



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

JSAVE
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PAKISTAN CAPITAL MARKET FUND

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FUND'S INFORMATION

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

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Capital Market Fund's** accounts review for the half year ended December 31, 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

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

During the period under review, the fund posted a return of 18.23% compared to the return of 22.03% posted by the benchmark.

On the equities front, the overall allocation stood at 66.4%. The exposure was mainly held in Commercial Banks, Cement and Oil & Gas Exploration Companies.

On the fixed income side, the fund maintained its exposure towards cash to benefit from attractive rates offered by banks.

The Net Assets of the Fund as at December 31, 2020 stood at Rs. 477 million as compared to Rs. 415 million as at June 30, 2020 registering an increase of 14.94%.

The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs. 12.00 as compared to opening NAV of Rs. 10.15 per unit as at June 30, 2020 showing an increase of Rs.1.85 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

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


میوچل فنڈ صنعت کے مستقبل کے امکانات

سود 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 ایکوٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز 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



نیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2021ء

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 ریٹیل اِنفیکٹیو 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 سبک 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 اشیاء 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 المیاد 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 دھچکہ 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 پریکٹسٹم 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 اُٹھایا 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۔

ایکویٹی مارکیٹ کا جائزہ

بمقام 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 ر ثابت ہوئے جنہوں نے اپنی سرمایہ کاری میں 69 ملین ڈالر کی 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 ریٹائرمنٹ 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 ہوئی کیونکہ سرمایہ کاروں نے ٹیکنالوجی کمپنیوں کی بدلتی ہوئی صورتحال 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، ریٹائرمنٹ 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 18.23 فیصد منافع پوسٹ کیا جبکہ مقررہ معیار منافع 22.03 فیصد تھا۔ ایکویٹی کی جہت میں مجموعی سرمایہ کاری 66.4 فیصد تھی۔ زیادہ تر سرمایہ کاری کمرشل بینکوں، سیمنٹ، اور تیل اور گیس کی دریافت کی کمپنیوں میں تھی۔ مقررہ آمدنی کی جہت میں فنڈ نے نقد میں سرمایہ کاری برقرار رکھی تاکہ بینکوں کی طرف سے پیش کردہ پُرکشش شرحوں سے فائدہ اٹھایا جاسکے۔ 31 دسمبر 2020ء کو فنڈ کے Inet اثاثہ جات 477 ملین روپے تھے جو 30 جون 2020ء (415 ملین روپے) کے مقابلے میں 14.94 فیصد اضافہ ہے۔

31 دسمبر 2020ء کو فنڈ کی Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 12.00 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 10.15 روپے فی یونٹ روپے کے مقابلے میں 1.85 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 لچک 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 فی الوقت ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آگیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہوگیا 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۔

پاکستان کیپٹل مارکیٹ 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 اُٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیعا 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 اتنا 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 گردش 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 طبقے کی محرک 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 البندیا بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینیفیکچرنگ (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 دھکتی رگ بنی رہی کیونکہ اشیائے 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 اشیائے 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 اشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 5.9 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے درپے 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 Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



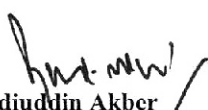
TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET FUND

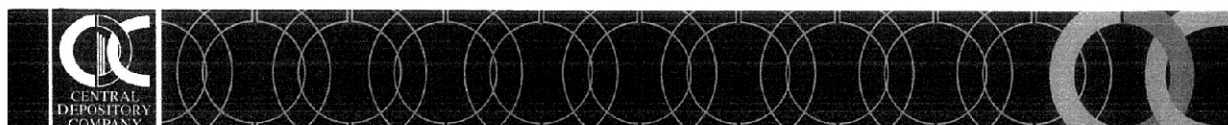
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Capital Market 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



A.F.FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF PAKISTAN CAPITAL MARKET FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Capital Market 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 movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2020. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

Scope of Review

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

Conclusion

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

A.F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Noman Abbas Sheikh

Dated: February 18, 2021

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■ KARACHI ■ LAHORE ■ ISLAMABAD

