



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

# ANNUAL REPORT 2022

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



# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## 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 Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	Bank Alfalah Limited Habib Metropolitan Bank Limited MCB Bank Limited United Bank limited Zarai Taraqiat Bank Limited JS Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance Bank Limited U Microfinance Bank Limited Khushali Microfinance Bank Limited Tameer Microfinance Bank Limited Finca Microfinance Bank Limited HBL Microfinance Bank Limited National Bank of Pakistan Allied Bank Limited Faysal Bank Limited Bank Al Habib Limited Habib Bank Limited Silk Bank Limited Soneri Bank Limited Bank of Khyber	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Asset Allocation Fund** accounts review for the year ended June 30, 2022.

## **Economy and Money Market Review**

Fiscal year 2022 (FY22) remained a difficult year for Pakistan as the country faced multiple challenges on macroeconomic front along with political uncertainty. While the economy weathered the Covid challenge relatively well, reopening of global economies and supply chain disruptions stimulated a spike in global commodity prices increasing pressure on trade deficit. Russia- Ukraine war pushed the commodity prices even further, exacerbating the already widening trade deficit with highest ever import bill during the year. A spike in energy and food prices coupled with a weak exchange rate led to a sharp pickup in domestic inflation. Commodity price led Inflationary trends were also visible in global economies particularly US and Eurozone and consequent tightening has raised fears of a broader recession.

Pakistan's economy was already coping with macroeconomic challenges and the political upheaval further aggravated the situation. The elevated political noise led to populist measures like fuel and power subsidies undermining the much needed fiscal adjustments. In addition, an unscheduled change of country's leadership and ensuring political uncertainty led to delay in policy actions and adjustments needed for IMF program.

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports.

Foreign exchange reserves of central bank declined by USD 7.4bn in FY22 on account of higher current account deficit and debt repayments. In addition, delay in IMF program led to slowdown in other foreign inflows which dragged the reserves to USD 9.8bn, implying an import cover of 1.7 months. These outflows coupled with widening current account deficit led PKR to weaken by 23.0% against USD since start of the fiscal year.

Inflation remained highly concerning as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 12.1% in FY22 compared to 8.9% in FY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which kept the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upwards trend with an increase of 12.3% in June 2022 compared to 6.9% in June 2021. Expectations of above 20% in the next fiscal year along with weak fiscal framework, led SBP to increase policy rate by a cumulative 625bps to 13.75% in the fiscal year to counter inflationary pressures and slowdown the overall aggregate demand. It further increased policy rate by 125 basis points to 15% in July-22.

On the fiscal side, FBR tax collection increased by 29.1% in FY22 to PKR 6,125bn compared to PKR 4,744bn during the same period last year. This exceeded the target by 25bn. The improved tax collection was primarily on the back of higher customs duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in FY22 as SBP started the monetary tightening cycle. The depreciation in the rupee along with persistently high energy prices will add

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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pressure to inflation and we expect average inflation numbers to remain elevated in medium term. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 4.5%, 3.4% and 3.0%, respectively during the period.

### Equity Market Review

After posting a healthy gain of 38% in FY21, the benchmark KSE-100 Index corrected by 12.3% in FY22, losing 5,815 points to end the year at 41,541 points. The market remained volatile throughout the year, but took a downturn in the second half of the fiscal year as Russia-Ukraine war worsened several macroeconomic indicators fueling concern over external account position. The widening current account deficit, rapidly depleting reserves (PKR touching an all-time low of PKR211/USD), downgrade of Pakistan's outlook to negative by Moody's, and delay in the approval of IMF's sixth and seventh review created default fears among the investors. In addition, a high inflationary environment caused by a global commodity super cycle, rupee depreciation, and rising interest rates further added to the investors' woes. Moreover, the budget also proved to be a negative event for the market, incorporating painful but necessary measures to enhance revenue collection and control expenditures in line with the IMF's direction.

Fertilizer and Chemical were the outperformers during the year, posting a return of 13.9% and 6.1%, respectively. On the contrary, Cement remained the worst performing sector with a negative return of -43.8% thanks to rising international coal prices (+189% YoY to USD 332/ton). Average traded volume and value during FY22 went down by 45% (291mn shares) and value by 54% (USD 55mn), respectively.

During the year, MSCI reclassified Pakistan from the Emerging Markets Index to Frontier Markets Index. As a result, Foreign investors offloaded USD 298mn worth of equities during FY22. Individuals were the major buyers followed by Banks/DFIs. They bought shares worth USD 157mn and USD 115mn, respectively.

### FUND PERFORMANCE

The fund posted a return of -11.56% during the period under review against the benchmark return of -8.78%. The fund has gradually increased exposure in equities which reached to 73.6% by the end of June, 2022 and at the same time it decreased the exposure in cash to 9.9% at the end of June, 2022.

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

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 838 million as compared to Rs. 912 million as at June 30, 2021 registering a decrease of 8.11%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 76.1026 as compared to opening NAV of Rs. 86.6497 per unit as at June 30, 2021 registering a decrease of -10.5471 per unit.

### Economy & Market – Future Outlook

The government has taken several harsh steps including increasing petroleum, electricity and gas prices to meet the IMF prior conditions. It has also increased interest rate to 15% and made changes in the FY23 Budget to targets primary fiscal surplus in FY23. These steps have led to a successful staff level agreement with IMF and should pave the way for the disbursement of USD 1.2bn from the fund under the combined 7th and 8th review of the Extended Fund Facility (EFF). The government was also able to convince IMF to increase funding by USD 1 billion to USD 7 billion and extend the duration till June 2023 compared to September 2022 earlier. IMF program shall provide stability to the external account and provide a window to policy makers requiring continued fiscal discipline and measured trade account policies in the short term while focus on the economic policies that can support sustainable growth in the long term.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector grew by 4.4%, 7.2% and 6.2% respectively. However, we expect GDP growth to sharply decline to a range of 2.5-3.0% in FY23. The monetary tightening and rupee devaluation would lead to slowdown in economy and would impact industrial growth. The government is also focusing on controlling imports to curtail current account deficit which would affect services sector growth.

The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 14% YoY to USD 63bn as we will witness volumetric compression in several segments of the economy. Thus we expect the current account deficit to ease to USD 7.6bn (2.0% of GDP) in FY23 compared to expected current account deficit of USD 16.5bn (4.2% of GDP) in FY22.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone as we await funding commitment from friendly countries. Sustaining remittances along with bilateral and multilateral flows would also be crucial in managing our external position. USD/PKR is trading in a range of 225-230 due to ensuing political uncertainty and delay in IMF tranche. We expect Rupee to recover post disbursement of IMF tranche along with receipts from friendly countries. We expect however USD/PKR to depreciate by the close of fiscal year to 235.

CPI based inflation for June 2022 clocked at 21.3% on the back of increase in petroleum and electricity prices as the relief measures announced by the previous government were reversed. We will witness the second round impact of currency devaluation and petroleum price increase which will keep inflation elevated for the remainder of the year. We expect FY23 average inflation to clock at 21.8%. SBP increased the policy rate to 15% to slowdown aggregate demand and ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts fiscal position and does little to tame cost push inflation. We thus SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 9.5%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. 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 19.2% during FY22 to PKR 1,214bn. Total money market funds grew by about 43.8% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 56.4% to PKR 446bn while Islamic funds increased by 24.1% to PKR 225bn. In addition, the total fixed Income funds increased by about 21.9% since June 2021, as the conventional income funds rose by 27.9% to PKR 161bn. Equity and related funds declined by 23.1% as market witnessed a decline in FY22 eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

In terms of the segment share, Money Market funds were the leader with a share of around 55.3%, followed by Income funds with a share of 24.6% and Equity and Equity related funds having a share of 18.9% as at the end of FY22.

### Mutual Fund Industry Outlook

Increase in interest rates would encourage higher flows in the money market funds. Recent changes in Finance Act 2023 also incentivize investors to save and invest through Mutual funds. Prevailing yields of near 15% in fixed income funds are ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices has opened up valuations and long term investors would look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

The details of above are as under:

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

\* HR&R stands for Human Resource and Remuneration.

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance. 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.



## **REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022**

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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 what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2022, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2022:

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

## 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	8	1
4. Mr. Kashif A. Habib	9	9	6	3
5. Syed Savail Meekal Hussain	9	9	9	-

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

During the year, five (5) 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)	5	5	5	-
2. Mr. Ahmed Jahangir	5	5	2	3
3. Mr. Nasim Beg	5	5	2	3
4. Ms. Mavra Adil Khan	5	5	5	-
5. Syed Savail Meekal Hussain	5	5	2	3
6. Mr. Muhammad Saqib Saleem (CEO)	5	5	5	-

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

- n. 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	8	8	-

### External Auditors

The fund's external auditors, **M/s Yousuf Adil Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2023. The audit committee of the Board has recommended reappointment of **M/s Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee.

