



**MCB-ARIF HABIB**  
Savings and Investments Limited

# ANNUAL REPORT 2021

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



# **PAKISTAN INCOME ENHANCEMENT FUND**

## TABLE OF CONTENTS

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

## FUND'S INFORMATION

<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>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Taraqati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>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 **Pakistan Income Enhancement Fund** accounts review for the year ended **June 30, 2021**.

## **Economy and Money Market Review**

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

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

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

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

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

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

## **FUND PERFORMANCE**

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

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

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

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

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

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

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

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

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

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

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

## **Mutual Fund Industry Review**

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

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

## **Mutual Fund Industry Outlook**

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

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

### Corporate Governance

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

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

\* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

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

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

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

### 1. Meeting of the Audit Committee.

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

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

### 2. Meeting of the Human Resource and Remuneration Committee.

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

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

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

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

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

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### External Auditors

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

### ACKNOWLEDGMENT

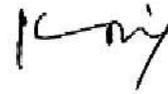
The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



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



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**Kashif A. Habib**  
Director

## ڈائریکٹرز رپورٹ

اظہار تشکر

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

من جانب ڈائریکٹرز



محمد نایب سلیم  
چیف ایگزیکٹو آفیسر  
15 ستمبر 2021ء



کاشف اے حبیب  
ڈائریکٹر

## ڈائریکٹرز رپورٹ

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

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

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

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

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

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

خارجی آڈیٹرز

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

## ڈائریکٹرز رپورٹ

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میوزیشن

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ا۔ آڈٹ کمیٹی کی میٹنگ

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

## ڈائریکٹرز رپورٹ

### میوچل فنڈ صنعت کا جائزہ

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

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

### میوچل فنڈ صنعت کے مستقبل کا منظر

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

### کارپوریٹ گورننس

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

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

## ڈائریکٹرز رپورٹ

### فنڈ کی کارکردگی

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

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

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

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

### معیشت اور بازار - مستقبل کا منظر

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

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

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ 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۔

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

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

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

### معیشت اور بازار زر 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

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

### Fund Benchmark

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

### Investment Objective

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

### Manager's Review

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

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

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

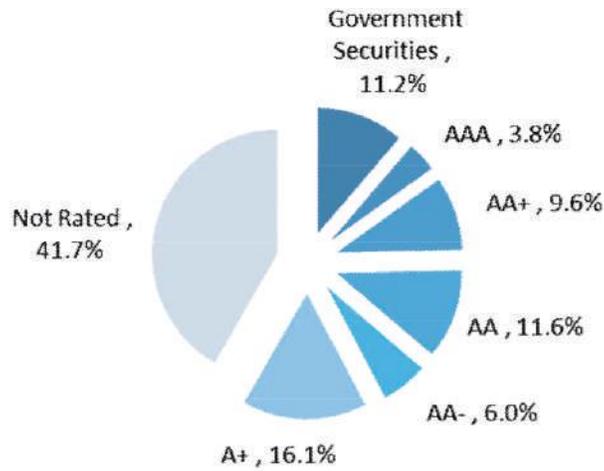
Asset Allocation (%age of Total Assets)	Jun-21
Others including receivables	4.7%
PIBs	0.0%
T-Bills	11.2%
TFCs / Sukuks	23.5%
Cash	23.6%
Margin Trading	0.3%
Spread Transactions	36.7%

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

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



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**Mr. Saad Ahmed**  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main 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

### PAKISTAN INCOME ENHANCEMENT FUND

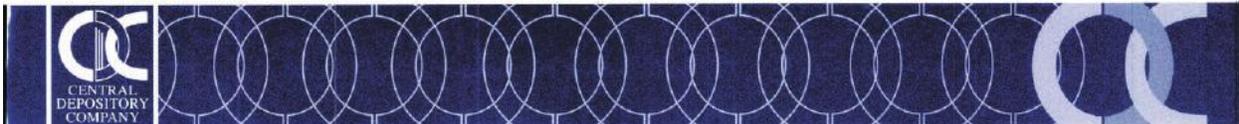
#### Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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

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

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 09, 2021



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Income Enhancement Fund

Report on the Audit of the Financial Statements

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

Following is the key audit matter:

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

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

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



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

## Other Information

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

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

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F. FERGUSON & Co.