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

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	155,201	99,855
Investments	5	334,712	374,107
Dividend and profit receivable		554	2,077
Advances, deposits and other receivables		5,518	5,073
Receivable against sale of investments		7,165	4,238
Total assets		<u>503,150</u>	<u>485,350</u>
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	2,542	2,266
Payable to Central Depository Company of Pakistan Limited - Trustee	7	91	79
Payable to the Securities and Exchange Commission of Pakistan (SECP)	8	47	93
Payable against purchase of investments		7,158	53,999
Payable against redemption of units		216	216
Accrued and other liabilities	9	15,936	14,118
Total liabilities		<u>25,990</u>	<u>70,771</u>
NET ASSETS		<u>477,160</u>	<u>414,579</u>
Unit holders' fund (as per statement attached)		<u>477,160</u>	<u>414,579</u>
Contingencies and commitments	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>39,758,886</u>	<u>40,862,716</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		<u>12.00</u>	<u>10.15</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements .


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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

		Six months period ended		Quarter ended	
		December 31,		December 31,	
		2020	2019	2020	2019
Note		(Rupees in '000)			
INCOME					
Capital gain on sale of investments - net		45,338	17,355	20,891	17,935
Dividend income		3,584	11,598	3,069	5,805
Income from government securities		2,700	3,682	1,485	2,946
Income from term finance certificates		23	60	12	29
Profit on bank deposits		2,412	7,309	887	2,652
Income on deposit with NCCPL exposure margin		60	60	34	43
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	5.5	34,720	28,204	6,747	45,883
Total income		88,837	68,268	33,125	75,293
EXPENSES					
Remuneration of MCB-Arif Habib Savings & Investments Limited - Management Company	6.1	4,702	4,779	2,359	2,455
Sindh Sales tax on remuneration of the Management Company	6.2	611	621	306	319
Allocated expenses	6.3	235	239	118	123
Remuneration of Central Depository Company of Pakistan Limited - Trustee		470	478	236	246
Sindh sales tax on remuneration of the trustee		61	62	31	32
Selling and marketing expenses	6.4	3,174	2,305	1,592	1,588
Annual fee to the Securities and Exchange Commission of Pakistan	8	47	48	24	25
Securities transaction cost		1,510	1,001	642	750
Settlement and bank charges		306	306	152	158
Fees and subscription		26	26	19	7
Auditors' remuneration		405	325	260	193
Printing and related costs		16	17	14	(8)
Legal and professional charges		69	91	35	45
Total operating expenses		11,632	10,298	5,788	5,933
Net income from operating activities		77,205	57,970	27,337	69,360
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	(1,544)	(1,160)	(547)	(1,160)
Net income for the period before taxation		75,661	56,810	26,790	68,200
Taxation	11	-	-	-	-
Net income for the period after taxation		75,661	56,810	26,790	68,200
<i>Allocation of net income for the period:</i>					
Net income for the period after taxation		75,661	56,810		
Income already paid on units redeemed		(4,622)	(1,393)		
		71,039	55,417		
<i>Accounting income available for distribution:</i>					
- Relating to capital gains		71,039	44,274		
- Excluding capital gains		-	11,143		
		71,039	55,417		

Earnings per unit

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The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements .

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Six months period ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	75,661	56,810	26,790	68,200
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>75,661</u>	<u>56,810</u>	<u>26,790</u>	<u>68,200</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements .

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Six months period ended December 31, 2020			Six months period ended December 31, 2019		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000) -----					
Net assets at the beginning of the period	422,186	(7,607)	414,579	512,914	(9,278)	503,636
Issuance of 4,187,990 units (2019: 2,047,975 units):						
- Capital value (at net asset value per unit at the beginning of the period)	42,508	-	42,508	20,705	-	20,705
- Element of income	4,616	-	4,616	1,317	-	1,317
	47,124	-	47,124	22,022	-	22,022
Redemption of 5,291,820 units (2019: 6,797,291 units):						
- Capital value (at net asset value per unit at the beginning of the period)	53,712	-	53,712	68,718	-	68,718
- Element of income / (loss)	1,870	4,622	6,492	(2,362)	1,393	(969)
	55,582	4,622	60,204	66,356	1,393	67,749
Total comprehensive income for the period	-	75,661	75,661	-	56,810	56,810
Net assets at the end of the period	413,728	63,432	477,160	468,580	46,139	514,719
Accumulated loss brought forward comprising of:						
- Realised gain	19,862			50,729		
- Unrealised loss	(27,469)			(60,007)		
Accumulated loss	(7,607)			(9,278)		
Accounting income available for distribution						
- Relating to capital gains	71,039			44,274		
- Excluding capital gains	-			11,143		
	71,039			55,417		
Undistributed income carried forward	63,432			46,139		
Undistributed income carried forward comprising of:						
- Realised gain	28,712			17,935		
- Unrealised gain	34,720			28,204		
	63,432			46,139		
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	10.15			10.11		
Net asset value per unit at the end of the period	12.00			11.42		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements .

