manager. Details of the other funds being managed by him are as follows:

- Pakistan Income Enhancement Fund
- Pakistan Cash Management Optimizer Fund
- Pakistan Cash Management Fund
- MCB Pakistan Sovereign Fund
- Alhamra Daily Dividend Fund

26 GENERAL

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

26.1 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

26.2 Subsequent Event

Subsequent to the year ended June 30, 2021, Sindh Revenue Board (SRB) through its letter dated August 12, 2021 Has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions /Industrial Establishments and are therefore, not label to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies. In consultation with SECP, have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds. For the period from May 21, 2015 to August 12, 2021, on August 13, 2021.

The SECP has given its concurrence for prospective reversal of provision for SWWF through its letter dated August 30, 2021. Accordingly. Going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Rs 1.26 (2020: Re 1).

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 And further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note26.2 to these financial statements

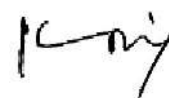
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
699	001-10,000	13,313
354	10,001 – 100,000	120,447
683	100,001 – 1,000,000	2,897,425
544	1,000,001+	31,026,483
2280		34,057,826

**PERFORMANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2021**

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	3,645.950	4,032.7759	3,933.4452	4,872.0000	6,190.0000
Net Assets value per unit – Rupees	107.0518	106.9649	106.5542	111.3412	106.4294
Closing Offer Price	108.8663	108.7780	108.3603	113.2284	108.2334
Closing Repurchase Price	104.6324	103.3388	106.5542	111.3412	106.4294
Highest offer price per unit	115.9956	121.0894	116.6078	113.3493	114.7823
Lowest offer price per unit	110.9321	108.3913	108.2969	108.2995	107.6412
Highest Redemption price per unit	114.0622	119.0711	114.6642	111.3412	112.8692
Lowest Redemption price per unit	105.3852	106.5847	106.4919	105.0384	105.8159
Distribution per unit – Rs. *	7.0333	12.0476	13.0796	-	6.5000
Average Annual Return - %					
One year	6.66	11.69	7.80	4.62	6.50
Two year	9.18	9.75	6.21	5.56	6.37
Three year (inception date Mar 01, 2007)	8.72	8.04	6.31	5.78	8.46
Net Income for the year – Rs. in million	258.3900	485.9330	292.7500	245.6301	289.0320
Distribution made during the year – Rs. in million	256.1370	471.0610	497.0410	-	259.4510
Accumulated Capital Growth – Rs. in million	2.2530	14.8720	(204.2910)	245.6301	29.5810
Weighted average Portfolio Duration (years)	1.5	2.8	1.3	1.4	1.6

*** Date of Distribution**

2021	
Date	Rate
June 25, 2021	7.0333

2020	
Date	Rate
June 26, 2020	12.0476

2019	
Date	Rate
July 04, 2019	4.8783
June 28, 2019	8.2013

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	6.50

Disclaimer

The past performance is not necessarily indicative

MCB-Arif Habib Savings and Investments Limited

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URL: www.mcbah.com, Email: info@mcbah.com



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2021

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



MCB PAKISTAN ASSET ALLOCATION FUND

TABLE OF CONTENTS

1	Fund's Information	428
2	Report of the Director of the Management Company	429
3	Report of the Fund Manager	441
4	Trustee Report to the Unit Holders	443
5	Independent Auditor's Report to the Unit Holders	444
6	Statement of Assets and Liabilities	447
7	Income Statement	448
8	Statement of Other Comprehensive Income	449
9	Statement of Movement in Unit Holder's Fund	450
10	Cash Flow Statement	451
11	Notes to and Forming Part of the Financial Statements	452
12	Pattern of Units Holding by Size	483
13	Performance Table	484
14	Proxy issued by fund	485

FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Asset Allocation Fund** accounts review for the year ended **June 30, 2021**.

Economy and Money Market Review

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

Equity Market Review

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a laggard with 11 per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528mn shares compared to 196mn shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120mn compared to USD 46mn a year back.

Foreign investors continued their selling spree in FY21 as well with net selling of USD 387mn compared to USD 285mn a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332mn and USD 138mn, respectively.

FUND PERFORMANCE

The fund posted a return of 26.16 per cent during the period under review against the benchmark return of 29.36 per cent. The fund has gradually decreased exposure in equities which reached to 78.3 per cent by the end of June, 2021 and at the same time it increased the exposure in cash to 17.7 per cent at the end of June, 2021.

On the equity side, the fund was mainly invested in Commercial Banks and Cement.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 912 million as compared to Rs. 1,299 million as at June 30, 2020 registering a decrease of 29.79 per cent. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 86.6497 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 17.97 per unit.

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021 the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 11.1 to the financial statements.

Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

From capital market perspective, particularly equities, markets are watchful of the 4th wave of Covid cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is right now at 3.6 per cent, compared to historical average of 1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx.38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance.

The Board consists of 1 female and 7 male directors. The details are as under:

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i) Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	(i) Audit Committee (ii) HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i) Audit Committee (Chairman); and (ii) HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i) HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i) HR&R* Committee

* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

- i. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

1. Meeting of the Audit Committee.

During the year, nine(9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg(Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, four (4) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (chairman)	4	4	4	-
2. Mr. Ahmed Jahangir	4	4	4	-
3. Mr. Nasim Beg	4	4	4	-
4. Ms. Mavra Adil Khan	4	4	3	1
5. Syed Savail Meekal Hussain	4	4	4	-
6. Mr. Muhammad Saqib Saleem (CEO)	4	4	4	-

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Mobin Ahmed Siddiqui	Chief Internal Auditor	6,449	6,449	0

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

EXTERNAL AUDITORS

The fund's external auditors, **Yousuf Adil Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

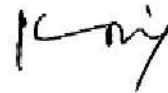
ACKNOWLEDGMENT

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
September 15, 2021



Kashif A. Habib
Director

ڈائریکٹرز رپورٹ

-	4	4	4	۴۔ جناب نسیم بیگ
1	3	4	4	۵۔ محترمہ ماوراء عادل خان
-	4	4	4	۶۔ سید ساویل میکال حسین
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

m. دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے نوٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
					نوٹس کی تعداد
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	6,449	6,449	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز Yousuf Adil چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے Yousuf Adil چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



کاشف اے حبیب
ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
15 ستمبر 2021ء

ڈائریکٹرز رپورٹ

(اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینڈ ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الادائیگیس، قانونی چارجز اور ڈیویڈنڈ (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ/ گریجویٹنٹی اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریڈنگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب پونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

ا. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

ا۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیئرمین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میکال حسین

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ میوزیشن کمیٹی کی چار (4) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیئرمین)
-	4	4	4	۳۔ جناب احمد جہانگیر

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پرعزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمیٹی کی گورننگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون راشد	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید ساویل میکال حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونیشن

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے بالمسرت مطلع کیا جاتا ہے کہ:

- مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقدی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛
- مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز