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

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

Chartered Accountants

Karachi

Date: September 23, 2021

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

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

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

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



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

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

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

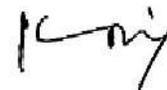
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

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

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

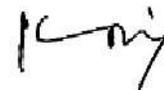
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

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

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

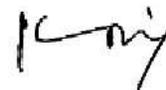
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

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

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

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

### 2.2 Accounting convention

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

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

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

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

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

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

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

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

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

## 2.5 Critical accounting estimates and judgments

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

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

## 2.6 Functional and presentation currency

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Cash and cash equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification and subsequent measurement

##### Debt instruments

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

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

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

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

## **Equity instruments**

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

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

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

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

### **3.2.2 Impairment**

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

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

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

### **3.2.3 Impairment loss on debt securities**

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

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

### **3.2.4 Regular way contracts**

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

### **3.2.5 Initial recognition and measurement**

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

### **3.2.6 Derecognition**

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

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

## 3.2.7 Derivatives

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

## 3.3 Financial liabilities

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

## 3.4 Offsetting of financial assets and financial liabilities

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

## 3.5 Provisions

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

## 3.6 Net asset value per unit

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

## 3.7 Issue and redemption of units

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

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

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

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

## 3.9 Revenue recognition

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

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

## 3.10 Expenses

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

## 3.11 Taxation

### Current

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

### Deferred

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

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

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

## 3.12 Earnings per unit

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

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

## 3.13 Distribution to units holders fund

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

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

## 3.14 Foreign currency translation

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

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

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

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

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

### 5.1.1 Market Treasury Bills

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

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

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

### 5.1.2 Pakistan Investments Bonds

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

### 5.1.3 Sukuk Certificate

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

### 5.2 Listed debt securities - Term Finance Certificates / Sukuk Certificates

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

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

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

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

## 5.3 Unlisted debt securities - Term Finance Certificates

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

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

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

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

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

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

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

\* Nil figures due to rounding off

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

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

\* Nil figures due to rounding off

\*\*These transactions relate to shares of related parties

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

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

\* Nil figures due to rounding off

\*\*These transactions relate to shares of related parties

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

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

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

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

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

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

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

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

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

### 7 INTEREST, DIVIDEND AND OTHER RECEIVABLE

Interest on:

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

### 8 ADVANCES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**12.1 Provision for Sindh Workers' Welfare Fund**

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

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

**12.2 Federal Excise Duty payable**

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

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

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

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

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

### 13. CONTINGENCIES AND COMMITMENTS

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

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

### 14. AUDITORS' REMUNERATION

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

### 15. TAXATION

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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

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

## 17 TOTAL EXPENSE RATIO

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

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

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

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

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

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

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

### 18.1 Details of transactions with connected persons are as follows:

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

\* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

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

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

\* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

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

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

#### Associated companies:

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

#### Mandate under discretionary portfolio services

	8	-	8	-	-	-	-
--	---	---	---	---	---	---	---

#### Key management personnel \*

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

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

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

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

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

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

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

### 19 FINANCIAL INSTRUMENTS BY CATEGORY

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

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

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

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

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

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

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

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

## Financial liabilities

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

## 20 FINANCIAL RISK MANAGEMENT

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

### 20.1 Market risk

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

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

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

#### 20.1.1 Currency risk

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

#### 20.1.2 Interest rate risk

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

##### a) Sensitivity analysis for variable rate instruments

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

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

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

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

### b) Sensitivity analysis for fixed rate instruments

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

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

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

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

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

Rupees in '000

#### On-balance sheet financial instruments

##### Financial Assets

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

##### Financial Liabilities

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

#### On-balance sheet gap (a)

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

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

#### Off-balance sheet gap (b)

	-	-	-	257,694	-
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#### Total interest rate sensitivity gap (a+b)

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

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

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

Rupees in '000

### On-balance sheet financial instruments

#### Financial Assets

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

#### Financial Liabilities

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

### 20.1.3 Price risk

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

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

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

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

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

### 20.2 Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

### Investment in fixed income securities

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

### Settlement risk

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

### 20.3 Liquidity risk

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

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

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

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

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

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

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

### Financial liabilities

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

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

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

Rupees in '000

### Financial liabilities

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

## 21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair Value Hierarchy

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

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

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

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

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

June 30, 2021			
Level 1	Level 2	Level 3	Total

(Rupees in '000)

### ASSETS

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

June 30, 2020			
Level 1	Level 2	Level 3	Total

(Rupees in '000)

### ASSETS

Government securities	-	351,825	-	351,825
Listed debt securities	-	111,005	-	111,005
Unlisted debt securities	-	181,826	-	181,826
	<b>-</b>	<b>644,656</b>	<b>-</b>	<b>644,656</b>

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

### 22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

### 23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

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

### 24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

**2021  
(Percentage)**

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

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

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

### 25 PATTERN OF UNITHOLDINGS

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

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

### 26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

### 27 GENERAL

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

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

## 27.2 Impact of COVID-19

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

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

## 27.3 Subsequent Event

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

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

## 28 DATE OF AUTHORISATION FOR ISSUE

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

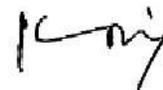
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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

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

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

**\* Date of Distribution**

2021	
Date	Rate
June 25, 2021	3.9355

2020	
Date	Rate
June 26, 2020	6.9605

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

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	2.75

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

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