



MCB-ARIF HABIB  
Savings and Investments Limited

AM1  
by PACRA

# HALF YEARLY REPORT

DECEMBER  
2020  
(UNAUDITED)

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



# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

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

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

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Asset Allocation Fund** accounts review for the half year ended December 30, 2020.

## Economy and Money Market Review

The first half of fiscal year 2021 has been promising, as economic activities have swung up in full throttle though challenges from Covid may continue to remain in the near term. The economic recovery has been sharper than expectations as lagged impact of monetary easing, pent up demand and higher remittances have provided impetus to economic growth. Covid-19 has not been as detrimental as initially expected and perhaps local demographics and a successful strategy by the government has been able to wither the storm. We therefore expect economic growth to be better than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of ~17% over last year in the first half of FY21. Sales of 2 and 3 wheeler units rose at a more impressive rate of ~19% over last year reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by near 10% over last year during the half implying a broad based recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by ~7.4% in first five months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 997 million in the first half of fiscal year compared to a deficit of USD 2,032 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances, which grew at a stupendous rate of 25% during the period. Foreign exchange reserves of central bank saw an increase of ~USD 1.3 billion during the half due to improved balance of payment position.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged ~8.6% over last year during the first six months, with food inflation averaging ~13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged ~5.9% for the period. Monetary Policy Committee maintained status quo after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19.

As the economy started to open up, tax collection also improved and grew by 5% during the first half of the fiscal year and almost met the desired target for the period. Fiscal deficit for the first five months of the period clocked in at 1.8% of GDP, compared to 1.6% of GDP last year. Primary balance was even better at a surplus of 0.5% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 74 bps, 114 bps and 129 bps respectively during the period.

## Equity Market Review

The benchmark KSE-100 Index continued on towards its positive trajectory during the second quarter of this fiscal year, after posting an incredible return of 17.9% in the first quarter. The index posted a return of 7.9% during the second quarter, taking the cumulative return of first half to 27.1%. Individual and Corporate Companies were the major buyers during the period, taking an exposure of USD 159 / 91 million in equities, while commercial banks turned out to be net sellers reducing their exposure by USD 69 million.

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

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On the other end, Foreigners continued to offload as they sold stocks worth USD 247million. Trading activity at the bourse increased compared to the previous half as the average volumes and value traded amounted to near 448 million shares (up 116%) and about PKR 17 billion (up 109%) respectively.

Tech, Steel and Refineries were the major outperformers as they posted returns of 134% / 86% / 75% respectively during the first half of the fiscal year. Tech companies saw a massive re-rating in their valuations as investor cherished the changing landscape of tech companies post Covid. Steel sector gained traction during period after a sharp increase in construction demand and prices sent their stocks soaring. Moreover, rumors of a guaranteed rate of return for refineries drove sector returns during the period. On the other side, Oil and Gas exploration remained the major underperformer posting nominal returns of 7% only, as volatile crude oil prices along with rising circular debt kept investors at bay.

### FUND PERFORMANCE

The fund posted a return of 20.12% during the period under review against the benchmark return of 20.09%. The fund has gradually increased exposure in equities which reached to 87.1% by the end of December, 2020 and at the same time it decreased the exposure in cash to 12.4% at the end of December, 2020.

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

The Net Assets of the Fund as at December 31, 2020 stood at Rs. 1,469 million as compared to Rs. 1,299 million as at June 30, 2020 registering an increase of 13.1%. The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs. 82.4973 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 13.8176 per unit.

### Economy & Market – Future Outlook

GDP growth for FY21 is projected at 2.1% by government and various institutions. Despite the reemergence of Covid cases in the winter season, Pakistan has resiliently kept the growth momentum going. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have geared up after record monetary easing. We expect growth to fare better than general expectations as industrial growth has revived much earlier than our anticipation. We expect economic growth to recover well above 2.1%.

Balance of Payment worries have subsided for the near term as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Global economy has started to recover and the reported data and news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact near 25% growth over last year reported in the first half has surprised everyone. We expect Current Account Deficit to settle near 1% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. However, the recent spike in commodity prices from oil to iron ore, coal, etc. pose downside risks to our favorable stance. With Real Effective Rate for Nov-2020 at 99.4, any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. 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 about USD 550 million from current levels, which will help alleviate any pressure on currency.

Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 8.5%, slightly lesser than current run rate. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring more certainty in investor expectations. The central authority has vowed to keep interest rates stable in the short run and bring in mildly positive interest rates over the medium term. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

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

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From capital market perspective, particularly equities, we are getting a much clearer picture now. As growth momentum continues, the valuations are catching up with historical norms. Barring any external shock, we think equities have potential to provide decent returns to investors. Given that low interest rate environment is likely to continue for the short to medium term, we believe equities will continue to attract flows. Risk premiums vis a vis 10-year bonds is right now at 1.9%, compared to historical average of 1.0% suggesting some upside due to re-rating would be possible. Alongside, earnings growth will be a key driver for the next few years as they have lagged behind nominal GDP growth during the last couple of years. 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.

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

### Mutual Fund Industry Review

The Net Assets of the open-end mutual fund industry increased by about 24.0% to PKR 920 billion at the end of the first half of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 30% during the period to PKR 410 billion. Within the money market sphere, the conventional funds dominated as they grew by about 37% to PKR 281 billion. Equity and related funds surged rapidly by 24% from PKR 224 billion to PKR 278 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 24% as at the end of the calendar year.