ڈائریکٹرز رپورٹ

زیرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو وڈ کی چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محور ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جا سکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (مورگن اسٹینلی کیپیٹل انٹرنیشنل) امریکن مارکیٹ انڈیکس سے ایم ایس سی آئی فرنٹینئر مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازاری رفتار میں کردار ادا کریں گے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

ڈائریکٹرز رپورٹ

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سینیٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی چلک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سیمنٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای اینڈ پی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص منافع ہوا جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 26.16 فیصد منافع پوسٹ کیا، جبکہ مقررہ معیار کا منافع 29.36 فیصد تھا۔

فنڈ نے ایکویٹیز میں شمولیت کو بتدریج کم کر کے جون 2021ء کے اختتام تک 78.3 فیصد کر دیا، اور بیک وقت نقد میں شمولیت کو بڑھا کر جون 2021ء کے اختتام تک 17.7 فیصد کر دیا۔

ایکویٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ کے شعبوں میں تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 912 ملین روپے تھے جو 30 جون 2020ء کی سطح 1,299 ملین روپے کے مقابلے میں 29.79 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) نی یونٹ 86.6497 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 68.6797 روپے نی یونٹ کے مقابلے میں 17.97 روپے نی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مورخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیل شمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔

13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 11.1 ملاحظہ فرمائیے۔

معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کو وڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان ایسیٹ ایلوکیشن فنڈ کے گوشواروں مختصہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پتھوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں پلک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6- فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7- فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دھتھی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر ہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Fund Type and Category

MCB Pakistan Asset Allocation Fund MCB-PAAF is an Open-End Asset Allocation Scheme for which SECP categorization in process.

Fund Benchmark

Weighted average of 70% of three (3) months PKRV rates + 30% of three (3) months average deposit rates of three (3) AA rated commercial banks as selected by MUFAP and six (6) month KIBOR and KSE-100 index based on the actual proportion of the scheme in Money market, Fixed income and equity securities

Investment Objective

MCB Pakistan Asset Allocation Fund is an asset allocation fund and its objective is to aim to provide a high absolute return by investing in equity and debt markets.

Investment Strategy

The fund will aim to achieve the above-mentioned objective by investing up to 100% in equity securities or up to 100% in debt securities according to the market conditions.

Manager's Review

The fund posted a return of 26.16% during the period under review against the benchmark return of 29.36%. Equity exposure of the fund at June end was 78.3% whereas cash exposure was 17.7%.

On the equity side, the fund was mainly invested in Commercial Banks and Cements.

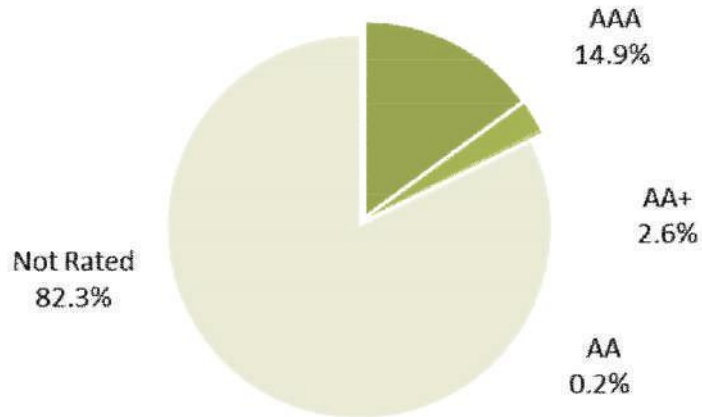
The Net Assets of the Fund as at June 30, 2021 stood at Rs. 912 million as compared to Rs. 1,299 million as at June 30, 2020 registering a decrease of 29.8%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 86.6497 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 17.9700 per unit.

Asset Allocation as on June 30, 2021 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-21
Cash	17.7%
TFCs/Sukuk	0.0%
Stocks / Equities	78.3%
Spread Transactions	0.0%
T-Bills	0.0%
PIBs	0.0%
Others including receivables	4.0%

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2021**

Asset Quality as on June 30, 2021 (% of total assets)



**Syed Abid Ali
Fund Manager**

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcPakistan.com

Email: info@cdcPak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 10, 2021



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
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INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of MCB Pakistan Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB Pakistan Asset Allocation Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments</p> <p>As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 764 million as at June 30, 2021, consisting of equity securities which represents significant item of the statement of assets and liabilities of the Fund.</p> <p>Henceforth, we have identified the existence and valuation as the significant areas during our audit due to which we have considered this as a Key Audit Matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none">evaluated design and implementation of controls in place related to purchases and sales of investments;independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

S. No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none">independently matched securities held by the Fund with the Central Deposit Company's account statement.tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: September 20, 2021

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	4 172,930	198,319
Investments	5 764,495	1,290,075
Dividend and profit receivable	6 1,544	10,374
Receivable against sale of investments	32,702	12,868
Receivable from National Clearing Company of Pakistan Limited	1,134	3,737
Advances, deposits, prepayments and other receivable	7 4,111	3,117
Total assets	976,916	1,518,490
LIABILITIES		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8 2,263	6,738
Payable to Central Depository Company of Pakistan Limited - Trustee	9 184	212
Payable to the Securities and Exchange Commission of Pakistan	10 249	300
Payable against redemption of units	31	31
Payable against purchase of investments	9,425	165,692
Accrued expenses and other liabilities	11 52,701	46,037
Total liabilities	64,853	219,010
NET ASSETS	912,063	1,299,480
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	912,063	1,299,480
CONTINGENCIES AND COMMITMENTS	12	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	10,525,869	18,920,867
	----- (Rupees) -----	
NET ASSET VALUE PER UNIT	86.6497	68.6797

The annexed notes 1 to 28 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
INCOME			
Markup / return on Investments	13	9,091	47,725
Income/(loss) on sale of investments - net		287,802	(27,265)
Markup on deposits with banks		5,152	21,451
Dividend income		48,001	52,203
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	5.2	40,635	(70,772)
Other income		856	316
Total income		391,537	23,658
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	29,231	29,978
Sindh Sales Tax on remuneration of Management Company	8.2	3,800	3,897
Allocated expenses	8.3	1,245	1,499
Selling and marketing expenses	8.4	11,085	15,730
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,240	2,501
Sindh Sales Tax on remuneration of Trustee	9.2	291	325
Annual fee to Securities and Exchange Commission of Pakistan	10	249	300
Brokerage and settlement charges		10,589	8,642
Auditors' remuneration	14.	719	830
Provision against Sindh Workers' Welfare Fund	11.1	6,627	-
Other expenses		761	717
Total operating expenses		66,837	64,419
Net income/(loss) for the year before taxation		324,700	(40,761)
Taxation	16	-	-
Net income/(loss) for the year after taxation		324,700	(40,761)
Allocation of net income for the year			
Net income for the year after taxation		324,700	-
Income already paid on units redeemed		(172,322)	-
		152,378	-
Accounting income available for distribution			
Relating to capital gains		148,481	-
Excluding capital gains		3,897	-
		152,378	-
Earnings per unit	3.10		

The annexed notes 1 to 28 form an integral part of these financial statements.

