

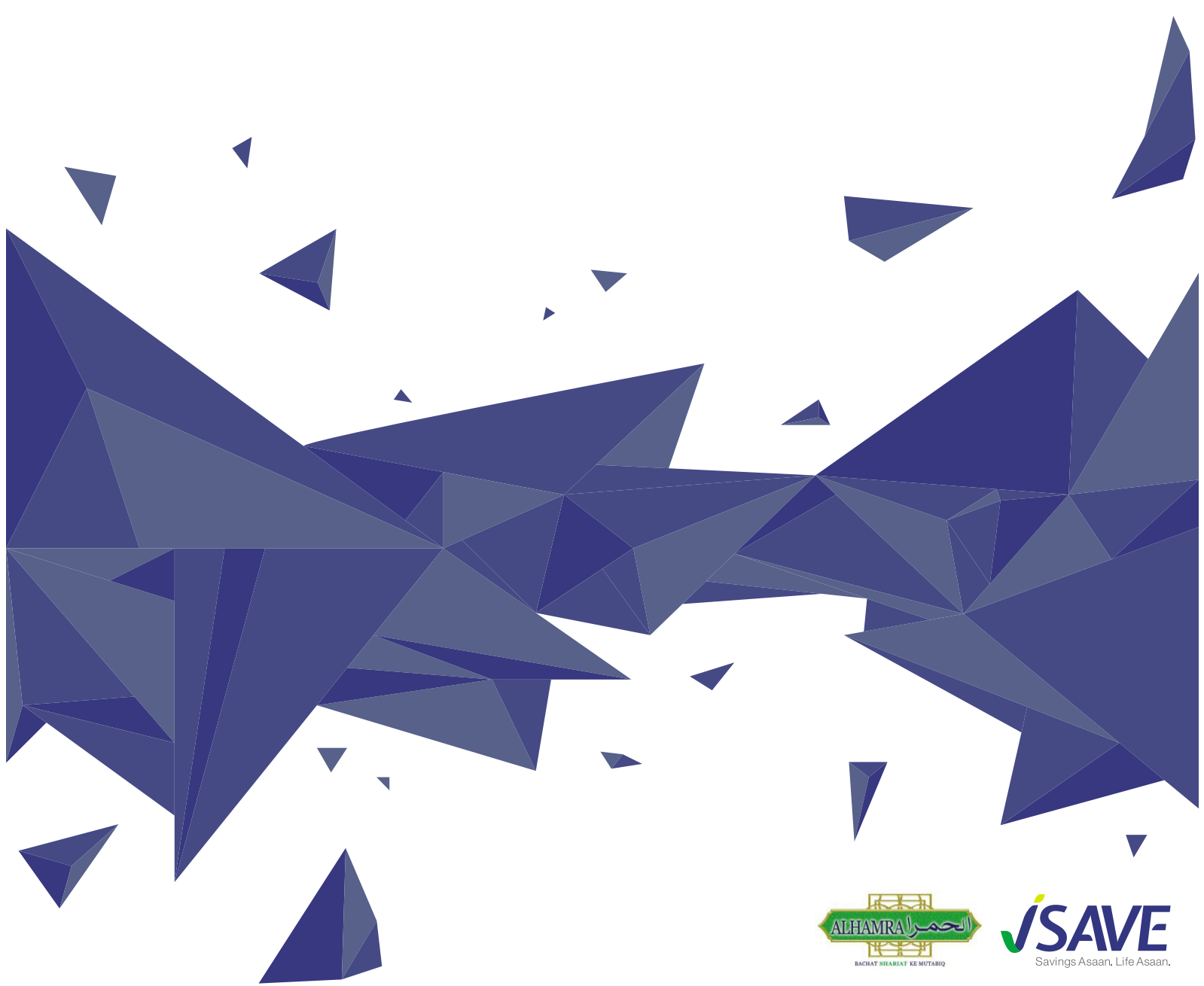


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2022
(UNAUDITED)

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



PAKISTAN INCOME ENHANCEMENT FUND

TABLE OF CONTENTS

1	Fund's Information	93
2	Report of the Directors of the Management Company	94
3	Trustee Report to the Unit Holders	101
4	Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Statements	102
5	Condensed Interim Statement of Assets And Liabilities	103
6	Condensed Interim Income Statement (Un-audited)	104
7	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	105
8	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	106
9	Condensed Interim Cash Flow Statement (Un-audited)	107
10	Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	108

FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Income Enhancement Fund** accounts review for the half year ended December 31, 2022.

ECONOMY AND MONEY MARKET REVIEW

The macroeconomic landscape continued to remain challenging. The economy was jolted with the worst floods in more than a decade, which caused severe damage to the infrastructure, wiped off crops, devastated livestock and resulted in the loss of precious lives. Earlier, elevated commodity prices due to pent up demand post covid restrictions saw another upward push due to escalation of Russia-Ukraine conflict.

SBP foreign exchange reserves have fallen to critically low levels of USD 3.2 billion (import cover of less than 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. Due to tough impact on vast majority of poor population, government has been reluctant to agree to harsh steps which are pre-condition to IMF loans such as increasing electricity, gas and petrol prices. Unlocking IMF funding however remains critical as the delay in the IMF program is leading to a slowdown in foreign flows from bilateral and multilateral partners.