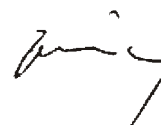
### ACKNOWLEDGMENT

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
August 15, 2022



**Nasim Beg**  
Director and Vice Chairman

## ڈائریکٹر رپورٹ

### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز M/s یوسف عادل چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2023ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے M/s یوسف عادل چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2023ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔ اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

### اظہار تشکر

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

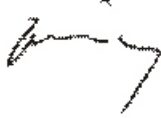
### منجانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 اگست 2022ء



نسیم بیگ

ڈائریکٹر / وائس چیئرمین

## ڈائریکٹرز رپورٹ

### ۱۔ آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۱۔ مرزا محمد قمر بیگ (چیئر مین)
-	9	9	9	۲۔ جناب نسیم بیگ
1	8	9	9	۳۔ جناب احمد جہانگیر
3	6	9	9	۴۔ جناب کاشف اے حبیب
-	9	9	9	۵۔ سید ساویل میکال حسین

### ۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	5	5	5	۱۔ جناب مرزا قمر بیگ (چیئر مین)
3	2	5	5	۲۔ جناب احمد جہانگیر
3	2	5	5	۳۔ جناب نسیم بیگ
-	5	5	5	۴۔ محترمہ ماوراء عادل خان
3	2	5	5	۵۔ سید ساویل میکال حسین
-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)

n. فنڈ کے یونٹس میں تجارت دوران سال ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، اور مینجمنٹ کمپنی کے چیف انٹرنل آڈیٹر اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کی گئی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	8	8	-

## ڈائریکٹرز رپورٹ

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات 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 پالمرسٹ مطلع کیا جاتا ہے کہ:

- a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکوٹی 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 فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی ریکولیشنز 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 چارہ جزی اور ڈیوٹیز (اگر کوئی ہیں تو) کو 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 2022ء تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کوڈ کے ضابطہ نمبر 19 میں موجود ہے۔
- k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔
- l. بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کے سالانہ جائزے کے لیے ایک باضابطہ اور موثر طریقہ کار وضع کیا جاتا ہے۔
- m. بورڈ آف ڈائریکٹرز مینٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2022ء کے دوران ہونے والی کمیٹی مینٹنگ کی تفصیلات درج ذیل ہیں:



## ڈائریکٹرز رپورٹ

### میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فائننس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوچل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ فکسڈ انکم فنڈز میں رائج الوقت تقریباً 15 فیصد منافع جات ایسے سرمایہ کاروں کے لیے موزوں ترین ہیں جو مختصر میعاد میں رہنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کار ان پر کشش سطحوں پر ایکوٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا کاوٹ 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 کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف ڈائریکٹرز (8) اراکین پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (CEO) شامل ہیں اور اس میں صنف اور علم کا متنوع امتزاج ہے۔ بورڈ 1 خاتون اور 7 مرد ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

4• غیر-ایگزیکٹو ڈائریکٹرز؛

3• آزاد ڈائریکٹرز؛ اور

1• ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

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

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونریشن

گے۔ ڈالر/روپے کی تجارت 225-230 کی حدود میں ہو رہی ہے جس کی وجہ متوقع سیاسی غیر یقینی حالات اور آئی ایم ایف کی قسط میں تاخیر ہے۔ ہم سمجھتے ہیں کہ آئی ایم ایف کی قسط کے اجراء اور دوست ممالک سے حصول کے بعد روپیہ کی قدر بحال ہوگی۔ تاہم مالی سال کے اختتام تک روپے کی ڈالر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

سی پی آئی پر مبنی مہنگائی جون 2022ء کے لیے 21.3 فیصد کی سطح پر تھی جس کی وجہ پٹرول اور بجلی کی قیمتوں میں اضافہ تھا کیونکہ سابقہ حکومت کے اعلان کردہ امدادی اقدامات روک دیئے گئے۔ ہم روپے کی قدر میں کمی کے اثر کا دوسرا دور دیکھیں گے اور پٹرول کی قیمت میں اضافہ بھی ہوگا جس کے باعث سال کے بقیہ حصے میں مہنگائی بلند رہے گی۔ مالی سال 2023ء میں مہنگائی کا اوسط 21.8 فیصد متوقع ہے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 15 فیصد کر دیا تاکہ مجموعی مانگ کی رفتار اور مہنگائی کے دباؤ میں کمی لائی جاسکے۔ سود کی شرحوں میں غیر ضروری بلند سطح تک اضافے سے مالیاتی صورتحال متاثر ہوتی ہے اور cost-push مہنگائی کو قابو کرنے میں کوئی قابل ذکر مدد نہیں ملتی۔ چنانچہ ہم اُمید کرتے ہیں کہ ایس بی پی منفی شروع سود برقرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 10.1 فیصد ہو گیا ہے جو اس کے تاریخی اوسط سے 52 فیصد کی ہے۔ اسی طرح، خطرات کے پرمیئم 8.3 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 9.5 فیصد پر ہے۔

حاصلین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اُٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے دوران تقریباً 19.2 فیصد بڑھ کر 1,214 بلین روپے ہو گئے۔ Money مارکیٹ کی مجموعی فنڈز میں جون 2021ء سے اب تک تقریباً 43.8 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے کیونکہ تقریباً 56.4 فیصد بڑھ کر 446 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 24.1 فیصد بڑھ کر 225 بلین روپے ہو گئے۔ مزید براں، مجموعی فیکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 21.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈز 27.9 فیصد بڑھ کر 161 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 23.1 فیصد کم ہو گئے جس کی وجہ مالی سال 2022ء میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانظامیہ میں کمی ہے کیونکہ مجموعی معاشی و جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.3 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی فنڈز اور متعلقہ فنڈز تھے جن کا 18.9 فیصد حصہ تھا۔



## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے (11.56) فیصد منافع پوسٹ کیا، جبکہ مقررہ معیار کا منافع (8.78) فیصد تھا۔  
فنڈ نے ایکویٹیز میں شمولیت کو بتدریج زیادہ کر کے جون 2022ء کے اختتام تک 73.6 فیصد کر دیا، اور بیک وقت نقد میں شمولیت کو کم کر کے جون 2022ء کے اختتام تک 9.9 فیصد کر دیا۔

ایکوٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ کے شعبوں میں تھی۔  
30 جون 2022ء کو فنڈ کے net اثاثہ جات 838 ملین روپے تھے جو 30 جون 2021ء کی سطح 912 ملین روپے کے مقابلے میں 8.11 فیصد کم ہے۔

30 جون 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 76.1026 روپے تھی جو 30 جون 2021ء کو ابتدائی این اے وی 86.6497 روپے فی یونٹ کے مقابلے میں (10.5471) روپے فی یونٹ کم ہے۔

## معیشت اور مارکیٹ - مستقبل کا منظر نامہ

حکومت نے متعدد سخت فیصلے کیے ہیں بشمول پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ، تاکہ آئی ایم ایف کی شرائط پوری کی جاسکیں۔ علاوہ ازیں، سود کی شرح کو بڑھا کر 15 فیصد کیا ہے اور مالی سال 2023ء کے بجٹ میں تبدیلیاں کی ہیں تاکہ مالی سال 2023ء میں بنیادی مالیاتی surplus کو ہدف بنایا جاسکے۔ ان اقدامات کے نتیجے میں آئی ایم ایف کے ساتھ اسٹاف سطح کا ایک کامیاب معاہدہ ہو گیا ہے جس کے بعد ایکسٹینڈڈ فنڈ فیسلٹی (ای ایف ایف) کے مشترکہ ساتویں اور آٹھویں جائزے کے تحت فنڈ سے 1.2 بلین ڈالر کے اجراء کی راہیں ہموار ہوں گی۔ مزید برآں، حکومت آئی ایم ایف کو اس بات کے لیے قائل کرنے میں کامیاب ہوئی ہے کہ فنڈنگ کو 1 بلین ڈالر سے 7 بلین ڈالر کیا جائے اور ستمبر 2022ء کی بجائے جون 2023ء تک مدت کی توسیع کی جائے۔ آئی ایم ایف پروگرام سے خارجی اکاؤنٹ مستحکم ہوگا اور پالیسی سازوں کو درکار مختصر مدت میں پلار کاؤٹ مالیاتی نظم و ضبط اور پیمائش شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بقاء ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

بین الاقوامی اشیاء اپنی حالیہ بلندی سے نیچے آگئی ہیں لیکن توانائی کی قیمتیں بلندی پر ڈٹی ہوئی ہیں۔ ہم امید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام دے کر رکھے گی اور ڈالر کے غیر ضروری خارجی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 14 فیصد YoY کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ ہم دیکھیں گے کہ معیشت کے متعدد شعبوں کے حجم سکوجائیں گے۔ چنانچہ ہمیں امید ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ 7.6 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) کم ہوگا جبکہ اس کے بالمقابل مالی سال 2022ء میں متوقع کرنٹ اکاؤنٹ خسارہ 16.5 بلین ڈالر (جی ڈی پی کا 4.2 فیصد) تھا۔

آئی ایم ایف پروگرام کی کامیابی بحالی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں

## ڈائریکٹر رپورٹ

نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زیرِ جائزہ مالی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر کل مانگ کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی مالی سال 2022ء میں 29.1 فیصد بڑھ کر 6,125 بلین روپے ہو گئی جبکہ گزشتہ سال مماثل مدت کے دوران 4,744 بلین روپے تھی۔ یہ ہدف سے 25 بلین زائد تھا۔ ٹیکس وصولی میں بہتری کی بنیادی وجہ درآمدات میں اضافے کی بدولت کسٹمز ڈیوٹی میں اضافہ اور زیادہ سیلز ٹیکس کی وصولی ہے۔

دوسری بات یہ کہ بازاروں کے منافعے میں مالی سال 2022ء میں قابلِ ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا چکر شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دورانِ مدت پالترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

