



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2020

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



# **PAKISTAN CASH MANAGEMENT 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>MCB Financial Services Limited</b> 4th Floor, Pardesi House, Old Queens Road, Karachi - Pakistan. Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mchfsl.com.pk	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) Sate Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Cash Management Fund's** accounts review for the year ended June 30, 2020.

## ECONOMY AND MONEY MARKET OVERVIEW

FY20 was a tale of two halves as macroeconomic consolidation process which was on track during the first half was seriously disrupted by the Covid'19 pandemic in the second half. Global cases topped 17 million, while more than 650,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. The pandemic wreaked havoc on the global economy as worldwide lockdowns lowered the overall consumption patterns along with causing massive unemployment. The IMF predicts that the global economy will shrink 4.9% this year, which would be the worst annual contraction after the Second World War.

On the local front, the economy was locked down at a large scale till May as the health infrastructure was overwhelmed with number of cases. As a result of the output gap, the forecasts for economic growth were lowered to -0.4%, compared to earlier growth expectations of 2.4%. Large Scale Manufacturing (LSM) and Services sector had to bear the major brunt resulting from lockdowns. LSM contracted by 10.3% during the first eleven months of FY20. Amongst the major industries, Automobiles and Iron & Steel witnessed a sharp downfall, declining by 44.8% and 17.0% respectively. Textile with the largest weight in LSM, also contracted by 11.0% after global lockdowns put a halt on exports. Moreover, the Agriculture sector also disappointed as the production of major crops (Cotton, Wheat and Sugar) remained well below the target levels.

Fiscal consolidation was seriously disrupted after the lockdowns caused massive shortfall in tax collection. FBR managed to collect PKR 4.0 trillion against the earlier envisaged target of PKR 4.8 trillion. Till Feb 2020, the tax collection was growing at a rate of ~16% YoY, however during the last four months of the fiscal year, the tax collection saw a massive contraction of ~20% YoY which resulted in a huge shortfall. Alongside, government rolled out a social safety program to insulate masses from vulnerabilities posed by lockdown, which resulted in more than desired expenditures. As a result of this, it is expected that fiscal deficit will fall north of 9.0% of GDP.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit during the year contracted by ~78% on Year on Year basis to USD 2.8 billion. A major portion of reduction in current account deficit was explained by decline in Imports of goods and services as it compressed by ~19%, translating into a reduction of USD ~12 billion. Remittances also remained resilient as they increased by ~6% during the year to USD 23.1 billion. Foreign Direct Investment (FDI) stood at USD ~2.5 billion, up 75% compared to last year as renewal of Telecom Licenses and onset of power sector projects fetched new investments. Debt related flows from IMF and multilateral institutions also kept the overall financial flows in the positive zone. Pakistan received USD 2.4 billion from IMF and more than USD ~5 billion were disbursed by the multilateral institutions for various programs. Overall, the financial account generated a surplus of USD ~7 billion. As a result, foreign exchange reserves of SBP grew by USD 4.9 billion during the year to close at USD 12.1 billion. While import cover improved from 1.7x to 2.6x, it is still below the accepted global benchmarks. PKR saw a nominal depreciation of 3.2% against USD during the year to close at 168.2.

Average CPI for FY20 clocked in at 10.8%, compared to 6.8% witnessed during the preceding year. Food inflation was prominent during the year averaging at 14.5%, after supply side weakness caused a spike in the prices of some essential commodities and perishable food items. Sugar prices increased by ~29%, while Wheat flour saw an increase of ~16% during the year. Among perishable items, onion and potatoes witnessed a hike of ~70% and ~65% respectively. However, the inflationary pressures have started trending downwards with inflation for June clocking in at 8.6% as lower petroleum prices along with easing food inflation have put a break on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 7.9% for the period.

The MPC committee remained proactive throughout the calendar year and reduced the interest rates by record 625 bps to bring the policy rate at 7.0%. Recessionary pressures due to Covid'19 and lower expectation of inflation were the primary drivers behind the unprecedented move. Alongside, the central bank announced various schemes to lessen the burden of financial emergencies in the system. Nearly PKR 650 billion of loans were deferred by commercial banks for one year, while close to PKR 150 billion of loans were restructured.

Yield curve started to slope downward during the first half of FY20 before the monetary easing started, in anticipation of lower inflation. As the pandemic struck during the start of the calendar year and the recessionary pressures became imminent, central bank pursued aggressive monetary easing and reduced the policy rate by cumulative 625 bps in several meetings. As a result the yield curve further shifted downwards during the period. 3Y, 5Y and 10Y bonds eased off by

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

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632, 577 and 503 bps respectively during the year. The yield curve has again started to slope upwards as the market participants are expecting the interest rates to bottom out.

### FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 12.02% as against its benchmark return of 11.59%. At the end of June 2020, the fund's investment in T-bills decreased to 0.0% and entire exposure was shifted to cash.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 3,693 million as compared to Rs. 190 million as at June 30, 2019 registering an increase of 1843.6%.

The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 50.3843 as compared to opening NAV of Rs. 50.3639 per unit as at June 30, 2019 registering an increase of Rs. 0.0204 per unit.

### FUTURE OUTLOOK

GDP growth for FY21 is projected at 2.0% by government and various institutions. Pakistan has essentially survived the first wave of pandemic, as number of daily cases (~1K) have reduced to one-sixth of the peak daily cases (~6K) witnessed during early June. While most of the sectors have been opened, few sectors are still virtually closed and operating below the potential capacity. Barring a second wave of Covid, we expect the economy to fully gear up by the second quarter of fiscal year. A potential vaccine by the end of the calendar year will also allow the global activities to fully resume in the next calendar year. With a lower base and various stimulus measures, we expect government to meet the annual target for GDP growth. Monetary stimulus announced by central bank will pave the way to revive the growth in cyclical industries. Moreover, government's construction package will also provide the much needed impetus to demand led growth.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The fall of international oil prices to USD 40/BBL has come as a blessing in disguise. Global economy has started to recover and the news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact 50% YoY growth in June has surprised everyone. Even accounting for a 10% decline in remittances, the overall situation will remain in comfortable zone. We expect CAD to settle at 1.6% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. Swift continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by USD 2 billion during the next year, which will help alleviate any pressure on currency.

CPI is expected to tone down to an average of ~7.5% during the next year assuming average oil prices of USD 40/BBL. Central bank has already adjusted the policy rate to 7.0% in the wake of lower expected inflation. The inflation trajectory would remain below 7.0% during the first half of the fiscal year due to lower petroleum prices, thus causing the policy rate to remain positive. However, during the second half as the impact of low base resumes, inflation will move above the policy rate, which means that central bank will be prompted to adjust the interest rates under the normal economic scenario. However, a better than expected scenario on the balance of payment side will allow central bank to continue the current policy rate.

Fiscal department will remain an Achilles heel for the government as it is expected to remain north of 7.0%. With limited expected growth in taxes, we believe government will not have much room to provide impetus via public development spending. Alongside, government reliance on borrowing via domestic sources will continue to crowd out private sector investment. In an environment where government muscles have been reined in, the importance of private sector will continue to dominate in reviving the overall economic growth.

From capital market perspective, particularly equities, we are getting a much clearer picture now. As covid curve continues to flatten out, the valuations are catching up with historical norms. Barring a second wave of the virus, we think equities have a lot to offer to the investors. Market cap to GDP ratio is at 17.5%, still at a discount of 33% from its historical average. Similarly, risk premiums are close to 4.0%, compared to historical average of 0.9% signifying decent upside for long term investors. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

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

### Corporate Governance

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

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

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

\* HR&R stands for Human Resource and Remuneration

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

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- 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.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

- 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, 2020, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2020:

### 1. Meeting of the Audit Committee.

During the year, eight (8) 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. Mr. Haroun Rashid (Former Chairman)*	8	5	4	1
2. Mirza Qamar Beg(Chairman)	8	8	8	0
3. Mr. Nasim Beg	8	8	8	0
4. Mr. Ahmed Jahangir	8	8	7	1
5. Mr. Kashif A. Habib	8	3	3	0
6. Syed Savail Meekal Hussain	8	3	3	0

\* Mr. Haroun Rashid ceased to be chairmen/member of the committee effective February 07, 2020.