### Mutual Fund Industry Outlook

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

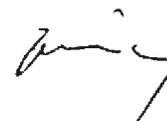
### ACKNOWLEDGMENT

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
February 08, 2021



**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹرز رپورٹ

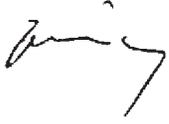
### میوچل فنڈ صنعت کے مستقبل کے امکانات

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

### اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم یگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
08 فروری 2021ء

## ڈائریکٹرز رپورٹ

تاہم تیل سے لے کر خام لوہے اور کونکے تک اشیاء کی قیمتوں میں حالیہ اضافہ ہماری خوش آئند صورتحال کے لیے خطرہ ثابت ہو سکتا ہے۔ نومبر 2020ء کا ریٹل ایفیکٹو ریٹ 99.4 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پروگرام پر عمل درآمد کا سبب رفتاری کے ساتھ جاری رہنا مالیاتی گوشوارے کو مثبت حد میں رکھنے کے لیے کلیدی عامل ثابت ہوگا۔ موجودہ صورتحال میں غیر ملکی زرمبادلہ کے ذخائر کی موجودہ سطحوں میں مزید 550 ملین ڈالر کا اضافہ متوقع ہے جس کی بدولت روپے پر کسی قسم کے دباؤ کو کم کرنے میں مدد ملے گی۔

افراط زر ہماری سابقہ توقعات سے آگے نکل گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 8.5 فیصد رہے گا جو موجودہ سطح سے کچھ کم ہے۔ مرکزی بینک نے پہلی مرتبہ قریب المیعاد میں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے سود کی شرحوں کو مختصر مدت میں مستحکم رکھنے اور درمیانی مدت میں کچھ مثبت کرنے کا عزم کیا ہے۔ اب مرکزی بینک کی راہنمائی کے پیش نظر ہمیں اُمید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں ہمیں اب کافی واضح صورتحال نظر آرہی ہے۔ ترقی کی رفتار تیز تر ہونے کے ساتھ valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ ہمارے مطابق کوئی خارجی دھچک نہ لگے تو ایکویٹیز میں سرمایہ کاروں کو اچھا منافع دینے کی استعداد موجود ہے۔ اگر سود کی پست شرحوں کا ماحول مختصر اور درمیانی مدت کے دوران قائم رہے تو ہم سمجھتے ہیں کہ ایکویٹیز کا آمدات کو مائل کرنے کا سلسلہ جاری رہے گا۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیئم فی الوقت 1.9 فیصد پر ہیں، اور قدیم اوسط 1.0 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ ری ریٹنگ کی بدولت کچھ فائدہ متوقع ہے۔ ساتھ ساتھ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا کیونکہ گزشتہ کچھ برسوں کے دوران یہ معمولی جی ڈی پی سے پیچھے رہی ہیں۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد 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۔

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

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2021ء کے نصف اول کے اختتام پر تقریباً 24.0 فیصد بڑھ کر 920 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 30 فیصد بڑھ کر 410 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 37 فیصد بڑھ کر 281 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سہ ماہی 24 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 278 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

### ایکوٹی مارکیٹ کا جائزہ

بچ مارک KSE-100 انڈیکس نے موجودہ مالی سال کی پہلی سہ ماہی میں 17.9 فیصد زبردست منافع حاصل کرنے کے بعد دوسری سہ ماہی کے دوران اپنی مثبت رفتار جاری رکھی۔ انڈیکس نے دوسری سہ ماہی کے دوران 7.9 فیصد منافع پوسٹ کیا جس کی بدولت نصف اول کا مجموعی منافع 27.1 فیصد تک پہنچ گیا۔ افراد اور کارپوریٹ کمپنیاں دوران مدت سب سے بڑے خریدار تھے جنہوں نے 159/91 ملین ڈالر سرمایہ کاری کی، جبکہ کمرشل بینک net فروخت کا ثابث ہوئے جنہوں نے اپنی سرمایہ کاری میں 69 ملین ڈالر کمی کی۔ دوسری جانب غیر ملکیوں نے اپنے حصے میں کمی کرنے کا سلسلہ جاری رکھا اور 247 ملین ڈالر مالیت کے اسٹاکس فروخت کیے۔ اسٹاک مارکیٹ کی تجارتی سرگرمی میں گزشتہ ششماہی کے مقابلے میں اضافہ ہوا کیونکہ اوسط حجم تقریباً 448 ملین حصص، یعنی 116 فیصد زیادہ، اور تجارت شدہ قدر تقریباً 17 بلین روپے، یعنی 109 فیصد زیادہ تھی۔

ٹیکنالوجی، اسٹیل اور ریفرنسز ہدف سے بہتر کارکردگی کا مظاہرہ کرنے والے بڑے شعبے تھے جنہوں نے مالی سال کے نصف اول کے دوران بالترتیب 134 فیصد، 86 فیصد اور 75 فیصد منافع پوسٹ کیا۔ ٹیکنالوجی کمپنیوں کی قدر کی بڑے پیمانے پر تشکیل نو ہوئی کیونکہ سرمایہ کاروں نے ٹیکنالوجی کمپنیوں کی بدلتی صورت حال بعد از کووڈ کا خیر مقدم کیا۔ اسٹیل کے شعبے نے رفتار پکڑی کیونکہ تعمیراتی مانگ اور قیمتوں میں تیزی سے اضافے کے بعد ان کے اسٹاکس نے بھرپور ترقی کی۔ علاوہ ازیں، ریفرنسز کے لیے یقینی شرح منافع کی افواہوں نے دوران مدت اس شعبے کے منافع کو محرک فراہم کیا۔ دوسری جانب تیل اور گیس کی دریافت کا شعبہ ہدف سے کم کارکردگی کا مظاہرہ کرنے والا بلا شعبہ تھا جس نے صرف 7 فیصد معمولی منافع پوسٹ کیا کیونکہ خام تیل کی غیر مستحکم قیمتوں اور بڑھتے ہوئے گردش قرضوں سے سرمایہ کاروں کی حوصلہ شکنی ہوئی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 20.12 فیصد منافع پوسٹ کیا جبکہ مقررہ معیار منافع 20.09 فیصد تھا۔ فنڈ نے ایکویٹیز میں سرمایہ کاری میں بتدریج اضافہ کیا جو دسمبر 2020ء کے اختتام تک 87.1 فیصد تک پہنچ گئی، اور بیک وقت نقد میں سرمایہ کاری کو کم کر کے دسمبر 2020ء کے اختتام تک 12.4 فیصد کر دیا۔

ایکوٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ میں تھی۔

31 دسمبر 2020ء کو فنڈ کے net اثاثہ جات 1,469 ملین روپے تھے جو 30 جون 2020ء (1,299 ملین روپے) کے مقابلے میں 13.1 فیصد اضافہ ہے۔ 31 دسمبر 2020ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) فی یونٹ 82.4973 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 68.6797 روپے فی یونٹ روپے کے مقابلے میں 13.8176 روپے فی یونٹ اضافہ ہے۔