### ایکویٹی مارکیٹ کا جائزہ

مالی سال 2021ء میں 38 فیصد بھرپور منافع پوسٹ کرنے کے بعد بیچ مارک KSE-100 انڈیکس میں مالی سال 2022ء میں 12.3 فیصد تصحیح ہوئی، اور 5,815 پوائنٹس کم ہو کر اختتام سال پر 41,541 پوائنٹس تھا۔ بازار سال بھر غیر مستحکم رہا لیکن مالی سال کی نصف آخر میں تنزل کا شکار رہا کیونکہ روس یوکرین جنگ کے باعث متعدد مجموعی معاشیاتی اشارے مزید بگڑ گئے جس سے خارجی اکاؤنٹ کی صورتحال پر تشویش میں اضافہ ہو گیا۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، تیزی سے گھٹتے ہوئے ذخائر (روپے کا پست ترین سطح تک پہنچنا یعنی 211 روپے فی ڈالر)، Moody's کا پاکستان کے مستقبل کے منظر نامے کی درجہ بندی میں کمی کرنا، اور آئی ایم ایف کے چھٹے اور ساتویں جائزے میں تاخیر سے سرمایہ کاروں میں دیوالیہ ہونے کی تشویش پیدا ہو گئی۔ علاوہ ازیں، عالمی سطح پر اشیاء کی super cycle کے باعث پیدا ہونے والی بلند مہنگائی کا ماحول، روپے کی قدر میں کمی، اور سود کی بڑھتی ہوئی شرحوں نے سرمایہ کاروں کی پریشانیوں میں مزید اضافہ کیا۔ مزید برآں، بجٹ بھی مارکیٹ کے لیے منفی واقعہ ثابت ہوا جس میں تکلیف دہ لیکن ضروری اقدامات کیے گئے تاکہ آئی ایم ایف کی سمت کے مطابق آمدنی کے حصول میں بہتری آئے اور اخراجات پر قابو پایا جاسکے۔

دورانِ سال کھاد اور کیمیکل کارکردگی میں سبقت لے جانے والے شعبے تھے جنہوں نے پالترتیب 13.9 فیصد اور 6.1 فیصد منافع پوسٹ کیا۔ اس کے برعکس سینٹ کمزور ترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا جس نے (43.8) فیصد منفی منافع پوسٹ کیا اور اس کی وجہ کوئلے کی بڑھتی ہوئی بین الاقوامی قیمتیں تھیں (189+ فیصد YoY کے نتیجے میں 332 ڈالر فی ٹن)۔ مالی سال 2022ء کے دوران اوسط تجارتی حجم اور قدر میں پالترتیب 45 فیصد (291 ملین حصص) کمی اور 54 فیصد کمی (55 ملین ڈالر) ہوئی۔

دورانِ سال MSCI نے پاکستان کی درجہ بندی کو امر جنگ مارکیٹس انڈیکس سے تبدیل کر کے فرنٹیئر مارکیٹس انڈیکس کر دیا۔ اس کے نتیجے میں غیر ملکی سرمایہ کاروں نے 298 ملین ڈالر مالیت کی ایکویٹیز نکال لیں۔ جسکے بڑے خریدار افراد اور ان کے بعد بینک یا DFIs تھے جنہوں نے پالترتیب 157 ملین ڈالر اور 115 ملین ڈالر کی مالیت کے حصص خریدے۔



بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان ایسیٹ ایلوکیشن فنڈ کے گوشواروں کا جائزہ برائے سال مختتمہ 30 جون 2022ء پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

مالی سال 2022ء پاکستان کے لیے مشکل سال رہا کیونکہ ملک کو مجموعی معاشیاتی جہت میں متعدد چیلنج درپیش رہے اور ساتھ ساتھ سیاسی صورتحال بھی غیر یقینی رہی۔ اگرچہ معیشت نے کووڈ چیلنج کا بہتر انداز میں مقابلہ کیا لیکن عالمی معیشتوں کی بحالی اور زنجیر رسد میں رکاوٹوں کے باعث عالمی سطح پر اشیاء کی قیمتوں میں اضافہ ہوا جس سے تجارتی خسارے پر دباؤ میں بھی اضافہ ہوا۔ روس یوکرین جنگ کے نتیجے میں اشیاء کی قیمتیں مزید بڑھ گئیں جس کے باعث دوران سال اب تک کے سب سے بڑے درآمداتی بل نے پہلے سے پھلتے ہوئے تجارتی خسارے کو مزید متاثر کیا۔ توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ زرمبادلہ کی کمزور شرح کے نتیجے میں مقامی سطح پر مہنگائی میں تیزی سے اضافہ ہوا۔ اشیاء کی قیمتوں سے ہونے والی مہنگائی کے رجحانات بھی عالمی معیشتوں میں واضح نظر آئے، خصوصاً امریکا اور یورپی خطے میں، اور اس کے نتیجے میں ہونے والی مالیاتی سختی کے باعث وسیع تر کساد بازاری کا خوف پیدا ہو گیا ہے۔

پاکستان کی معیشت پہلے ہی مجموعی معاشیاتی چیلنجوں سے نبرد آزما ہو رہی تھی اور سیاسی افراتفری نے حالات میں مزید بگاڑ پیدا کر دیا۔ بڑھتی ہوئی سیاسی پلچل کے نتیجے میں عوامی سطح کے اقدامات کیے گئے، مثلاً ایندھن اور بجلی کی سبسڈیز، جس سے مطلوبہ مالیاتی ترامیم کرنا مشکل ہو گیا۔ علاوہ ازیں، ملکی قیادت میں غیر متوقع تبدیلی اور اس سے پیدا ہونے والی سیاسی غیر یقینی صورتحال کے نتیجے میں آئی ایم ایف پروگرام کے لیے درکار پالیسی اقدامات اور ترامیم میں تاخیر ہوئی۔

مالی سال 2022ء کے ابتدائی گیارہ ماہ میں ملک کا CAD یعنی کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر تھا جبکہ گزشتہ سال مماثل مدت میں 1.1 بلین ڈالر تھا۔ یہ مالی سال 2018ء کے ابتدائی گیارہ ماہ میں ہونے والے 15.9 CAD بلین ڈالر کے بعد اب تک کا سب سے بڑا خسارہ تھا۔ اس تنازل کی بنیادی وجہ مالی سال 2022ء کے ابتدائی گیارہ ماہ میں درآمدات میں 36.5 فیصد اضافہ تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 26.7 فیصد تھا۔ تجارتی خسارہ 45.5 فیصد بڑھ کر 36.1 بلین ڈالر ہو گیا جبکہ گزشتہ سال مماثل مدت میں 24.8 بلین ڈالر تھا۔ درآمدات میں اس بے قابو اضافے کی بنیادی وجہ ہماری اشیاء کے دائرہ کار بشمول خام تیل، پام تیل اور کولے کی تاریخی بلند قیمتیں اور اس کے ساتھ ساتھ یکبارہ ویکسین درآمدات تھی۔

مالی سال 2022ء میں مرکزی بینک کے زرمبادلہ کے ذخائر میں 7.4 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ خسارہ اور قرضوں کی ادائیگیوں میں اضافہ ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام میں تاخیر کے نتیجے میں دیگر غیر ملکی آمدات سست رفتاری کا شکار ہو گئیں اور اس کے باعث زرمبادلہ کے ذخائر کم ہو کر 9.8 بلین ڈالر ہو گئے جس کا مطلب 1.7 ماہ کا درآمداتی cover بنتا ہے۔ اس اخراجی بہاؤ اور اس کے ساتھ ساتھ پھلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور تھیں، جس کے باعث درآمد شدہ اشیاء کی قیمتیں بلند رہیں۔ بنیادی مہنگائی، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

### Fund Type and Category

MCB Pakistan Asset Allocation Fund MCB-PAAF is an Open-End Asset Allocation Scheme for which SECP categorization in process.

### Fund Benchmark

Weighted average of 70% of three (3) months PKRV rates + 30% of three (3) months average deposit rates of three (3) AA rated commercial banks as selected by MUFAP and six (6) month KIBOR and KSE-100 index based on the actual proportion of the scheme in Money market, Fixed income and equity securities

### Investment Objective

MCB Pakistan Asset Allocation Fund is an asset allocation fund and its objective is to aim to provide a high absolute return by investing in equity and debt markets.

### Investment Strategy

The fund will aim to achieve the above-mentioned objective by investing up to 100% in equity securities or up to 100% in debt securities according to the market conditions.

### Manager's Review

The fund posted a return of -11.56% during the period under review against the benchmark return of -8.78%. Equity exposure of the fund at June end was 73.6%, whereas cash and T-Bill exposure were 9.9% and 15.7% respectively.

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

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 838 million as compared to Rs. 912 million as at June 30, 2021 registering a decrease of 8.1%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 76.1026 as compared to opening NAV of Rs. 86.6497 per unit as at June 30, 2021 registering a decrease of 10.5471 per unit.