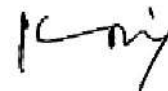
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
Net income/(loss) for the year after taxation	324,700	(40,761)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	324,700	(40,761)

The annexed notes 1 to 28 form an integral part of these financial statements.


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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	For year ended June 30,							
	2021				2020			
	(Rupees in '000)							
Capital Value	Accumulated Losses	Unrealised appreciation on available-for-sale investments	Total	Capital Value	Accumulated Losses	Unrealised appreciation on available-for-sale investments	Total	
Net assets at beginning of the year	2,506,806	(1,207,326)	-	1,299,480	3,214,410	(1,166,565)	-	2,047,845
Issue of 3,718,657 units (2020: 2,129,753 units)								
- Capital value (at net asset value per unit at the beginning of the year)	255,396	-	-	255,396	151,701	-	-	151,701
- Element of income / (loss)	43,153	-	-	43,153	(4,586)	-	-	(4,586)
	298,549	-	-	298,549	147,115	-	-	147,115
Redemption of 12,113,655 units (2020: 11,958,863 units)								
- Capital value (at net asset value per unit at the beginning of the year)	(831,963)	-	-	(831,963)	(851,823)	-	-	(851,823)
- Element of loss	(6,381)	(172,322)	-	(178,703)	(2,896)	-	-	(2,896)
	(838,344)	(172,322)	-	(1,010,666)	(854,719)	-	-	(854,719)
Total comprehensive income/(loss) for the year	-	324,700	-	324,700	-	(40,761)	-	(40,761)
Net assets at end of the year	1,967,011	(1,054,948)	-	912,063	2,506,806	(1,207,326)	-	1,299,480
Undistributed loss brought forward								
- Realised		(1,136,554)				(853,369)		
- Unrealised		(70,772)				(313,196)		
		(1,207,326)				(1,166,565)		
Accounting income available for distribution								
- Relating to capital gains		148,481				-		
- Excluding capital gains		3,897				-		
		152,378				-		
Net loss for the year after taxation		-				(40,761)		
Undistributed loss carried forward		(1,054,948)				(1,207,326)		
Undistributed loss carried forward								
- Realised		(1,095,583)				(1,136,554)		
- Unrealised		40,635				(70,772)		
		(1,054,948)				(1,207,326)		
		(Rupees)				(Rupees)		
Net assets value per unit at beginning of the year	68.6797				71.2294			
Net assets value per unit at end of the year	86.6497				68.6797			

The annexed notes 1 to 28 form an integral part of these financial statements.

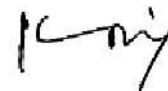
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the year before taxation	324,700	(40,761)
Adjustments for:		
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	(40,635)	70,772
Provision against Sindh Workers' Welfare Fund	6,627	-
	290,692	30,011
Decrease / (increase) in assets		
Investments - net	566,215	208,958
Dividend and profit receivable	8,830	3,028
Receivable against sale of investments	(19,834)	117,901
Receivable from National Clearing Company of Pakistan Limited	2,603	-
Advances, deposits, prepayments and other receivable	(994)	16
	556,820	329,903
(Decrease) / increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(4,475)	(519)
Payable to Central Depository Company of Pakistan Limited - Trustee	(28)	(100)
Payable to the Securities and Exchange Commission of Pakistan	(51)	(2,465)
Payable against redemption of units	-	(32,339)
Payable against purchase of investments	(156,267)	165,692
Accrued expenses and other liabilities	37	(1,029)
	(160,784)	129,240
Net cash generated from operating activities	686,728	489,154
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	298,549	147,115
Amount paid against redemption of units	(1,010,666)	(854,719)
Net cash used in financing activities	(712,117)	(707,604)
Net decrease in cash and cash equivalents during the year	(25,389)	(218,450)
Cash and cash equivalents at beginning of the year	198,319	416,769
Cash and cash equivalents at end of the year	172,930	198,319

The annexed notes 1 to 28 form an integral part of these financial statements.

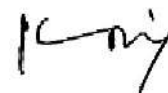
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management has been changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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 a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorised as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager a rating of "AM1" (2020: AM2++) on October 06, 2020.
- 1.5 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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 IFRS Standards, 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 the requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
- Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are documented in the following accounting policies, notes and relate primarily to:

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of financial assets (notes 3.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and valuation of financial liabilities (notes 3.1.2)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been round off to the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.1.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to income statement on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets designated at fair value through profit or loss (equity instruments)

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKFRV / PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of equity instruments:

The fair value of equity instruments is determined by using closing rate of securities at day end available on the Pakistan Stock Exchange's website.

3.1.1.3 Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.4 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised appreciation / diminution arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income / profit from investments in term finance certificates / sukuks, MTS transactions and government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.9 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
4. BANK BALANCES			
In saving accounts	4.1	164,510	191,479
In current accounts	4.2	8,420	6,840
		172,930	198,319

4.1 These carry profit at the rates ranging between 5.50% to 9.75% (2020: 5.50% to 7.83%) per annum. It includes bank balance of Rs. 0.012 million (2020: Rs. 0.226 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.50% (2020: 5.50%) per annum.

4.2 This represents bank balance maintained with MCB Bank Limited, (a related party).

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
5. INVESTMENTS			
Financial assets 'at fair value through profit or loss'			

Ordinary shares - Listed	5.1.1	742,095	897,535
Preference Shares - Listed	5.1.2	22,400	-
Sukuk Certificates - Listed	5.1.2	-	36,819
Market Treasury Bills	5.1.3	-	149,592
Pakistan Investment Bonds	5.1.4	-	105,229
Pakistan Investment Bonds - Floating Rate Bond	5.1.5	-	100,900
		764,495	1,290,075

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.1 Financial assets 'at fair value through profit or loss'