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Six months period ended	
	December 31, 2020	December 31, 2019
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	75,661	56,810
Adjustments for:		
Dividend income	(3,584)	(11,598)
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss	(34,720)	(28,204)
Provision for Sindh Workers' Welfare Fund (SWWF)	1,544	1,160
	<u>38,901</u>	<u>18,168</u>
Decrease / (increase) in assets		
Investments - net	74,115	2,844
Receivable against sale of investments	(2,927)	4,655
Dividend and profit receivables	1,795	(291)
Advances, deposits and other receivables	(445)	8
	<u>72,538</u>	<u>7,216</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	276	1,207
Payable to Central Depository Company of Pakistan Limited - Trustee	12	3
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(46)	(442)
Payable against purchase of investments	(46,841)	-
Accrued and other liabilities	274	229
	<u>(46,325)</u>	<u>997</u>
Dividend received	3,312	11,490
Net cash generated from operating activities	<u>68,426</u>	<u>37,871</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	47,124	22,022
Payments on redemption of units	(60,204)	(67,749)
Net cash used in financing activities	<u>(13,080)</u>	<u>(45,727)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>55,346</u>	<u>(7,856)</u>
Cash and cash equivalents at the beginning of the period	99,855	192,760
Cash and cash equivalents at the end of the period	<u>155,201</u>	<u>184,904</u>

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The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements .

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



Chief Executive Officer



Chief Financial Officer



Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 30, 2003 consequent to which the Trust Deed was executed on October 27, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 Pakistan Capital Market Fund as a closed-end scheme was authorized by SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities, secured debt securities, money market transactions and reverse re-purchase transactions.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 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

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

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

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2020.

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

3.2 The preparation of the condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2020.

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

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

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

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
4 BALANCES WITH BANKS			
In current accounts		3,788	11,530
In saving accounts	4.1	151,413	88,325
	4.2	155,201	99,855

4.1 These carry profit at the rates ranging from 5.5% to 7.6% per annum (June 30, 2020: 5.5% to 14.45% p er annum).

4.2 These include balance of Rs. 1.108 million (June 30, 2020: Rs. 9.838 million) maintained with MCB Bank Limited (a related party) that carries profit at the rate of 5.5% per annum (June 30, 2020: 5.5% per annum).

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
5 INVESTMENTS			
Investment by category			
At fair value through profit or loss			
Listed equity securities	5.1	334,131	288,361
Government securities	5.2	-	85,162
Unlisted debt security	5.3	581	584
		334,712	374,107