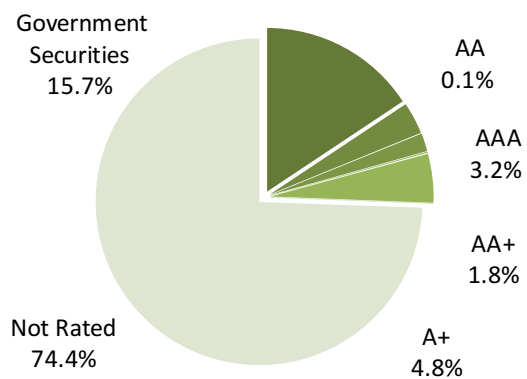
### Asset Allocation as on June 30, 2022 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-22
Cash	9.9%
TFCs/Sukuk	0.0%
Stocks / Equities	73.6%
Spread Transactions	0.0%
T-Bills	15.7%
PIBs	0.0%
Others including receivables	0.8%

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

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### Asset Quality as on June 30, 2022 (% of total assets)



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**Syed Abid Ali**  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

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



## TRUSTEE REPORT TO THE UNIT HOLDERS

### MCB PAKISTAN ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 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 19, 2022





# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal  
Karachi-75350  
Pakistan

Tel: +92 (0) 21 3454 6494-7  
Fax: +92 (0) 21-3454 1314  
www.yousufadil.com

## INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of MCB Pakistan Asset Allocation Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **MCB Pakistan Asset Allocation Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was 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 this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<b>Valuation and existence of investments</b>  As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 829 million as at June 30, 2022, consisting of ordinary Shares, preference shares and market treasury bills, which represent significant item on the statement of assets and liabilities of the Fund.	We performed the following procedures during our audit of investments: <ul style="list-style-type: none"><li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li><li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li></ul>



Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	We have identified the existence and valuation as the significant areas during our audit of investment.	<ul style="list-style-type: none"><li>independently matched securities held by the Fund with the securities appearing in the Investor Portfolio Securities account statement;</li><li>tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li></ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

## Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

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

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

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and 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 Correspondent Firm to  
Deloitte Touche Tohmatsu Limited



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

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

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi  
Date: September 16, 2022  
UDIN: AR202210057VImZ9CDfg

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
<b>ASSETS</b>			
Bank balances	4	91,513	172,930
Investments	5	829,059	764,495
Dividend and profit receivable	6	2,506	1,544
Receivable against sale of investments		-	32,702
Receivable from National Clearing Company of Pakistan Limited		1,134	1,134
Advances, deposits, prepayments and other receivables	7	4,108	4,111
<b>Total assets</b>		<b>928,320</b>	<b>976,916</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	2,738	2,263
Payable to Central Depository Company of Pakistan Limited - Trustee	9	159	184
Payable to the Securities and Exchange Commission of Pakistan	10	216	249
Payable against redemption of units		31	31
Payable against purchase of investments		51,051	9,425
Accrued expenses and other liabilities	11	36,142	52,701
<b>Total liabilities</b>		<b>90,337</b>	<b>64,853</b>
<b>NET ASSETS</b>		<b>837,983</b>	<b>912,063</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>837,983</b>	<b>912,063</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>11,011,225</b>	<b>10,525,869</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>76.1026</b>	<b>86.6497</b>

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

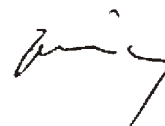
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
<b>INCOME</b>			
Markup / return on Investments	13	7,572	9,091
(Loss) / gain on sale of investments - net		(88,106)	287,802
Markup on deposits with banks		11,517	5,152
Dividend income		49,518	48,001
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - net	5.2	(74,576)	40,635
Other income		62	856
<b>Total income</b>		<b>(94,013)</b>	<b>391,537</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	32,595	29,231
Sindh Sales Tax on remuneration of Management Company	8.2	4,237	3,800
Allocated expenses	8.3	1,078	1,245
Selling and marketing expenses	8.4	-	11,085
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,053	2,240
Sindh Sales Tax on remuneration of Trustee	9.2	267	291
Annual fee to Securities and Exchange Commission of Pakistan	10	216	249
Brokerage and settlement charges		4,936	10,589
Auditors' remuneration	14	784	719
Other expenses		667	761
<b>Total operating expenses</b>		<b>46,833</b>	<b>60,210</b>
Reversal / (Provision) against Sindh Workers' Welfare Fund	11.1	15,700	(6,627)
<b>Net (loss) / income for the year before taxation</b>		<b>(125,146)</b>	<b>324,700</b>
Taxation	16	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(125,146)</b>	<b>324,700</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	324,700
Income already paid on units redeemed		-	(172,322)
		-	152,378
<b>Accounting income available for distribution</b>			
Relating to capital gains		-	148,481
Excluding capital gains		-	3,897
		-	152,378
<b>Earnings per unit</b>	3.10		

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

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



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
Net (loss) / income for the year after taxation	(125,146)	324,700
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(125,146)</b>	<b>324,700</b>

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

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



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	For year ended June 30,					
	2022			2021		
	Capital Value	Accumulated Losses	Total	Capital Value	Accumulated Losses	Total
	(Rupees in '000)					
Net assets at beginning of the year	1,967,011	(1,054,948)	912,063	2,506,806	(1,207,326)	1,299,480
Issue of 5,933,228 units (2021: 3,718,657 units)						
- Capital value (at net asset value per unit at the beginning of the year)	514,112	-	514,112	255,396	-	255,396
- Element of (loss) / income	(8,584)	-	(8,584)	43,153	-	43,153
	505,528	-	505,528	298,549	-	298,549
Redemption of 5,447,872 units (2021: 12,113,655 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(472,056)	-	(472,056)	(831,963)	-	(831,963)
- Element of income / (loss)	23,910	-	23,910	(6,381)	(172,322)	(178,703)
	(448,146)	-	(448,146)	(838,344)	(172,322)	(1,010,666)
Final distributions for the year ended June 30, 2021 (including additional units) at the rate of Rs. 0.6 per unit (Declared on July 01, 2021)	-	(6,316)	(6,316)	-	-	-
Total comprehensive (loss) / income for the year	-	(125,146)	(125,146)	-	324,700	324,700
	-	(131,462)	(131,462)	-	-	-
<b>Net assets at end of the year</b>	<b>2,024,393</b>	<b>(1,186,410)</b>	<b>837,983</b>	<b>1,967,011</b>	<b>(1,054,948)</b>	<b>912,063</b>
Undistributed loss brought forward						
- Realised	(1,095,583)			(1,136,554)		
- Unrealised	40,635			(70,772)		
	(1,054,948)			(1,207,326)		
Accounting income available for distribution						
- Relating to capital gains	-			148,481		
- Excluding capital gains	-			3,897		
	-			152,378		
Net loss for the year after taxation	(125,146)			-		
Distributions during the year	(6,316)					
<b>Undistributed loss carried forward</b>	<b>(1,186,410)</b>			<b>(1,054,948)</b>		
Undistributed loss carried forward						
- Realised	(1,111,834)			(1,095,583)		
- Unrealised	(74,576)			40,635		
	(1,186,410)			(1,054,948)		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the year	86.6497			68.6797		
Net assets value per unit at end of the year	76.1026			86.6497		

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

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



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year before taxation	(125,146)	324,700
<b>Adjustments for:</b>		
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss - net	74,576	(40,635)
(Reversal) / provision against Sindh Workers' Welfare Fund	(15,700)	6,627
	<b>(66,270)</b>	<b>290,692</b>
<b>(Increase) / decrease in assets</b>		
Investments - net	(89,305)	566,215
Dividend and profit receivable	(962)	8,830
Receivable against sale of investments	32,702	(19,834)
Receivable from National Clearing Company of Pakistan Limited	-	2,603
Advances, deposits, prepayments and other receivable	3	(994)
	<b>(57,562)</b>	<b>556,820</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	475	(4,475)
Payable to Central Depository Company of Pakistan Limited - Trustee	(25)	(28)
Payable to the Securities and Exchange Commission of Pakistan	(33)	(51)
Payable against purchase of investments	41,626	(156,267)
Accrued expenses and other liabilities	(859)	37
	<b>41,184</b>	<b>(160,784)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(82,648)</b>	<b>686,728</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	505,528	298,549
Amount paid against redemption of units	(448,146)	(1,010,666)
Dividend paid	(6,316)	-
<b>Net cash generated / (used in) financing activities</b>	<b>51,066</b>	<b>(712,117)</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(31,582)</b>	<b>(25,389)</b>
Cash and cash equivalents at beginning of the year	172,930	198,319
<b>Cash and cash equivalents at end of the year</b>	<b>141,348</b>	<b>172,930</b>

17.

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

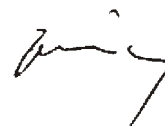
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management Company was changed from MCB Asset Management Company Limited to MCB-Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorised as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of "AM1" dated October 06, 2021, to the Management Company.
- 1.5 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions beyond 30 June 2021	April 01, 2021
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2021

Certain annual improvements have also been made to a number of IFRSs.

### 2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
- Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are documented in the following accounting policies, notes and relate primarily to:

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 3.1.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and valuation of financial liabilities (notes 3.1.2.1)
- Provision (notes 3.3)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

## 2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been round off to the nearest thousand rupees, unless otherwise stated.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in the income statement.

#### 3.1.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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## 3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

### **Financial assets at fair value through other comprehensive income (debt instruments)**

For debt instruments at fair value through other comprehensive income (OCI), interest income and foreign exchange revaluation are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

### **Financial assets at fair value through profit or loss (debt instruments)**

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to income statement on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

### **Financial assets designated at fair value through profit or loss (equity instruments)**

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

## 3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

### **Basis of valuation of government debt securities:**

The government debt securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKFRV / PKISRV rates) which are based on the remaining tenor of the securities.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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## **Basis of valuation of debt securities:**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

## **Basis of valuation of equity instruments:**

The fair value of equity instruments is determined by using closing rate of securities at day end available on the Pakistan Stock Exchange's website.

### **3.1.1.3 Impairment of financial assets**

The Fund assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP / Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

### **3.1.1.4 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

### **3.1.2 Financial liabilities**

#### **3.1.2.1 Classification and measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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## **3.1.2.2 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

## **3.1.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **3.2 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

## **3.3 Provisions**

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

## **3.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

## **3.5 Dividend distribution and appropriations**

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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

## **3.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

## 3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

## 3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income / profit from investments in term finance certificates / sukuks, MTS transactions and government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

## 3.9 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the income statement on an accrual basis.

## 3.10 Earnings per unit

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

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 -----
<b>4. BANK BALANCES</b>			
In saving accounts	4.1	86,350	164,510
In current accounts	4.2	5,163	8,420
		<b>91,513</b>	<b>172,930</b>

**4.1** These carry profit at the rates ranging between 5.50% to 17.05% (2021: 5.50% to 9.75%) per annum. It includes bank balance of Rs. 0.006 million (2021: Rs. 0.012 million) maintained with MCB Bank Limited (a related party).