\*\*Syed Savail Meekal Hussain and Ms. Mavra Adil khan were elected on the Board on February 06, 2020.

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

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

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

\* Mr. Haroun Rashid ceased to be member of the committee effective February 07, 2020.

\*\* Ms. Mavra Adil Khan and Syed Savail Meekal Hussain were appointed members of the committee post elections.



## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

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- m. Nil 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.

### External Auditors

The fund's external auditors, **Ernst & Young Ford Rhodes Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2021. The audit committee of the Board has recommended reappointment of **Ernst & Young Ford Rhodes Chartered Accountants** as auditors of the fund for the year ending June 30, 2021.

### ACKNOWLEDGMENT

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

On behalf of Directors,



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
August 22, 2020



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**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹر رپورٹ

۲۔ ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کی میٹنگ

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

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

\* جناب ہارون رشید 07 فروری 2020ء سے کمیٹی کے چیئرمین اراکین نہیں ہیں۔

\*\* محترمہ ماوراء عادل خان اور سید ساویل میکال حسین کی بعد از انتخابات کمیٹی کے رکن کی حیثیت سے تقرری کی گئی۔

m. دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس انشلس آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کے شریک حیات اور چھوٹے بچوں نے فنڈ کے پوٹس کی کوئی خرید و فروخت نہیں کی۔

### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ یگ فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے 30 جون 2021ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2021ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر 'ارنسٹ اینڈ یگ فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ  
ڈائریکٹر /وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
22 اگست 2020ء

## ڈائریکٹر ز پورٹ

- 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 بین الاقوامی مالیاتی رپورٹنگ کے معیار (پاکستان میں اطلاق کی حد تک)، نان بینکنگ فنانس کمپنیز (اسٹیلشمنٹ اینڈ ریگولیشنز) 2003ء اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز 2008ء کی دفعات، متعلقہ ٹرسٹ ڈیڈز کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔
- e. انٹرل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔
- f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں۔
- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔
- h. واجب الاداء ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز کو (اگر کوئی ہیں تو) مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ / گریجویٹ فنڈ اور پینشن فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں بلکہ مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹر ز پورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔
- j. 30 جون 2020ء کو کمپنی کوڈ آف کارپوریٹ گورننس کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹر ز ٹریننگ پروگرام کی شرائط پر تعمیل پیرا ہے۔
- k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔
- l. بورڈ آف ڈائریکٹر ز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2020ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:
- ۱۔ آڈٹ کمیٹی کی میٹنگ
- دوران سال آڈٹ کمیٹی کی آٹھ (8) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
1	4	5	8	۱۔ جناب ہارون رشید (سابقہ چیئرمین)*
0	8	8	8	۲۔ مرزا محمد قریب (چیئرمین)
0	8	8	8	۳۔ جناب نسیم بیگ
1	7	8	8	۴۔ جناب احمد جہانگیر
0	3	3	8	۵۔ جناب کاشف اے حبیب
0	3	3	8	۶۔ سید ساویل میکان حسین**

\* جناب ہارون رشید 07 فروری 2020ء سے کمیٹی کے چیئرمین اُن کن نہیں ہیں۔

\*\* سید ساویل میکان حسین کا 06 فروری 2020ء کو بورڈ میں انتخاب ہوا۔

## ڈائریکٹرز رپورٹ

فیصد کم ہے۔ اسی طرح رسک پریئم 0.4 فیصد کے قریب ہیں جو اپنے پرانے اوسط 0.9 فیصد کے مقابلے میں طویل المیعاد سرمایہ کاروں کے لیے قابل قبول بہتری ہے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد و تصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا رکاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ چار (4 Non) ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر کے ساتھ بورڈ، مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے، عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ بورڈ 1 خاتون اور 7 حضرات ڈائریکٹرز پر مشتمل ہے۔ 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 میقال حسین	خود مختار ڈائریکٹر	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 رمیونیشن

انتظامیہ بہترین طریقوں، خاص طور پر Non ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے کارپوریٹ گورننس کے ضابطہء اخلاق کی دفعات کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

- مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکوٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

حکومت اور مختلف اداروں کے مطابق مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی 2.0 فیصد ہے۔ پاکستان و بآہ کی پہلی لہر سے نمٹنے میں کامیاب ہوا ہے اور متاثرہ افراد کی یومیہ تعداد (ایک ہزار) ماہ جون کے اوائل میں بلند ترین یومیہ تعداد (چھ ہزار) کا چھٹا حصہ رہ گئی ہے۔ اگرچہ اکثر شعبے کھول دیئے گئے ہیں لیکن کچھ تاحال بالکل بند ہیں اور کچھ استعداد سے کم کام کر پارہے ہیں۔ کووڈ کی دوسری لہر کا سد باب کرتے ہوئے ہم پُر اُمید ہیں کہ مالی سال کی دوسری سہ ماہی تک معیشت مکمل بحال ہو جائے گی۔ علاوہ ازیں، متوقع طور پر دسمبر تک ویکسین کے منظر عام پر آ جانے سے جنوری سے عالمی سطح پر سرگرمیاں بھی مکمل بحال ہو جائیں گی۔ ہم اُمید کرتے ہیں کہ حکومت کم تر base اور مختلف محکمہ کا نہ اقدامات کے ساتھ جی ڈی پی میں ترقی کا سالانہ ہدف حاصل کر سکے گی۔ مرکزی بینک کا اعلان کردہ مالیاتی محرک گردش صنعتوں میں ترقی بحال کرنے کی راہ ہموار کرے گا۔ علاوہ ازیں، حکومت کے تعمیرات سے متعلق پیکیج سے مانگ پر مبنی ترقی کو مطلوبہ محرک حاصل ہوگا۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 40 ڈالر فی بیرل تک کم ہو جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی معیشت بحال ہونا شروع ہو گئی ہے اور جو خبریں گردش میں ہیں اُن کے مطابق برآمدات میں تیزی آرہی ہے۔ ترسیلات زر بھی عمومی متوقع سطح سے کافی زیادہ ہوئی ہیں، بلکہ ماہ جون میں 50 فیصد YoY ترقی نے سب کو حیران کر دیا ہے۔ ترسیلات زر میں 10 فیصد کمی کو شامل کرنے کے باوجود مجموعی صورتحال قابل قبول رہے گی۔ ہمیں اُمید ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2020-21ء میں مجموعی ملکی پیداوار کے 1.6 فیصد پر رُکے گا، اور اس کے لیے غیر ملکی سرمایہ کاریوں اور قرضہ جاتی آمدات سے باسانی رقم فراہم کی جاسکتی ہے۔ مالی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے آئی ایم ایف پروگراموں کا سبک رفتاری کے ساتھ جاری رہنا کلیدی شرط ہے۔ موجودہ صورتحال میں ہمیں اُمید ہے کہ غیر ملکی زرمبادلہ کے ذخائر میں اگلے سال کے دوران 2 بلین ڈالر کا مزید اضافہ ہوگا جس سے روپے پر کسی قسم کے دباؤ کو ختم کرنے میں مدد ملے گی۔

