



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

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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

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

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

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**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

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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

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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 4<sup>th</sup> 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

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### 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

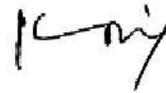
The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 15, 2021



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**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/ 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 بینکنگ 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:

### 1۔ 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 میکان 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 ریٹرنیشن

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 پرییمیم 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 محرک 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) امریکنگ 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 فِلسڈ 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۔

### 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 سیٹیٹ 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

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### 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)

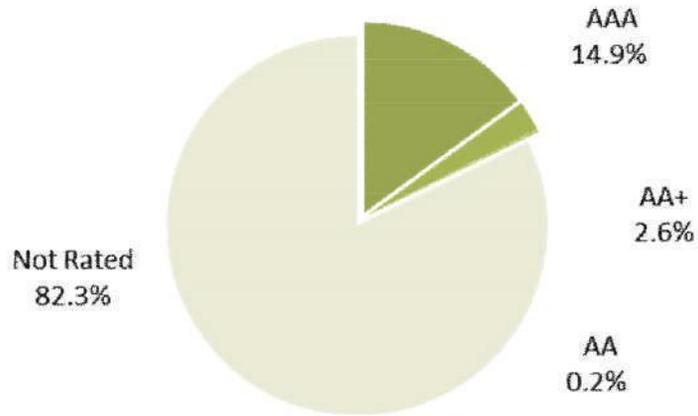
Asset Allocation (%age of Total Assets)	Jun-21
Cash	17.7%
TFCs/Sukuk	0.0%
Stocks / Equities	78.3%
Spread Transactions	0.0%
T-Bills	0.0%
PIBs	0.0%
Others including receivables	4.0%

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

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



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**Syed Abid Ali  
Fund Manager**

# TRUSTEE REPORT TO THE UNIT HOLDERS

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**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

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Fax: +92 (0) 21- 3454 1314  
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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><b>Valuation and existence of investments</b></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"><li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li><li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li></ul>

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"><li>independently matched securities held by the Fund with the Central Deposit Company's account statement.</li><li>tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li></ul>

## 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) -----	
<b>ASSETS</b>		
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
<b>Total assets</b>	<b>976,916</b>	<b>1,518,490</b>
<b>LIABILITIES</b>		
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
<b>Total liabilities</b>	<b>64,853</b>	<b>219,010</b>
<b>NET ASSETS</b>	<b>912,063</b>	<b>1,299,480</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>912,063</b>	<b>1,299,480</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	
	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>10,525,869</b>	<b>18,920,867</b>
	----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>	<b>86.6497</b>	<b>68.6797</b>

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

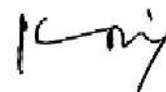
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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 -----
<b>INCOME</b>			
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
<b>Total income</b>		<b>391,537</b>	<b>23,658</b>
<b>EXPENSES</b>			
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
<b>Allocated expenses</b>	8.3	<b>1,245</b>	<b>1,499</b>
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
<b>Total operating expenses</b>		<b>66,837</b>	<b>64,419</b>
<b>Net income/(loss) for the year before taxation</b>		<b>324,700</b>	<b>(40,761)</b>
Taxation	16	-	-
<b>Net income/(loss) for the year after taxation</b>		<b>324,700</b>	<b>(40,761)</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		324,700	-
Income already paid on units redeemed		(172,322)	-
		<b>152,378</b>	<b>-</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		148,481	-
Excluding capital gains		3,897	-
		<b>152,378</b>	<b>-</b>
<b>Earnings per unit</b>	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**

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	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	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>324,700</b>	<b>(40,761)</b>

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

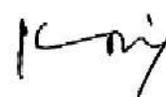
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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)
<b>Net assets at end of the year</b>	<b>1,967,011</b>	<b>(1,054,948)</b>	<b>-</b>	<b>912,063</b>	<b>2,506,806</b>	<b>(1,207,326)</b>	<b>-</b>	<b>1,299,480</b>
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)		
<b>Undistributed loss carried forward</b>		<b>(1,054,948)</b>				<b>(1,207,326)</b>		
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.

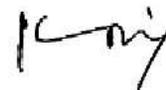
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(loss) for the year before taxation	324,700	(40,761)
<b>Adjustments for:</b>		
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
<b>Decrease / (increase) in assets</b>		
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
<b>(Decrease) / increase in liabilities</b>		
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
<b>Net cash generated from operating activities</b>	686,728	489,154
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	298,549	147,115
Amount paid against redemption of units	(1,010,666)	(854,719)
<b>Net cash used in financing activities</b>	(712,117)	(707,604)
<b>Net decrease in cash and cash equivalents during the year</b>	(25,389)	(218,450)
Cash and cash equivalents at beginning of the year	198,319	416,769
<b>Cash and cash equivalents at end of the year</b>	172,930	198,319

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

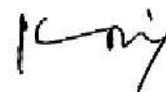
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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## 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.

	<b>Effective from accounting period beginning on or after:</b>
- 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.