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

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

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of the investee company	As at July 1, 2020	Purchases during the period	Bonus / right issue during the period	Sold / reclassified (note 5.1.2) during the period	As at December 31, 2020	As at December 31, 2020			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation/ (diminution)	Net assets	Total investments	
-----Number of shares-----						-----Rupees in '000'-----			-----%-----		
Automobile Assembler											
Indus Motors Company Limited	-	7,200	-	-	7,200	8,981	8,625	(356)	1.81%	2.58%	0.01%
						8,981	8,625	(356)	1.81%	2.58%	0.01%
Automobile Parts And Accessories											
Thal Limited	33,100	-	-	4,500	28,600	9,293	13,519	4,226	2.83%	4.04%	0.19%
						9,293	13,519	4,226	2.83%	4.04%	0.19%
Cable & Electrical Goods											
Pak Elektron Limited	190,000	134,000	-	190,000	134,000	4,879	5,377	498	1.13%	1.61%	0.03%
						4,879	5,377	498	1.13%	1.61%	0.03%
Cement											
Cherat Cement Company Limited	-	33,500	-	33,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited**	-	132,000	-	132,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	530,000	405,000	-	605,000	330,000	7,047	7,151	104	1.50%	2.14%	0.02%
Lucky Cement Limited	50,400	30,763	-	46,595	34,568	18,452	24,062	5,610	5.04%	7.19%	0.01%
Maple Leaf Cement Factory	160,000	495,000	-	343,500	311,500	12,172	14,021	1,849	2.94%	4.19%	0.03%
Pioneer Cement Limited	-	148,000	-	83,000	65,000	6,251	6,715	464	1.41%	2.01%	0.03%
						43,922	51,949	8,027	10.89%	15.53%	0.09%
Chemicals											
Engro Polymer & Chemicals Limited	277,687	150,000	-	282,000	145,687	3,998	6,922	2,924	1.45%	2.07%	0.02%
ICI Pakistan Limited	-	5,500	-	-	5,500	3,978	4,180	202	0.88%	1.25%	0.01%
						7,976	11,102	3,126	2.33%	3.32%	0.03%
Commercial Banks											
Allied Bank Limited	95,900	-	-	95,900	-	-	-	-	-	-	-
Bank Al Falah Limited	-	180,000	-	180,000	-	-	-	-	-	-	-
Bank Al Habib Limited	192,219	65,000	-	117,088	140,131	8,580	9,753	1,173	2.04%	2.91%	0.01%
Bank Of Punjab Limited	200,000	290,000	-	490,000	-	-	-	-	-	-	-
Faysal Bank Limited* (note 6.1.2)	8,250	-	-	8,250	-	-	-	-	-	-	-
Habib Bank Limited	156,300	235,000	-	144,500	246,800	28,536	32,647	4,111	6.84%	9.75%	0.02%
Habib Metropolitan Bank Limited	449,000	-	-	270,000	179,000	4,978	6,979	2,001	1.46%	2.09%	0.02%
MCB Bank Limited*&***	83,000	92,038	-	123,000	52,038	9,004	9,642	638	2.02%	2.88%	-
United Bank Limited	177,002	267,000	-	198,500	245,502	28,502	30,899	2,397	6.48%	9.23%	0.02%
						79,600	89,920	10,320	18.84%	26.86%	0.07%
Engineering											
Agha Steel Industries Limited	-	140,000	-	-	140,000	4,883	5,517	634	1.16%	1.65%	0.02%
Aisha Steel Limited	-	940,000	-	640,000	300,000	7,158	6,990	(168)	1.46%	2.09%	0.04%
Amreli Steels Limited	-	141,000	-	141,000	-	-	-	-	-	-	-
						12,041	12,507	466	2.62%	3.74%	0.06%
Fertilizer											
Engro Corporation Limited	-	30,000	-	-	30,000	9,300	9,221	(79)	1.93%	2.75%	0.01%
Fauji Fertilizer Bin Qasim Limited (FFBL)	260,000	-	-	260,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	142,700	106,000	-	182,677	66,023	7,055	7,163	108	1.50%	2.14%	0.01%
						16,355	16,384	29	3.43%	4.89%	0.02%
Food & Personal Care Products											
Al-Shaheer Corporation* (note 6.1.2)	805	-	-	805	-	-	-	-	-	-	-
National Foods Limited	2,640	-	-	2,640	-	-	-	-	-	-	-
Murree Brewery Company Limited	-	8,500	-	1,800	6,700	3,920	4,204	284	0.88%	1.26%	0.02%
At-Tahur Limited	270,000	-	-	270,000	-	-	-	-	-	-	-
Shezan International Limited	2,860	-	-	-	2,860	640	1,002	362	0.21%	0.30%	0.03%
						4,560	5,206	646	1.09%	1.56%	0.05%
Insurance											
Adamjee Insurance Company Limited**	250,000	-	-	250,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Balance carried forward						187,607	214,589	26,982			