The country posted a current account deficit (CAD) of USD 3.1 billion in first five months of the fiscal year 2023 (5MFY23) declining by 57% YoY compared to a deficit of USD 7.2 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 2.0% decrease in exports coupled with 16.2% drop in imports led to 26% contraction in trade deficit. The government initially kept a lid on imports through administrative measures such as imposing import quotas on selective imports. These import restrictions helped the Rupee gain some strength against the USD, from a low of 240 in July 2022 to PKR 226.4 at December 2022 end.

Headline inflation represented by CPI averaged 25.0% during the half as compared to 9.8% in the corresponding period last year. Higher food prices as an aftermath of floods coupled with higher electricity tariff and rising petroleum prices were the major contributors towards rising CPI. The inflationary pressures were broad based which is depicted by core inflation increasing to 16.4% compared to 12.3% at the end of last fiscal year. SBP increased the policy rate by a further 100bps to 16.0% in the latest monetary policy held in November 2022. On the fiscal side, FBR tax collection increased by 17.0% in 1HFY23 to PKR 3,428 billion compared to PKR 2,929 billion in the same period last year. This missed the target by 218 billion.

Secondary markets yields increased in the half on account of monetary tightening and an additional bout of inflationary pressures post floods. The 3,6 and 12 Month T-Bills yield increased by 171, 184 and 170 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 219,168 and 78bps respectively during 1HFY23.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 15.85% against its benchmark return of 17.08%. WAM of fund stood at 1.4 years. The fund was mainly invested in T-Bills, PIBs and TFCs. At period-end, the fund was 3.90% invested in Cash, 19.30% in TFCs, 38.4% in T-Bills and 36.80% in PIBs.

The Net Assets of the fund as at December 31, 2022 stood at Rs. 1,511 million as compared to Rs. 870 million as at June 30, 2022 registering an increase of 73.67%.

The Net Asset Value (NAV) per unit as at December 31, 2022 was Rs. 58.4836 as compared to opening NAV of Rs. 54.1576 per unit as at June 30, 2022 registering an increase of Rs. 4.326 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

ECONOMY & MARKET – FUTURE OUTLOOK

We expect FY23 GDP growth to decline to 0.6% as monetary tightening, rupee devaluation and the prevailing uncertainty will lead to slowdown in the economy. The loss of cotton and rice crop in the aftermath of floods would trim agriculture growth to 0.4% while industrial growth is expected at clock at -6.8% owing to demand slowdown and shortage of raw materials. The government is taking administrative measures to control imports, which may reduce service sector growth to 3.1%.

We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 18% YoY to USD 59 billion as we will witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 6.8 billion (2.0% of GDP) in FY23, a massive drop, when compared with USD 17.4 billion (4.5% of GDP) in FY22.

The successful resumption of IMF program will unlock funding from bilateral and multilateral sources. The aid commitment by multilateral agencies in the aftermath of floods should lend support to foreign inflows. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account in the medium term to stave off external concerns.

The rupee has recovered from its recent low due to continuous drain in forex reserves encouraging spreads in Interbank and open market to widen significantly. We believe that restoring a market based exchange rate would bring equilibrium by incentivizing exports and remittances and discouraging imports. Thus we expect USD/PKR to close at 251 by fiscal year end on an assumed REER of 90.

We expect Average FY23 inflation to clock at 24.8% compared to 12.1% in FY22. We foresee the second round impact of the currency devaluation and expected increase in petroleum, electricity and gas prices, which will keep inflation numbers elevated for remainder of the year. SBP has increased the policy rate to 16.0% to cool aggregate demand and deescalate inflationary pressures. Given the significant economic challenges, we do not rule out a scenario where SBP further increases interest rates in the next monetary policy. We expect monetary easing cycle to begin in second half of CY23 where decline in inflation can provide some breather.

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market appears to have priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 9.1%, a discount of 55% from its historical average. Similarly, Earning Yield Minus Risk Free Rate are close to 7.1%, compared to historical average of 2.7% 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. However, we do not see this potential translating into gains, unless issues on the external fronts are dealt with. The market is currently trading at PER of 4.8x, while offering a dividend yield of 11.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual funds industry increased by about 26.1% during 1HFY23 to PKR 1,531 billion. Total money market funds grew by about 34.2% since June 2022. Within the money market sphere, the conventional funds showed a growth of 19.8% to PKR 535 billion while Islamic funds increased by 62.7% to PKR 367 billion. In addition, the total fixed Income funds increased by about 24.1% since June 2022 to PKR 370 billion. Equity and related funds declined by 13.3% as market witnessed a drop in 1HFY23, eroding AUMs as concern over macroeconomic factors kept investors at bay.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

In terms of the segment share, Money Market funds were the leader with a share of around 58.9%, followed by Income funds with 24.2% and Equity and Equity related funds having a share of 13.0% as at the end of 1HFY23.