	<b>Effective from accounting period beginning on or after:</b>
- 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) -----	
<b>4. BANK BALANCES</b>			
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) -----	
<b>5. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			

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)			(%)		
<b>Automobile Assembler</b>											
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			
<b>Automobile Parts and Accessories</b>											
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			
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	-	970,000	-	970,000	-	-	-	-	-	-	-
<b>Cement</b>											
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			
<b>Commercial Banks</b>											
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)					
<b>Engineering</b>											
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	-	-	-	-	-	-	-
<b>Fertilizer</b>											
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	-	-	-	-	-	-	-
<b>Food &amp; Personal Care Products</b>											
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			
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited	220,350	-	-	220,350	-	-	-	-	-	-	-
<b>Insurance</b>											
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			
<b>Oil and Gas Exploration Companies</b>											
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			
<b>Oil and Gas Marketing Companies</b>											
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)											
<b>Pharmaceuticals</b>											
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>			
<b>Power Generation and Distribution</b>											
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>
<b>Real Estate Investment Trust</b>											
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>			
<b>Textile Composite</b>											
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>			
<b>Leather &amp; Tanneries</b>											
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>			
<b>Chemicals</b>											
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	-	-	-	-	-	-	-
						<u>28,796</u>	<u>28,081</u>	<u>(715)</u>			
<b>Refinery</b>											
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>			
<b>Technology &amp; Communications</b>											
Avanceon Limited	-	660,000	-	660,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	715,000	-	715,000	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>			
<b>Paper And Board</b>											
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)											
<b>Miscellaneous</b>											
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	-	-	-	-	-	-	-
<b>Total as at June 30, 2021</b>						<b>22,061</b>	<b>22,134</b>	<b>73</b>			
Total as at June 30, 2020						<b>703,860</b>	<b>742,095</b>	<b>38,235</b>			
						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 (%)	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		
Dawood Hercules Corporation Limited	452	-	452	-	-	-	-	-
<b>Total as at June 30, 2021</b>								
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		
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**

**5.1.4 Pakistan investment bonds - Government Securities**

Particulars	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	Market value	Unrealised appreciation / (diminution)			
		(Rupees in 000)								
Pakistan Investment Bond - 3 years	19-Sep-19		150,000	150,000	-	-	-	-	-	
Pakistan Investment Bond - 3 years	20-Aug-20		200,000	200,000	-	-	-	-	-	
Pakistan Investment Bond - 3 years	12-Jul-18		5,250,000	5,250,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	12-Jul-18		200,000	200,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	19-Sep-19	100,000	1,000,000	1,100,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	15-Oct-20		975,000	975,000	-	-	-	-	-	
<b>Total as at June 30, 2021</b>										
Total as at June 30, 2020			105,146	105,229			83			

**5.1.5 Pakistan Investment Bonds - Floating Rate Bond (FRB) - Government Securities**

Particulars	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	Market value	Unrealised appreciation / (diminution)			
		(Rupees in 000)								
Pakistan Investment Bond - 3 years	18-Jun-20	-	375,000	375,000	-	-	-	-	-	
Pakistan Investment Bond - 10 years	25-Jul-19	100,000	100,000	200,000	-	-	-	-	-	
<b>Total as at June 30, 2021</b>										
Total as at June 30, 2020			101,996	100,900			(1,096)			

**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 net assets	Market value as a percentage of total investments (%)	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	-	-	-	-	-	-
<b>Total as at June 30, 2021</b>									
Total as at June 30, 2020									

(Rupees in 000)

	June 30, 2021	June 30, 2020
<b>Unrealised diminution on re-measurement of investments at fair value through profit or loss - net</b>	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Market value as at June 30	744,495	1,290,075
Carrying value as at June 30	(703,860)	(1,360,847)
	<u>40,635</u>	<u>(70,772)</u>

## 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) -----	
<b>6. DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable	1,076	405
Profit receivable on:		
Sukuk certificates / term finance certificates	-	271
Government securities	-	8,742
Deposits with banks	468	956
	<b>1,544</b>	10,374
	<b>1,544</b>	10,374
<b>7. ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES</b>		
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
	<b>4,111</b>	3,117
	<b>4,111</b>	3,117
<b>8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>		
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
	<b>2,263</b>	6,738
	<b>2,263</b>	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
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN</b>			
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
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
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
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
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
<b>9,091</b>	<b>47,725</b>

## 14. AUDITORS' REMUNERATION

Annual audit fee  
Half yearly review fee  
Other certifications  
Out of pocket expenses

