



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2021

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



Savings Asaan. Life Asaan.

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 YEAR ENDED JUNE 30, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Capital Market Fund's** accounts review for the year ended **June 30, 2021**.

Economy and Money Market Review

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent 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 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year 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 well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

Equity Market Review

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election. However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a laggard with 11 per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528 million shares compared to 196 million shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120 million compared to USD 46 million a year back.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Foreign investors continued their selling spree in FY21 as well with net selling of USD 387 million compared to USD 285 million a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332 million and USD 138 million, respectively.

FUND PERFORMANCE

During the period under review, the fund posted a return of 23.14 per cent compared to the return of 31.10 per cent posted by the benchmark.

On the equities front, the overall allocation stood at 56.2 per cent. The exposure was mainly held in Commercial Banks, Cement and Oil & Gas Exploration Companies.

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

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 467 million as compared to Rs. 415 million as at June 30, 2020 registering an increase of 12.53 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 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.

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021 the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 26.3 to the financial statements.

Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

From capital market perspective, particularly equities, markets are watchful of the 4th wave of Covid cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is right now at 3.6 per cent, compared to historical average of

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

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 37.2 per cent to PKR 1,018 billion in this 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 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal 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.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. The Board consists of 1 female and 7 male directors. The details are as under:

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

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg(Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

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2. Meeting of the Human Resource and Remuneration Committee.

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

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

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Nil	Nil	Nil	Nil	Nil

External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

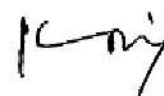
ACKNOWLEDGMENT

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
September 15, 2021



Kashif A. Habib
Director

ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیرمین)
-	4	4	4	۳۔ جناب احمد جہانگیر
-	4	4	4	۴۔ جناب نسیم بیگ
1	3	4	4	۵۔ محترمہ ماوراء عادل خان
-	4	4	4	۶۔ سید ساویل میکال حسین
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

m۔ دوران سال منجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے یونٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	کوئی نہیں	کوئی نہیں	کوئی نہیں	کوئی نہیں	کوئی نہیں

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز **A.F. Ferguson & Co.** چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے **A.F. Ferguson & Co.** چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

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۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز

کاشف اے حبیب

ڈائریکٹر

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر
15 ستمبر 2021ء

ڈائریکٹرز رپورٹ

- d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الإطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فائنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فائنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- e. انٹرل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛
- f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛
- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛
- h. واجب الاداء ٹیکس، قانونی چارہ جزی اور ڈیوٹیز (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔
- j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریڈنگ پروگرام کی شرائط پر عمل پیرا ہے۔
- k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔
- l. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:
- ۱۔ آڈٹ کمیٹی کی میٹنگ
- دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیئرمین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میکال حسین

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

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

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی 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۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پرعزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمپنی کی گورننگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

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

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونریشن

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے پالمسرت مطلع کیا جاتا ہے کہ:

a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آسکتی ہے۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو ڈک چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جاسکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (مورگن اسٹینلی کیپیٹل انٹرنیشنل) امرجنگ مارکیٹ انڈیکس سے ایم ایس سی آئی فرنیشیئر مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازار کی رفتار میں کردار ادا کریں گے۔

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 اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 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 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 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 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے 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

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سینیٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی لچک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سیمنٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای اینڈ پی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص منافع ہوا جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 23.14 فیصد منافع پوسٹ کیا، جبکہ مقررہ معیار کا پوسٹ کردہ منافع 31.10 فیصد تھا۔ ایکویٹیز میں مجموعی اختصاص 56.2 فیصد تھا۔ زیادہ تر شمولیت کمرشل بینکوں، سیمنٹ، اور تیل اور گیس کی دریافت کی کمپنیوں میں تھی۔ مقررہ آمدنی کی جہت میں فنڈ نے نقد میں اپنی شمولیت میں اضافہ کیا تاکہ بینکوں کی پیش کردہ پُرکشش شرحوں سے استفادہ ہو سکے۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 467 ملین روپے تھے جو 30 جون 2020ء کی سطح 415 ملین روپے کے مقابلے میں 12.53 فیصد اضافہ ہے۔