MUTUAL FUND INDUSTRY OUTLOOK

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, a correction in stock prices has opened up valuations and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

ACKNOWLEDGEMENT

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

February 03, 2023



Nasim Beg

Director / Vice Chairman

ڈائریکٹرز رپورٹ

اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
03 فروری 2023ء

ڈائریکٹر رپورٹ

پرمارکیٹ میں ہونے والی تجارت میں بھرپور کمی کا پتہ چلتا ہے۔ ہم سمجھتے ہیں کہ شعبہ جات اور اسٹاکس کا بہت قریبی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیوں پر توجہ مرکوز کی جانی چاہیے جو اپنی اصل قدر کے مقابلے میں بہت کم پرفروخت ہو رہی ہیں۔ تاہم ہمیں نہیں لگتا کہ خارجی جہات کے مسائل سے نمٹے بغیر اس استعداد سے منافع حاصل ہوں گے۔ موجودہ حالات پرمارکیٹ میں 4.8x کے PER پر تجارت چل رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 11.2 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی، اور پُرکشش شرحوں پر انکم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ، جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے خالص اثاثہ جات مالی سال 2023ء کے نصف اول کے دوران تقریباً 26.1 فیصد بڑھ کر 1,531 بلین روپے ہو گئے۔ مجموعی منی مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 34.2 فیصد اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 19.8 فیصد بڑھ کر 535 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 62.7 فیصد بڑھ کر 367 بلین روپے ہو گئے۔ مزید براں، مجموعی فیکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 24.1 فیصد بڑھ کر 370 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 13.3 فیصد کم ہو گئے جس کی وجہ مالی سال 2023ء کے نصف اول میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانتظامیہ میں کمی ہے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔ شعبہ جاتی اعتبار سے مالی سال 2023ء کے نصف اول کے اختتام پر منی مارکیٹ فنڈز تقریباً 58.9 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.2 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 13.0 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے منی مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں تصحیح سے تعینات قدر کھل گئی ہیں اور طویل المیعاد سرمایہ کاران پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

ڈائریکٹر رپورٹ

2022ء کی سطح 870 ملین روپے کے مقابلے میں 73.67 فیصد کا اضافہ ہے۔ 31 دسمبر 2022ء کو خالص اثاثہ جات قدر (NAV) فی یونٹ 58.4836 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جات قدر (NAV) 54.1576 روپے فی یونٹ کے مقابلے میں 4.326 روپے فی یونٹ کا اضافہ ہے۔

معیشت اور بازار - مستقبل کے امکانات

مالی سال 2023ء میں جی ڈی پی کی ترقی میں 0.6 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور موجودہ غیر یقینی صورتحال کے نتیجے میں معیشت سنست روی کا شکار ہو جائے گی۔ سیلاب کی تباہ کاریوں کے ضمن میں کپاس اور چاول کی فصلوں کے ضیاع کے باعث زراعت کی ترقی متاثر ہو کر 0.4 فیصد ہو جائے گی جبکہ صنعتی ترقی 6.8- فیصد متوقع ہے جس کی وجہ مانگ میں سنست روی اور خام مال کی قلت ہیں۔ حکومت درآمدات پر قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس کے باعث خدمات کے شعبے کی ترقی کم ہو کر 3.1 فیصد ہو جائے گی۔

ہم حکومت سے توقع کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے کھینچ کر رکھے گی اور ڈالر کے غیر ضروری اخراجات کی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 18 فیصد YoY کم ہو کر 59 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد گوشوں کے حجم سکڑ جائیں گے۔ چنانچہ ہمیں توقع ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ (CAD) کم ہو کر 6.8 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) ہو جائے گا جو مالی سال 2022ء کے 17.4 بلین ڈالر (جی ڈی پی کے 4.5 فیصد) کے مقابلے میں ایک بڑی کمی ہے۔

آئی ایم ایف پروگرام کی کامیابی بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو جہتی اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ سیلاب کی تباہ کاریوں کے ضمن میں کثیر الجہتی ایجنسیوں کی طرف سے امداد کے وعدے سے غیر ملکی آمداتی بہاؤ کو معاونت حاصل ہوگی۔ تاہم ہماری خارجی حالت اب بھی غیر یقینی ہے کیونکہ وقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی یورو بانڈ یا سنکک جاری کریں۔ ایف ڈی آئی اور آر ڈی اے سے حاصل ہونے والی آمدنیاں بھی موجودہ معاشی مشکلات کے باعث متوقع طور پر رُک رہی ہیں گی۔ چنانچہ ہمیں درمیانی مدت میں قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی خدشات ختم ہو سکیں۔

غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی کی وجہ سے روپیہ اپنی حالیہ کم ترین سطح سے بحال ہوا ہے جس سے انٹر بینک اور اوپن مارکیٹ میں فرق کو نمایاں طور پر وسیع کرنے کی حوصلہ افزائی ہوئی ہے۔ ہم سمجھتے ہیں کہ مارکیٹ پر مبنی شرح زرمبادلہ سے توازن پیدا ہوگا کیونکہ برآمدات اور ترسیلات زر میں ترغیبات پیدا ہوں گی اور درآمدات کی حوصلہ شکنی ہوگی۔ چنانچہ ہماری توقع ہے کہ 90 کے مفروضہ REER پر مالی سال کے اختتام پر ڈالر/روپیہ تقریباً 251 روپے پر ہوگا۔