### معیشت اور بازار - مستقبل کے امکانات

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ موسم سرما میں کووڈ کے دوبارہ ظہور پذیر ہونے کے باوجود پاکستان نے چمک کا مظاہرہ کرتے ہوئے ترقی کی رفتار برقرار رکھی۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گردش شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ ترقی عمومی توقعات سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگئی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 فیصد سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں نے فی الوقت ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آ گیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور نصف اول میں سال گزشتہ کے مقابلے میں 25 فیصد ترقی نے سب کو حیران کر دیا ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باآسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

ایم سی بی پاکستان ایسیٹ ایلوکیشن فنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020ء کو اختتام پذیر ہونے والی ششماہی کے گوشواروں کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2021ء کا نصف اول اُمید افزا رہا کیونکہ معاشی سرگرمیوں نے پوری قوت کے ساتھ سر اٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیعاد میں برقرار رہیں گی۔ معاشی بحالی توقعات سے تیز تر رہی ہے کیونکہ مالیاتی تسہیل، طلب کی محدودیت اور بہتر ترسیلات نے معاشی ترقی کو محرک فراہم کیا۔ کووڈ-19 اُتنا نقصان دہ ثابت نہیں ہوا جتنا اس بارے میں ابتدائی امکانات تھے، اور شاید مقامی آبادی کے اعداد و شمار اور حکومت کے کامیاب لائحہ عمل کی بدولت یہ طوفان پسپا ہو گیا۔ چنانچہ ہم سمجھتے ہیں کہ معاشی ترقی عمومی تخمینوں کے مقابلے میں بہتر رہے گی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کووڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردشیں شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

مالی سال 2021ء کی پہلی ششماہی میں سیمنٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو سال گزشتہ سے 17 فیصد زیادہ تھی۔ 2 اور 3 پہیوں والے یونٹس کی فروخت میں مزید متاثر کن ترقی ہوئی جو سال گزشتہ سے 19 فیصد زیادہ تھی جس سے متوسط طبعے کی مشترک مالی صورتحال کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم مصنوعات کی طلب میں سال گزشتہ کے مقابلے میں تقریباً 10 فیصد اضافہ ہوا جس سے معیشت میں وسیع البینا بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں موجودہ مالی سال کے پہلے پانچ ماہ میں 7.4 فیصد ترقی ہوئی ہے۔

مالی سال کے نصف اول میں کرنٹ اکاؤنٹ میں 997 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,032 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات میں اضافہ تھا جن میں دوران مدت 25 فیصد ترقی ہوئی۔ سینٹرل بینک کے زرمبادلہ کے ذخائر میں 1.3 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔

افراط زر حکومت کی دکھتی رگ بنی رہی کیونکہ ایشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط پہلے چھ ماہ کے دوران 8.6 فیصد تھا، جبکہ ایشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث گندم اور جلد خراب ہو جانے والی ایشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش ایشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 5.9 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی، مرکزی بینک کووڈ-19 کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے نصف اول کے دوران 5 فیصد اضافہ ہوا جو ہدف برائے مدت کے تقریباً قریب تھا۔ پہلے پانچ ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 1.8 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 1.6 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.5 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا جس کے باعث پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ ایم پی سی کے منٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا چلنی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 74، 114 اور 129 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

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



## TRUSTEE REPORT TO THE UNIT HOLDERS MCB PAKISTAN ASSET ALLOCATION FUND

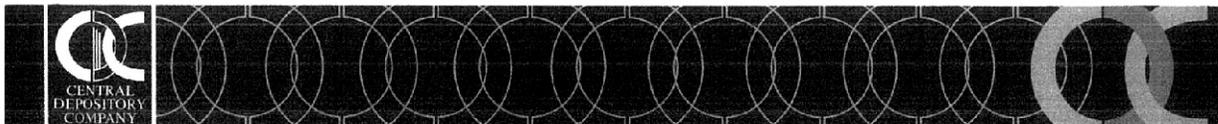
### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 .

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

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

Karachi: February 11, 2021



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



Yousuf Adil  
Chartered Accountants

Cavish Court, A-35, Block 7 & 8  
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## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS OF MCB PAKISTAN ASSET ALLOCATION FUND

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Asset Allocation Fund** (the Fund) as at December 31, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2020. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

### Other Matters

The figures of the condensed interim financial information for the quarters ended December 31, 2020 and 2019, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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

  
Chartered Accountants

Dated: February 18, 2021  
Place: Karachi

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2020

	Note	(Un-audited) December 31, 2020 ----- (Rupees in '000) -----	(Audited) June 30, 2020 -----
<b>ASSETS</b>			
Bank balances	5	189,900	198,319
Investments	6	1,331,890	1,290,075
Dividend and profit receivable		1,620	10,374
Receivable against sale of investments		-	12,868
Receivable from National Clearing Company of Pakistan Limited		1,134	3,737
Advances, deposits, prepayments and other receivables		4,130	3,117
<b>Total assets</b>		<b>1,528,674</b>	<b>1,518,490</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	7,968	6,738
Payable to Central Depository Company of Pakistan Limited - Trustee		239	212
Payable to Securities and Exchange Commission of Pakistan		142	300
Payable against redemption of units		31	31
Payable against purchase of investments		-	165,692
Accrued expenses and other liabilities	8	51,671	46,037
<b>Total liabilities</b>		<b>60,051</b>	<b>219,010</b>
<b>NET ASSETS</b>		<b>1,468,623</b>	<b>1,299,480</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,468,623</b>	<b>1,299,480</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>17,802,084</b>	<b>18,920,867</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>82.4973</b>	<b>68.6797</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