**4.2** This include Rs 5.16 million (2021: Rs 8.42 million) maintained with MCB Bank Limited (a related party).

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 -----
<b>5. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Ordinary shares - Listed	5.1.1	660,891	742,095
Preference shares - Listed	5.1.2	22,700	22,400
Market treasury bills	5.1.3	145,468	-
Pakistan investment bonds	5.1.4	-	-
Pakistan investment bonds - Floating Rate Bond	5.1.5	-	-
GoP Ijarah Sukuks	5.1.6	-	-
		<b>829,059</b>	<b>764,495</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 5.1 Financial assets 'at fair value through profit or loss'

### 5.1.1 Ordinary shares - Listed

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	As at July 1, 2021	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2022	As at June 30, 2022			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised (loss) / gain			
(Rupees in '000)											
(Number of shares)											
(% )											
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	-	57,500	-	57,500	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	113,000	-	113,000	-	-	-	-	-	-	-
Indus Motor Company Limited	44,140	-	-	44,140	-	-	-	-	-	-	-
Automobile Parts and Accessories											
Thal Limited**	60,400	10,000	-	43,200	27,200	11,443	7,334	(4,109)	0.88	0.88	0.00
Agriauto Industries Limited**	70,000	-	-	15,900	54,100	14,844	7,249	(7,595)	0.87	0.87	0.00
Panther Tyres Limited	213,630	30,000	4,526	243,500	4,656	273	151	(122)	0.02	0.02	0.00
Cable and Electrical Goods											
Pak Elektron Limited	-	350,000	-	-	350,000	5,495	5,562	67	0.66	0.67	0.00
Cement											
Kohat Cement Company Limited	-	94,000	-	92,400	1,600	329	209	(120)	0.02	0.03	0.00
Gharibwal Cement Limited	-	200,000	-	-	200,000	5,110	3,900	(1,210)	0.47	0.47	0.00
Cherat Cement Company Limited	-	236,300	-	236,300	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	75,670	430,000	-	365,670	140,000	8,537	8,750	213	1.04	1.06	0.00
Fauji Cement Company Limited	-	3,273,000	-	300,000	2,973,000	51,569	42,127	(9,442)	5.03	5.08	0.00
Pioneer Cement Limited	-	120,000	-	120,000	-	-	-	-	-	-	-
Power Cement Limited	186,000	-	-	186,000	-	-	-	-	-	-	-
Lucky Cement Limited	69,506	189,302	-	197,805	61,003	35,887	28,003	(7,884)	3.34	3.38	0.00
Maple Leaf Cement Factory Limited	697,500	1,768,137	-	1,875,328	590,309	19,913	16,145	(3,768)	1.93	1.95	0.00
Commercial Banks											
MCB Bank Limited*	-	120,446	-	120,446	-	-	-	-	-	-	-
Meezan Bank Limited	186,000	184,500	32,400	33,400	369,500	41,209	41,746	537	4.98	5.04	0.00
Bank Alfalah Limited	900,000	140,000	-	359,719	680,281	21,985	21,769	(216)	2.60	2.63	0.00
Bank Al Habib Limited	543,709	85,000	-	628,709	-	-	-	-	-	-	-
Faysal Bank Limited	-	1,850,000	-	117,500	1,732,500	41,809	39,951	(1,858)	4.77	4.82	0.00
Habib Bank Limited	276,731	524,752	-	507,598	293,885	35,489	26,843	(8,646)	3.20	3.24	0.00
Habib Metropolitan Bank Limited	-	765,000	-	425,000	340,000	14,420	13,277	(1,143)	1.58	1.60	0.00
BankIslami Pakistan Limited	-	1,729,500	-	-	1,729,500	22,164	20,823	(1,341)	2.48	2.51	0.00
United Bank Limited	327,690	438,335	-	574,025	192,000	24,711	21,721	(2,990)	2.59	2.62	0.00
						201,787	186,130	(15,657)			

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Name of investee company	As at July 1, 2021	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2022	As at June 30, 2022			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised (loss)/ gain			
(Rupees in '000) (%)											
Engineering											
Mughal Iron and Steel Industries Limited	-	249,500	-	104,500	145,000	12,270	8,358	(3,912)	1.00	1.01	0.00
Aisha Steel Mill Limited*	-	1,050,000	-	350,000	700,000	9,985	7,735	(2,250)	0.92	0.93	0.00
Amreli Steels Limited	-	447,500	-	447,500	-	-	-	-	-	-	-
					22,255	16,093		(6,162)			
Fertilizer											
Engro Fertilizers Limited	-	60,000	-	-	60,000	5,021	5,318	297	0.63	0.64	0.00
Engro Corporation Limited	-	65,000	-	-	65,000	17,128	16,711	(417)	1.99	2.02	0.00
					22,149	22,029		(120)			
Food & Personal Care Products											
Murree Brewery Company Limited	21,450	-	-	10,800	10,650	6,196	4,313	(1,883)	0.51	0.52	0.00
The Organic Meat Company Limited	-	360,500	-	-	360,500	8,291	7,873	(418)	0.94	0.95	0.00
Shezan International Limited	5,115	-	512	-	5,627	1,694	956	(738)	0.11	0.12	0.00
					16,181	13,142		(3,039)			
Glass & Ceramics											
Tariq Glass Industries Limited	-	86,500	-	-	86,500	8,910	8,980	70	1.07	1.08	0.00
					8,910	8,980		70			
Insurance											
Adamjee Insurance Company Limited*	14,000	-	-	14,000	-	-	-	-	-	-	-
					-	-	-	-			
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	100,000	317,000	-	417,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	385,000	-	385,000	-	-	-	-	-	-	-
Mari Petroleum Company Limited	30,520	26,280	-	13,545	43,255	68,833	75,252	6,419	8.98	9.08	0.00
					68,833	75,252		6,419			
Oil and Gas Marketing Companies											
Attock Petroleum Limited	90,000	58,000	-	148,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
					-	-	-	-			
Pharmaceuticals											
Abbot Laboratories (Pakistan) Limited	41,600	-	-	41,600	-	-	-	-	-	-	-
GlaxoSmithKline Consumer HealthCare	-	96,600	-	11,200	85,400	22,039	20,353	(1,686)	2.43	2.45	0.00
Highnoon Laboratories Limited	65,900	10,000	3,935	62,550	17,285	9,406	9,159	(247)	1.09	1.10	0.00
AGP Limited	-	19,000	-	19,000	-	-	-	-	-	-	-
Citi Pharma limited	-	540,500	-	-	540,500	19,428	17,642	(1,786)	2.11	2.13	0.00
The Searle Company Limited	350	102,580	105	103,035	-	-	-	-	-	-	-
					50,873	47,154		(3,719)			
Power Generation and Distribution											
Hub Power Company Limited	2,256	-	-	2,256	-	-	-	-	-	-	-
Lalpur Power Limited*	705,000	-	-	705,000	-	-	-	-	-	-	-
					-	-	-	-			

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Name of investee company	As at July 1, 2021	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2022	As at June 30, 2022			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised (loss) / gain			
(Rupees in '000)											
(Number of shares)											
<b>Real Estate Investment Trust</b>											
Dolmen City REIT	1,092,500	-	-	1,092,500	-	-	-	-	-	-	-
<b>Textile Composite</b>											
Gul Ahmed Textile Mills Limited	-	389,354	-	37,000	352,354	15,093	11,913	(3,180)	1.42	1.44	0.00
Interloop Limited	330,000	173,000	13,950	516,950	-	-	-	-	-	-	-
Kohinoor Textile Mills Limited	-	298,000	-	-	298,000	18,886	14,900	(3,986)	1.78	1.80	0.01
Nishat Chunian Limited*	-	974,865	-	200,520	774,345	38,666	34,683	(3,983)	4.14	4.18	0.00
Nishat Mills Limited*	-	30,000	-	-	30,000	2,188	2,217	29	0.26	0.27	0.00
						74,833	63,713	(11,120)			
<b>Leather &amp; Tanneries</b>											
Bata Pakistan Limited	11,200	1,020	-	-	12,220	21,087	29,083	7,996	3.47	3.51	0.00
Service Industries Limited	1	17,250	-	17,250	1	-	-	-	-	-	0.00
						21,087	29,083	7,996			
<b>Chemicals</b>											
Archroma Pakistan Limited	49,050	2,000	-	41,950	9,100	5,216	4,996	(220)	0.60	0.60	0.00
						5,216	4,996	(220)			
<b>Refinery</b>											
Pakistan Refinery Limited	358,000	-	-	358,000	-	-	-	-	-	-	-
Attock Refinery Limited	-	19,000	-	-	19,000	2,510	3,340	830	0.40	0.40	0.00
						2,510	3,340	830			
<b>Technology &amp; Communications</b>											
Systems Limited	-	42,000	34,000	38,000	38,000	13,900	12,535	(1,365)	1.50	1.51	0.00
Octopus Digital Limited	-	208,773	-	208,773	-	-	-	-	-	-	-
Air Link Communication Limited	-	248,000	-	-	248,000	15,466	10,017	(5,449)	1.20	1.21	0.00
						29,366	22,552	(6,814)			
<b>Paper &amp; Board</b>											
Packages Limited	115,300	23,750	-	97,050	42,000	22,573	16,752	(5,821)	2.00	2.02	0.00
Cherat Packaging Limited	-	7,700	-	7,700	-	-	-	-	-	-	-
						22,573	16,752	(5,821)			
<b>Miscellaneous</b>											
Shifa International Hospital	101,000	108,000	2,020	31,020	180,000	35,269	32,245	(3,024)	3.85	3.89	0.00
Tri-Pack Films Limited	-	2,500	-	2,500	-	-	-	-	-	-	-
						35,269	32,245	(3,024)			
<b>Total as at June 30, 2022</b>											
						735,242	660,891	(74,351)			
<b>Total as at June 30, 2021</b>											
						703,860	742,095	38,235			

\* These denote related parties / connected persons.