5.1.1 Ordinary shares - Listed

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of the issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
						(Rupees in '000)			(%)		
Automobile Assembler											
Milat Tractors Limited	-	1,160	-	1,160	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	18,000	-	18,000	-	-	-	-	-	-	-
Indus Motor Company Limited	-	51,000	-	6,860	44,140	52,834	55,358	2,524	0.06	7.24	0.06
Sazgar Engineering Works Limited	-	38,500	-	38,500	-	-	-	-	-	-	-
						52,834	55,358	2,524			
Automobile Parts and Accessories											
Thal Limited	98,900	-	-	38,500	60,400	19,627	25,536	5,909	0.03	3.34	0.40
Agraulos Industries Limited**	-	150,000	-	80,000	70,000	16,618	19,207	2,589	0.02	2.51	0.24
Panther Tyres Limited	-	213,630	-	-	213,630	14,057	14,768	711	0.02	1.93	0.15
						50,302	59,511	9,209			
Cable and Electrical Goods											
Pak Elektron Limited	-	970,000	-	970,000	-	-	-	-	-	-	-
Cement											
Cherat Cement Company Limited	-	280,000	-	280,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	-	800,170	-	724,500	75,670	8,927	8,923	(4)	0.98	1.17	0.02
Fuji Cement Company Limited	1,500,000	1,825,000	-	3,325,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	686,500	-	686,500	-	-	-	-	-	-	-
Power Cement	-	1,375,000	-	1,189,000	186,000	2,067	1,787	(280)	0.20	0.23	0.02
Lucky Cement Limited	172,409	213,189	-	316,092	69,506	44,076	60,014	15,938	6.58	7.85	0.02
Maple Leaf Cement Factory Limited	500,000	2,631,000	-	2,433,500	697,500	30,983	32,769	1,786	3.59	4.29	0.06
						86,063	103,493	17,440			
Commercial Banks											
Bank Of Punjab Limited	-	3,113,500	-	3,113,500	-	-	-	-	-	-	-
MCB Bank Limited*	264,205	365,000	-	629,205	-	-	-	-	-	-	-
Meezan Bank Limited	-	200,000	-	14,000	186,000	21,334	21,466	132	2.35	2.81	0.01
Allied Bank Limited	467,800	-	-	467,800	-	-	-	-	-	-	-
Bank Alfalah Limited	-	3,250,000	-	2,350,000	900,000	33,118	28,962	(4,156)	3.18	3.79	0.05
Bank Al-Habib Limited	854,409	791,300	-	1,102,000	543,709	35,446	38,125	2,679	4.18	4.99	0.05
Faysal Bank Limited	34,100	350,000	-	384,100	-	-	-	-	-	-	-
Habib Bank Limited	414,900	840,000	-	978,169	276,731	33,972	33,864	(108)	3.71	4.43	0.02
Habib Metropolitan Bank Limited	827,000	-	-	827,000	-	-	-	-	-	-	-
Samba Bank	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
United Bank Limited	652,640	868,250	-	1,193,200	327,690	39,903	40,044	141	4.39	5.24	0.03
						163,773	162,461	(1,312)			

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Number of shares)						(Rupees in '000)					
Engineering											
Mughal Iron and Steel Industries Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
International Industries Limited	120	-	-	120	-	-	-	-	-	-	-
Aisha Steel Mill Limited*	-	2,446,500	-	2,446,500	-	-	-	-	-	-	-
Amrli Steels Limited	-	349,500	-	349,500	-	-	-	-	-	-	-
Agha steel Industries Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	45,000	94,500	-	139,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	920,000	-	920,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	591,000	362,054	-	953,054	-	-	-	-	-	-	-
Food & Personal Care Products											
Al-Tahir Limited	668,500	-	66,850	735,350	-	-	-	-	-	-	-
Murree Brewery Company Limited	-	25,000	-	3,550	21,450	12,548	12,480	(68)	1.37	1.63	0.08
National Foods Limited ***	87,580	-	-	87,580	-	-	-	-	-	-	-
Unity Foods Limited	-	900,000	-	900,000	-	-	-	-	-	-	-
Shezan International Limited	5,115	-	-	-	5,115	1,145	1,695	550	0.19	0.22	0.06
						13,693	14,175	482			
Glass & Ceramics											
Tariq Glass Industries Limited	220,350	-	-	220,350	-	-	-	-	-	-	-
Insurance											
Adamjee Insurance Company Limited*	760,000	-	-	746,000	14,000	464	581	117	0.06	0.08	0.00
Pakistan Reinsurance Company Limited	289,500	-	-	289,500	-	-	-	-	-	-	-
						464	581	117			
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	779,600	478,500	-	1,158,100	100,000	9,426	9,503	77	1.04	1.24	0.00
Pakistan Oilfields Limited	90,930	100,000	-	190,930	-	-	-	-	-	-	-
Pakistan Petroleum Limited	294,306	570,000	-	864,306	-	-	-	-	-	-	-
Mari Petroleum Company Limited	12,000	26,520	-	8,000	30,520	42,921	46,524	3,603	5.10	6.09	0.03
						52,347	56,027	3,680			
Oil and Gas Marketing Companies											
Attock Petroleum Limited	-	111,700	-	21,700	90,000	30,439	28,893	(1,546)	3.17	3.78	0.09
Pakistan State Oil Company Limited	-	375,511	-	375,511	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	628,300	-	-	628,300	-	-	-	-	-	-	-
						30,439	28,893	(1,546)			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Rupees in '000)											
(Number of shares)											
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	63,100	15,000	-	36,500	41,600	27,384	32,962	5,578	3.61	4.31	0.04
GlaxoSmithKline Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited	8,850	63,400	2,500	8,850	65,900	39,194	39,540	346	4.34	5.17	0.21
AGP Limited	-	80,000	-	80,000	-	-	-	-	-	-	-
The Searle Company Limited	2,058	163,200	7,150	172,058	350	92	85	(7)	0.01	0.01	0.00
						<u>66,670</u>	<u>72,587</u>	<u>5,917</u>			
Power Generation and Distribution											
Hub Power Company Limited	499,289	1,501,532	-	1,998,565	2,256	176	180	4	0.02	0.02	0.00
Kot Addu Power Company Limited	270,000	700,000	-	970,000	-	-	-	-	-	-	-
Pakgen Power Limited	-	292,500	-	292,500	-	-	-	-	-	-	-
Lalpur Power Limited	-	1,800,000	-	1,095,000	705,000	9,165	12,591	3,426	1.38	1.65	0.19
K-Electric Limited **	3,200,000	-	-	3,200,000	-	9,341	12,771	3,430	-	-	-
						<u>11,897</u>	<u>12,039</u>	<u>142</u>	<u>1.32</u>	<u>1.57</u>	<u>0.05</u>
Real Estate Investment Trust											
Dolmen City REIT	1,092,500	-	-	-	1,092,500	11,897	12,039	142	1.32	1.57	0.05
						<u>11,897</u>	<u>12,039</u>	<u>142</u>			
Textile Composite											
Nishat Mills Limited*	-	265,000	-	265,000	-	-	-	-	-	-	-
Interloop Limited	-	1,204,500	-	874,500	330,000	23,768	23,110	(658)	2.53	3.02	0.04
						<u>23,768</u>	<u>23,110</u>	<u>(658)</u>			
Leather & Tanneries											
Service Global Footwear Limited	-	37,334	-	37,334	-	-	-	-	-	-	-
Bata Pakistan Limited	-	11,200	-	-	11,200	21,324	19,201	(2,123)	2.11	2.51	0.15
Service Industries Limited	9,893	-	2,474	12,366	1	1	1	1	-	-	0.00
						<u>21,324</u>	<u>19,202</u>	<u>(2,122)</u>			
Chemicals											
Archroma Pak	-	49,050	-	-	49,050	28,796	28,081	(715)	3.08	3.67	0.14
ICI Pakistan	-	18,000	-	18,000	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	994,036	674,000	-	1,668,036	-	28,796	28,081	(715)	-	-	-
						<u>28,796</u>	<u>28,081</u>	<u>(715)</u>			
Refinery											
National Refinery Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	735,000	-	377,000	358,000	9,648	8,810	(838)	0.97	1.15	0.06
Byco Petroleum Limited	-	1,750,000	-	1,750,000	-	9,648	8,810	(838)	-	-	-
						<u>9,648</u>	<u>8,810</u>	<u>(838)</u>			
Technology & Communications											
Avanceon Limited	-	660,000	-	660,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	715,000	-	715,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>			
Paper And Board											
Packages Limited	-	119,700	-	4,400	115,300	60,450	62,862	2,412	6.89	8.22	0.13
Century Paper and Board Mills Limited	-	125,000	-	125,000	-	60,450	62,862	2,412	-	-	-
						<u>60,450</u>	<u>62,862</u>	<u>2,412</u>			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Rupees in '000)											
Miscellaneous											
Shifa International Hospital	-	101,000	-	-	101,000	22,061	22,134	73	2.43	2.90	0.16
Tri-Pack Films Limited	-	45,000	-	45,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	1,200,000	-	1,200,000	-	-	-	-	-	-	-
Total as at June 30, 2021						22,061	22,134	73			
Total as at June 30, 2020						703,860	742,095	38,235			
						968,070	897,535	(70,535)			