مالی سال 2023ء میں اوسط مہنگائی 24.8 فیصد متوقع ہے، بالمقابل مالی سال 2022ء میں 12.1 فیصد کے۔ روپے کی قدر میں کمی کے اثر کا دوسرا دور، اور پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ بھی متوقع ہے، جس کے باعث سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر رہیں گے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 16.0 فیصد کر دیا ہے تاکہ مجموعی مانگ اور مہنگائی کے دباؤ سے نمٹا جاسکے۔ معیشت میں قابل ذکر سنست روی اور مانگ میں کمی کے باعث اس بات کا امکان خارج از بحث نہیں ہے کہ ایس بی پی اگلی مانیٹری پالیسی میں شروع سود میں مزید اضافہ کرے۔ ہمیں اُمید ہے کہ مالی سال 2023ء کی دوسری ششماہی میں مالیاتی تسہیل کا دور شروع ہوگا، اور مہنگائی میں کمی سے حالات میں بہتری آئے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے بظاہر شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ کی قدر کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.1 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 55 فیصد کمی ہے۔ اسی طرح، Earning Yield Minus Risk Free Rate تقریباً 7.1 فیصد ہیں، اور ان کے قدیم اوسط 2.7 فیصد سے موازنہ کرنے

ڈائریکٹر رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم انہانسمنٹ فنڈ کے اکاؤنٹس مختتمہ 31 دسمبر 2022ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

ملک کا مجموعی معاشیاتی منظر بدستور ناخوشگوار رہا۔ معیشت گزشتہ دہائی سے زیادہ کے بدترین سیلاب کے باعث شدید متاثر ہوئی جس سے انتظامی ڈھانچے کو گھمبیر نقصان پہنچا، فصلوں کا صفایا ہو گیا، مویشی ہلاک ہوئے اور قیمتی جانیں ضائع ہوئیں۔ اس سے قبل، کووڈ پابندیوں کے بعد اجناس کی بڑھتی ہوئی مانگ کی وجہ سے اشیاء کی قیمتوں میں روس-یوکرین کے تنازعہ کی وجہ سے مزید اضافہ دیکھا گیا۔

ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 3.2 بلین ڈالر ہو گئے ہیں (جو صرف تین ہفتوں کا درآمداتی ادائیگیوں کو پورا کر سکتے ہیں) بالمقابل مالی سال کے آغاز پر جو 9.8 بلین ڈالر تھے۔ غریب آبادی کی اکثریت پر کڑے اثرات کی وجہ سے حکومت سخت اقدامات پر راضی ہونے سے گریزاں ہے جو آئی ایم ایف کے قرضوں کی پیشگی شرط ہیں جیسے بجلی، گیس اور پیٹرول کی قیمتوں میں اضافہ۔ تاہم آئی ایم ایف کی فنڈنگ کو غیر مقفل کرنا بہت اہم ہے کیونکہ آئی ایم ایف پروگرام میں تاخیر و طرفہ اور کثیر جہتی شراکت داروں سے غیر ملکی بہاؤ میں سست روی کا باعث بن رہی ہے۔

ملک نے مالی سال 2023 کے پہلے پانچ ماہ میں 3.1 بلین ڈالر کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو 57 سال در سال کم تھا، بالمقابل گزشتہ سال مماثل مدت میں 7.2 بلین ڈالر۔ تجارتی خسارے میں کمی کرنٹ اکاؤنٹ خسارے (CAD) میں بہتری کا اہم ترین سبب تھی کیونکہ برآمدات میں 2 فیصد کمی کے ساتھ ساتھ درآمدات میں 16.2 فیصد کمی کے نتیجے میں تجارتی خسارہ 26 فیصد منکسر کیا گیا۔ حکومت نے انتظامی اقدامات مثلاً منتخب اشیاء پر درآمداتی کوٹے عائد کرنے کے ذریعے درآمدات کو قابو میں رکھا۔ ان درآمداتی پابندیوں سے روپے کو بمقابلہ ڈالر کچھ تقویت حاصل ہوئی اور روپے کی قدر جولائی 2022ء میں 240 کی پست سطح سے اٹھ کر دسمبر 2022ء کے اختتام تک 226.4 ہو گئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط دورانِ ششماہی 25.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 9.8 فیصد تھا۔ سیلابوں کے نتیجے میں اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پیٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ وسیع پیمانے پر تھا جس کا اظہار بنیادی افراط زر (core inflation) میں 16.4 فیصد کی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے نومبر 2022ء کی تازہ ترین مانیٹری پالیسی میں پالیسی شرح کو مزید 100 بیسیس پوائنٹس (بی پی ایس) بڑھا کر 16.0 فیصد کر دیا۔ مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی میں مالی سال 2023ء کی پہلی ششماہی میں 17.0 فیصد اضافہ ہوا اور 3,428 بلین روپے ٹیکس جمع ہوا، جبکہ گزشتہ سال مماثل مدت میں 2,929 بلین روپے تھا۔ اس طرح ہدف سے 218 بلین روپے کم ٹیکس وصول ہوا۔