30 جون 2021ء کو net 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 کے مقابلے میں 1.85 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مؤرخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیبلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔

13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 26.3 ملاحظہ فرمائیے۔

معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیپیٹل مارکیٹ فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پہیوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں پلچ کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6- فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7- فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دھتکی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ 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 جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود 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 6.4 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 لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Fund Type and Category

Pakistan Capital Market Fund (PCMF) is an Open-End Balanced Scheme

Fund Benchmark

The benchmark for Pakistan Capital Market Fund is KSE 100 Index and Six (6) months KIBOR rates on the basis of actual proportion held by the Scheme

Investment Objective

The objective of the Fund is to maximize returns available from Pakistan's capital market by investing the Fund Property in equity as well as debt instruments while diversifying the risk within the market.

Investment Strategy

Pakistan Capital Market Fund (PCM) is an open-end balanced fund that invests in a range of asset classes such as equity and debt in Pakistani market. The asset allocation to equities and debt is made on the basis of relative attractiveness of each asset class. The investment process is driven by fundamental research. For equities investment, fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. For debt investment, interest rate outlook is the key determining factor and allocation to this segment is increased when the yields are comparatively higher compared to the total returns on equities. Investment is made in corporate bonds (investment grade) and government bonds. Cash is kept in deposits with highly rated banks. PCM is a long only Fund and cannot undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

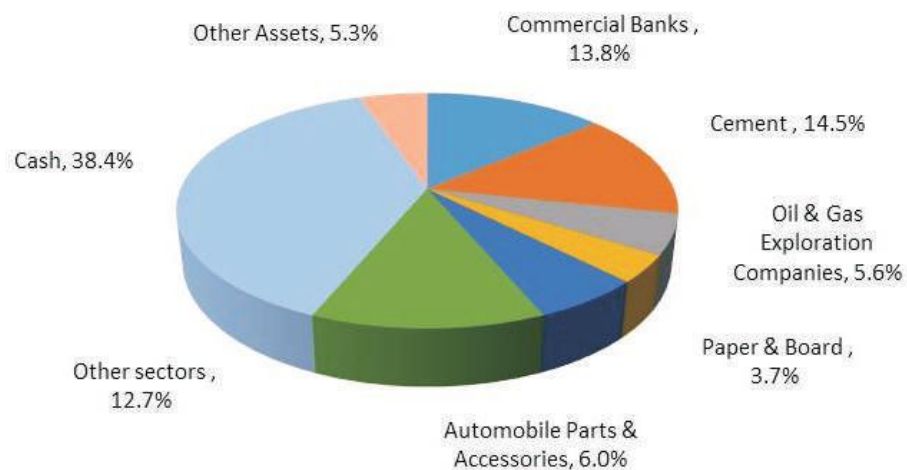
During the period under review, the fund posted a return of 23.14% compared to the return of 31.10% posted by the benchmark.

At the period end, allocation towards equities stood at 56.2% while 38.4% was in cash. The exposure was mainly held in Commercial Banks, Cements and Oil & Gas Exploration Companies.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 467 million as compared to Rs. 415 million as at June 30, 2020 registering an increase of 12.5%. The Net Asset Value (NAV) per unit as at June 30, 2021 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.

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Asset Allocation as on June 30, 2021 (% of total assets)



Asset Quality as on June 30, 2021 (% of total assets)



Syed Abid Ali
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of 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 year ended June 30, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 10, 2021



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Capital Market Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pakistan Capital Market Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 and 5 to the annexed financial statements) Balances with banks and Investments constitute the most significant components of the NAV. Balances with banks of the Fund as at June 30, 2021 aggregated to Rs 186.376 million and Investments amounted to Rs 273.292 million. The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">tested the design and operating effectiveness of the key controls for valuation of investments;obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none">re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andobtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants
Karachi

Date: September 23, 2021

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	186,376	99,855
Investments	5	273,292	374,107
Dividend and profit receivables	6	293	2,077
Advances, deposits and other receivables	7	4,803	5,073
Receivable against sale of investments		20,614	4,238
Total assets		485,378	485,350
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	1,379	2,266
Payable to Central Depository Company of Pakistan Limited - Trustee	9	89	79
Payable to the Securities and Exchange Commission of Pakistan	10	94	93
Payable against purchase of investment		952	53,999
Payable against redemption of units		216	216
Accrued and other liabilities	11	15,985	14,118
Total liabilities		18,715	70,771
NET ASSETS		466,663	414,579
Unit holders' fund (as per statement attached)		466,663	414,579
Contingencies and commitments	12		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		38,891,084	40,862,716
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	3.6	12.00	10.15

The annexed notes from 1 to 26 form an integral part of these financial statements.