* Nil figures due to rounding off

** These represent transactions in shares of related parties

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

Name of the investee company	As at July 1, 2020	Purchases during the period	Bonus / right issue during the period	Sold / reclassified (note 5.1.2) during the period	As at December 31, 2020	As at December 31, 2020			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation/ (diminution)	Net assets	Total investments	
----- Number of shares -----						-----Rupees in '000'-----			----- % -----		
Balance brought forward						187,607	214,589	26,982			
Leather & Tanneries											
Service Industries Limited*	5,787	-	1,446	7,217	16	10	13	3	-	-	-
						10	13	3	-	-	-
Miscellaneous											
Synthetic Products Limited	-	110,000	4,950	110,000	4,950	158	215	57	0.05%	0.06%	0.01%
Siddiqsons Tin Plate Limited	-	330,000	-	330,000	-	-	-	-	-	-	-
Tri-Pak Films Limited	-	15,000	-	12,500	2,500	373	407	34	0.09%	0.12%	0.01%
						531	622	91	0.14%	0.18%	0.02%
Oil & Gas Expoloration Company											
Mari Petroleum Limited*	2,066	3,300	-	2,066	3,300	4,686	4,421	(265)	0.93%	1.32%	-
Oil & Gas Development Company Limited* (note 6.1.1)	268,500	23,500	-	173,300	118,700	12,711	12,317	(394)	2.58%	3.68%	-
Pakistan Oilfields Limited	30,500	23,000	-	30,500	23,000	8,785	9,094	309	1.91%	2.72%	0.01%
Pakistan Petroleum Limited	166,054	95,000	-	122,000	139,054	12,623	12,561	(62)	2.63%	3.75%	0.01%
						38,805	38,393	(412)	8.05%	11.47%	0.02%
Oil & Gas Marketing Companies											
Attock Petroleum Limited	-	14,200	-	-	14,200	4,685	4,752	67	1.00%	1.42%	0.01%
Pakistan State Oil Company Limited	-	111,000	-	56,200	54,800	10,766	11,798	1,032	2.47%	3.52%	0.01%
Sui Northern Gas Pipelines Limited	150,000	-	-	150,000	-	-	-	-	-	-	-
						15,451	16,550	1,099	3.47%	4.94%	0.02%
Paper & Board											
Century Paper & Board Mills Limited	-	45,000	-	45,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Pharmaceuticals											
Abbott Laboratories Limited	25,500	-	-	10,750	14,750	9,779	11,142	1,363	2.34%	3.33%	0.02%
GlaxoSmithKline Pakistan	-	21,000	-	-	21,000	4,226	4,029	(197)	0.84%	1.20%	0.01%
Highnoon Laboratories Pakistan Limited	8,500	-	-	8,500	-	-	-	-	-	-	-
The Searle Company Limited*	2	38,000	2,340	20,000	20,342	5,099	5,070	(29)	1.06%	1.51%	-
The Searle Company Limited (note 6.1.2)	209	-	-	209	-	-	-	-	-	-	-
						19,104	20,241	1,137	4.24%	6.04%	0.03%
Power Generation And Distribution											
Hub Power Company Limited (note 6.1.1)	230,500	295,000	-	299,000	226,500	16,913	17,968	1,055	3.77%	5.37%	0.02%
Kot Addu Power Co. Limited	80,000	-	-	80,000	-	-	-	-	-	-	-
K-Electric Limited***	1,100,000	-	-	1,100,000	-	-	-	-	-	-	-
						16,913	17,968	1,055	3.77%	5.37%	0.02%
Refinery											
National Refinery Limited	-	13,000	-	13,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Vanaspati & Allied Industries											
Unity Foods Limited	-	415,000	-	415,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Real Estate Investment & Distribution											
Dolmen City REIT	423,500	-	-	-	423,500	4,612	4,489	(123)	0.94%	1.34%	0.02%
						4,612	4,489	(123)	0.94%	1.34%	0.02%
Technology & Communication											
Avanceon Limited	-	320,000	-	320,000	-	-	-	-	-	-	-
TRG Pakistan	-	205,000	-	80,000	125,000	7,683	11,426	3,743	2.39%	3.41%	0.02%
						7,683	11,426	3,743	2.39%	3.41%	0.02%
Textile Composite											
Interloop Limited	-	144,500	-	-	144,500	8,692	9,837	1,145	2.06%	2.94%	0.02%
Kohinoor Textile Mills Limited*	41	-	-	-	41	1	3	2	-	-	-
						8,693	9,840	1,147	2.06%	2.94%	0.02%
Total at December 31, 2020						299,409	334,131	34,722			
Total at June 30, 2020						315,452	288,361	(27,091)			

* Nil figures due to rounding off

** These represent transactions in shares of related parties

*** These have a face value of Rs.3.5 per share

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

- 5.1.1** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by Securities and Exchange Commission of Pakistan (SECP).