- * These denote related parties / connected persons.
 ** This have a face value of Rs 3.5 per share.
 *** This have a face value of Rs 5 per share.

5.1.1.1 Investments include shares with market value aggregating to Rs 58.8 million (2020: Rs 34.5 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5.1.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh in favor of CISs.

The Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during that year. On July 11, 2019, the CISs have filed a fresh constitutional petition. In this regard, on July 15, 2019, the High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favor of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.7038 million (2020: 0.08814 million).

5.1.2 Listed equity securities - Preference Shares

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments
						Carrying value	Market value	Unrealised appreciation / (diminution)		
(Rupees in '000)										
Engro Polymer and Chemicals Limited	-	2,000,000	-	-	2,000,000	20,000	22,400	2,400	2.46	2.93

5.1.2.1 These shares carry dividend at the rate of 6 months KIBOR + 3.5% per annum on cumulative basis. The rate prevailing on June 30 and December 31 will be considered.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

5.1.2 Sukuk Certificates - Listed debt securities

Certificates having a face value of Rs. 100,000 each unless stated otherwise

Tenor	Face value			As at June 30, 2021			Market value as a percentage of total investments (%)	Market value as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value		
Dawood Hercules Corporation Limited	452	-	452	-	-	-	-	-
Total as at June 30, 2021								
Total as at June 30, 2020					36,088	36,819	731	

5.1.2.1 Significant terms and conditions of term finance certificates outstanding as at June 30, 2021 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Dawood Hercules Corporation Limited	3 months KIBOR + 1%	1-Mar-18	1-Mar-23	AA

5.1.3 Market Treasury Bills - Government Securities

Tenor	Issue date	Face value			As at June 30, 2021			Market value as a percentage of net assets (%)	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	Carrying value	Market value	Unrealised appreciation / (diminution)		
Market Treasury bills - 3 months	31-Dec-20	150,000	50,000	200,000	-	-	-	-	
Market Treasury bills - 3 months	25-Mar-21	-	250,000	250,000	-	-	-	-	
Market Treasury bills - 3 months	14-Jan-21	-	110,000	110,000	-	-	-	-	
Market Treasury bills - 3 months	11-Feb-21	-	3,000,000	3,000,000	-	-	-	-	
Market Treasury bills - 3 months	8-Apr-21	-	50,000	50,000	-	-	-	-	
Market Treasury bills - 3 months	28-Jan-21	-	500,000	500,000	-	-	-	-	
Market Treasury bills - 3 months	10-Sep-20	-	1,400,000	1,400,000	-	-	-	-	
Market Treasury bills - 3 months	20-May-21	-	1,200,000	1,200,000	-	-	-	-	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Tenor	Issue date	Face value			As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value appreciation / (diminution)		
Market Treasury bills - 3 months	27-Aug-20		500,000	500,000	-	-	-	-	
Market Treasury bills - 3 months	6-May-21		50,000	50,000	-	-	-	-	
Market Treasury bills - 3 months	2-Jul-20		500,000	500,000	-	-	-	-	
Market Treasury bills - 3 months	17-Dec-20		75,000	75,000	-	-	-	-	
Market Treasury bills - 3 months	19-Nov-20		500,000	500,000	-	-	-	-	
Market Treasury bills - 3 months	23-Apr-20		1,875,000	1,875,000	-	-	-	-	
Market Treasury bills - 3 months	5-Nov-20		550,000	550,000	-	-	-	-	
Market Treasury bills - 3 months	22-Apr-21		550,000	550,000	-	-	-	-	
Market Treasury bills - 3 months	17-Jun-21		500,000	500,000	-	-	-	-	
Market Treasury bills - 3 months	8-Oct-20		3,650,000	3,650,000	-	-	-	-	
Market Treasury bills - 3 months	24-Sep-20		50,000	50,000	-	-	-	-	
Market Treasury bills - 3 months	16-Jul-20		10,650,000	10,650,000	-	-	-	-	
Market Treasury bills - 3 months	3-Dec-20		175,000	175,000	-	-	-	-	
Market Treasury bills - 3 months	25-Feb-21		1,600,000	1,600,000	-	-	-	-	
Market Treasury bills - 3 months	3-Jun-21		500,000	500,000	-	-	-	-	
Market Treasury bills - 6 months	17-Jun-21		500,000	500,000	-	-	-	-	
Market Treasury bills - 6 months	7-May-20		50,000	50,000	-	-	-	-	
Market Treasury bills - 6 months	13-Feb-20		125,000	125,000	-	-	-	-	
Market Treasury bills - 6 months	20-May-21		500,000	500,000	-	-	-	-	
Market Treasury bills - 6 months	24-Sep-20		100,000	100,000	-	-	-	-	
Market Treasury bills - 6 months	23-Apr-20		2,950,000	2,950,000	-	-	-	-	
Market Treasury bills - 6 months	26-Mar-20		300,000	300,000	-	-	-	-	
Market Treasury bills - 6 months	2-Jul-20		480,000	480,000	-	-	-	-	
Market Treasury bills - 6 months	16-Jul-20		6,100,000	6,100,000	-	-	-	-	
Market Treasury bills - 6 months	18-Jun-20		6,030,000	6,030,000	-	-	-	-	
Market Treasury bills - 12 months	12-Sep-19		100,000	100,000	-	-	-	-	
Market Treasury bills - 12 months	26-Sep-19		1,825,000	1,825,000	-	-	-	-	
Market Treasury bills - 12 months	10-Oct-19		2,150,000	2,150,000	-	-	-	-	
Market Treasury bills - 12 months	21-Nov-19		150,000	150,000	-	-	-	-	
Market Treasury bills - 12 months	16-Aug-19		200,000	200,000	-	-	-	-	
Market Treasury bills - 12 months	19-Dec-19		7,250,000	7,250,000	-	-	-	-	
Market Treasury bills - 12 months	4-Jun-20		110,000	110,000	-	-	-	-	
Market Treasury bills - 12 months	5-Dec-19		1,500,000	1,500,000	-	-	-	-	
Market Treasury bills - 12 months	7-Nov-19		50,000	50,000	-	-	-	-	
Market Treasury bills - 12 months	24-Oct-19		688,915	688,915	-	-	-	-	