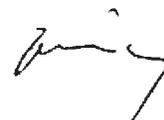
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
----- (Rupees in '000) -----					
<b>INCOME</b>					
Income from government securities		5,447	12,856	2,236	9,930
Capital gain on sale of investments - net		122,217	83,542	58,468	92,339
Income from term finance certificates		575	16,903	(82)	8,057
Income from commercial papers		-	1,589	-	-
Dividend income		16,904	32,308	14,048	15,676
Profit on bank deposits		3,281	15,596	1,266	5,882
Unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss' - net	6.1.7	143,701	35,389	51,492	108,896
Other income		254	164	41	90
<b>Total income</b>		<b>292,379</b>	<b>198,347</b>	<b>127,469</b>	<b>240,870</b>
<b>EXPENSES</b>					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	14,233	16,655	7,225	8,043
Sindh Sales Tax on remuneration of Management Company		1,850	2,165	939	1,045
Allocated expenses	7.3	712	833	362	402
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,216	1,335	614	651
Sindh Sales Tax on remuneration of Trustee		158	174	80	85
Annual fee to Securities and Exchange Commission of Pakistan		142	167	72	81
Selling and marketing expenses	7.4	9,251	7,070	4,696	5,008
Brokerage and settlement charges		5,719	4,426	1,977	3,631
Legal and professional charges		68	92	34	92
Auditors' remuneration		362	413	210	221
Other expenses		499	309	356	125
<b>Total expenses</b>		<b>34,210</b>	<b>33,639</b>	<b>16,566</b>	<b>19,384</b>
<b>Net income from operating expenses</b>		<b>258,169</b>	<b>164,708</b>	<b>110,903</b>	<b>221,486</b>
Provision against Sindh Workers' Welfare Fund	8.1	5,163	3,294	2,218	4,430
<b>Net Income for the period before taxation</b>		<b>253,006</b>	<b>161,414</b>	<b>108,685</b>	<b>217,056</b>
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		<b>253,006</b>	<b>161,414</b>	<b>108,685</b>	<b>217,056</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		253,006	161,414	108,685	212,779
Income already paid on units redeemed		(14,623)	(11,686)	(8,158)	(11,686)
		<b>238,383</b>	<b>149,728</b>	<b>100,527</b>	<b>201,093</b>
<b>Accounting income available for distribution</b>					
Relating to capital gains		238,383	107,452	58,468	92,339
Excluding capital gains		-	42,276	42,059	114,167
		<b>238,383</b>	<b>149,728</b>	<b>100,527</b>	<b>206,506</b>

Earnings per unit

11

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

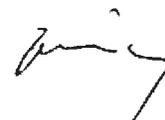
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>253,006</b>	161,414	<b>108,685</b>	217,056
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>253,006</b>	161,414	<b>108,685</b>	217,056

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

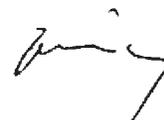
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	For Half Year ended December 31,					
	2020			2019		
	(Rupees in '000)					
Capital Value	Accumulated Losses	Total	Capital Value	Accumulated Losses	Total	
Net assets at beginning of the period	2,506,806	(1,207,326)	1,299,480	3,214,410	(1,166,565)	2,047,845
Issue of 1,123,859 units (2019: 325,204 units)						
- Capital value (at net asset value per unit at the beginning of the period)	77,186	-	77,186	23,164	-	23,164
- Element of income	8,867	-	8,867	2,036	-	2,036
	86,053	-	86,053	25,200	-	25,200
Redemption of 2,242,643 units (2019: 9,155,204 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(154,024)	-	(154,024)	(652,120)	-	(652,120)
- Element of income	(1,269)	(14,623)	(15,892)	19,901	(11,686)	8,215
	(155,293)	(14,623)	(169,916)	(632,219)	(11,686)	(643,905)
Total comprehensive income for the period	-	253,006	253,006	-	161,414	161,414
<b>Net assets at end of the period</b>	<b>2,437,566</b>	<b>(968,943)</b>	<b>1,468,623</b>	<b>2,607,391</b>	<b>(1,016,837)</b>	<b>1,590,554</b>
<b>Undistributed loss brought forward</b>						
- Realised		(1,136,554)			(853,369)	
- Unrealised		(70,772)			(313,196)	
		(1,207,326)			(1,166,565)	
Accounting income available for distribution						
- Relating to capital gains	238,383			107,452		
- Excluding capital gains	-			42,276		
	238,383			149,728		
<b>Undistributed loss carried forward</b>		<b>(968,943)</b>			<b>(1,016,837)</b>	
<b>Undistributed loss carried forward</b>						
- Realised	(1,112,644)			(1,052,226)		
- Unrealised	143,701			35,389		
	(968,943)			(1,016,837)		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	68.6797			71.2294		
Net assets value per unit at end of the period	82.4973			79.8472		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

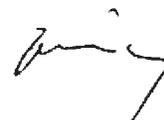
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,	
	2020	2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the period before taxation	253,006	161,414
<b>Adjustments for non cash and other items:</b>		
Unrealised (appreciation) in fair value of investments classified as 'at fair value through profit or loss' - net	(143,701)	(35,389)
Provision against Sindh Workers' Welfare Fund	5,163	3,294
Dividend Income	(16,904)	(32,308)
	<u>97,564</u>	<u>97,011</u>
<b>(Increase) / decrease in assets</b>		
Investments	101,886	59,903
Dividend and profit receivable	9,414	2,444
Receivable against sale of investments	12,868	130,769
Receivable from National Clearing Company of Pakistan Limited	2,603	-
Advances, deposits, prepayments and other receivables	(1,013)	(118)
	<u>125,758</u>	<u>192,998</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,230	1,269
Payable to Central Depository Company of Pakistan Limited - Trustee	27	(60)
Payable to Securities and Exchange Commission of Pakistan	(158)	(2,598)
Payable on redemption of units	-	(32,339)
Payable against purchase of investments	(165,692)	465,803
Accrued expenses and other liabilities	471	982
	<u>(164,122)</u>	<u>433,057</u>
Dividend received	16,244	35,156
<b>Net cash generated from operating activities</b>	<u>75,444</u>	<u>758,222</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	86,053	25,200
Payments against redemption of units	(169,916)	(643,905)
<b>Net cash used in financing activities</b>	<u>(83,863)</u>	<u>(618,705)</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<u>(8,419)</u>	<u>139,517</u>
Cash and cash equivalents at beginning of the period	198,319	416,769
<b>Cash and cash equivalents at end of the period</b>	<u>189,900</u>	<u>556,286</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.