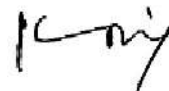
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

		For the year ended	
	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
INCOME			
Dividend income		14,259	17,008
Income from government securities		5,999	7,935
Capital gain on sale of investments - net		77,842	33,699
Income from unlisted debt security		47	102
Profit on bank deposits		4,290	11,189
Income on deposit with NCCPL against exposure margin		101	160
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.5	17,123	(27,469)
Total income		119,661	42,624
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	11,708	9,338
Sindh Sales tax on remuneration of the Management Company	8.2	1,522	1,214
Allocated expenses	8.3	469	467
Selling and marketing expenses	8.4	3,879	5,382
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	938	934
Sindh Sales tax on remuneration of the trustee	9.2	122	121
Annual Fee to the Securities and Exchange Commission of Pakistan	10	94	93
Securities transaction costs		2,513	2,129
Settlement and bank charges		615	627
Fees and subscription		39	39
Auditors' remuneration	13	681	606
Printing and related costs		43	45
Legal and professional charges		136	78
Total expenses		(22,759)	(21,073)
Net income from operating activities		96,902	21,551
Provision for Workers' Welfare Fund (SWWF)		(1,938)	(431)
Net income for the year before taxation		94,964	21,120
Taxation	14	-	-
Net income for the year after taxation		94,964	21,120
Earnings per unit	3.13	-	-
Allocation of net income for the year:			
Net income for the year		94,964	21,120
Income already paid on units redeemed		(10,836)	(1,928)
		84,128	19,192
Accounting income available for distribution:			
- Relating to capital gains		84,128	4,295
- Excluding capital gains		-	14,897
Accounting income available for distribution		84,128	19,192

The annexed notes from 1 to 26 form an integral part of these financial statements.

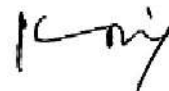
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	94,964	21,120
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>94,964</u>	<u>21,120</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended June 30, 2021			For the year ended June 30, 2020		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	(accumulated loss)	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	422,186	(7,607)	414,579	512,914	(9,278)	503,636
Issuance of 7,931,202 units (2020: 5,652,589 units)						
- Capital value (at net asset value per unit at the beginning of the year)	80,502	-	80,502	57,149	-	57,149
- Element of income	12,670	-	12,670	3,299	-	3,299
Total proceeds from issuance of units	93,172	-	93,172	60,448	-	60,448
Redemption of 9,902,834 units (2020: 14,613,915 units)						
- Capital value (at net asset value per unit at the beginning of the year)	100,514	-	100,514	147,746	-	147,746
- Element of loss - net	5,893	10,836	16,729	3,038	1,928	4,966
Total payments on redemption of units	106,407	10,836	117,243	150,784	1,928	152,712
Total comprehensive income for the year	-	94,964	94,964	-	21,120	21,120
Interim distribution for the year ended June 30, 2021 @ Re 0.5000 per unit on June 25, 2021	-	(17,929)	(17,929)	-	-	-
Refund of capital for the year ended June 30, 2021	(880)	-	(880)	-	-	-
Final distribution for the year ended June 30, 2020 @ Re 0.4533 per unit on June 29, 2020	-	-	-	-	(17,521)	(17,521)
Refund of capital for the year ended June 30, 2020	-	-	-	(392)	-	(392)
Net assets at end of the year	408,071	58,592	466,663	422,186	(7,607)	414,579
Accumulated loss brought forward comprising of:						
- Realised		19,862			50,729	
- Unrealised		(27,469)			(60,007)	
		(7,607)			(9,278)	
Accounting income available for distribution						
- Relating to capital gains		84,128			4,295	
- Excluding capital gains		-			14,897	
		84,128			19,192	
Distribution made during the year		(17,929)			(17,521)	
Undistributed income / (accumulated loss) carried forward		<u>58,592</u>			<u>(7,607)</u>	
Undistributed income / (accumulated loss) carried forward comprising of:						
- Realised		41,469			19,862	
- Unrealised		17,123			(27,469)	
		<u>58,592</u>			<u>(7,607)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at beginning of the year		<u>10.15</u>			<u>10.11</u>	
Net asset value per unit at end of the year		<u>12.00</u>			<u>10.15</u>	