\*\* These have a face value of Rs. 5 per share



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

**5.1.1.1** Investments include shares with market value aggregating to Rs 33,175 million (2021: Rs 58.8 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**5.1.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh in favor of CISs.

The Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during that year. On July 11, 2019, the CISs have filed a fresh constitutional petition. In this regard, on July 15, 2019, the High court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favor of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1 million (2021: 1,7038 million).

## 5.1.2 Listed equity securities - Preference Shares

Name of investee company	As at July 1, 2021	Reclassified from 'Available for sale'	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at June 30, 2022	As at June 30, 2022			Market value as percentage of net assets	Market value as percentage of total investments
							Carrying value	Market value	Unrealised gain		
							(Rupees in '000)			%	
Engro Polymer and Chemicals Limited	2,000,000	-	-	-	-	2,000,000	22,400	22,700	300	3	2.74
<b>Total as at June 30, 2022</b>							<b>22,400</b>	<b>22,700</b>	<b>300</b>		
Total as at June 30, 2021							20,000	22,400	2,400		

**5.1.2.1** These shares carry dividend at the rate of 6 months KIBOR + 3.5% per annum on cumulative basis. The rate prevailing on June 30 and December 31 will be considered.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 5.1.3 Market Treasury Bills

Tenor	Issue date	Face value				As at June 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value	Market value	Unrealised (loss)		
(Rupees in 000)										
										(%)
Market Treasury bills - 3 months	20-May-21	-	200,000	200,000	-	-	-	-	-	-
Market Treasury bills - 3 months	3-Jun-21	-	275,000	275,000	-	-	-	-	-	-
Market Treasury bills - 3 months	2-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	15-Jul-21	-	700,000	700,000	-	-	-	-	-	-
Market Treasury bills - 3 months	29-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	12-Aug-21	-	5,500,000	5,500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	26-Aug-21	-	3,000,000	3,000,000	-	-	-	-	-	-
Market Treasury bills - 3 months	9-Sep-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	7-Oct-21	-	900,000	900,000	-	-	-	-	-	-
Market Treasury bills - 3 months	27-Jan-22	-	600,000	600,000	-	-	-	-	-	-
Market Treasury bills - 3 months	10-Feb-22	-	100,000	100,000	-	-	-	-	-	-
Market Treasury bills - 3 months	24-Feb-22	-	105,000	105,000	-	-	-	-	-	-
Market Treasury bills - 3 months	10-Mar-22	-	80,000	80,000	-	-	-	-	-	-
Market Treasury bills - 3 months	7-Apr-22	-	15,000	15,000	-	-	-	-	-	-
Market Treasury bills - 3 months	21-Apr-22	-	100,000	50,000	50,000	49,835	49,835	-	5.95	6.01
Market Treasury bills - 6 months	25-Mar-21	-	100,000	100,000	-	-	-	-	-	-
Market Treasury bills - 6 months	22-Apr-21	-	5,500,000	5,500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	6-May-21	-	200,000	200,000	-	-	-	-	-	-
Market Treasury bills - 6 months	2-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	15-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	29-Jul-21	-	1,500,000	1,500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	12-Aug-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	26-Aug-21	-	2,500,000	2,500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	9-Sep-21	-	9,700,000	9,700,000	-	-	-	-	-	-
Market Treasury bills - 6 months	27-Jan-22	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	21-Apr-22	-	100,000	-	100,000	96,158	95,633	(525)	11.41	11.54
Market Treasury bills - 12 months	10-Sep-20	-	16,000	16,000	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>						<b>145,993</b>	<b>145,468</b>	<b>(525)</b>		
Total as at June 30, 2021						-	-	-		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5.1.4 Pakistan investment bonds - Government Securities**

Particulars	Issue date	Face value			As at June 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at July 1, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying value	Market value			Unrealised gain / (loss)
(Rupees in 000)										
Pakistan Investment Bond - 5 years	07-Dec-18	-	450,000	450,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	20-Aug-20	-	550,000	550,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	15-Oct-20	-	300,000	300,000	-	-	-	-	-	
<b>Total as at June 30, 2022</b>										
<b>Total as at June 30, 2021</b>										

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

Particulars	Issue date	Face value				As at June 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees in 000)										
Pakistan Investment Bond - 3 years	18-Jun-20	-	500,000	500,000	-	-	-	-	-	-
Pakistan Investment Bond - 2 years	26-Aug-21	-	250,000	250,000	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>										
Total as at June 30, 2021										

**5.1.6 Government of Pakistan (GoP) Ijara sukuks - Government securities**

Name of investee company	Face Value				As at June 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments (%)	Investment as a percentage of total issue size
	As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)			
(Rupees in 000)										
GoP Ijarah Sukuks (December 15, 2021)	-	50,000	50,000	-	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>										
Total as at June 30, 2021										

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
<b>5.2 Unrealised (loss) / income on re-measurement of investments at fair value through profit or loss - net</b>			
Market value as at June 30	5.1.1, 5.1.2, 5.13	<b>829,059</b>	744,495
Carrying value as at June 30	5.1.1, 5.1.2, 5.13	<b>903,635</b>	(703,860)
		<b>(74,576)</b>	40,635
<b>6. DIVIDEND AND PROFIT RECEIVABLE</b>			
Dividend receivable		<b>744</b>	1,076
Profit receivable on deposits with banks		<b>1,762</b>	468
		<b>2,506</b>	1,544
<b>7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Security deposit with National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
Security deposit with Central Depository Company of Pakistan Limited		<b>100</b>	100
Advance tax		<b>415</b>	415
Other receivables		<b>37</b>	40
Receivable against bonus shares withheld		<b>1,056</b>	1,056
		<b>4,108</b>	4,111
<b>8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	8.1	<b>2,331</b>	1,916
Sindh sales tax payable on management remuneration	8.2	<b>303</b>	249
Sales load payable		<b>33</b>	17
Payable against allocated expenses		<b>71</b>	81
		<b>2,738</b>	2,263

- 8.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 4% of per annum of the average annual Net Assets of the Scheme calculated on daily basis.

The Management Company has charged management fee at the rate of 3.3% of the net assets.

- 8.2** During the year, Sindh Sales Tax on management fee has been charged at 13% (2021: 13%).

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

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense.

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

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 can charge selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN</b>	<b>Note</b>		
Trustee remuneration payable	9.1	141	163
Sindh Sales Tax payable on trustee remuneration	9.2	18	21
		<u>159</u>	<u>184</u>

- 9.1** Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the year

Net Assets Value (NAV)	Tariff per annum
Up to Rs 1,000 million	0.7 million or 0.20% of Net Assets per annum whichever is higher
On an amount exceeding Rs. 1,000 million	Rs 2 million plus 0.10% per annum of Net Assets exceeding Rs 1,000 million, whichever is higher

- 9.2** Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2021: 13%).

		June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>		
Annual fee payable to the SECP	10.1	<u>216</u>	<u>249</u>

- 10.1** Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs, Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

		June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>		
Provision against Sindh Workers' Welfare Fund	11.1	-	15,700
Provision for Federal Excise Duty and related tax on			
- Management fee	11.2	19,027	19,027
- Sales load		16,173	16,173
Withholding tax payable (deducted on capital gains)		2	378
Auditors' remuneration payable		502	497
Brokerage payable		168	662
Others		270	264
		<u>36,142</u>	<u>52,701</u>

- 11.1 Provision for Sindh Workers' Welfare Fund (SWWF)**

During the year ended June 30, 2022, Sindh Revenue Board through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 11.2 Federal Excise Duty and related tax payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and Sales Load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2022 aggregates to Rs. 35.20 million (June 30, 2021: Rs. 35.20 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2022 would have been higher by Rs. 3.20 per unit (June 30, 2021: Re.3.34 per unit).

## 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2022 and June 30, 2021.

## 13. MARKUP / RETURN ON INVESTMENTS

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
Government securities	7,572	8,518
Term finance certificates / sukuk certificates	-	573
	<u>7,572</u>	<u>9,091</u>

## 14. AUDITORS' REMUNERATION

Annual audit fee	378	389
Half yearly review fee	260	219
Other certifications	50	46
Out of pocket expenses	38	13
	<u>726</u>	<u>667</u>
Sales tax	58	52
	<u>784</u>	<u>719</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 15. TOTAL EXPENSE RATIO

The total expense ratio of the fund from July 01, 2021 to June 30, 2022 is 4.34% and this includes 0.43% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorized as Asset Allocation Scheme.

## 16. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss during the year ended June 30, 2022, no provision for taxation has been made in these financial statements.