The Fund is an open-end collective investment scheme categorized as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Management quality rating of "AM1" on October 06, 2020 to the Management Company.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

During the current period, The Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirement under the relevant trust acts have been introduced. The Management Company in consultation with the MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

## 2. BASIS OF PREPARATION

### Statement of compliance

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

This condensed interim financial information financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2020.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited financial statements as at and for the year ended June 30, 2020.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

### 4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2020.

		(Un-audited) December 31, 2020 --- (Rupees in '000) ---	(Audited) June 30, 2020
	Note		
<b>5. BANK BALANCES</b>			
Savings accounts	5.1	187,291	191,479
Current accounts	5.2	2,609	6,840
		189,900	198,319

5.1 These carry profit at the rates ranging between 5.50% to 7.60% (June 30, 2020: 5.50% to 7.83% ) per annum. It includes bank balance of nill (June 30, 2020: Rs 0.226 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.50% (June 30, 2020: 5.50%) per annum.

5.2 This represents bank balance maintained with MCB Bank Limited, (a related party).

		(Un-audited) December 31, 2020 ----- (Rupees in '000) -----	(Audited) June 30, 2020
	Note		
<b>6. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>	6.1		
Listed equity securities - Ordinary Shares	6.1.1	1,307,450	897,535
Listed equity securities - Preference Shares	6.1.1.3	24,440	-
Sukuk Certificates - listed	6.1.2	-	36,819
Government securities - Market Treasury Bills	6.1.3	-	149,592
Government securities - Pakistan Investment Bonds	6.1.4	-	105,229
Government securities - Pakistan Investment Bonds - Floating Rate Bond	6.1.5	-	100,900
Government of Pakistan (GoP) Ijara sukuks	6.1.6	-	-
		1,331,890	1,290,075

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

**6.1 Financial assets 'at fair value through profit or loss'**

**6.1.1 Listed equity securities - Ordinary Shares**

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

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2020	As at December 31, 2020		Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Unrealised appreciation / (diminution)			
						(Rupees in '000)		..... (%)		
<b>Automobile Assembler</b>										
Indus Motor Company Limited	-	16,000	-	-	16,000	19,456	(289)	1.31	1.44	0.02
						19,456	(289)			
<b>Automobile Parts and Accessories</b>										
Agrauto Industries Limited	-	50,000	-	-	50,000	10,611	1,102	0.80	0.88	0.17
Thal Limited	98,900	-	-	6,000	92,900	30,187	13,725	2.99	3.30	0.11
						40,798	14,827			
<b>Cable and Electrical Goods</b>										
Pak Elektron Limited	-	600,000	-	100,000	500,000	18,383	1,682	1.37	1.51	0.10
						18,383	1,682			
<b>Cement</b>										
Cherat Cement Company Limited	-	280,000	-	130,000	150,000	22,045	(116)	1.49	1.65	0.08
D.G. Khan Cement Company Limited*	-	620,000	-	620,000	-	-	-	-	-	-
Fauji Cement Company Limited	1,500,000	1,350,000	-	2,200,000	650,000	14,102	(16)	0.96	1.06	0.05
Pioneer Cement Limited	-	623,000	-	386,000	237,000	21,817	2,665	1.67	1.84	0.10
Lucky Cement Limited	172,409	144,689	-	183,978	133,120	73,275	19,389	6.31	6.96	0.04
Maple Leaf Cement Factory Limited	500,000	1,520,000	-	1,141,000	879,000	31,843	7,721	2.69	2.97	0.08
						163,082	29,643			
<b>Commercial Banks</b>										
Bank of Punjab Limited	-	3,113,500	-	3,113,500	-	-	-	-	-	-
MCB Bank Limited*	264,205	365,000	-	432,619	196,586	33,930	2,493	2.48	2.73	0.02
Allied Bank Limited	467,800	-	-	467,800	-	-	-	-	-	-
Bank Alfalah Limited	-	1,650,000	-	1,650,000	-	-	-	-	-	-
Bank Al Habib Limited	854,409	400,000	-	582,000	672,409	40,625	6,175	3.19	3.51	0.06
Faysal Bank Limited	34,100	-	-	34,100	-	-	-	-	-	-
Samba Bank Limited	-	1,000,000	-	-	1,000,000	7,700	(200)	0.51	0.56	0.10
Habib Bank Limited	414,900	740,000	-	332,502	822,398	98,982	9,805	7.41	8.17	0.06
Habib Metropolitan Bank Limited	827,000	-	-	-	827,000	22,999	9,246	2.20	2.42	0.08
United Bank Limited	652,640	702,000	-	550,000	804,640	94,594	6,678	6.90	7.60	0.07
						298,830	34,197			
<b>Engineering</b>										
Agha Steel Industries Limited	-	400,000	-	-	400,000	13,880	1,884	1.07	1.18	0.07
Aisha Steel Limited	-	1,850,000	-	999,000	851,000	11,136	8,692	1.35	1.49	0.10
Amrli Steels Limited	-	349,500	-	349,500	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	-	300,000	-	-	300,000	22,585	134	1.55	1.71	0.12
International Industries Limited	120	-	-	120	-	-	-	-	-	-
						47,601	10,710			
<b>Fertilizer</b>										
Engro Corporation Limited	45,000	94,500	-	45,000	94,500	29,312	(266)	1.98	2.18	0.02
Fauji Fertilizer Company Limited	591,000	362,054	-	626,000	327,054	35,122	363	2.42	2.66	0.03
						64,434	97			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2020	As at December 31, 2020 (Rupees in '000)			Market value as percentage of net assets	Market value as percentage of total investments (%)	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
<b>Food &amp; Personal Care Products</b>											
At-Tahur Limited	668,500	-	66,850	735,350	-	-	-	-	-	-	-
Murree Brewery Company	-	25,000	-	3,550	21,450	12,548	13,458	910	0.92	1.01	0.08
National Foods Limited ***	87,580	-	-	87,580	-	-	-	-	-	-	-
Shezan International Limited	5,115	-	-	-	5,115	1,145	1,793	648	0.12	0.13	0.06
						<u>13,693</u>	<u>15,251</u>	<u>1,558</u>			
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited	220,350	-	-	220,350	-	-	-	-	-	-	-
<b>Insurance</b>											
Adamjee Insurance Company Limited*	760,000	-	-	57,000	703,000	23,276	27,642	4,366	1.88	2.08	0.20
Pakistan Reinsurance Company Limited	289,500	-	-	289,500	-	-	-	-	-	-	-
						<u>23,276</u>	<u>27,642</u>	<u>4,366</u>			
<b>Oil and Gas Exploration Companies</b>											
Oil and Gas Development Company Limited	779,600	238,500	-	596,944	421,156	44,262	43,703	(569)	2.98	3.28	0.01
Pakistan Oilfields Limited	90,930	100,000	-	90,930	100,000	38,843	39,541	698	2.69	2.97	0.04
Pakistan Petroleum Limited	294,306	420,000	-	322,000	392,306	37,911	35,437	(2,474)	2.41	2.66	0.01
Mart Petroleum Company Limited	12,000	-	-	-	12,000	14,840	16,078	1,238	1.09	1.21	0.01
						<u>135,856</u>	<u>134,759</u>	<u>(1,097)</u>			
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	-	48,000	-	-	48,000	15,947	16,062	115	1.09	1.21	0.05
Pakistan State Oil Company Limited	-	332,511	-	147,500	185,011	36,058	39,833	3,775	2.71	2.99	0.04
Sui Northern Gas Pipelines Limited	628,300	-	-	628,300	-	-	-	-	-	-	-
						<u>52,005</u>	<u>55,895</u>	<u>3,890</u>			
<b>Paper And Board</b>											
Century Paper & Board Mills Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
<b>Pharmaceuticals</b>											
Abbot Laboratories (Pakistan) Limited	63,100	15,000	-	19,000	59,100	38,904	44,642	5,738	3.04	3.35	0.06
Glaxosmithkline Pakistan	-	70,000	-	-	70,000	13,440	13,428	(12)	0.91	1.01	0.02
Hightnoon Laboratories Limited	8,850	-	-	8,850	-	-	-	-	-	-	-
The Searle Company Limited	2,058	115,000	7,150	62,058	62,150	15,521	15,490	(31)	1.05	1.16	0.030
						<u>67,865</u>	<u>73,560</u>	<u>5,695</u>			
<b>Power Generation and Distribution</b>											
Hub Power Company Limited	499,289	1,501,532	-	961,500	1,039,321	81,308	82,449	1,141	5.61	6.19	0.08
Kot Addu Power Company Limited	270,000	250,000	-	270,000	250,000	6,686	6,800	114	0.46	0.51	0.03
Lalpir Power Limited	-	1,800,000	-	260,000	1,540,000	20,020	19,743	(277)	1.34	1.48	0.41
Pakgen Power Limited	-	241,500	-	241,500	-	-	-	-	-	-	-
K-Electric Limited **	3,200,000	-	-	-	3,200,000	9,632	12,512	2,880	0.85	0.94	0.01
						<u>117,646</u>	<u>121,504</u>	<u>3,858</u>			
<b>Real Estate Investment Trust</b>											
Dolmen City REIT	1,092,500	-	-	-	1,092,500	11,897	11,581	(316)	0.79	0.87	0.05
						<u>11,897</u>	<u>11,581</u>	<u>(316)</u>			
<b>Refinery</b>											
National Refinery Limited	-	40,000	-	40,000	-	-	-	-	-	-	-