اگلے سال کے دوران تیل کی قیمتوں کے اوسط 40 فی بی بی ایل کے مفروضے پر صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 7.5 فیصد ہوگا۔ مرکزی بینک نے افراط زر میں متوقع کمی کے تناظر میں پہلے ہی پالیسی شرح میں ترمیم کر کے اسے 7.0 فیصد کر دیا ہے۔ مالی سال کے نصف اوّل کے دوران افراط زر کی رفتار پٹرولیم کی کم تر قیمتوں کے باعث 7.0 فیصد سے کافی کم رہے گی اور پالیسی شرح کو مثبت رکھنے میں کردار ادا کرے گی۔ تاہم نصف آخر کے دوران چونکہ کم تر base کا اثر بحال ہوگا چنانچہ افراط زر پالیسی شرح سے اوپر جائے گی، جس کا مطلب ہے کہ عمومی معاشی صورتحال کے تحت مرکزی بینک کو انٹریسٹ کی شرحوں میں ترمیم کرنا ہوگی۔ تاہم اگر ادائیگیوں کے توازن کی صورتحال متوقع سے بہتر ہوگئی تو مرکزی بینک موجودہ پالیسی شرح کو جاری رکھ سکے گا۔

مالیاتی محکمہ حکومت کے لیے دُکھتی رگ بن رہا ہے کیونکہ اس کا 7.0 فیصد کے شمال میں رہنا متوقع ہے۔ ٹیکسوں میں محدود متوقع اضافے کے باعث ہم سمجھتے ہیں کہ حکومت کے پاس عوامی ترقیاتی خرچ کے ذریعے محرک فراہم کرنے کی زیادہ گنجائش نہیں ہوگی۔ ساتھ ساتھ، مقامی ذرائع سے حصول قرض پر حکومتی انحصار سے پرائیویٹ سیکٹر میں سرمایہ کاری متاثر ہوگی۔ حکومت پر بڑھتے ہوئے بوجھ کے ماحول میں مجموعی معاشی ترقی کی تجدید کے لیے پرائیویٹ سیکٹر کی اہمیت بدستور حاوی رہے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نظریئے سے ہمیں اب کافی واضح صورتحال نظر آرہی ہے۔ جہاں کووڈ کے غم کے ہموار ہونے کا سلسلہ جاری ہے وہاں valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ وائرس کی دوسری لہر کا سد باب کرتے ہوئے ہم سمجھتے ہیں کہ ایکویٹیز میں سرمایہ کاروں کے لیے بہت فوائد مضمر ہیں۔ مارکیٹ کیپیٹلائزیشن کا جی ڈی پی کے ساتھ تناسب 17.5 فیصد ہے، جواب بھی اپنے پرانے اوسط سے 33

## ڈائریکٹر ز پورٹ

گئے۔ اگرچہ درآمدات کے cover میں بہتری آئی، یعنی  $1.7x$  سے  $2.6x$ ، لیکن یہ اب بھی مقبول عالمی معیارات سے کم ہے۔ ڈالر کے مقابلے میں روپے کی قدر دوران سال 3.2 فیصد کم ہو کر 168.2 ہو گئی۔

مالی سال 2020ء کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 10.8 فیصد جبکہ دوران سال گزشتہ 6.8 فیصد تھا۔ دوران سال اشیائے خوردونوش کا افراط زر نمایاں تھا جس کا اوسط 14.5 فیصد تھا کیونکہ رسد کی جہت میں کمزوری کے باعث کچھ ضروری اشیاء اور جلد خراب ہو جانے والی اشیاء کی قیمتوں میں اضافہ ہو گیا۔ چینی کی قیمتوں میں دوران سال 29 فیصد جبکہ گندم کے آٹے کی قیمت میں 16 فیصد اضافہ ہوا۔ جلد خراب ہو جانے والی اشیاء میں پیاز اور آلو کی قیمتوں میں بالترتیب 70 فیصد اور 65 فیصد اضافہ ہوا۔ تاہم افراط زر کے دباؤ میں کمی آغاز ہو گیا ہے اور جون میں افراط زر 6.8 فیصد تھی کیونکہ پٹرولیم کی کم تر قیمتوں کے ساتھ ساتھ اشیائے خوردونوش کی افراط زر میں تسہیل سے مجموعی افراط زر رک گئی۔ بہر حال، اہم ترین افراط زر، جس کی پیمائش اشیائے خوردونوش اور توانائی کے شعبے کے علاوہ ہوتی ہے، پھر بھی محدود تھی اور زیر جائزہ مدت کے لیے اس کا اوسط 7.9 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) سارا سال متحرک رہی اور اس نے انٹریسٹ کی شرحوں میں 625 بیسیس پوائنٹس (بی پی ایس) کی ریکارڈ کی کر کے پالیسی کی شرح کو 7.0 فیصد تک پہنچا دیا۔ کووڈ 19 کے باعث مندی کے دباؤ اور افراط زر کی کم تر توقع اس اہم اقدام کے بنیادی اسباب تھے۔ ساتھ ساتھ مرکزی بینک نے نظام میں مالیاتی ہنگامی صورتحال کے بوجھ کو کم کرنے کے لیے مختلف اسکیموں کا اعلان کیا۔ کمرشل بینکوں نے تقریباً 650 بلین روپے کے قرضہ جات ایک سال کے لیے ملتوی کیے، جبکہ تقریباً 150 بلین ڈالر کے قرضہ جات کی تشکیل نو کی گئی۔

مالی سال 2020ء کے نصف اول کے دوران مالیاتی تسہیل سے قبل کم تر افراط زر کی توقعات کے باعث پیداواری خم میں جھکاؤ آنا شروع ہو گیا۔ سال کے آغاز کے دوران وباء کے سراٹھانے کے باعث مندی کے دباؤ قریب الورد ہو گئے اور مرکزی بینک نے متحرک انداز میں مالیاتی تسہیل کر کے متعدد میٹنگز میں پالیسی شرح کو 625 بی پی ایس کم کر دیا۔ اس کے نتیجے میں پیداواری خم دوران مدت مزید نیچے ہو گیا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈ میں دوران سال بالترتیب 632، 577 اور 503 بی پی ایس کی تسہیل ہوئی۔ پیداواری خم دوبارہ بلندی کی طرف جانا شروع ہو گیا ہے کیونکہ بازار کے فریق انٹریسٹ کی شرحوں کے کم ترین سطح تک جانے کی توقع کر رہے ہیں۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 12.02 فیصد منافع دیا جبکہ بنچ مارک منافع 11.59 فیصد تھا۔ جون 2020ء کے اختتام پر فنڈ کی سرمایہ کاری ٹریڈری ہلز (ٹی ہلز) میں 0.0 فیصد تھی اور ساری سرمایہ کاری نقد میں منتقل کر دی گئی تھی۔

30 جون 2020ء کو فنڈ کے net اثاثہ جات 3,693 ملین روپے تھے جو 30 جون 2019ء کو 190 ملین روپے کے مقابلے میں 1843.6 فیصد اضافہ ہے۔

30 جون 2020ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 50.3843 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 50.3639 روپے فی یونٹ کے مقابلے میں 0.0204 روپے فی یونٹ اضافہ ہے۔



بورڈ آف ڈائریکٹرز کی طرف سے پاکستان کیش مینجمنٹ فنڈ کے گوشواروں برائے مدتِ مختتمہ 30 جون 2020ء کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار زر کا مجموعی جائزہ

مالی سال 2020ء کے نصف اول کی صورتحال نصف آخر کے حالات سے کافی مختلف تھی۔ گلاں معاشیاتی یکجائی، جو نصف اول میں صحیح راہ پر گامزن تھی، کو وڈ ۱۹ کے باعث نصف آخر میں شدید متاثر ہوئی۔ اس قاتل وباء سے جہاں عالمی سطح پر 17 ملین سے زائد افراد متاثر ہوئے اور 650,000 سے زائد لقمہ اجل بنے وہیں عالمی معیشت بھی تباہی سے دوچار ہوئی کیونکہ دنیا بھر میں لاک ڈاون کے باعث صرفی رجحان میں کمی ہوئی اور بڑے پیمانے پر بے روزگاری پھیلی۔ انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے مطابق اس سال عالمی معیشت 4.9 فیصد سکڑ جائے گی جو دوسری جنگِ عظیم کے بعد ایک سال کے دوران بدترین تنزلی ہے۔