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
<b>17. CASH AND CASH EQUIVALENTS</b>			
Bank balance	4	91,513	172,930
Market Treasury Bills	5.1.3	49,835	-
		<b>141,348</b>	<b>172,930</b>

## 18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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



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

For the year ended June 30, 2022								
	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022
	(Units)				(Rupees in '000)			
MCB Arif Habib Savings and Investments Limited	-	1,572,494	1,572,494	-	-	135,000	124,884	-
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	35,028	244	-	35,272	3,035	21	-	2,684
Adamjee Life Assurance Company Limited - NUIL Fund	51,887	308	52,195	-	4,496	26	4,602	-
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	1,036,747	3,361,879	520,349	3,878,277	89,324	285,529	43,000	295,147
Key management personnel	22,573	142	22,715	-	1,956	12	1,918	-
Mandate under Discretionary Portfolio Services	499,824	295,078	637,817	157,085	43,310	25,200	51,550	11,955
Unitholders 10% or more	1,293,601	9,020	-	1,302,621	112,090	776	-	99,133
For the year 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)			
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	35,028	-	-	35,028	2,406	-	-	3,035
Adamjee Life Assurance Company Limited - NUIL Fund	551,649	-	499,763	51,887	37,887	-	43,000	4,496
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	5,453,035	959,381	5,375,669	1,036,747	374,513	79,000	460,000	89,834
Adamjee Life Assurance Company Limited - DGF	-	14,358	14,358	-	-	1,200	1,178	-
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	28,189	-	-	28,189	1,936	-	2,475	2,443
Key management personnel	-	29,022	6,449	22,573	-	2,500	507	1,956
Mandate under Discretionary Portfolio Services	430,757	416,493	347,426	499,824	29,584	32,555	26,827	43,310

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 18.2 Details of transactions other than units of the Fund with related parties / connected persons during the year

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company including indirect taxes	36,832	33,031
Allocated expenses	1,078	1,245
Selling and marketing expenses	-	11,085
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	2,320	2,531
CDC settlement charges	158	180
<b>MCB Bank Limited - Holding Company of the Management Company</b>		
Purchase of shares 120,446 (2021: 365,000)	18,358	62,870
Sale of shares 120,446 (2021: 610,205)	19,240	115,290
Dividend income	-	10
Profit on bank balances	38	5
Bank charges	8	8
Sale of securities face value: Nil (2021: 50 million)	-	106,348
<b>D. G. Khan Cement Company Limited - Group Company of Parent Company</b>		
Purchase of Shares: 430,000 (2021: 800,170)	29,064	87,419
Sale of Shares: 365,670 (2021: 724,500)	28,124	78,003
<b>Adamjee Insurance Company Limited - Group Company of Parent Company</b>		
Sale of Shares: 14,000 (2021: 746,000)	522	32,876
Dividend income	21	896
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage expense *	271	642
<b>Nishat Mills Limited - Group Company of Parent Company</b>		
Purchase of Shares: 30,000 (2021: 200,000)	2,189	21,378
Sale of Shares: NIL (2021: 250,000)	-	28,879
<b>Nishat Chunian Limited - Group Company of Parent Company</b>		
Purchase of Shares: 974,865 (2021: NIL)	47,958	-
Sale of Shares: 200,520 (2021: NIL)	10,397	-
Dividend income	990	-
<b>Lalpir Power Limited</b>		
Purchase of Shares: NIL (2021: 1,800,000)	-	23,400
Sale of Shares: 705,000 (2021: 1,095,000 )	11,047	18,152
Dividend income	705	2,245
<b>Power Cement Limited</b>		
Purchase of Shares: NIL (2021: 1,375,000)	-	15,283
Sale of Shares: 186,000 (2021: 1,189,000)	1,711	12,015

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
<b>Pakgen Power Limited</b>		
Purchase of Shares: NIL (2021: 292,500)	-	4,751
Sale of Shares: NIL (2021: 292,500)	-	6,081
Dividend income	-	229
<b>Aisha Steels Mills Limited</b>		
Purchase of Shares: 1,050,000 (2021: NIL)	14,977	-
Sale of Shares: 350,000 (2021: NIL)	5,495	-
	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021 ----- (Rupees in '000) -----
<b>18.3 Details of balances with related parties / connected persons as at year end</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	2,331	1,916
Sindh sales tax payable on management remuneration	303	249
Sales load payable	33	17
Payable against allocated expenses	71	81
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	141	163
Sindh Sales Tax payable on trustee remuneration	18	21
Security deposits	100	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	5,165	8,432
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage expense *	40	173
<b>Lalpir Power Limited</b>		
Shares held by the Fund: Nil (2021: 705,000)	-	12,591
<b>Power Cement Limited</b>		
Shares held by the Fund: Nil (2021: 186,000)	-	1,787
<b>D.G Khan Cement Company Limited - Group Company of Parent Company</b>		
Shares held by the Fund: 140,000 (2021 : 75,670)	8,750	8,923
<b>Aisha Steels Mills Limited</b>		
Shares held by the Fund: 700,000 (2021 : NIL)	7,735	-
<b>Adamjee Insurance Company Limited - Group Company of Parent Company</b>		
Shares held by the Fund: Nil (2021 : 14000)	-	581
<b>Nishat Chunian Limited - Group Company of Parent Company</b>		
Shares held by the Fund: 774,345 (2021 : Nil)	34,683	-

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

**Level 1:** quoted prices in active markets for identical assets or liabilities;

**Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

	June 30, 2022				
	Carrying amount		Fair Value		
	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income <sup>1</sup>	Total	Total
<b>Financial assets measured at fair value</b>					
Ordinary shares - Listed	-	660,891	-	660,891	660,891
Preference shares	-	22,700	-	22,700	22,700
Market treasury bills	-	145,468	-	145,468	145,468
	-	829,059	-	829,059	829,059
<b>Financial assets not measured at fair value</b>					
Bank balances	91,513	-	-	91,513	-
Dividend and profit receivable	2,506	-	-	2,506	-
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	1,134	-
Deposits and other receivables	2,637	-	-	2,637	-
	97,790	-	-	97,790	-
<b>Financial liabilities not measured at fair value</b>					
Payable against purchase of investments	51,051	-	-	51,051	-
Payable to the Management Company	2,435	-	-	2,435	-
Payable to the Trustee	141	-	-	141	-
Payable against redemption of units	31	-	-	31	-
Accrued expenses and other liabilities	940	-	-	940	-
	54,598	-	-	54,598	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2021							
	Carrying amount			Fair Value				
	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
<b>Financial assets measured at fair value</b>								
Ordinary shares - Listed	-	742,095	-	742,095	742,095	-	-	742,095
Preference shares	-	22,400	-	22,400	22,400	-	-	22,400
	-	742,095	-	742,095	742,095	-	-	764,495
<b>Financial assets not measured at fair value</b>								
Bank balances	172,930	-	-	172,930				
Dividend and profit receivable	1,544	-	-	1,544				
Receivable against sale of investments	32,702	-	-	32,702				
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	1,134				
Deposits and other receivables	2,640	-	-	2,640				
	210,950	-	-	210,950				
<b>Financial liabilities not measured at fair value</b>								
Payable against purchase of investments	9,425	-	-	9,425				
Payable to the Management Company	2,014	-	-	2,014				
Payable to the Trustee	163	-	-	163				
Payable against redemption of units	31	-	-	31				
Accrued expenses and other liabilities	1,423	-	-	1,423				
	13,056	-	-	13,056				

During the year ended June 30, 2022, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 20. FINANCIAL RISK MANAGEMENT

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

### 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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and the regulations laid down by the SECP, the NBFC regulations and the NBFC rules.

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

#### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 20.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2022 details of Fund's interest bearing financial instruments were as follows:

	Note	June 30, 2022 ----- (Rupees) -----	June 30, 2021
<b>Variable rate instrument (financial asset)</b>			
Bank balance	4.	86,350	164,510
Investment in Preference Shares	5.1.2	<u>22,700</u>	<u>22,400</u>
		<u>109,050</u>	<u>186,910</u>
<b>Fixed rate instruments (financial assets)</b>			
Market treasury bills	5.1.3	<u>145,468</u>	<u>-</u>
		<u>145,468</u>	<u>-</u>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## a) Sensitivity analysis for variable rate instrument

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs 0.90 million (2021: Rs 1.65 million).

## b) Fair value sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2022, the net income for the year and net assets would be lower / higher by Rs. 1.45 million (2021: Rs.nil million).

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

Particulars	As at June 30, 2022					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
% ----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.50 to 17.05	86,350	-	-	5,163	91,513
Investments	11.19 to 18.85	49,835	95,633	22,700	660,891	829,059
Dividend and profit receivable		-	-	-	2,506	2,506
Receivable against sale of investments		-	-	-	-	-
Receivable from National Clearing Company of Pakistan Limited		-	-	-	1,134	1,134
Deposits and other receivables		-	-	-	2,637	2,637
Sub total		136,185	95,633	22,700	672,331	926,849
Financial liabilities						
Payable against purchase of investments		-	-	-	51,051	51,051
Payable to the Management Company		-	-	-	2,435	2,435
Payable to the Trustee		-	-	-	141	141
Payable against redemption of units		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	940	940
Sub total		-	-	-	54,598	54,598
On-balance sheet gap		136,185	95,633	22,700	617,733	872,251
Total interest rate sensitivity gap		136,185	95,633	22,700	617,733	872,251
Cumulative interest rate sensitivity gap		136,185	231,818	254,518		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Particulars	As at June 30, 2021					
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
% ----- (Rupees in '000) -----						

## On-balance sheet financial instruments

### Financial assets

Bank balances	5.50 to 9.75	164,510	-	-	8,420	172,930
Investments	7.9 to 13.96	-	-	22,700	742,095	764,795
Dividend and profit receivable		-	-	-	1,544	1,544
Receivable against sale of investments		-	-	-	32,702	32,702
Receivable from National Clearing Company of Pakistan Limited		-	-	-	1,134	1,134
Deposits and other receivables		-	-	-	2,640	2,640
<b>Sub total</b>		164,510	-	22,700	788,535	975,745

### Financial liabilities

Payable against purchase of investments		-	-	-	9,425	9,425
Payable to the Management Company		-	-	-	2,014	2,014
Payable to the Trustee		-	-	-	163	163
Payable against redemption of units		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	1,423	1,423
<b>Sub Total</b>		-	-	-	13,056	13,056

<b>On-balance sheet gap</b>	164,510	-	22,700	775,479	962,689
<b>Total interest rate sensitivity gap</b>	164,510	-	22,700	775,479	962,689
<b>Cumulative interest rate sensitivity gap</b>	164,510	164,510	187,210		

### 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 interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement by Rs. 33.02 million (2021: Rs. 38.22 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 20.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

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

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

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Bank balances	91,513	91,513	172,930	172,930
Investments	829,059	145,468	742,095	-
Dividend and profit receivable	2,506	2,506	1,544	1,544
Receivable against sale of investments	-	-	32,702	32,702
Receivable from National Clearing Company of Pakistan Limited	1,134	1,134	1,134	1,134
Deposits and other receivables	4,108	2,637	2,640	2,640
	<b>928,320</b>	<b>243,258</b>	<b>953,045</b>	<b>210,950</b>

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2022.