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Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2020	As at December 31, 2020			Market value as percentage of net assets	Market value as percentage of total investments (%)	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Rupees in '000)											
<b>Technology and Communication</b>											
Advanceon Limited	-	660,000	-	660,000	-	-	-	-	-	-	-
Tig Pakistan	-	575,000	-	200,000	375,000	23,078	34,279	11,201	2.33	2.57	0.07
						<u>23,078</u>	<u>34,279</u>	<u>11,201</u>			
<b>Textile Composite</b>											
Interloop Limited	-	483,000	-	55,000	428,000	26,112	29,134	3,022	1.98	2.19	0.05
						<u>26,112</u>	<u>29,134</u>	<u>3,022</u>			
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited	-	900,000	-	900,000	-	-	-	-	-	-	-
<b>Leather &amp; Tanneries</b>											
Service Industries Limited	9,893	-	2,473	11,500	866	565	722	157	0.05	0.05	0.00
						<u>565</u>	<u>722</u>	<u>157</u>			
<b>Chemicals</b>											
Engro Polymer and Chemicals Limited	994,036	674,000	-	1,058,000	610,036	17,438	28,983	11,545	1.97	2.18	0.07
ICI Pakistan Limited	-	18,000	-	-	18,000	13,106	13,682	576	0.93	1.03	0.02
						<u>30,544</u>	<u>42,665</u>	<u>12,121</u>			
<b>Miscellaneous</b>											
Siddiqsons Tin Plate Limited	-	1,000,000	-	450,000	550,000	7,854	11,310	3,456	0.77	0.85	0.24
Tri-Pak Films	-	45,000	-	10,000	35,000	5,214	5,697	483	0.39	0.43	0.09
						<u>13,068</u>	<u>17,007</u>	<u>3,939</u>			
<b>Total as at December 31, 2020</b>						<u>1,168,189</u>	<u>1,307,450</u>	<u>139,261</u>			
Total as at June 30, 2020						968,070	897,535	(70,535)			

- \* These denote related parties / connected persons.  
\*\* This has a face value of Rs 3.5 per share.  
\*\*\* This has a face value of Rs 5 per share.

6.1.1.1 Investments include shares with market value aggregating to Rs 73,541 million (June 2020: Rs 34.5 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

6.1.1.2 There is no change in the status of matter related to bonus shares as reported in note 5.1.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. The bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares having market value as at December 31, 2020 amounted to Rs. 1,098 million (June 30, 2020: Rs.0.088 million).