The annexed notes from 1 to 26 form an integral part of these financial statements.

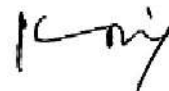
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

Note	For the year ended	
	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	94,964	21,120
Adjustments for:		
Dividend income	(14,259)	(17,008)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(17,123)	27,469
Provision for Workers' Welfare Fund (SWWF)	1,938	431
	<u>65,520</u>	<u>32,012</u>
(Increase) / decrease in assets		
Investments	117,938	(85,523)
Dividend and profit receivables	1,784	(1,269)
Advances, deposits and prepayments	270	13
Receivable against sale of investment	(16,376)	417
	<u>103,616</u>	<u>(86,362)</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(887)	745
Payable to Central Depository Company of Pakistan Limited - Trustee	10	(16)
Payable to the Securities and Exchange Commission of Pakistan	1	(397)
Payable against purchase of investment	(53,047)	53,999
Accrued expenses and other liabilities	(71)	(66)
	<u>(53,994)</u>	<u>54,265</u>
Dividend received	14,259	17,357
Net cash generated from operating activities	<u>129,401</u>	<u>17,272</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units net of refund of capital	92,292	60,056
Payment against redemption of units	(117,243)	(152,712)
Dividend paid	(17,929)	(17,521)
Net cash used in financing activities	<u>(42,880)</u>	<u>(110,177)</u>
Net increase / (decrease) in cash and cash equivalents during the year	<u>86,521</u>	<u>(92,905)</u>
Cash and cash equivalents at beginning of the year	99,855	192,760
Cash and cash equivalents at end of the year	<u>4</u> <u>186,376</u>	<u>99,855</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

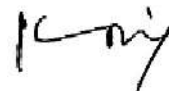
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 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 the 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 the 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 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020, has submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020).

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.2 Accounting convention

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

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

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

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

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2023

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for SWWF (note 11.1), provision for Federal Excise Duty (note 11.2) and provision for taxation (notes 3.12 and 14).

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.2 Financial assets

3.2.1 Classification and subsequent measurement

Debt instruments

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

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

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognised in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVTPL. Accordingly, the irrevocable option has not been considered.

The dividend income from equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

3.2.2 Impairment

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

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

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

3.2.2.1 Impairment loss on debt securities

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

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

3.2.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.2.4 Initial recognition and measurement

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

3.2.5 Derecognition

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

3.2.6 Derivatives

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

3.3 Financial liabilities

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

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

3.7 Issue and redemption of units

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

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

3.8 Distribution to units holders fund

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

3.10 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income from government securities is recognised on an accrual basis using effective interest rate method.
- Income on debt securities (including Sukuks) is recognised on an accrual basis using the effective interest rate method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the income is recorded on cash basis.
- Profit on bank deposits, income on government securities, unlisted debt securities and term deposit receipts is recognised on an accrual basis using effective interest rate method.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Income on deposit with NCCPL against exposure margin is recognised on accrual basis using the effective yield method.

3.11 Expenses

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

3.12 Taxation

Current

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

Deferred

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

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

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

3.13 Earnings per unit

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.14 Distributions to unit holders

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

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

3.15 Foreign currency translation

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

	Note	June 30, 2021	June 30, 2020
(Rupees in '000)			
4. BALANCES WITH BANKS			
In current accounts		5,050	11,530
In deposit accounts	4.1	181,326	88,325
	4.2	<u>186,376</u>	<u>99,855</u>

4.1 These accounts carry profit at the rate ranging from 5.50% to 7.60% (2020: 5.50% to 14.45%) per annum.

4.2 These include balance of Rs. 3.218 million (2020: Rs. 9.838 million) maintained with MCB Bank Limited (a related party) .