----- (Rupees in 000) ----- (%) -----

Total as at June 30, 2021

Total as at June 30, 2020

149,547 149,592 45

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

5.1.6 Government of Pakistan (GoP) Ijarah sukuks - Government securities

Name of investee company	Face Value			As at June 30, 2021			Market value as a percentage of total investments (%)	Market value as a percentage of net assets	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value			
GoP Ijarah Sukuks	-	62,500	62,500	-	-	-	-	-	-
Total as at June 30, 2021									
Total as at June 30, 2020									

(Rupees in 000)

5.2 Unrealised diminution on re-measurement of investments at fair value through profit or loss - net

	June 30, 2021	June 30, 2020	Note
Market value as at June 30	744,495	1,290,075	5.1.1, 5.1.2, 5.1.3, 5.1.4, & 5.1.5
Carrying value as at June 30	(703,860)	(1,360,847)	5.1.1, 5.1.2, 5.1.3, 5.1.4, & 5.1.5
	<u>40,635</u>	<u>(70,772)</u>	

----- (Rupees in '000) -----

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
6. DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable	1,076	405
Profit receivable on:		
Sukuk certificates / term finance certificates	-	271
Government securities	-	8,742
Deposits with banks	468	956
	1,544	10,374
	1,544	10,374
7. ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES		
Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited	100	100
Advance tax	415	395
Other receivables	40	34
Receivable against bonus shares withheld	1,056	-
Prepayments	-	88
	4,111	3,117
	4,111	3,117
8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		
Management remuneration payable	1,916	2,084
Sindh sales tax payable on management remuneration	249	271
Sales load payable	17	246
Payable against allocated expenses	81	104
Payable against selling and marketing expenses	-	4,033
	2,263	6,738
	2,263	6,738

8.1 The Management Company has charged remuneration at a rate of 2% per annum of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

8.2 During the year, Sindh Sales Tax on management fee has been charged at 13% (2020: 13%).

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.

8.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

The SECP through its circular 11 dated July 5, 2019 revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Asset Management Company (BOD) as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN			
Trustee remuneration payable	9.1	163	188
Sindh Sales Tax payable on trustee remuneration	9.2	21	24
		184	212

9.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the year

Net Assets Value (NAV)	Tariff per annum
Up to Rs 1,000 million	0.20% per annum of Net Assets
On an amount exceeding Rs. 1,000 million	Rs 2 million plus 0.10% per annum of Net Assets exceeding Rs 1,000 million, whichever is higher

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to the SECP	10.1	249	300

10.1 Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period. Previously, the rate of annual fee applicable to asset allocation scheme was 0.095% of the daily average annual net assets of the Fund.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision against Sindh Workers' Welfare Fund	11.1	15,700	9,073
Provision for Federal Excise Duty and related tax on			
- Management fee	11.2	19,027	19,027
- Sales load		16,173	16,173
Withholding tax payable (deducted on capital gains)		378	2
Auditors' remuneration payable		497	558
Brokerage payable		662	946
Others		264	258
		52,701	46,037

11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

The Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the Insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs) obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, MUFAP decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not Financial Institutions as

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

required by SWWF act, 2014 MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF Is payable by them SRB on November 11 2016 responded back that as mutual funds are included in definition of financial Institutions inthe Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e May 21, 2015 Accordingly, on January 12, 2017, MUFAP instruded to provide for SWWF With effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue the aggregate balance of SWWF provision in the book of accounts of the Fund as on June 30.2021 is Rs 15.7 million (June 30. 2020 Rs 9.073 million).

The SECP has also concurred with the directions issued by MUFAP through its letter no SCD/AMCW/MUFAP/2017 - 405 dated February 01,2017.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions This devolopment was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21,2015 to 12, 2021, on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 1.4916 (2020. Re 0.4796) per unit.

11.2 Federal Excise Duty and related tax payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and Sales Load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2021 aggregates to Rs. 19.027 million (June 30, 2020: Rs. 19.027 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Rs. 1.8076 per unit (June 30, 2020: Re.1.0056 per unit).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 and June 30, 2020.

13. MARKUP / RETURN ON INVESTMENTS

Government securities
Term finance certificates / sukuk certificates
Commercial paper

June 30, 2021	June 30, 2020
----- (Rupees in '000) -----	
8,518	23,273
573	22,863
-	1,589
9,091	47,725

14. AUDITORS' REMUNERATION

Annual audit fee
Half yearly review fee
Other certifications
Out of pocket expenses

420	420
236	236
50	50
13	124
719	830

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

17.2 Details of transactions other than units of the Fund with related parties / connected persons during the year

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company including indirect taxes	33,031	33,875
Allocated expenses	1,245	1,499
Selling and marketing expenses	11,085	15,730
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	2,531	2,826
CDC settlement charges	180	243
MCB Bank Limited - Holding Company of the Management Company		
Purchase of shares 2021: 365,000 (2020: 414,205)	62,870	63,646
Sale of shares 2021: 610,205 (2020: 629,300)	115,290	107,807
Dividend income	10	839
Profit on bank balances	5	47
Bank charges	8	14
Sale of securities face value 2021: 50 million (2020: Nil)	106,348	-
D. G. Khan Cement Company Limited - Group Company of Parent Company		
Purchase of Shares 2021: 800,170 (2020: 685,000)	87,419	51,780
Sale of Shares 2021: 724,500 (2020: 685,000)	78,003	51,577
Adamjee Insurance Company Limited - Group Company of Parent Company		
Purchase of Shares 2021: NIL (2020: 760,000)	-	29,012
Sale of Shares 2021: 746,000 (2020: 295,000)	32,876	12,046
Dividend income	896	865
Arif Habib Limited - Subsidiary of Associated Company		
Purchase of Shares 2021: 1,374,300 (2020: NIL)	129,338	-
Sale of Shares 2021: 3,140,244 (2020: 312,000)	294,896	10,949
Brokerage expense *	642	464
Nishat Mills Limited - Group Company of Parent Company		
Purchase of Shares 2021: 200,000 (2020: NIL)	21,378	-
Sale of Shares 2021: 250,000 (2020: 1,100)	28,879	71
Nishat (Chunian) Limited - Group Company of Parent Company		
Sale of Shares 2021: NIL (2020: 250,000)	-	9,403
Lalpir Power Limited		
Purchase of Shares 2021: 1,800,000 (2020: NIL)	23,400	-
Sale of Shares 2021: 1,095,000 (2020: NIL)	18,152	-
Dividend income	2,245	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Power Cement Limited		
Purchase of Shares 2021: 1,375,000 (2020: NIL)	15,283	-
Sale of Shares 2021: 1,189,000 (2020: NIL)	12,015	-
Pakgen Power Limited		
Purchase of Shares 2021: 292,500 (2020: NIL)	4,751	-
Sale of Shares 2021: 292,500 (2020: NIL)	6,081	-
Dividend income	229	-
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
17.3 Details of balances with related parties / connected persons as at year end		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	1,916	2,084
Sindh sales tax payable on management remuneration	249	271
Sales load payable	17	246
Payable against allocated expenses	81	104
Payable against selling and marketing expenses	-	4,033
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	163	188
Sindh Sales Tax payable on trustee remuneration	21	24
Security deposits	100	100
MCB Bank Limited - Parent of the Management Company		
Bank balances	8,432	7,066
Shares held by the Fund 2021: NIL (2020: 264,205)	-	42,820
Arif Habib Limited - Subsidiary of Associated Company		
Brokerage expense *	173	43
Lalpir Power Limited		
Shares held by the Fund 2021: 705,000 (2020: NIL)	12,591	-
Power Cement Limited		
Shares held by the Fund 2021: 186,000 (2020: NIL)	1,787	-