ثانوی مارکیٹوں کی پیداوار میں دورانِ ششماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دورانِ ششماہی 3، 6 اور 12 ماہانہ ٹی-بلنز کے منافع جات میں بالترتیب 171، 184 اور 170 بی پی ایس، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں بالترتیب 168، 219 اور 78 بی پی ایس کا اضافہ ہوا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 15.85 فیصد تھا، جبکہ مقررہ معیار کا منافع 17.08 فیصد تھا۔ فنڈ کی بالوزن اوسط میچورٹی 1.4 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سرٹیفکیٹس، پی آئی بی، ٹی ایف سی، میں تھی جو اختتام مدت پر سرمایہ کاری نقد میں 3.90 فیصد ٹی ایف سی میں 19.30 فیصد ٹی بلز 38.4 فیصد اور پی آئی بی میں 36.80 فیصد تھی۔ 31 دسمبر 2022ء کو فنڈ کے خالص اثاثہ جات 1,511 ملین روپے تھے جو 30 جون

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME ENHANCEMENT FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Income Enhancement Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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: February 20, 2023



AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



A.F. FERGUSON & Co.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Income Enhancement Fund** (the Fund) as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2022. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Junaid Mesia**

Dated: February 22, 2023

Karachi

UDIN: RR2022106119ih03dVtb

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2022

		December 31, 2022 (Unaudited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
	Note		
ASSETS			
Balances with banks	4	60,538	676,103
Investments	5	1,353,639	536,402
Mark-up and other receivables		18,346	16,175
Receivable against Margin Trading System (MTS)		-	1
Advances, deposits and prepayments	6	103,564	3,274
Receivable from National Clearing Company of Pakistan Limited		2,181	2,181
Total assets		1,538,268	1,234,136
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	2,946	3,804
Payable to Central Depository Company of Pakistan Limited - Trustee	8	102	60
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	113	213
Payable against redemption of units		2,079	2,079
Payable against purchase of investments		-	335,236
Accrued and other liabilities	10	22,072	22,386
Total liabilities		27,312	363,778
NET ASSETS		<u>1,510,956</u>	<u>870,358</u>
Unit holders' fund (as per statement attached)		<u>1,510,956</u>	<u>870,358</u>
Contingencies and commitments	11		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>25,835,554</u>	<u>16,070,836</u>
		------(Rupees)-----	
NET ASSET VALUE PER UNIT		<u>58.4836</u>	<u>54.1576</u>

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

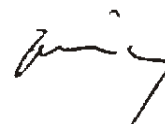
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

		Six months period ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note		(Rupees in '000)			
INCOME					
		41,879	11,738	31,266	10,333
		18,577	7,998	11,084	4,518
		4,784	(13,939)	(140)	(13,091)
		28,505	17,463	8,548	12,502
		-	7,114	-	1,277
		-	1	-	-
		-	16,930	-	2,882
		-	-	-	(5,585)
		-	-	-	-
	5.5	(229)	4,208	1,040	19,892
		111	511	47	237
		93,627	52,024	51,845	32,965
EXPENSES					
	7.1	2,931	5,183	1,337	3,190
	7.2	381	674	174	415
	7.3	773	539	479	350
	8	423	405	240	263
		55	53	31	34
	7.4	1,680	165	1,173	-
	9	113	108	64	70
		486	2,099	274	692
		509	678	378	464
		456	331	288	186
		81	472	14	37
		14	15	(17)	(13)
		7,902	10,722	4,435	5,688
		85,725	41,302	47,410	27,277
		-	9,434	-	-
		85,725	50,736	47,410	27,277
	12	-	-	-	-
		85,725	50,736	47,410	27,277
Allocation of net income for the period:					
		85,725	50,736		
		(9,868)	(14,026)		
		75,857	36,710		
Accounting income available for distribution					
		3,565	-		
		72,292	36,710		
		75,857	36,710		
Earnings per unit					

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

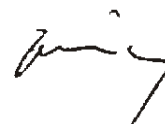
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Six months period ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	85,725	50,736	47,410	27,277
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>85,725</u>	<u>50,736</u>	<u>47,410</u>	<u>27,277</u>

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

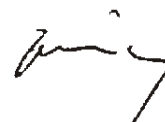
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Six months period ended December 31, 2022			Six months period ended December 31, 2021		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	766,138	104,220	870,358	526,749	102,847	629,596
Issue of 26,843,002 units (2021: 34,019,256 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,453,753	-	1,453,753	1,833,687	-	1,833,687
- Element of income	59,955	-	59,955	64,255	-	64,255
	1,513,708	-	1,513,708	1,897,942	-	1,897,942
Redemption of 17,078,284 units (2021: 24,316,009 units)						
- Capital value (at net asset value per unit at the beginning of the period)	924,919	-	924,919	1,310,668	-	1,310,668
- Element of loss	24,048	9,868	33,916	41,447	14,026	55,473
	948,967	9,868	958,835	1,352,115	14,026	1,366,141
Total comprehensive income for the period	-	85,725	85,725	-	50,736	50,736
Net assets at the end of the period	<u>1,330,879</u>	<u>180,077</u>	<u>1,510,956</u>	<u>1,072,576</u>	<u>139,557</u>	<u>1,212,133</u>
Undistributed income brought forward comprising of:						
- Realised income		102,893			95,758	
- Unrealised income		<u>1,327</u>			<u>7,089</u>	
		104,220			102,847	
Accounting income available for distribution						
- Relating to capital gains		3,565			-	
- Excluding capital gains		<u>72,292</u>			<u>36,710</u>	
		75,857			36,710	
Undistributed income carried forward		<u>180,077</u>			<u>139,557</u>	
Undistributed income carried forward comprising of:						
- Realised income		180,306			135,349	
- Unrealised (loss) / income		<u>(229)</u>			<u>4,208</u>	
		180,077			139,557	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>54.1576</u>			<u>53.9015</u>	
Net asset value per unit at the end of the period		<u>58.4836</u>			<u>56.6848</u>	