مقامی سطح پر معیشت میں ماہ مئی تک بڑے پیمانے پر لاک ڈاون رہا اور صحت عامہ کے شعبے میں متاثر افراد کا وافر رہا۔ ماحصل میں فرق کے نتیجے میں معاشی ترقی میں 0.4 فیصد تک کمی کی پیش گوئی کی گئی بالمقابل سابقہ متوقع ترقی کے جو 2.4 فیصد تھی۔ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) اور خدمات کے شعبے لاک ڈاون سے سب سے زیادہ متاثر ہوئے۔ ایل ایس ایم مالی سال 2020ء کے پہلے گیارہ ماہ کے دوران 10.3 فیصد سکڑ گیا۔ بڑی صنعتوں میں گاڑیوں اور لوہے اور اسٹیل کی صنعتیں سنگین متاثر ہوئیں اور ان میں بالترتیب 44.8 فیصد اور 17.0 فیصد تنزلی ہوئی۔ ایل ایس ایم کی سب سے بڑی فریق ٹیکسٹائل صنعت بھی عالمی لاک ڈاون کے نتیجے میں برآمدات رُک جانے کے باعث 11.0 فیصد سکڑ گئی۔ مزید برآں، زراعت کے شعبے کی کارکردگی بھی مایوس کن رہی کیونکہ اہم فصلوں (کپاس، گندم اور گنا) ہدف سے کافی پست سطح پر رہیں۔

لاک ڈاون کے باعث ٹیکس وصولی میں سنگین کمی کے نتیجے میں مالی یکجائی شدید متاثر ہوئی۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) سابقہ متوقع ہدف 4.8 ٹریلین روپے کے مقابلے میں 0.4 ٹریلین روپے جمع کر سکا۔ فروری 2020ء تک ٹیکس وصولی 16 فیصد سال در سال (YoY) کی شرح سے بڑھ رہی تھی، تاہم مالی سال کے آخری چار ماہ کے دوران 20 فیصد YoY کی خطیر شرح سے سکڑ گئی جس کے نتیجے میں شدید کمی پیدا ہو گئی۔ مزید برآں، حکومت نے لاک ڈاون سے پیدا ہونے والے خطرات سے عوام کی حفاظت کے مقصد سے ایک سماجی تحفظ کا پروگرام شروع کیا لیکن اس میں مطلوبہ سے زیادہ اخراجات ہو گئے جس کے نتیجے میں مالیاتی خسارے کا مجموعی ملکی پیداوار (جی ڈی پی) سے 9.0 فیصد زیادہ ہونا متوقع ہے۔

پالیسی اقدام کے تحت رفتار اثرات بحوالہ مالیاتی سختی اور زرمبادلہ کی شرح میں ترمیم کے ثمرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن کی صورتحال میں بہتری میں ہوئی۔ کرنٹ اکاؤنٹ خسارہ دوران سال 78 فیصد YoY بنیاد پر سکڑ کر 2.8 بلین ڈالر ہو گیا۔ کرنٹ اکاؤنٹ خسارے میں کمی کی بڑی وجہ اشیاء کی درآمدات میں کمی ہے جو 19 فیصد سکڑ گئیں جس کے نتیجے میں 12 بلین ڈالر کی کمی ہوئی۔ ترسیلاتِ زر بھی لچکدار رہیں اور دوران سال 6 فیصد بڑھ کر 23.1 بلین ڈالر ہو گئیں۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) 2.5 بلین ڈالر کی سطح پر تھی جو سال گزشتہ کے مقابلے میں 75 فیصد زیادہ ہے کیونکہ ٹیلی کام لائسنسوں کی تجدید اور بجلی کے شعبے میں منصوبوں کے آغاز کی بدولت نئی سرمایہ کاریاں آئیں۔ آئی ایم ایف اور کثیر الجہتی اداروں سے قرضوں سے متعلقہ آمدات نے بھی مجموعی مالیاتی آمدات کو مثبت سمت میں قائم رکھا۔ پاکستان کو آئی ایم ایف سے 2.4 بلین روپے موصول ہوئے اور کثیر الجہتی اداروں نے مختلف منصوبوں کے لیے 5 بلین ڈالر سے زائد جاری کیے۔ مجموعی طور پر مالی اکاؤنٹ نے 7 بلین ڈالر منافع حاصل کیا۔ نتیجتاً اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر دوران سال 4.9 بلین ڈالر بڑھ کر 12.1 بلین ڈالر تک پہنچ

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

### Fund Type and Category

Pakistan Cash Management Fund (PCF) is an open-end Fund.

### Fund Benchmark

The benchmark for Pakistan Cash Management Fund is 70% three(3) months PKRV rates + 30% three (3) months average deposit rates of three (3) AA rated scheduled Banks selected by MUFAP.

### Investment Objective

The objective of PCF is to provide Unit Holders competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

### Investment Strategy

The Fund will invest in government securities; mainly Treasury bills and short maturity reverse repurchase transactions against Government Securities. The un-invested funds are kept in deposits with minimum AA rated commercial banks. The overall maturity of the portfolio is kept below 45 days, in order to keep interest rate risk at a relatively low and manageable level and provide high liquidity to investors comparable to current bank deposits. PCF is a long only Fund.

### Manager's Review

During the period under review, the fund generated an annualized return of 12.02% as against its benchmark return of 11.59%. At the end of June 2020, the fund's investment in T-bills decreased to 0.0% and entire exposure was shifted to cash.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 3,693 million as compared to Rs. 190 million as at June 30, 2019 registering an increase of 1843.6%.

The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 50.3843 as compared to opening NAV of Rs. 50.3639 per unit as at June 30, 2019 registering an increase of Rs. 0.0204 per unit.

### Asset Allocation as on June 30, 2020 (% of total assets)

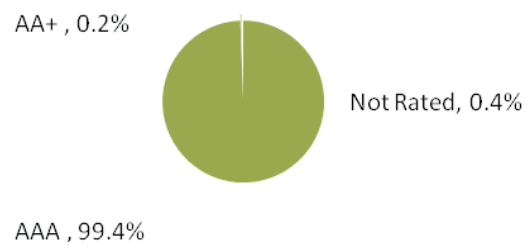
Asset Allocation (%age of Total Assets)	Jun-20
Cash	99.6%
T-Bills	0.0%
Others including receivables	0.4%



## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

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Asset Quality as on June 30, 2020 (% of total assets)



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Saad Ahmed  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS



## MCB FINANCIAL SERVICES LIMITED

### REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

#### PAKISTAN CASH MANAGEMENT FUND

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

Pakistan Cash Management Fund, an open-end Scheme established under a Trust Deed initially executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by Securities & Exchange Commission of Pakistan (SECP) on February 01, 2008 and was executed on February 08, 2008. The Trust Deed was subsequently amended through a supplemental Trust Deed dated July 21, 2014 according to which Habib Metropolitan Bank Limited stands retired and MCB Financial Services Limited is appointed as the Trustee of the Fund. The effective date of change of trustee is August 20, 2014.

Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL had been changed to MCB Arif Habib Savings and Investments Limited effective from June 27, 2011.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Pakistan Cash Management Fund has, in all material respects, managed Pakistan Cash Management Fund during the year ended 30<sup>th</sup> June 2020 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: September 3, 2020

4th Floor, Perdesi House, 2/I, R-Y-16, Old Queens Road, Karachi - 74200  
Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371  
Website: <http://www.mcbfsl.com.pk>

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Cash Management Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Pakistan Cash Management Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value (NAV)</b> (Refer note 4 to the annexed financial statements)  Balances with banks constitute the most significant component of the NAV. Balances with banks of the Fund as at June 30, 2020 aggregated to Rs 3,703.623 million.  The existence of balances with banks for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>obtained independent confirmations for verifying the existence of the balances with banks as at June 30, 2020 and traced them to the books and records of the Fund; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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## Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


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

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

### Report on Other Legal and Regulatory Requirements

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

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

  
Chartered Accountants  
Karachi  
Date: September 21, 2020

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
<b>ASSETS</b>			
Balances with banks	4	3,703,623	205,926
Investments	5	-	172,374
Advances, prepayments and profit receivable	6	16,292	1,300
Receivable from MCB-Arif Habib Savings and Investments Limited - Management Company - net	7	-	396
<b>Total assets</b>		<u>3,719,915</u>	<u>379,996</u>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company - net	7	693	-
Payable to the MCB Financial Services Limited - Trustee	8	158	226
Payable to the Securities and Exchange Commission of Pakistan	9	599	220
Payable against purchase of investment		-	172,352
Accrued and other liabilities	10	25,190	17,614
<b>Total liabilities</b>		<u>26,640</u>	<u>190,412</u>
<b>NET ASSETS</b>		<u>3,693,275</u>	<u>189,584</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>3,693,275</u>	<u>189,584</u>
<b>Contingencies and commitments</b>	11		
<b>NUMBER OF UNITS IN ISSUE</b>			
		<u>73,302,149</u>	<u>3,764,285</u>
<b>NET ASSET VALUE PER UNIT</b>			
	3.6	<u>50.3843</u>	<u>50.3639</u>

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

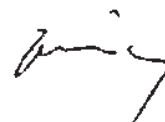
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

		For the year ended	
	Note	June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
<b>INCOME</b>			
Profit on bank deposits		70,589	8,369
Capital gain / (loss) on sale of investments - net		4,154	(1,286)
Income from government securities		284,314	19,963
Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net		-	22
Other income		71	374
<b>Total income</b>		<b>359,128</b>	<b>27,442</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	2,720	2,032
Sales tax on remuneration of the Management Company	7.2	354	316
Allocated expenses	7.3	1,514	305
Remuneration of the MCB Financial Services Limited - Trustee	8.1	1,306	2,400
Sales tax on remuneration of the Trustee	8.2	170	312
Annual fee to Securities and Exchange Commission of Pakistan	9	599	220
Auditors' remuneration	12	724	599
Brokerage, settlement and bank charges		157	93
Legal and other professional charges		68	186
Fee and subscription		411	215
Printing and stationery		43	48
<b>Total expenses</b>		<b>8,066</b>	<b>6,726</b>
<b>Net income for the year from operating activities</b>		<b>351,062</b>	<b>20,716</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	(7,021)	(414)
<b>Net income for the year before taxation</b>		<b>344,041</b>	<b>20,302</b>
Taxation	13	-	-
<b>Net income for the year after taxation</b>		<b>344,041</b>	<b>20,302</b>
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		344,041	20,302
Income already paid on units redeemed		(14,454)	(7,353)
		<b>329,587</b>	<b>12,949</b>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		4,154	-
- Excluding capital gains		325,433	12,949
		<b>329,587</b>	<b>12,949</b>

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

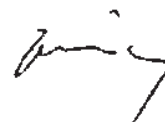
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended	
	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Net income for the year after taxation	344,041	20,302
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>344,041</u>	<u>20,302</u>

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

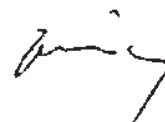
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the year</b>	188,968	616	189,584	878,533	10,418	888,951
Issuance of 126,793,966 (2019: 10,074,065) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	6,385,839	-	6,385,839	506,845	-	506,845
- Element of income	206,161	-	206,161	15,187	-	15,187
	6,592,000	-	6,592,000	522,032	-	522,032
Redemption of 57,256,102 (2019: 23,200,763) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	2,883,641	-	2,883,641	1,167,274	-	1,167,274
- Element of income	95,733	14,454	110,187	14,751	7,353	22,104
	2,979,374	14,454	2,993,828	1,182,025	7,353	1,189,378
Total comprehensive income for the year	-	344,041	344,041	-	20,302	20,302
Final distribution for the year ended June 30, 2018 @ Rs 2.1680 per unit on July 4, 2018	-	-	-	-	(10,121)	(10,121)
Final distribution for the year ended June 30, 2019 @ Rs 3.7038 per unit on June 28, 2019	-	-	-	-	(12,630)	(12,630)
Interim distribution for the year ended June 30, 2020 @ Rs 3.8058 per unit on February 07, 2020	-	(171,551)	(171,551)	-	-	-
Final distribution for the year ended June 30, 2020 @ Rs 2.0664 per unit on June 26, 2020	-	(146,140)	(146,140)	-	-	-
Refund of capital for the year ended June 30, 2018	-	-	-	(29,015)	-	(29,015)
Refund of capital for the year ended June 30, 2019	-	-	-	(557)	-	(557)
Refund of capital for the year ended June 30, 2020	(120,831)	-	(120,831)	-	-	-
Total distributions during the year	(120,831)	(317,691)	(438,522)	(29,572)	(22,751)	(52,323)
<b>Net assets at end of the year</b>	<b>3,680,763</b>	<b>12,512</b>	<b>3,693,275</b>	<b>188,968</b>	<b>616</b>	<b>189,584</b>
<b>Undistributed income / (loss) brought forward</b>						
- Realised	594			10,418		
- Unrealised	22			-		
	616			10,418		
Accounting income available for distribution:						
- Relating to capital gains	4,154			-		
- Excluding capital gains	325,433			12,949		
	329,587			12,949		
Distributions during the year	(317,691)			(22,751)		
<b>Undistributed income carried forward</b>	<b>12,512</b>			<b>616</b>		
<b>Undistributed income carried forward:</b>						
- Realised	12,512			594		
- Unrealised	-			22		
	12,512			616		
	(Rupees)			(Rupees)		
<b>Net assets value per unit at beginning of the year</b>	<b>50.3639</b>			<b>52.6287</b>		
<b>Net assets value per unit at end of the year</b>	<b>50.3843</b>			<b>50.3639</b>		

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

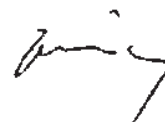
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

Note	For the year ended	
	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	344,041	20,302
<b>Adjustments for:</b>		
Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net	-	(22)
Provision for Sindh Workers' Welfare Fund (SWWF)	7,021	414
	<u>351,062</u>	<u>20,694</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	-	22
Advances, prepayments and profit receivable	(14,992)	(336)
Receivable from MCB-Arif Habib Savings and Investments Limited - Management Company	396	(396)
	<u>(14,596)</u>	<u>(710)</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	693	(273)
Payable to the MCB Financial Services Limited - Trustee	(68)	-
Payable to the Securities and Exchange Commission of Pakistan	379	(310)
Payable against purchase of investment	(172,352)	172,352
Accrued and other liabilities	555	2,213
	<u>(170,793)</u>	<u>173,982</u>
<b>Net cash generated from operating activities</b>	<u>165,673</u>	<u>193,966</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units net of refund of capital	6,471,169	492,460
Payments on redemption of units	(2,993,828)	(1,189,378)
Dividend paid	(317,691)	(22,751)
<b>Net cash generated / (used in) from financing activities</b>	<u>3,159,650</u>	<u>(719,669)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<u>3,325,323</u>	<u>(525,703)</u>
Cash and cash equivalents at beginning of the year	378,300	904,003
<b>Cash and cash equivalents at end of the year</b>	<u><u>3,703,623</u></u>	<u><u>378,300</u></u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investment Limited) as Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. Subsequently, MCB Financial Services Limited has been appointed as trustee of the fund with effect from July 21, 2014. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated February 01, 2008 consequent to which the Trust Deed was executed on February 08, 2008.
- 1.2 The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). 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 "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in market treasury bills, short term Government instruments and reverse repurchase transactions against government securities.
- 1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated October 08, 2019 to the Management Company and has assigned stability rating of 'AA+(f)' dated May 06, 2020 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of MCB Financial Services Limited as 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. Such standards comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and 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 the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

### 2.2 Accounting convention

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The following amendments to the published accounting and reporting standards would be effective from the dates

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

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

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

## 2.5 Critical accounting estimates and judgments

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

The area where various assumption and estimates are significant to Fund's financial statements or where judgement was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for SWWF (note 10.1), provision for Federal Excise Duty (note 10.2) and provision for taxation (notes 3.11 and 13).