* The amount disclosed represents the amount of brokerage expense or brokerage payable to related parties / 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 related parties / connected persons.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

	June 30, 2021						
	Carrying amount		Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	----- (Rupees in '000) -----						
Ordinary shares - Listed	-	742,095	-	742,095	742,095	-	742,095
	-	742,095	-	742,095	742,095	-	742,095
Financial assets not measured at fair value							
Bank balances	172,930	-	-	172,930			
Dividend and profit receivable	1,544	-	-	1,544			
Receivable against sale of investments	32,702	-	-	32,702			
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	1,134			
Deposits and other receivables	2,640	-	-	2,640			
	<u>210,950</u>	<u>-</u>	<u>-</u>	<u>210,950</u>			
Financial liabilities not measured at fair value							
Payable against purchase of investments	9,425	-	-	9,425			
Payable to the Management Company	2,014	-	-	2,014			
Payable to the Trustee	163	-	-	163			
Payable against redemption of units	31	-	-	31			
Accrued expenses and other liabilities	1,423	-	-	1,423			
	<u>13,056</u>	<u>-</u>	<u>-</u>	<u>13,056</u>			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

19. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

19.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and the regulations laid down by the SECP, the NBFC regulations and the NBFC rules.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

19.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2021 details of Fund's interest bearing financial instruments were as follows:

	Note	June 30, 2021	June 30, 2020
		----- (Rupees) -----	
Variable rate instrument (financial asset)			
Bank balance	4.	164,510	191,479
Sukuk certificates - Listed	5.1.4	-	36,819
Pakistan Investment Bonds - FRB	5.1.5	-	100,900
		164,510	329,198
Fixed rate instruments (financial assets)			
Market Treasury Bills	5.1.3	-	149,592
Pakistan Investment Bonds	5.1.4	-	105,229
		-	254,821

a) Sensitivity analysis for variable rate instrument

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs 1.65 million (2020: Rs 3.29 million).

b) Fair value sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2021, the net income for the year and net assets would be lower / higher by Rs. NIL (2020: Rs.2.55 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

Particulars	As at June 30, 2021					
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
% ----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.50 to 9.75	164,510	-	-	8,420	172,930
Investments	7.90 to 13.96	-	-	-	742,095	742,095
Dividend and profit receivable		-	-	-	1,544	1,544
Receivable against sale of investments		-	-	-	32,702	32,702
Receivable from National Clearing Company of Pakistan Limited		-	-	-	1,134	1,134
Deposits and other receivables		-	-	-	2,640	2,640
Sub total		164,510	-	-	788,535	953,045
Financial liabilities						
Payable against purchase of investments		-	-	-	9,425	9,425
Payable to the Management Company		-	-	-	2,014	2,014
Payable to the Trustee		-	-	-	163	163
Payable against redemption of units		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	1,423	1,423
Sub total		-	-	-	13,056	13,056
On-balance sheet gap		164,510	-	-	775,479	939,989
Total interest rate sensitivity gap		164,510	-	-	775,479	939,989
Cumulative interest rate sensitivity gap		164,510	164,510	164,510		

Particulars	As at June 30, 2020					
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
% ----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.50 to 7.83	191,479	-	-	6,840	198,319
Investments	7.90 to 13.96	149,592	-	242,948	897,535	1,290,075
Dividend and profit receivable		-	-	-	10,374	10,374
Receivable against sale of investments		-	-	-	12,868	12,868
Receivable from National Clearing Company of Pakistan Limited		-	-	-	3,737	3,737
Deposits and other receivables		-	-	-	2,634	2,634
Sub total		341,071	-	242,948	933,988	1,518,007
Financial liabilities						
Payable against purchase of investments		-	-	-	165,692	165,692
Payable to the Management Company		-	-	-	6,467	6,467
Payable to the Trustee		-	-	-	188	188
Payable against redemption of units		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	1,762	1,762
Sub Total		-	-	-	174,140	174,140
On-balance sheet gap		341,071	-	242,948	759,848	1,343,867
Total interest rate sensitivity gap		341,071	-	242,948	759,848	1,343,867
Cumulative interest rate sensitivity gap		341,071	341,071	584,019		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement by Rs 38.22 million (2020: Rs 44.88 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

19.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Bank balances	172,930	172,930	198,319	198,319
Investments	742,095	-	1,290,075	392,540
Dividend and profit receivable	1,544	1,544	10,374	10,374
Receivable against sale of investments	32,702	32,702	12,868	12,868
Receivable from National Clearing Company of Pakistan Limited	1,134	1,134	3,737	3,737
Deposits and other receivables	2,640	2,640	2,634	2,634
	953,045	210,950	1,518,007	620,472

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2021.

Bank Balances by rating category

Rating	2021		2020	
	Rupees in '000	%	Rupees in '000	%
AAA	145,872	84.35%	133,049	67.09%
AA+	25,211	14.58%	65,127	32.84%
AA-	21	0.01%	14	0.01%
AA	1,773	1.03%	28	0.01%
A+	30	0.02%	23	0.01%
A-	3	0.00%	52	0.03%
A	21	0.01%	26	0.01%
	172,930	100%	198,319	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formally JCR-VIS Credit Rating Company Limited) as of June 30, 2021.