420	420
236	236
50	50
13	124
<b>719</b>	<b>830</b>



## 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) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
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
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	2,531	2,826
CDC settlement charges	180	243
<b>MCB Bank Limited - Holding Company of the Management Company</b>		
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	-
<b>D. G. Khan Cement Company Limited - Group Company of Parent Company</b>		
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
<b>Adamjee Insurance Company Limited - Group Company of Parent Company</b>		
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
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
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
<b>Nishat Mills Limited - Group Company of Parent Company</b>		
Purchase of Shares 2021: 200,000 (2020: NIL)	21,378	-
Sale of Shares 2021: 250,000 (2020: 1,100)	28,879	71
<b>Nishat (Chunian) Limited - Group Company of Parent Company</b>		
Sale of Shares 2021: NIL (2020: 250,000)	-	9,403
<b>Lalpir Power Limited</b>		
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) -----	
<b>Power Cement Limited</b>		
Purchase of Shares 2021: 1,375,000 (2020: NIL)	15,283	-
Sale of Shares 2021: 1,189,000 (2020: NIL)	12,015	-
<b>Pakgen Power Limited</b>		
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) -----	
<b>17.3 Details of balances with related parties / connected persons as at year end</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
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
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	163	188
Sindh Sales Tax payable on trustee remuneration	21	24
Security deposits	100	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	8,432	7,066
Shares held by the Fund 2021: NIL (2020: 264,205)	-	42,820
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage expense *	173	43
<b>Lalpir Power Limited</b>		
Shares held by the Fund 2021: 705,000 (2020: NIL)	12,591	-
<b>Power Cement Limited</b>		
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
<b>Financial assets measured at fair value</b>	----- (Rupees in '000) -----						
Ordinary shares - Listed	-	742,095	-	742,095	742,095	-	742,095
	-	742,095	-	742,095	742,095	-	742,095
<b>Financial assets not measured at fair value</b>							
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>			
<b>Financial liabilities not measured at fair value</b>							
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**

		June 30, 2020							
		Carrying amount			Fair Value				
Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total		
								(Rupees in '000)	
<b>Financial assets measured at fair value</b>									
	Ordinary shares - Listed	897,535	-	897,535	897,535	-	-	897,535	
	Sukuk certificates - Listed	36,819	-	36,819	-	36,819	-	36,819	
	Market treasury bills	149,592	-	149,592	-	149,592	-	149,592	
	Pakistan investment bonds	105,229	-	105,229	-	105,229	-	105,229	
	Pakistan investment bonds - FRB	100,900	-	100,900	-	100,900	-	100,900	
		1,290,075	-	1,290,075	897,535	392,540	-	1,290,075	

**Financial assets not measured at fair value**

Bank balances	198,319	-	198,319
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
	227,932	-	227,932

**Financial liabilities not measured at fair value**

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
	174,140	-	174,140

During the year ended June 30, 2021, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

# 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) -----	
<b>Variable rate instrument (financial asset)</b>			
Bank balance	4.	164,510	191,479
Sukuk certificates - Listed	5.1.4	-	36,819
Pakistan Investment Bonds - FRB	5.1.5	-	100,900
		<b>164,510</b>	<b>329,198</b>
<b>Fixed rate instruments (financial assets)</b>			
Market Treasury Bills	5.1.3	-	149,592
Pakistan Investment Bonds	5.1.4	-	105,229
		-	<b>254,821</b>

#### 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) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
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
<b>Sub total</b>		<b>164,510</b>	<b>-</b>	<b>-</b>	<b>788,535</b>	<b>953,045</b>
<b>Financial liabilities</b>						
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
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>13,056</b>	<b>13,056</b>
<b>On-balance sheet gap</b>		<b>164,510</b>	<b>-</b>	<b>-</b>	<b>775,479</b>	<b>939,989</b>
<b>Total interest rate sensitivity gap</b>		<b>164,510</b>	<b>-</b>	<b>-</b>	<b>775,479</b>	<b>939,989</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>164,510</b>	<b>164,510</b>	<b>164,510</b>		

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) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
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
<b>Sub total</b>		<b>341,071</b>	<b>-</b>	<b>242,948</b>	<b>933,988</b>	<b>1,518,007</b>
<b>Financial liabilities</b>						
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
<b>Sub Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>174,140</b>	<b>174,140</b>
<b>On-balance sheet gap</b>		<b>341,071</b>	<b>-</b>	<b>242,948</b>	<b>759,848</b>	<b>1,343,867</b>
<b>Total interest rate sensitivity gap</b>		<b>341,071</b>	<b>-</b>	<b>242,948</b>	<b>759,848</b>	<b>1,343,867</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>341,071</b>	<b>341,071</b>	<b>584,019</b>		

# 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
	<b>953,045</b>	<b>210,950</b>	<b>1,518,007</b>	<b>620,472</b>

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%
	<b>172,930</b>	<b>100%</b>	<b>198,319</b>	<b>100%</b>

## 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) -----						
<b>Financial assets</b>						
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
	<b>953,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>953,045</b>

## 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) -----						
<b>Financial liabilities</b>						
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
	<b>13,056</b>	-	-	-	-	<b>13,056</b>
	<b>939,989</b>	-	-	-	-	<b>939,989</b>

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
	<b>1,125,467</b>	<b>149,592</b>	<b>-</b>	<b>142,048</b>	<b>100,900</b>	<b>1,518,007</b>

### 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
	<b>174,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,140</b>
	<b>951,327</b>	<b>149,592</b>	<b>-</b>	<b>142,048</b>	<b>100,900</b>	<b>1,343,867</b>

## 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
	1,246	18,920,867	1,299,480	100

### 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

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### 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.

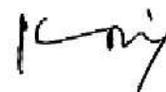
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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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
<b>1169</b>		<b>10,525,869</b>

## 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
<b>Average Annual Return - %</b>					
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**

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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:

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Reason for Abstaining</b>
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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