## 2.6 Functional and presentation currency

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Cash and cash equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification and subsequent measurement

##### Debt instruments

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

### 3.2.2 Impairment

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

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

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

#### 3.2.2.1 Impairment loss on debt securities

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

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

### 3.2.3 Regular way contracts

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

### 3.2.4 Initial recognition and measurement

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

### 3.2.5 Derecognition

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

### 3.2.6 Derivatives

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

### 3.3 Financial liabilities

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 3.4 Offsetting of financial assets and financial liabilities

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

## 3.5 Provisions

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

## 3.6 Net asset value per unit

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

## 3.7 Issue and redemption of units

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

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

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

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

## 3.9 Revenue recognition

- Capital gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on an accrual basis using effective yield method.
- Income from government securities is recognised on an accrual basis using effective yield method.
- Unrealised gains / (losses) arising on remeasurement of investments classified as financial asset at fair value through profit or loss are included in the Income Statement in the year in which they arise.

## 3.10 Expenses

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

## 3.11 Taxation

### Current

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## Deferred

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

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

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

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

### 3.12 Earnings / (loss) per unit

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

### 3.13 Distribution to units holders fund

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

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

### 3.14 Foreign currency translation

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

	Note	June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
<b>4 BALANCES WITH BANKS</b>			
In current account		3,500,010	1,755
In deposit accounts	4.1	203,613	204,171
		<u>3,703,623</u>	<u>205,926</u>
<b>4.1</b>	These includes balance of Rs. 33.49 million (2019: Rs. 4.14 million) maintained with MCB Bank Limited (a related party). that carries a profit at the rate of 5.5% per annum (2019: 4.5% per annum). Other deposit accounts of the Fund carry profit rates ranging from 5.5% to 13.8% per annum (2019: 4.5% to 12.6% per annum).		
<b>5 INVESTMENTS</b>		June 30, 2020	June 30, 2019
		---- (Rupees in '000) ----	
<b>5.1 Investments at fair value through profit or loss</b>			
Government securities - Market treasury bills		-	172,374

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 5.1.1 Market treasury bills

Name of security	Issue date	Face value				June 30, 2020			Market value as a percentage of	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value	Market value	Unrealized gain	Net assets	Total investments

----- (Rupees in '000) -----

----- % -----

### Market treasury bills

- 3 months	May 23, 2019	175,000	-	175,000	-	-	-	-	-	-
- 3 months	January 16, 2020	-	375,000	375,000	-	-	-	-	-	-
- 3 months	October 10, 2019	-	1,625,000	1,625,000	-	-	-	-	-	-
- 3 months	November 7, 2019	-	2,300,000	2,300,000	-	-	-	-	-	-
- 3 months	February 27, 2020	-	225,000	225,000	-	-	-	-	-	-
- 3 months	January 30, 2020	-	1,700,000	1,700,000	-	-	-	-	-	-
- 3 months	August 1, 2019	-	700,000	700,000	-	-	-	-	-	-
- 3 months	August 29, 2019	-	35,000	35,000	-	-	-	-	-	-
- 3 months	March 12, 2020	-	675,000	675,000	-	-	-	-	-	-
- 3 months	August 16, 2019	-	1,450,000	1,450,000	-	-	-	-	-	-
- 3 months	June 4, 2020	-	55,000	55,000	-	-	-	-	-	-
- 3 months	November 21, 2019	-	670,000	670,000	-	-	-	-	-	-
- 3 months	January 2, 2020	-	550,000	550,000	-	-	-	-	-	-
- 3 months	April 23, 2020	-	3,500,000	3,500,000	-	-	-	-	-	-
- 3 months	July 18, 2019	-	440,000	440,000	-	-	-	-	-	-
- 3 months	May 21, 2020	-	225,000	225,000	-	-	-	-	-	-
- 3 months	October 24, 2019	-	3,400,000	3,400,000	-	-	-	-	-	-

### Market treasury bills

- 6 months	July 18, 2019	-	1,525,000	1,525,000	-	-	-	-	-	-
- 6 months	November 7, 2019	-	725,000	725,000	-	-	-	-	-	-
- 6 months	March 12, 2020	-	550,000	550,000	-	-	-	-	-	-
- 6 months	September 12, 2019	-	2,950,000	2,950,000	-	-	-	-	-	-
- 6 months	April 23, 2020	-	375,000	375,000	-	-	-	-	-	-

### Total as at June 30, 2020

- - -

### Total as at June 30, 2019

172,352 172,374 22

**Note**      **June 30,**      **June 30,**  
**2020**      **2019**  
----- (Rupees in '000) -----

## 6 ADVANCES, PREPAYMENTS & PROFIT RECEIVABLE

Profit on bank deposits		15,799	846
Advance tax	6.1	291	270
Prepayments		202	184
		<u>16,292</u>	<u>1,300</u>

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151 of the ordinance. However, withholding tax on profit on bank deposits to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on bank deposits amounts to Rs. 0.291 million (2019: Rs. 0.270 million).



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PAYABLE / (RECEIVABLE) TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED- NET	Note	June 30, 2020	June 30, 2019
			----- (Rupees in '000) -----	
	Remuneration payable - net	7.1	467	(396)
	Sales tax on remuneration payable	7.2	61	-
	Payable against allocated expenses	7.3	165	-
			<u>693</u>	<u>(396)</u>

**7.1** As per regulation 61 of the NBFC Regulations 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets as disclosed in the Offering Document subject to total expense ratio limit. Keeping in view the maximum allowable threshold, The Management Company can charge management fee upto the lower of 10% of the gross earnings of the scheme, calculated on daily basis or 1% of average daily annual net assets. The afore mentioned limits in the offering document were updated on August 08, 2019 and previously the management fee as per offering document was being calculated on the lower of 10% of the Fund's operating revenue or 1% of average daily net assets subject to minimum fee of 0.25% of average daily net assets.

**7.2** During the year, an amount of Rs.0.354 million (2019: Rs.0.316 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 0.293 million (2019: Rs.0.344 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

**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).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

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

8	PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE	Note	June 30, 2020	June 30, 2019
			----- (Rupees in '000) -----	
	Remuneration payable	8.1	140	200
	Sales tax on remuneration payable	8.2	18	26
			<u>158</u>	<u>226</u>

**8.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and offering document. During the year the Offering Document was amended on July 8, 2019 whereby the remuneration of the trustee was revised to be 1% of gross earnings of the Fund, calculated on a daily basis, subject to a minimum monthly remuneration of Rs 0.05 million. Previously, The minimum monthly remuneration was Rs.0.2 million.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Further, effective from October 10, 2019, Trustee has revised its tariff as follows:

Particulars	Net assets up to					Net assets exceeding
	1,500,000	1,500,000	4,000,000	6,000,000	10,000,000	10,000,000
	Rupees in '000					
Revised Trustee Fee	50	50	75	150	300	500

- 8.2 During the year, an amount of Rs. 0.178 million (2019: Rs. 0.312 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.0.178 million (2019: Rs.0.312 million) was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
<b>9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>			
Annual fee	9.1	599	220

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

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 the SECP Fee at the rate of 0.02% of net assets during the current period. Previously, the rate of annual fee applicable to money market scheme was 0.075%.