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all securities deposited with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to such parties.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

19.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual

June 30, 2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- (Rupees in '000) -----						
Financial assets						
Bank balances	172,930	-	-	-	-	172,930
Investments	742,095	-	-	-	-	742,095
Dividend and profit receivable	1,544	-	-	-	-	1,544
Receivable against sale of investments	32,702	-	-	-	-	32,702
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	-	-	1,134
Deposits and other receivables	2,640	-	-	-	-	2,640
	953,045	-	-	-	-	953,045

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- (Rupees in '000) -----						
Financial liabilities						
Payable to the Management Company	2,014	-	-	-	-	2,014
Payable against purchase of investments	9,425	-	-	-	-	9,425
Payable to the Trustee	163	-	-	-	-	163
Payable against redemption of units	31	-	-	-	-	31
Accrued expenses and other liabilities	1,423	-	-	-	-	1,423
	13,056	-	-	-	-	13,056
	939,989	-	-	-	-	939,989

June 30, 2020	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- Rupees in '000 -----						

Financial assets

Bank balances	198,319	-	-	-	-	198,319
Investments	897,535	149,592	-	142,048	100,900	1,290,075
Dividend and profit receivable	10,374	-	-	-	-	10,374
Receivable against sale of investments	12,868	-	-	-	-	12,868
Receivable from National Clearing Company of Pakistan Limited	3,737	-	-	-	-	3,737
Deposits and other receivables	2,634	-	-	-	-	2,634
	1,125,467	149,592	-	142,048	100,900	1,518,007

Financial liabilities

Payable to the Management Company	6,467	-	-	-	-	6,467
Payable against purchase of investments	165,692	-	-	-	-	165,692
Payable to the Trustee	188	-	-	-	-	188
Payable against redemption of units	31	-	-	-	-	31
Accrued expenses and other liabilities	1,762	-	-	-	-	1,762
	174,140	-	-	-	-	174,140
	951,327	149,592	-	142,048	100,900	1,343,867

20. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

Name	Designation	Experience in years	Qualification
Muhammad Saqib Saleem	Chief Executive Officer	22.5	FCA & FCCA
Muhammad Asim	Chief Investment Officer	17	MBA & CFA
Awais Abdul Sattar	Head of Research	11	MBA & CFA
Saad Ahmed	Head of Fixed Income	16	MBA
Muhammad Aitazaz Farooqui	Senior Analyst	13	MBA & CFA
Syed Abid Ali	Head of Equities and	13	MBA
Usama Iqbal	Fund Manager	17	B.Com

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

20.1 Mr. Syed Abid Ali is the fund manager. Details of the other funds being managed by him are as follows:

- Pakistan Capital Market Fund;
- MCB Pakistan Stock Market Fund; and
- Pakistan Pension Fund;
- Alhamra Islamic Active Allocation Plan I & II;
- Alhamra Smart Portfolio.

21. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		June 30, 2021 (Percentage)
1	DJM Securities Private Limited	7.93
2	Arif Habib Limited	7.71
3	EFG Hermes Pakistan Limited	7.43
4	Top Line Securities (Private) Limited	7.41
5	Alfalah Clsa Securities (Private) Limited	6.11
6	Habib Metro Financial Services	4.68
7	JS Global Capital Limited	4.55
8	Foundation Securities Limited	4.35
9	Khadim Ali Shah Bukhari Securities	4.31
10	BMA Capital Management Limited	4.25
		June 30, 2020 (Percentage)
1	EFG Hermes Pakistan Limited	7.31
2	JS Global Capital Limited	7.81
3	Arif Habib Limited	6.79
4	Foundation Securities Limited	6.53
5	Khadim Ali Shah Bukhari Securities	5.95
6	Top Line Securities (Private) Limited	5.59
7	Alfalah Clsa Securities (Private) Limited	4.87
8	BMA Capital Management Limited	4.81
9	Ismail Iqbal Securities (Private) Limited	4.44
10	Taurus Securities Limited	4.21

22. PATTERN OF UNIT HOLDING

Following is the holding patterns of the Fund as at June 30, 2021 and June 30, 2020.

	As at June 30, 2021			
	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage investment %
Individuals	1,061	5,528,409	479,035	52.52
Associated companies	4	1,151,850	99,807	10.94
Retirement funds	20	3,783,692	327,856	35.95
Others	84	61,918	5,365	0.59
	1,169	10,525,869	912,063	100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	As at June 30, 2020			
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	1,193	8,887,362	610,382	46.97
Associated companies	4	6,067,900	416,742	32.07
Retirement funds	24	3,695,234	253,788	19.53
Others	25	270,371	18,568	1.43
	<u>1,246</u>	<u>18,920,867</u>	<u>1,299,480</u>	<u>100</u>

23. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th, 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159,163 & 167
Mr. Muhammad Saqib Saleem	Chief Executive Officer	11	11	11	-	-

24. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

25. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

26 Impact of COVID-19

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown. During the lockdown that lasted from March to May 2020, the funds continued their activity, as the Pakistan Stock Exchange and the money markets continued trading. Management Company is of the view that while COVID-19 and its resulting containment measures have affected the economy, investors' confidence and adequate steps from the government and regulators have spearheaded recovery and subsequent events reflect that in due course, things would be normalised.

27 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Board of the Directors of the Management Company declared distribution on July 01, 2021 Re. 0.6 per unit. The Financial Statements of the Fund for the year ended June 30, 2021 do not include the effect of these distributions which will be accounted for in the Financial Statements of the Fund for the year ending June 30, 2022.

28. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue on by the Board of Directors on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 11.1 to these financial statements.

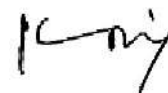
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
529	001-10,000	38,079
327	10,001 – 100,000	126,931
179	100,001 – 1,000,000	788,592
134	1,000,001+	9,572,268
1169		10,525,869

**PERFORMANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2021**

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	912.06	1,299	2,048	3,213	3,439
Net Assets value per unit – Rupees	86.6497	68.6797	71.2294	78.9595	81.03
Closing Offer Price	89.5871	71.0079	73.6441	81.6362	83.7731
Closing Repurchase Price	83.7123	68.6797	68.8147	78.9595	81.03
Highest offer price per unit	92.5623	86.2307	83.6050	88.3454	98.54
Lowest offer price per unit	71.6108	59.6626	71.8670	77.9099	82.13
Highest Redemption price per unit	89.5273	83.4033	80.8637	85.4487	90.77
Lowest Redemption price per unit	69.2628	57.7064	69.5106	75.3554	79.35
Distribution per unit – Rs. *		-			5.50
Average Annual Return - %					
One year	26.16	-3.58	-9.79	-2.55	9.54
Two year (inception date Mar 11, 2008)	11.29	-6.69	-6.17	3.50	6.38
Three year	4.26	-5.31	-0.93	3.40	10.72
Net Income / (loss) for the period – Rs. in million	324.7	(40.76)	(280.60)	(76.24)	331.04
Distribution made during the year – Rs. in million*	173.2504	-	-	-	209.24
Accumulated Capital Growth – Rs. in million	151.4496	(40.76)	(280.60)	(84.09)	121.80

* Date of Distribution

2021	
Date	Rate

NIL

2020	
Date	Rate

NIL

2019	
Date	Rate

NIL

2018	
Date	Rate

NIL

2017	
Date	Rate
June 21, 2017	5.50

Distribution was declared on 1 July 2021, for the year ended June 30, 2021.

Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as

**PROXY ISSUED BY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of MCB Pakistan Asset Allocation Fund – MCB-PAAF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company’s website (www.mcbah.com).

During the financial year ended June 30, 2021, the Management Company on behalf of MCB-PAAF participated in ten (10) shareholders' meetings. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	42	42	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of MCB-PAAF will be provided without any charges upon request of the Unit Holders.

MCB-Arif Habib Savings and Investments Limited

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