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

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		Six months period ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		85,725	50,736
Adjustments for non cash and other items:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5	229	(4,208)
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(9,434)
		<u>85,954</u>	<u>37,094</u>
Increase in assets			
Investments - net		(227,214)	(383,450)
Mark-up and other receivables		(2,171)	(6,149)
Receivable against Margin Trading System (MTS)		1	2,257
Receivable against sale of investments		-	(112,723)
Advances, deposits and prepayments		(100,290)	(59,627)
Receivable from National Clearing Company of Pakistan Limited		-	11,625
		<u>(329,674)</u>	<u>(548,067)</u>
(Decrease) / increase in liabilities			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		(858)	250
Payable to Central Depository Company of Pakistan Limited - Trustee		42	60
Payable to the Securities and Exchange Commission of Pakistan		(100)	(29)
Payable against purchase of investments		(335,236)	582,390
Accrued and other liabilities		(314)	356
		<u>(336,466)</u>	<u>583,027</u>
Net cash (used in) / generated from operating activities		<u>(580,186)</u>	<u>72,054</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		1,513,708	1,897,942
Payments on redemption of units		(958,835)	(1,366,141)
Net cash generated from financing activities		<u>554,873</u>	<u>531,801</u>
Net (decrease) / increase in cash and cash equivalents during the period		<u>(25,313)</u>	<u>603,855</u>
Cash and cash equivalents at the beginning of the period		676,103	231,784
Cash and cash equivalents at the end of the period	13	<u><u>650,790</u></u>	<u><u>835,639</u></u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the 'Sindh Trusts Act, 2020' (the Sindh Trust Act). Accordingly, on August 12, 2021 the Trust Deed of the fund had 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 Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2022 to the Management Company and "A+(f)" as stability rating dated September 9, 2022 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2022.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2023. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

4	BALANCES WITH BANKS	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
			----- (Rupees in '000) -----	
	In current accounts		14,077	5,428
	In saving accounts	4.1	46,461	670,675
		4.2	<u>60,538</u>	<u>676,103</u>
4.1	These carry mark-up at rates ranging between 13.5% to 17.75% per annum (June 2022: 5.5% to 17.5% per annum).			
4.2	These include balances of Rs. 14.166 million (June 30, 2022: Rs. 5.440 million) maintained with MCB Bank Limited (a related party).			

5	INVESTMENTS	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
			----- (Rupees in '000) -----	
	At fair value through profit or loss			
	Government securities	5.1	1,156,455	329,152
	Listed debt securities	5.2	-	-
	Unlisted debt securities	5.3	<u>197,184</u>	<u>207,250</u>
			<u>1,353,639</u>	<u>536,402</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

5.1 Government securities

Tenure	Issue Date	Face value				At December 31, 2022			Market value as a percentage of	
		At July 01, 2022	Purchased during the period	Sold / Matured during the period	At December 31, 2022	Carrying value	Market value	Unrealised appreciation / (diminution)	net assets of the fund	total invest-ments
----- (Rupees in '000) ----- % -----										
Market Treasury Bills										
- 3 months	July 14, 2022	-	400,000	400,000	-	-	-	-	-	-
- 3 months	July 28, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	August 25, 2022	-	325,000	325,000	-	-	-	-	-	-
- 3 months	September 22, 2022	-	315,000	315,000	-	-	-	-	-	-
- 3 months	October 6, 2022	-	1,530,000	1,530,000	-	-	-	-	-	-
- 3 months	October 20, 2022	-	183,000	183,000	-	-	-	-	-	-
- 3 months*	November 17, 2022	-	1,100,000	500,000	600,000	589,835	590,252	417	39.06	43.60
Market Treasury Bills										
- 6 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
-12 months	October 6, 2022	-	325,000	325,000	-	-	-	-	-	-
-12 months	October 20, 2022	-	400,000	400,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 2 years	August 26, 2021	250,000	-	250,000	-	-	-	-	-	-
- 2 years**	September 8, 2022	-	450,000	-	450,000	445,428	445,365	(63)	29.48	32.90
Pakistan Investment Bonds										
- 3 years	August 4, 2022	-	650,000	650,000	-	-	-	-	-	-
- 3 years	August 5, 2021	-	250,000	250,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 5 years**	May 6, 2021	-	125,000	-	125,000	120,484	120,838	354	8.00	8.93
- 5 years	April 29, 2022	100,000	700,000	800,000	-	-	-	-	-	-
- 5 years	October 13, 2022	-	300,000	300,000	-	-	-	-	-	-
- 5 years	November 17, 2022	-	75,000	75,000	-	-	-	-	-	-
As at December 31, 2022						1,155,747	1,156,455	708		
As at June 30, 2022						330,031	329,152	(879)		

* These will mature latest by February 9, 2023 and carry effective yield of 15.46% per annum.