Name of security	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
	--- (Number of shares) ---		----- (Rupees in '000) -----	
Oil & Gas Development Company Limited	100,000	100,000	10,377	10,900
The Hub Power Company Limited	50,000	50,000	3,967	3,625
	<u>150,000</u>	<u>150,000</u>	<u>14,344</u>	<u>14,525</u>

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. Subsequent to June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares as part of their assets, as the management is confident that the decision of the constitutional petition will be in favour of the CISs. During the current period, the Fund has reclassified the amount of these shares from "investments" to "advances, deposits and other receivables".

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

As at December 31, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.203 million (June 30, 2020: Rs. 0.165 million).

	Note	December 31, 2020	June 30, 2020
		----- (Rupees in '000) -----	
5.2 Government securities - 'at fair value through profit or loss'			
Market Treasury Bills	5.2.1	-	49,864
Pakistan Investment Bonds	5.2.2	-	35,298
Sukuk Certificate	5.2.3	-	-
		<u>-</u>	<u>85,162</u>

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

5.2.1 Market Treasury Bills - 'at fair value through profit or loss'

Name of security	Date of issue	Face Value				As at December 31, 2020			Market value as a percentage of	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised gain	Net assets	Total invest-ments
----- (Rupees in '000) ----- % -----										
Market Treasury Bills										
- 3 months	November 5, 2020	-	1,250,000	1,250,000	-	-	-	-	-	-
- 3 months	July 2, 2020	-	75,000	75,000	-	-	-	-	-	-
- 3 months	July 16, 2020	-	175,000	175,000	-	-	-	-	-	-
- 3 months	December 3, 2020	-	75,000	75,000	-	-	-	-	-	-
- 3 months	April 23, 2020	50,000	50,000	100,000	-	-	-	-	-	-
- 3 months	October 8, 2020	-	130,000	130,000	-	-	-	-	-	-
- 3 months	December 17, 2020	-	500,000	500,000	-	-	-	-	-	-
- 3 months	November 19, 2020	-	100,000	100,000	-	-	-	-	-	-
- 3 months	September 24, 2020	-	50,000	50,000	-	-	-	-	-	-
- 3 months	August 27, 2020	-	50,000	50,000	-	-	-	-	-	-
Market Treasury Bills										
- 6 months	July 16, 2020	-	75,000	75,000	-	-	-	-	-	-
- 6 months	February 13, 2020	-	50,000	50,000	-	-	-	-	-	-
- 6 months	March 12, 2020	-	50,000	50,000	-	-	-	-	-	-
- 6 months	June 18, 2020	-	50,000	50,000	-	-	-	-	-	-
- 6 months	July 2, 2020	-	525,000	525,000	-	-	-	-	-	-
Market Treasury Bills										
- 12 months	August 16, 2019	-	125,000	125,000	-	-	-	-	-	-
- 12 months	January 30, 2020	-	200,000	200,000	-	-	-	-	-	-
- 12 months	November 21, 2019	-	50,000	50,000	-	-	-	-	-	-
- 12 months	November 7, 2019	-	50,000	50,000	-	-	-	-	-	-
- 12 months	December 19, 2019	-	100,000	100,000	-	-	-	-	-	-
Total as at December 31, 2020						-	-	-		
Total as at June 30, 2020						49,849	49,864	15		

5.2.2 Pakistan Investment Bonds - 'at fair value through profit or loss'

Name of security	Date of issue	Face Value				As at December 31, 2020			Market value as a percentage of	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised loss	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
Pakistan Investment Bonds										
- 03 years	September 19, 2019	-	50,000	50,000	-	-	-	-	-	-
- 03 years	June 18, 2020	-	125,000	125,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years	September 19, 2019	-	450,000	450,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 10 years	August 22, 2019	35,000	-	35,000	-	-	-	-	-	-
Total as at December 31, 2020						<div><div></div><div>- - -</div><div></div></div>				
Total as at June 30, 2020						35,698	35,298	(400)		