	Note	June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
<b>10 ACCRUED AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	9,304	2,283
Provision for Federal Excise Duty payable on remuneration of the Management Company	10.2	11,933	11,933
Withholding tax payable		2,627	7
Brokerage payable		-	-
Auditors' remuneration payable		434	324
Dividend payable		-	2,931
Payable to legal advisor		21	75
Payable against redemption of units		830	-
Other payables		41	61
		<u>25,190</u>	<u>17,614</u>

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.13 (2019: Re. 0.61) per unit.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company 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 11.99 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.16 (2019: Rs 3.17) per unit.

## **11 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

## **12 AUDITORS' REMUNERATION**

	<b>For the year ended</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2019</b>
	<b>----- (Rupees in '000) -----</b>	
Annual audit fee	250	250
Half yearly review fee	131	131
Other certification and services	50	50
Out of pocket expenses	293	168
	<u>724</u>	<u>599</u>

## **13 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unitholders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

## **14 CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>June 30,</b>	<b>June 30,</b>
		<b>2020</b>	<b>2019</b>
		<b>----- (Rupees in '000) -----</b>	
Deposit accounts	4	203,613	204,171
Current account	4	3,500,010	1,755
Market treasury bills maturing within 3 months	5	-	172,374
		<u>3,703,623</u>	<u>378,300</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 0.56% which includes 0.30% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

## 16 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 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 at year end with related parties / connected persons are as follows:

		For the year ended	
		June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
<b>16.1 Details of transactions with connected persons are as follows:</b>			
<b>MCB Arif Habib Savings and Investment Limited - Management Company</b>			
Remuneration (including indirect taxes)		3,074	2,348
Allocated expenses		1,514	305
<b>Group / associated companies</b>			
<b>MCB Bank Limited</b>			
Mark-up on bank deposits		321	222
Bank charges		12	12
Sale of securities having face value Nil (2019: Face value of Rs. 300,000,000)		-	297,703
<b>MCB Financial Services Limited - Trustee</b>			
Remuneration (including indirect taxes)		1,476	2,712
<b>Silk Bank Limited**</b>			
Sale of securities having face value of Nil (2019: Face value of Rs.225,000,000)		-	220,565
<b>Arif Habib Limited - Brokerage house</b>			
Brokerage and settlement charges*		1	6

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

\*\* No longer related party

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
<b>16.2 Amounts outstanding at year end</b>		
<b>MCB Arif Habib Savings and Investment Limited</b>		
Remuneration payable / (receivable) - net	467	(396)
Sales tax on remuneration payable	61	-
Payable against allocated expenses	165	-
<b>Group / associated companies</b>		
<b>MCB Bank Limited</b>		
Balances with bank	33,488	4,145
Mark-up receivable on bank deposits	6	101
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration payable	140	200
Sales tax on remuneration payable	18	26

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

	June 30, 2020							
	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020
	Units				(Rupees in '000)			
<b>Associated company</b>								
MCB Arif Habib savings and investments Limited	-	4,794,607	4,794,607	-	-	250,601	250,779	-
Hyundai Nishat motors private limited								
Employees provident fund	-	44,239	-	44,239	-	2,228	-	2,229
<b>Key management personnel *</b>		235,876	235,876	-	-	12,374	12,527	-
<b>Mandate under discretionary portfolio services</b>	-	13,922,985	13,922,985	-	-	728,371	729,586	-
<b>Unit holders holding 10% or more units *</b>	-	80,929,212	9,927,746	71,001,466	-	4,075,911	500,000	3,577,359

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

	June 30, 2019							
	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019
	Units				(Rupees in '000)			
<b>Associated company</b>								
Arif Habib Dolmen REIT Management Limited	2,250	88	2,338	-	118	4	122	-
Adamjee Insurance Company Limited								
- Employees Gratuity Fund	-	331,781	331,781	-	-	17,182	17,285	-
Adamjee Insurance Company Limited								
- Employees Provident Fund	-	665,836	665,836	-	-	34,482	34,688	-
MCB Arif Habib savings and investments Limited	-	4,261,643	4,261,643	-	-	222,390	222,525	-
<b>Key management personnel</b>	10	1,010	1,020	-	1	53	54	-
<b>Mandate under discretionary portfolio services</b>	11,549,890	2,982,577	14,532,467	-	-	127,732	738,104	-
<b>Unit holders holding 10% or more units</b>	1,220,832	126,432	11,757	1,335,507	-	6,361	605	67,262

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

### Assets

Balances with banks  
Profit on bank deposits

June 30, 2020		
At Amortised cost	Asset classified at fair value through profit or loss	Total
(Rupees in '000)		
3,703,623	-	3,703,623
15,799	-	15,799
<u>3,719,422</u>	<u>-</u>	<u>3,719,422</u>

### Liabilities

Payable to MCB-Arif Habib Savings and Limited - Management Company  
Payable to the MCB Financial Services Limited - Trustee  
Accrued and other liabilities

June 30, 2020		
At fair value through profit or loss	At Amortised cost	Total
(Rupees in '000)		
-	693	693
-	158	158
-	1,326	1,326
<u>-</u>	<u>2,177</u>	<u>2,177</u>

### Assets

Balances with banks  
Investments  
Receivable from MCB-Arif Habib Savings and Limited - Management Company  
Profit on bank deposits

June 30, 2019		
At Amortised cost	Asset classified at fair value through profit or loss	Total
(Rupees in '000)		
205,926	-	205,926
-	172,374	172,374
396	-	396
846	-	846
<u>207,168</u>	<u>172,374</u>	<u>379,542</u>

### Liabilities

Payable to MCB-Arif Habib Savings and Investments  
Payable to the MCB Financial Services Limited - Trustee  
Payable against purchase of investment  
Accrued and other liabilities

June 30, 2019		
At fair value through profit or loss	At Amortised cost	Total
(Rupees in '000)		
-	226	226
-	172,352	172,352
-	3,391	3,391
<u>-</u>	<u>175,969</u>	<u>175,969</u>

## 18. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unitholders' 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 18.1 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 provided by the Board of Directors and regulations laid down by the Securities and Exchange Commission of Pakistan and the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the Rules).

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

### 18.1.1 Currency risk

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

### 18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances with banks and Government Securities.

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

As of June 30, 2020, the Fund held interest based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in interest rate on the last repricing date of these balances, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 2.036 million (2019: Rs. 2.042 million).

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate investment which expose the fund to inter est rate risk.

The interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be defined as follows:

June 30, 2020					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					

#### On-balance sheet financial instruments

##### Financial assets

Balances with banks	5.50% to 13.8%	3,703,623	-	-	-	3,703,623
Investments		-	-	-	-	-
Profit on bank deposits		-	-	-	15,799	15,799
		3,703,623	-	-	15,799	3,719,422

##### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	693	693
Payable to the MCB Financial Services Limited - Trustee		-	-	-	158	158
Accrued and other liabilities		-	-	-	1,326	1,326
		-	-	-	2,177	2,177

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

3,703,623	-	-	13,622	3,717,245
-----------	---	---	--------	-----------

#### Off-balance sheet financial instruments

-	-	-	-	-
---	---	---	---	---

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

-	-	-	-	-
---	---	---	---	---

#### Total profit rate sensitivity gap (a+b)

3,703,623	-	-
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#### Cumulative profit rate sensitivity gap

3,703,623	3,703,623	3,703,623
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

June 30, 2019					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

## Financial assets

- Government securities

Balances with banks	4.50% to 12.60%	205,926	-	-	-	205,926
Investments	11.22%	172,374	-	-	-	172,374
Receivable from MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	396	396
Profit on bank deposits		-	-	-	846	846
		378,300	-	-	1,242	379,542

## Financial liabilities

Payable to the MCB Financial Services Limited - Trustee

Payable against purchase of investment		-	-	-	172,352	172,352
Accrued and other liabilities		-	-	-	3,391	3,391
		-	-	-	175,969	175,969

<b>On-balance sheet gap (a)</b>		378,300	-	-	(174,727)	203,573
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## Off-balance sheet financial instruments

<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
----------------------------------	--	---	---	---	---	---

<b>Total profit rate sensitivity gap (a+b)</b>		378,300	-	-		
--	--	---------	---	---	--	--

<b>Cumulative profit rate sensitivity gap</b>		378,300	378,300	378,300		
---	--	---------	---------	---------	--	--

## 18.1.3 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. The fund does not hold any financial instrument which exposes the Fund to price risk.