#### Bank Balances by rating category

Rating	2022		2021	
	Rupees in '000	%	Rupees in '000	%
AAA	29,619	32.37%	145,872	84.35%
AA+	1,468	1.60%	25,211	14.58%
AA-	11	0.01%	21	0.01%
AA	16,287	17.80%	1,773	1.03%
A+	44,065	48.15%	30	0.02%
A-	3	0.00%	3	0.00%
A	60	0.07%	21	0.01%
	<b>91,513</b>	<b>100%</b>	<b>172,931</b>	<b>100%</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited as of June 30, 2022.

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all securities deposited with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to such parties.

### **Concentration of credit risk**

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

All of the Fund's concentration of credit risk at the end of financial year 2020 and 2019 are with commercial banks.

### **Settlement risk**

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

### **20.3 Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

June 30, 2022	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- (Rupees in '000) -----						
<b>Financial assets</b>						
Bank balances	91,513	-	-	-	-	91,513
Investments	710,726	-	95,633	-	22,700	829,059
Dividend and profit receivable	2,506	-	-	-	-	2,506
Company of Pakistan Limited	1,134	-	-	-	-	1,134
Deposits and other receivables	2,637	-	-	-	-	2,637
	808,516	-	95,633	-	22,700	926,849

June 30, 2022	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- (Rupees in '000) -----						
<b>Financial liabilities</b>						
Payable to the Management Company	2,435	-	-	-	-	2,435
Payable against purchase of investments	51,051	-	-	-	-	51,051
Payable to the Trustee	141	-	-	-	-	141
Payable against redemption of units	31	-	-	-	-	31
Accrued expenses and other liabilities	940	-	-	-	-	940
	54,598	-	-	-	-	54,598
	753,918	-	95,633	-	22,700	872,251

June 30, 2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	172,930	-	-	-	-	172,930
Investments	742,095	-	-	-	22,400	764,495
Dividend and profit receivable	1,544	-	-	-	-	1,544
Receivable against sale of investments	32,702	-	-	-	-	32,702
Receivable from National Clearing	-	-	-	-	-	-
Company of Pakistan Limited	1,134	-	-	-	-	1,134
Deposits and other receivables	2,640	-	-	-	-	2,640
	953,045	-	-	-	22,400	975,445

<b>Financial liabilities</b>						
Payable to the Management Company	2,014	-	-	-	-	2,014
Payable against purchase of investments	9,425	-	-	-	-	9,425
Payable to the Trustee	163	-	-	-	-	163
Payable against redemption of units	31	-	-	-	-	31
Accrued expenses and other liabilities	1,423	-	-	-	-	1,423
	13,056	-	-	-	-	13,056
	939,989	-	-	-	22,400	962,389

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 21. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in
Muhammad Saqib Saleem	Chief Executive Officer	FCCA & FCA	24.5
Muhammad Asim	Chief Investment Officer	MBA and CFA	19
Awais Abdul Sattar	Portfolio Manager Equities	MBA and CFA	11
Saad Ahmed	Asset Class Specialist - Fixed Income	MBA	16
Syed Abid Ali	Fund Manager	Graduate	14

### 21.1 Mr. Syed Abid Ali is the fund manager. Details of the other funds being managed by him are as follows:

- Pakistan Capital Market Fund;
- Pakistan Pension Fund;
- MCB Pakistan Dividend yield Plan

## 22. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2022 (Percentage)
1 Top Line Securities (Private) Limited	8.49%
2 Foundation Securities Limited	8.40%
3 Ismail Iqbal Securities (Private) Limited	7.79%
4 Arif Habib Limited	7.16%
5 EFG Hermes Pakistan Limited	5.24%
6 DJM Securities (Private) Limited	5.17%
7 JS Global Capital Limited	4.68%
8 Alfalah CLSA Securities (Private) Limited	4.18%
9 BMA Capital Management Limited	4.17%
10 Intermarket Securities Limited	3.95%
	June 30, 2021 (Percentage)
1 DJM Securities Private Limited	7.93
2 Arif Habib Limited	7.71
3 EFG Hermes Pakistan Limited	7.43
4 Top Line Securities (Private) Limited	7.41
5 Alfalah Clsa Securities (Private) Limited	6.11
6 Habib Metro Financial Services	4.68
7 JS Global Capital Limited	4.55
8 Foundation Securities Limited	4.35
9 Ktrade Securities Limited	4.31
10 BMA Capital Management Limited	4.25



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 23. PATTERN OF UNIT HOLDING

Following is the holding patterns of the Fund as at June 30, 2022 and June 30, 2021.

	As at June 30, 2022			
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	1,081	4,137,296	314,859	37.57
Associated companies	2	3,913,548	297,831	35.54
Retirement funds	14	2,938,522	223,629	26.69
Others	5	21,859	1,664	0.2
	<b>1,102</b>	<b>11,011,225</b>	<b>837,983</b>	<b>100</b>

	As at June 30, 2021			
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	1,061	5,528,409	479,035	52.52
Associated companies	4	1,151,850	99,807	10.94
Retirement funds	20	3,783,692	327,856	35.95
Others	84	61,918	5,365	0.59
	<b>1,169</b>	<b>10,525,869</b>	<b>912,063</b>	<b>100</b>

## 24. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 168th, 169th, 170th, 171th, 172st, 173nd, 174th, 175th and 176th meeting of the Board of Directors were held on August 9, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 3, 2022, February 08, 2022, March 10, 2022, April 13, 2022, April 20, 2022 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroun Rashid	Chairman	9	9	8	1	176th
Mr. Nasim Beg	Director / Vice chairman	9	9	9	0	-
Mr. Ahmed Jahangir	Director	9	9	8	1	170th
Mr. Mirza Qamar Beg	Director	9	9	9	0	-
Syed Savail Meekal Hussain	Director	9	9	8	1	170th
Mr. Kashif A. Habib	Director	9	9	7	2	169th, 176th
Ms. Mavra Adil Khan	Director	9	9	7	2	168th, 170th
Mr. Muhammad Saqib Saleem	Chief Executive Officer	9	9	9	0	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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### 25. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

### 26. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

### 27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 15 2022.

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, 2022**

No. of Unit Holders	Unit holdings	Total units held
563	A. 001-10,000	39,012
316	B. 10,001 – 100,000	130,734
154	C. 100,001 – 1000,000	877,108
69	D. 1000,001 & Above	9,964,369
<u>1,102</u>		<u>11,011,225</u>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

Performance Information	2022	2021	2020	2019	2018
Total Net Assets Value – Rs. in million	837.9825	912.0630	1,299.4804	2,047.8450	3,213.0000
Net Assets value per unit – Rupees	76.1026	86.6497	68.6797	71.2294	78.9595
Closing Offer Price	78.6825	89.5871	71.0079	73.6441	81.6362
Closing Repurchase Price	73.5227	83.7123	68.6797	68.8147	78.9595
Highest offer price per unit	91.8276	92.5623	86.2307	83.6050	88.3454
Lowest offer price per unit	76.9827	71.6108	59.6626	71.8670	77.9099
Highest Redemption price per unit	88.8167	89.5273	83.4033	80.8637	85.4487
Lowest Redemption price per unit	74.4586	69.2628	57.7064	69.5106	75.3554
Distribution per unit – Rs. *	0.6000	-	-	-	-
<b>Average Annual Return - %</b>					
One year	-11.56	26.16	-3.58	-9.79	-2.55
Two year (inception date Mar 11, 2008)	7.30	11.29	-6.69	-6.17	3.50
Three year	3.67	4.26	-5.31	-0.93	3.40
Net Income / (loss) for the period – Rs. in million	(125.1474)	324.7000	(40.7604)	(280.6000)	(76.2391)
Distribution made during the year – Rs. in million*	6.3160	-	-	-	-
Accumulated Capital Growth – Rs. in million	(131.4634)	324.7000	(40.7604)	(280.6000)	(84.0925)

\* Date of Distribution

2022	
Date	Rate

1-Jul-21 0.6

2021	
Date	Rate

NIL

2020	
Date	Rate

NIL

2019	
Date	Rate

NIL

2018	
Date	Rate

NIL

\* Distribution was declared on 1 July 2021, for the year ended June 30, 2021.

### Disclaimer

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

## PROXY ISSUED BY FUND FOR THE YEAR ENDED JUNE 30, 2022

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The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of MCB Pakistan Asset Allocation Fund – MCB-PAAF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company's website ([www.mcbah.com](http://www.mcbah.com)).

During the financial year, the Management Company on behalf of MCB-PAAF participated in eight (8) shareholders' meeting. The Management Company did not participate in shareholders' meetings in the cases which did not meet the criteria reported in Paragraph No. 5 and 6 of the Proxy Voting Policy and Procedures. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	32	32	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of MCB-PAAF will be provided without any charges on request of unit holders.

**MCB-Arif Habib Savings and Investments Limited**

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