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

5.2.3 Sukuk Certificate - 'at fair value through profit or loss'

Particulars	Number of certificates				Balance as at December 31, 2020			Market value as a percentage of	
	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments

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

GOP Ijara - Sukuk - 5 years (July 29, 2020 - July 29, 2025)	-	62,500	62,500	-	-	-	-	-	-
----------------------------------------------------------------	---	--------	--------	---	---	---	---	---	---

Total as at December 31, 2020

- - -

Total as at June 30, 2020

- - -

5.3 Unlisted debt security - 'at fair value through profit or loss'

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates					As at December 31, 2020			Market value as a percentage of	
	As at July 1, 2020	Purchased during the year	Matured during the year	Disposed during the year	As at December 31, 2020	Carrying value	Market Value	Appreciation / (diminution)	Net assets	Total investment

(Rupees in '000) -----

Byco Petroleum Pakistan Limited - Sukuk (January 18, 2017)	10	-	-	-	10	584	581	(3)	0.14%	0.16%
---------------------------------------------------------------	----	---	---	---	----	-----	-----	-----	-------	-------

Total as at December 31, 2020

584 581 (3)

Total as at June 30, 2020

577 584 7

5.4 Significant terms and conditions of sukuk certificates outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
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Byco Petroleum Pakistan Limited - Sukuk	10	100,000	91,667	3M KIBOR+1.05%	January 18, 2022	Unsecured	AAA
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5.5 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	Note	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	

Market value of investments	6.1, 6.2 & 6.3	334,712	374,107
Carrying value of investments	6.1, 6.2 & 6.3	299,993	401,576
		<u>34,720</u>	<u>(27,469)</u>

6 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration payable	6.1	805	700
Sindh sales tax payable on management remuneration	6.2	105	91
Allocated expenses payable	6.3	40	35
Selling and marketing expenses payable	6.4	1,592	1,439
Sales load payable (including indirect taxes)		-	1
		<u>2,542</u>	<u>2,266</u>

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

- 6.1** The Management Company has charged remuneration at the rate of 2% (June 30, 2020: 2%) of average daily net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears .
- 6.2** Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2020: 13%)
- 6.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

- 6.4** 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 average daily net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, 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 Management Company 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 Board of Directors of the Management Company.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration based on the average daily net assets of the Fund for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein. The tariff structure applicable to the Fund in respect of trustee fee is as follows:

Average daily net asset value	Tariff per annum
- Up to Rs.1,000 million	Rs. 0.7 million or 0.20% per annum of net assets, whichever is higher
- Over Rs. 1,000 million	Rs. 2 million plus 0.10% per annum of net assets exceeding Rs.5 billion

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

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

In accordance with the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (December 31, 2019: 0.02%) of average daily net assets of the Fund.

9 ACCRUED AND OTHER LIABILITIES	Note	(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
		----- (Rupees in '000) -----	
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	5,875	4,331
Provision for Federal Excise Duty			
- on Management fee	9.2	5,872	5,872
- on sales load	9.2	393	393
Legal and professional charges payable		28	12
Auditors' remuneration payable		290	405
Dividend payable		2,784	2,784
Withholding tax payable		21	1
Brokerage payable		642	280
Other payables		31	40
		15,936	14,118

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

9.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year 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 the 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 the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2020 would have been higher by Re.0.15 (June 30, 2020: Re.0.11) per unit.

9.2 Provision for Federal Excise Duty payable on Management fee

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 5.87 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2020 would have been higher by Re 0.15 (June 30, 2020: Re 0.14) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020.

11 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute atleast 90% of the income earned by the Fund in cash during the year ending June 30, 2021 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

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

		(Un-Audited)	
		December 31, 2020	December 31, 2019
		----- (Rupees in '000) -----	
12	CASH AND CASH EQUIVALENTS		
	Balances with banks	155,201	184,904

13 EARNINGS / LOSS PER UNIT

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

14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 5.60%, (December 31, 2019: 4.78%) which includes 0.96% (December 31, 2019: 0.80%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2019: 4%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "balanced scheme".