**6.1.1.3 Listed equity securities - Preference Shares**

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2020	As at December 31, 2020			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Rupees in '000)											
Engro Polymer and Chemicals Limited	-	2,000,000	-	-	2,000,000	20,000	24,440	4,440	1.66	1.83	0.00

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

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**6.1.2 Sukuk Certificates - listed**

Certificates having a face value of Rs. 100,000 each unless stated otherwise

Name	Face value			As at December 31, 2020			Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Unrealised appreciation / (diminution)	Market value as a percentage of net assets		
Dawood Hercules Corporation Limited	452	-	452	-	-	-	-	-
<b>As at December 31, 2020</b>								
As at June 30, 2020				36,088	36,819	731		

**6.1.3 Government securities - Market Treasury Bills**

Tenor	Issue date	Face value			As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	Carrying value	Market value	Unrealised appreciation / (diminution)		
<b>3 months</b>									
3 months	July 2, 2020	-	75,000	75,000	-	-	-	-	-
3 months	December 3, 2020	-	100,000	100,000	-	-	-	-	-
3 months	November 5, 2020	-	250,000	250,000	-	-	-	-	-
3 months	October 8, 2020	-	3,650,000	3,650,000	-	-	-	-	-
3 months	September 10, 2020	-	1,200,000	1,200,000	-	-	-	-	-
3 months	July 16, 2020	-	10,650,000	10,650,000	-	-	-	-	-
3 months	December 17, 2020	-	500,000	500,000	-	-	-	-	-
3 months	November 19, 2020	-	1,875,000	1,875,000	-	-	-	-	-
3 months	April 23, 2020	150,000	50,000	200,000	-	-	-	-	-
3 months	September 24, 2020	-	50,000	50,000	-	-	-	-	-
3 months	August 27, 2020	-	50,000	50,000	-	-	-	-	-
<b>6 months</b>									
6 months	July 2, 2020	-	480,000	480,000	-	-	-	-	-
6 months	May 7, 2020	-	50,000	50,000	-	-	-	-	-
6 months	February 13, 2020	-	125,000	125,000	-	-	-	-	-
6 months	July 16, 2020	-	6,100,000	6,100,000	-	-	-	-	-
6 months	June 18, 2020	-	6,030,000	6,030,000	-	-	-	-	-
6 months	April 23, 2020	-	2,950,000	2,950,000	-	-	-	-	-
6 months	March 26, 2020	-	300,000	300,000	-	-	-	-	-

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Tenor	Issue date	Face value				As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)		
12 months										
12 months	December 5, 2019	-	1,500,000	1,500,000	-	-	-	-	-	
12 months	November 7, 2019	-	50,000	50,000	-	-	-	-	-	
12 months	October 10, 2019	-	2,150,000	2,150,000	-	-	-	-	-	
12 months	September 12, 2019	-	100,000	100,000	-	-	-	-	-	
12 months	August 16, 2019	-	200,000	200,000	-	-	-	-	-	
12 months	December 19, 2019	-	7,250,000	7,250,000	-	-	-	-	-	
12 months	November 21, 2019	-	150,000	150,000	-	-	-	-	-	
12 months	October 24, 2019	-	688,915	688,915	-	-	-	-	-	
12 months	September 26, 2019	-	1,825,000	1,825,000	-	-	-	-	-	
<b>As at December 31, 2020</b>										
						-	-	-	-	
						149,547	149,592	45		

As at June 30, 2020

**6.1.4 Government securities - Pakistan Investment Bonds**

Particulars	Issue date	Face value				As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised appreciation / (diminution)		
3 years	September 19, 2019	-	50,000	50,000	-	-	-	-	-	
5 years	September 19, 2019	100,000	900,000	1,000,000	-	-	-	-	-	
<b>As at December 31, 2020</b>										
						-	-	-	-	
						105,146	105,229	83		

As at June 30, 2020

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
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**6.1.5 Government securities - Pakistan Investment Bonds - Floating Rate Bond**

Tenor	Issue date	Face value			As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value		
10 years	July 25, 2019	100,000	100,000	200,000	-	-	-	-	
3 years	June 18, 2020	-	375,000	375,000	-	-	-	-	
<b>As at December 31, 2020</b>									
As at June 30, 2020									
					101,996	100,900	(1,096)		

**6.1.6 Government of Pakistan (GoP) Ijara sukuk**

Tenor	Issue date	Face Value			As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value		
5 years	July 29, 2020	62,500	62,500	44,041	-	-	-	-	
<b>Total as at December 31, 2020</b>									
Total as at June 30, 2020									
					-	-	-		

(Un-audited) (Un-audited)  
December 31, December 31,  
2020 2019  
----- (Rupees in '000) -----

**6.1.7 Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net**

Market value	1,331,890	1,545,291
Carrying value	<b>(1,188,189)</b>	<b>(1,509,902)</b>
	<b>143,701</b>	<b>35,389</b>

6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5 & 6.1.6  
6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5 & 6.1.6

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		(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) 30 June 2020
<b>7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	7.1	2,502	2,084
Sindh sales tax payable on management remuneration	7.2	325	271
Sales load payable		320	246
Payable against allocated expenses	7.3	125	104
Payable against selling and marketing expenses	7.4	4,696	4,033
		<b>7,968</b>	<b>6,738</b>

**7.1** The Management Company has charged remuneration at a rate of 2% per annum of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

**7.2** During the year, Sindh Sales Tax on management fee has been charged at 13% (2019: 13%).

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

Till 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 Management Company.

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

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

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

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	8.1	14,237	9,073
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		19,027	19,027
- Sales load		16,173	16,173
Auditors' remuneration payable		102	558
Brokerage payable		1,858	946
Capital gain tax		11	2
Others		263	258
		<b>51,671</b>	<b>46,037</b>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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## 8.1 Provision for Sindh Workers' Welfare Fund (SWWF)

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Re. 0.7997 per unit (June 30, 2020 Re. 0.4796 per unit).

## 8.2 Federal Excise Duty on remuneration to the Management Company

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual audited financial statements of the Fund for the year ended June 30, 2020. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Rs. 1.0688 per unit (June 30, 2020: Re. 1.0056 per unit).

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2020 (June 30, 2020: Nil).

## 10. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information.

## 11. EARNINGS PER UNIT

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

## 12. EXPENSE RATIO

The total annualised expense ratio of the Fund from July 1, 2020 to December 31, 2020 is 5.53% and this includes 1.028% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc.