## 18.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in market treasury bills are Government backed and hence considered as secured.

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

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Balances with banks	3,703,623	3,703,623	205,926	205,926
Investments	-	-	172,374	172,374
Receivable from MCB-Arif Habib Savings and Investments Limited - Management company	-	-	396	396
Profit on bank deposits	15,799	15,799	846	846
	<u>3,719,422</u>	<u>3,719,422</u>	<u>379,542</u>	<u>379,542</u>

Details of credit rating of balances with banks as at June 30, are as follows:

Bank balances by rating category	2020	2019
	--- % ---	
AAA	99.83	98.03
AA+	0.17	1.97
	<u>100.00</u>	<u>100.00</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

### 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 an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### 18.3 Liquidity risk

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

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

June 30, 2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company  
Payable to the MCB Financial Services Limited - Trustee  
Payable against purchase of investment  
Accrued and other liabilities

693	-	-	-	-	-	693
158	-	-	-	-	-	158
-	-	-	-	-	-	-
1,326	-	-	-	-	-	1,326
<b>2,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,177</b>

June 30, 2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

### Financial liabilities

Payable to the MCB Financial Services Limited - Trustee  
Payable against purchase of investment  
Accrued and other liabilities

226	-	-	-	-	-	226
172,352	-	-	-	-	-	172,352
3,391	-	-	-	-	-	3,391
<b>175,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,969</b>

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### 19.1 Fair value hierarchy

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

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

----- June 30, 2020 -----			
Fair value			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			
<b>Financial assets at fair value through profit or loss</b>			
Government securities - Market treasury bills	-	-	-
	-	-	-
----- June 30, 2019 -----			
Fair value			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			
<b>Financial assets at fair value through profit or loss</b>			
Government securities - Market treasury bills	-	172,352	-
	-	172,352	-
			172,352

### 20 UNITHOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

### 21 PATTERN OF UNITHOLDING

#### Details of pattern of unitholding

----- June 30, 2020 -----			
Number of unitholders	Number of units held	Investment amount	Percentage of total investments
(Rupees in '000)			
Individuals	227	1,707,445	86,029
Insurance companies	1	8,112	409
Retirement funds	4	354,185	17,845
Associated companies	1	44,239	2,229
Others	22	71,188,168	3,586,763
	255	73,302,149	3,693,275
			100.00%
----- June 30, 2019 -----			
Number of unitholders	Number of units held	Investment amount	Percentage of total investments
(Rupees in '000)			
Individuals	233	1,643,956	82,797
Insurance companies	2	212,279	10,691
Retirement funds	5	397,476	20,018
Associated companies	-	-	-
Others	14	1,510,574	76,078
	254	3,764,285	189,584
			100%

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID\*

**June 30,  
2020  
Percentage**

1	Invest One Markets Private Limited	53.48%
2	C & M Management Private Limited	16.88%
3	Paramount Capital Private Limited	13.89%
4	Continental Exchange Private Limited	7.98%
5	Bipl Securities Limited	3.19%
6	Arif Habib Limited	1.83%
7	Vector Capital Private Limited	1.83%
8	Pearl Securities Limited	0.92%

\* The Fund has only used eight brokers during the year ended June 30, 2020 and June 30, 2019.

**June 30,  
2019  
Percentage**

1	Invest One Markets Private Limited	36.40%
2	Arif Habib Limited	26.20%
3	C & M Management Private Limited	11.08%
4	Continental Exchange Private Limited	7.22%
5	Vector Capital Private Limited	6.01%
6	Currency Market Association	5.67%
7	Js Global Capital Limited	4.13%
8	Icon Securities Private Limited	3.29%

### 23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 151st, 152nd, 153rd, 154th, 155th and 156th meetings of the Board of Directors were held on August 1, 2019, September 13, 2019, October 24, 2019, February 06, 2020, February 21, 2020 and April 20, 2020 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	
Mian Muhammad Mansha*	Former Chairman	6	4	1	3	151st, 153rd & 154th
Mr. Haroun Rashid	Chairman	6	6	5	1	154th
Mr. Nasim Beg	Director	6	6	6	-	-
Mr. Ahmed Jahangir	Director	6	6	6	-	-
Mr. Samad A. Habib*	Director	6	4	1	3	151st, 153rd & 154th
Mr. Mirza Qamar Beg	Director	6	6	6	-	-
Syed Savail Meekal Hussain****	Director	6	5	5	-	-
Mr. Kashif A. Habib**	Director	6	2	1	1	156th
Ms. Mavra Adil Khan**	Director	6	2	2	-	-
Mr. Muhammad Saqib Saleem (CEO)	Chief Executive Officer	6	6	6	-	-

\* Retired on completion of term on February 06, 2020.

\*\* New Directors elected on the Board of Directors on February 06, 2020.

\*\*\* An election of Directors was held in an EOGM held on February 06, 2020 wherein all retiring directors except for Mr. Mian Muhammad Mansha and Mr. Samad A. Habib were re-elected.

\*\*\*\*Appointed on September 04, 2019

### 24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
3	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	8.8
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	14.3
5	Syed Mohammad Usama Iqbal	Fund Manager	Graduate	16.3

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Mr. Saad Ahmed is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

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

## 26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 18, 2020 by the Board of Directors of the Management Company.

## 27 GENERAL

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

### 27.2 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased from 3 months to 180 days for Open End Schemes;
- Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

#### 27.2.1 Operational risk management

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

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

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, 2020**

No. of Unit Holders	Unit Holdings	Total Units Held
131	001-10,000	6,131
37	10,001 – 100,000	25,040
61	100,001 – 1000,000	441,011
26	1000,001+	72,829,966
<b>255</b>		<b>73,302,149</b>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2020

Performance Information	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	3693.275	189.584	889	628
Net Assets value per unit – Rupees	50.3843	50.3639	52.6287	50.2794
Closing Offer Price	50.9536	50.3639	52.6287	50.2794
Closing Repurchase Price	50.8343	50.3639	52.6287	50.2794
Highest offer price per unit	54.7626	54.5424	52.6287	53.8342
Lowest offer price per unit	50.3777	50.3119	50.2859	50.2136
Highest Redemption price per unit	54.1507	53.9811	52.6287	53.8342
Lowest Redemption price per unit	50.3639	50.3119	50.2859	50.2136
Distribution per unit – Rs. *	5.8722	5.8718		4.0700
<b>Average Annual Return - %</b>				
One year	12.02	7.48	4.67	8.34
Two year	9.75	6.08	6.51	7.11
Three year	8.06	6.83	6.30	7.69
Net Income for the year – Rs. in million	344.041	20.302	32.95	34.755
Distribution made during the year – Rs. in million	438.522	52.323	-	33.812
Accumulated Capital Growth – Rs. in million	1.48	(32.02)	32.95	0.943
Weighted average Portfolio Duration (days)	1	41	1	14

**\* Date of Distribution**

2020	
Date	Rate
26-Jun-20	2.0664
7-Feb-20	3.8058

2019	
Date	Rate
30-Jun-19	3.7038
4-Jul-18	2.1680

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	4.07

**Disclaimer**

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

## MCB-Arif Habib Savings and Investments Limited

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi  
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)  
URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)