15 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

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

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

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

		(Un-Audited)	
		December 31, 2020	December 31, 2019
		----- (Rupees in '000) -----	
15.1	Details of transactions with connected persons are as follows:		
	MCB-Arif Habib Savings and Investments Limited - Management Company		
	Remuneration (including indirect taxes)	5,313	5,400
	Allocated expenses	235	239
	Selling and marketing expenses	3,174	2,305
	Arif Habib Limited - Brokerage house		
	Brokerage expense*	70	20
	Next Capital Private Limited - Brokerage House		
	Brokerage expense *	7	23
	MCB Bank Limited		
	Purchase of 92,038 shares (2019: Nil shares)	15,903	-
	Sale of 123,000 shares (2019: 109,600 shares)	20,988	18,998
	Bank charges	11	4
	Profit on bank deposit	12	47
	Dividend income	-	561

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

	(Un-Audited)	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
Nishat Mills Limited		
Sale of Nil shares (2019: 600 shares)	-	45
D.G Khan Cement Company Limited		
Purchase of 132,000 (2019: Nil) shares	14,156	-
Sale of 132,000 (2019: Nil) shares	14,310	-
Adamjee Insurance Company Limited		
Sale of 250,000 (2019: NIL) shares	10,059	-
Dividend income	193	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period (including indirect taxes)	531	540
CDS charges	39	22

* 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.

	(Un-Audited)	Audited
	December 31, 2020	June 30, 2020
	----- (Rupees in '000) -----	
15.2 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	805	700
Sindh sales tax payable on management remuneration	105	91
Allocated expenses payable	40	35
Selling and marketing expenses payable	1,592	1,439
Sales load payable (including indirect taxes)	-	1
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	91	79
Security deposit	300	300
Group / Associated Companies:		
MCB Bank Limited		
Balance with Bank	1,108	9,838
Profit receivable on bank deposit	35	35
52,038 shares (June 30, 2020: 83,000 shares)	9,642	13,452
Arif Habib Limited - Brokerage house		
Brokerage payable *	24	44
Next Capital Limited - Brokerage house		
Brokerage payable *	7	23
Adamjee Insurance Company Limited		
Nil shares (June 30, 2020: 250,000)	-	8,278

* 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.

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

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

December 31, 2020 (Un-Audited)							
As at July 01, 2020	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2020	As at July 01, 2020	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2020
(Units)				(Rupees in '000)			
Asghari Beg Memorial Trust	-	-	-	-	-	-	-
Directors and executives of the Management Company*	4,313	-	4,280	33	44	-	99
Mandate Under Discretionary Portfolio	-	21	21	-	-	1	1

*This reflects position of related party / connected persons status as at December 31, 2020

December 31, 2019 (Un-Audited)							
As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2019	As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2019
(Units)				(Rupees in '000)			
Asghari Beg Memorial Trust	26,988	-	-	26,988	317	-	-
Directors and executives of the Management Company*	4,155	-	-	4,155	42	-	-
Mandate Under Discretionary Portfolio	-	-	-	-	-	-	-

*This reflects position of related party / connected persons status as at December 31, 2019

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

16.1 FAIR VALUE HIERARCHY

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

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

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

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

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

The Fund holds the following financial instruments measured at fair values:

-----Unaudited-----				
December 31, 2020				
Level 1	Level 2	Level 3	Total	
(Rupees in '000')				
Financial assets at fair value through profit or loss				
Listed equity securities	334,131	-	-	334,131
Government securities	-	-	-	-
Unlisted debt securities	-	581	-	581
	334,131	581	-	334,712

-----Audited-----				
June 30, 2020				
Level 1	Level 2	Level 3	Total	
(Rupees in '000')				
Financial assets at fair value through profit or loss				
Listed equity securities	288,361	-	-	288,361
Government securities	-	85,162	-	85,162
Unlisted debt securities	-	584	-	584
	288,361	85,746	-	374,107

17 GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees.

17.2 COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided the following relaxation to CISs operating in Pakistan for classification of debt security for a specified period of time commencing from April 9, 2020 and expiring on March 31, 2021.

- The timeline for classification of debt security as non performing has been extended from 15 days to 180 days overdue.

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.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 08, 2021 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB Arif Habib Savings and Investments Limited

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