** These will mature latest by May 6, 2026 and carry effective yield ranging from 17.16% to 17.58% per annum.

5.2 Listed debt securities - Term Finance Certificates

Name of investee company	Number of Certificates					December 31, 2022			Market value as a percentage of	
	At July 1, 2022	Purchased during the period	Matured during the period	Sold during the period	At December 31, 2022	Carrying value	Market value	Unrealised appreciation	Net assets	Total investment
-----Rupees in '000----- % -----										
Real Estate investment and services										
Pace Pakistan Limited (February 15, 2008) (note 5.4)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				
						-	-	-	-	-
As at December 31, 2022						-	-	-		
As at June 30, 2022						-	-	-		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

5.3 Unlisted debt securities - Term Finance Certificates

Name of investee company	Number of Certificates					As at December 31, 2022			Market value as a percentage of	
	As at July 1, 2022	Purchased during the period	Matured during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised (diminution) / appreciation	Net assets	Total invest- ment
----- Rupees in '000 -----										
----- % -----										
Financial Institutions										
Askari Bank Limited VII - TFC (March 17, 2020)**	20	-	-	-	20	20,300	20,153	(147)	1.33	1.49
Bank Alhabib Limited - TFC (September 30, 2021)	5,000	-	-	-	5,000	25,715	25,589	(126)	1.69	1.89
Samba Bank Limited - TFC - I (March 1, 2021)*	400	-	-	-	400	40,135	39,916	(219)	2.64	2.95
The Bank of Punjab Limited TFC - I (December 23, 2016)*	550	-	-	-	550	55,088	54,868	(220)	3.63	4.05
Jahangir Siddiqui & Company Limited - TFC - III (July 18, 2017)	17,000	-	-	-	17,000	21,913	21,631	(282)	1.43	1.60
Construction and Material										
Cnergyco Pk Limited										
(Formerly - Byco Petroleum Limited) - Sukuk*										
(January 18, 2017)	20	-	-	-	20	170	167	(3)	0.01	0.01
Pak Elektron Limited - Sukuk (November 15, 2021)**	35	-	-	-	35	34,800	34,860	60	2.31	2.58
Eden Housing Limited - Sukuk (March 31, 2008) (note 5.4)										
- Due but not received	10,415	-	-	-	10,415	10,251				
Less: Provision for impairment						(10,251)				
As at December 31, 2022						198,121	197,184	(936)		
As at June 30, 2022						205,044	207,250	2,206		

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

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

5.3.1 Significant terms and conditions of term finance certificates and other securities outstanding as at December 31, 2022 are as follows:

Name of security	(Unaudited)						
	Number of certificates	Face value per unit	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
----- (Rupees) -----							
Unlisted debt securities							
Askari Bank Limited VII - TFC (March 17, 2020)	20	1,000,000	1,000,000	3M KIBOR+1.2%	March 17, 2030	Unsecured	AA
Samba Bank Limited - TFC - I (March 1, 2021)	400	100,000	99,940	6M KIBOR + 1.35%	March 1, 2031	Unsecured	AA-
The Bank of Punjab Limited TFC - I (December 23, 2016)	550	100,000	99,760	6M KIBOR+1%	December 23, 2026	Unsecured	AA
Jahangir Siddiqui & Company Limited - TFC - III (July 18, 2017)	17,000	5,000	4,998	6M KIBOR+1.4%	July 18, 2023	Secured	AA+
Bank Alhabib Limited - TFC (September 30, 2021)	5,000	5,000	4,998	6M KIBOR+0.75%	September 30, 2031	Unsecured	AAA
Cnergyco Pk Limited							
(Formerly: Byco Petroleum Limited) - (January 18, 2017)							
	20	100,000	8,333	3M KIBOR+1.05%	January 18, 2023	Secured	AAA
Pak Elektron Limited - Sukuk (November 15, 2021)	35	1,000,000	1,000,000	3M KIBOR+1.3%	February 15, 2023	Secured	A+

5.4 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2022, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investments as enumerated below:

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
5.5 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	5.1, 5.2 & 5.3	1,353,639	536,402
Carrying value of investments	5.1, 5.2 & 5.3	1,353,868	535,075
		<u>(229)</u>	<u>1,327</u>

6 ADVANCES, DEPOSITS AND PREPAYMENTS

- 6.1** This includes an amount of Rs.100 million (June 30, 2022: Nil) paid as advance against subscription of IPO of Nishat Mills Limited (a related party).

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
7 PAYABLE TO MCB - ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	514	1,004
Sindh Sales Tax payable on remuneration of the Management Company	7.2	67	130
Allocated expense payable	7.3	179	70
Selling and marketing expenses payable	7.4	1,174	150
Sales load payable (including indirect taxes)		1,012	2,450
		<u>2,946</u>	<u>3,804</u>

- 7.1** The management fee was charged up to, 15% (June 30, 2022: up to 15%) of the gross earnings of scheme, calculated on daily basis.

- 7.2** Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2022: 13%).