## 13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

	For the half year ended December 31, 2020						As at December 31, 2020
	As at July 1, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 1, 2020	Issued for cash	
	----- Units ----- (Rupees in '000) -----						
MCB-Arif Habib Savings and Investments Limited - Management Company	-	-	-	-	-	-	-
<b>Associated companies / undertakings</b>							
Adamjee Life Assurance Company Limited (NUJL Fund)	551,649	-	-	551,649	37,887	-	45,510
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	28,189	1,936	-	2,325
Adamjee Life Assurance Company Limited. IMF	5,453,035	-	-	5,453,035	374,513	-	449,861
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	35,028	2,406	-	2,890
<b>Mandate Under Discretionary Portfolio Services</b>	430,757	380,794	256,244	555,307	29,584	31,414	45,811
<b>Key management personnel</b>	-	6,449	6,449	-	-	532,061	532,061
	----- Units ----- (Rupees in '000) -----						
	-	-	-	-	-	-	-
<b>Associated companies / undertakings</b>							
Adamjee Life Assurance Company Limited (NUJL Fund)	386,879	-	-	386,879	27,557	-	30,891
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	28,189	2,008	-	2,251
Adamjee Life Assurance Company Limited. IMF	5,453,035	-	-	5,453,035	388,417	-	435,410
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	35,028	2,495	-	2,797
<b>Mandate Under Discretionary Portfolio Services</b>	74,401	4,675	60,889	18,187	5,300	319	4,722
<b>Directors and Key management personnel</b>	7	-	7	-	1	-	1
	----- Units ----- (Rupees in '000) -----						
	-	-	-	-	-	-	-

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

	(Un-audited) December 31, 2020	(Un-Audited) December 31, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	16,083	18,820
Allocated expenses	712	833
Selling and marketing expenses	9,251	7,070
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	1,374	1,509
CDC settlement charges	84	72
<b>MCB Bank Limited - holding company of the Management Company</b>		
Purchase of shares 365,000 (2019: Nil)	62,870	-
Sale of shares 432,619 (2019: 479,300)	77,661	81,918
Dividend income	-	14
Profit on bank balances	5	32
Bank charges	4	6
<b>D. G. Khan Cement Company Limited</b>		
Purchase of shares 620,000 (2019: Nil )	66,164	-
Sale of shares 620,000 (2019: Nil )	65,507	-
<b>Adamjee Insurance Company Limited</b>		
Sale of shares 75,000 (2019: 295,000)	2,166	12,046
Dividend income	879	295
<b>Arif Habib Limited</b>		
Sale of shares Nil (2019: 312,000)	-	10,949
Brokerage expense *	264	272
<b>Next Capital Limited</b>		
Brokerage expense *	26	182
<b>Nishat Mills Limited</b>		
Sale of shares Nil (2019: 1,100)	-	71
<b>Nishat Chunian Limited</b>		
Sale of shares Nil (2019: 250,000)	-	9,403
<b>Dolmen City Reit</b>		
Purchase of shares Nil (2019: 1,092,500)	-	13,332

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>13.3 Amount outstanding as at period end / year end</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	2,502	2,084
Sindh sales tax payable on management remuneration	325	271
Sales load payable	320	246
Payable against allocated expenses	125	104
Payable against selling and marketing expenses	4,696	4,033
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	212	188
Sindh Sales Tax payable on trustee remuneration	28	24
Security deposits	100	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	2,646	7,066
Shares held by the Fund 196,586 (June 2020: 264,205 shares)	36,423	42,820
<b>Arif Habib Limited</b>		
Brokerage payable *	172	43
<b>Next Capital Private Limited</b>		
Brokerage payable *	26	-
<b>Adamjee Insurance Company Limited</b>		
703,000 shares held by the Fund	27,641	-

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

\*\* These are not related parties/connected persons as at December 31, 2020.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Half Year Ended December 31, 2020 (Un-audited)							
Carrying amount				Fair Value			
Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Government securities	-	-	-	-	-	-	-
Listed equity securities - Ordinary Shares	1,307,450	-	1,307,450	1,307,450	-	-	1,307,450
Listed equity securities - Preference Shares	24,440	-	24,440	24,440	-	-	24,440
Term Finance Certificates	-	-	-	-	-	-	-
Sukuk Certificates	-	-	-	-	-	-	-
	<b>1,331,890</b>	<b>-</b>	<b>1,331,890</b>	<b>1,331,890</b>	<b>-</b>	<b>-</b>	<b>1,331,890</b>

### Financial assets not measured at fair value

Bank balances	189,900	-	-	189,900
Profit receivable	1,620	-	-	1,620
Receivable from National Clearing Company of	1,134	-	-	1,134
Other receivables	3,904	-	-	3,904
	<b>196,558</b>	<b>-</b>	<b>-</b>	<b>196,558</b>

### Financial liabilities not measured at fair value

Payable to the Management Company	7,968	-	-	7,968
Payable to the Trustee	239	-	-	239
Payable against redemption of units	31	-	-	31
Accrued expenses and other liabilities	2,223	-	-	2,223
	<b>10,461</b>	<b>-</b>	<b>-</b>	<b>10,461</b>

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

### Financial assets not measured at fair value

Bank balances	198,319	-	-	198,319
Dividend and profit receivable	10,374	-	-	10,374
Receivable against sale of investments	12,868	-	-	12,868
Receivable from National Clearing Company of Pakistan Limited	3,737	-	-	3,737
Deposits and other receivables	2,634	-	-	2,634
	<b>227,932</b>	<b>-</b>	<b>-</b>	<b>227,932</b>

### Financial liabilities not measured at fair value

Payable against purchase of investments	165,692	-	-	165,692
Payable to the Management Company	6,467	-	-	6,467
Payable to the Trustee	188	-	-	188
Payable against redemption of units	31	-	-	31
Accrued expenses and other liabilities	1,762	-	-	1,762
	<b>174,140</b>	<b>-</b>	<b>-</b>	<b>174,140</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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**15 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

**16. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company in the meeting held on February 08, 2021.

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



Chief Executive Officer



Chief Financial Officer



Director

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

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