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

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

- 7.4** 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) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

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

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (December 31, 2021: 0.075%) of average daily net assets of the Fund during the period.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (June 30, 2022: 0.02%) of the daily net assets of the Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

10	ACCRUED AND OTHER LIABILITIES	Note	December 31, 2022 (Unaudited) ----- (Rupees in '000) -----	June 30, 2022 (Audited) ----- (Rupees in '000) -----
	Provision for federal excise duty payable on:			
	- Remuneration of the management company	10.1	16,590	16,590
	- Sales load	10.1	4,746	4,746
	Brokerage payable		62	16
	Capital gain tax payable		252	541
	Auditors' remuneration payable		337	386
	Printing expenses payable		30	40
	Legal advisor fee payable		41	35
	Other payable		14	32
			<u>22,072</u>	<u>22,386</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 21.336 million (June 30, 2022: Rs 21.336 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Assets Value of the Fund as at December 31, 2022 would have been higher by Rs 0.83 (June 30, 2022 Rs 1.33) per unit.

11 CONTINGENCIES AND COMMITMENTS

- 11.1** There were no contingencies outstanding as at December 31, 2022 and June 30, 2022.

12 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 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 Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised 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 management intends to distribute at least 90% of income earned by the Fund in cash during the year ending June 30, 2023 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

13	CASH AND CASH EQUIVALENTS	----- (Unaudited) ----- December 31, 2022 ----- (Rupees in '000) -----	December 31, 2021
	Balances with banks	60,538	835,639
	Market Treasury Bills maturing within 3 months	590,252	-
		<u>650,790</u>	<u>835,639</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

14 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the management the determination of the same is not practicable.

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

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

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

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

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

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

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

For the six months period ended December 31, 2022 (Un-audited)							
As at July 01, 2022	Issued for cash	Redeemed	As at December 31, 2022	As at July 01, 2022	Issued for cash	Redeemed	As at December 31, 2022
Units				(Rupees in '000)			

Associated Companies:

D.G. Khan Cement Company Limited
Employees Provident Fund Trust

477,036 - - 477,036 25,835 - - 27,899

Key management personnel *

4 250,145 250,148 1 - 14,119 14,144 -

* This reflects the position of related party / connected persons status as at December 31, 2022.

For the six months period ended December 31, 2021 (Un-audited)							
As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021
Units				(Rupees in '000)			

Associated Companies:

Security General Insurance Company Limited
Employees Provident Fund Trust

50,227 - - 50,227 2,707 - - 2,847

Key management personnel *

29,276 47,512 76,787 1 1,578 2,613 4,245 -

* This reflects the position of related party / connected persons status as at December 31, 2021.

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

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company and related taxes	3,312	5,857
Allocated expenses	773	539
Selling and marketing expenses	1,680	165

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Central Depository Company of Pakistan Limited		
Remuneration of the Trustee and related taxes	478	458
CDC settlement charges	5	171
Group / associated companies		
MCB Bank Limited		
Profit on bank deposits	68	10
Bank charges	10	14
Aisha Steel Mills Limited		
Purchase of Nil (2021: 536,500) shares	-	13,026
Sale of Nil (2021: 1,060,500) shares	-	26,766
Power Cement Limited		
Purchase of Nil (2021: 207,500) shares	-	1,742
Sale of Nil (2021: 207,500) shares	-	1,758
D.G. Khan Cement Company Limited		
Purchase of Nil (2021: 149,000) shares	-	16,035
Sale of Nil (2021: 186,500) shares	-	20,913
Nishat (Chunian) Limited		
Purchase of Nil (2021: 853,500) shares	-	42,693
Sale of Nil (2021: 853,500) shares	-	43,103
Nishat Mills Limited		
Purchase of Nil (2021: 16,500) shares	-	1,590
Sale of Nil (2021: 16,500) shares	-	1,603
Advance against pre - IPO subscription for sukuk	100,000	-
Profit on pre - IPO subscription sukuk	2,784	-
	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
15.3 Amount outstanding as at period end / year end		
MCB-Arif Habib Savings & Investments Limited - Management Company		
Management remuneration payable	514	1,004
Sindh Sales Tax payable on remuneration of the Management Company	67	130
Allocated expenses payable	179	70
Selling and marketing expenses payable	1,174	150
Sales load payable (including indirect taxes)	1,012	2,450
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	90	53
Sindh Sales tax payable on trustee remuneration	12	7
Security deposits	200	200
Group / associated companies		
MCB Bank Limited		
Bank deposits held	14,166	5,440
Nishat Mills Limited		
Advance against pre - IPO subscription for sukuk	100,000	-
Accrued profit on pre - IPO subscription sukuk	2,784	-

16 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.41% (December 31, 2021: 1.98%) which includes 0.1% (December 31, 2021: 0.15%) representing Government Levy and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2021: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an 'aggressive fixed income scheme'.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair Value Hierarchy

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

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

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

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

As at December 31, 2022 and June 30, 2022, the Fund holds the following financial instruments measured at fair value:

	----- Unaudited -----			
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Investments classified at fair value through profit or loss				
Government securities	-	1,156,455	-	1,156,455
Unlisted debt securities	-	197,184	-	197,184
	-	1,353,639	-	1,353,639
	----- Audited -----			
	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Investments classified at fair value through profit or loss				
Government securities	-	329,152	-	329,152
Unlisted debt securities	-	207,250	-	207,250
	-	536,402	-	536,402

18 GENERAL

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

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 03, 2023 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH)

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