	Note	June 30, 2021	June 30, 2020
(Rupees in '000)			
5. INVESTMENTS			
Investments at fair value through profit or loss			
Listed equity securities	5.1	272,708	288,361
Government securities	5.2	-	85,162
Unlisted debt security	5.3	584	584
		<u>273,292</u>	<u>374,107</u>

5.1 Listed equity securities

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 year	Bonus / right issue during the year	Sales during the year	As at June 30, 2021	As at June 30, 2021			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 invest-ments	
----- Number of shares -----						-----Rupees in '000'-----			----- % -----		
Automobile Assembler											
Indus Motors Limited	-	7,200	-	3,100	4,100	5,114	5,142	28	1.10	1.88	0.01
Sazgar Engineering Works	-	12,500	-	12,500	-	-	-	-	-	-	-
Millat Tractors Limited	-	1,120	-	1,120	-	-	-	-	-	-	-
					-	5,114	5,142	28	1.10	1.88	0.01
Automobile Parts And Accessories											
Thal Limited*	33,100	-	-	4,500	28,600	9,293	12,092	2,799	2.59	4.42	0.04
Panther Tyres Limited	-	90,266	-	-	90,266	5,940	6,240	300	1.34	2.28	0.06
Agriauto Industries Limited*	-	40,000	-	-	40,000	10,000	10,976	976	2.35	4.02	0.14
						25,233	29,308	4,075	6.28	10.72	0.24
Cable & Electrical Goods											
Pak Elektron Limited	190,000	259,000	-	449,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Balance carried forward						30,347	34,450	4,103			

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2021	As at June 30, 2021			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						30,347	34,450	4,103			
Cement											
Cherat Cement Company Limited	-	33,500	-	33,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited**	-	172,000	-	134,000	38,000	4,598	4,481	(117)	0.96	1.64	0.01
Fauji Cement Company Limited	530,000	405,000	-	935,000	-	-	-	-	-	-	-
Power Cement Limited**	-	450,000	-	-	450,000	4,815	4,325	(490)	0.93	1.58	0.04
Lucky Cement Limited	50,400	60,763	-	72,195	38,968	24,537	33,647	9,110	7.21	12.31	0.01
Maple Leaf Cement Factory Limited****	160,000	820,000	-	580,000	400,000	17,445	18,792	1,347	4.03	6.88	0.04
Pioneer Cement Limited	-	217,000	-	148,000	69,000	9,284	9,044	(240)	1.94	3.31	0.03
						60,679	70,289	9,610	15.06	25.72	0.13
Chemicals											
Archroma Pakistan Limited	-	8,150	-	-	8,150	5,177	4,666	(511)	1.00	1.71	0.02
ICI Pakistan Limited	-	5,500	-	5,500	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	277,687	150,000	-	427,687	-	-	-	-	-	-	-
						5,177	4,666	(511)	1.00	1.71	0.02
Commercial Banks											
Allied Bank Limited	95,900	-	-	95,900	-	-	-	-	-	-	-
Bank Al Falah Limited	-	580,000	-	280,000	300,000	11,068	9,654	(1,414)	2.07	3.53	0.02
Bank Al Habib Limited	192,219	65,000	-	117,088	140,131	8,580	9,826	1,246	2.11	3.60	0.01
Bank Of Punjab	200,000	290,000	-	490,000	-	-	-	-	-	-	-
Faysal Bank Limited	8,250	-	-	8,250	-	-	-	-	-	-	-
Habib Bank Limited	156,300	270,000	-	287,300	139,000	16,522	17,009	487	3.64	6.22	0.01
Habib Metropolitan Bank Limited	449,000	-	-	449,000	-	-	-	-	-	-	-
MCB Bank Limited**	83,000	92,038	-	175,038	-	-	-	-	-	-	-
Meezan Bank Limited	-	85,000	-	-	85,000	9,333	9,810	477	2.10	3.59	0.01
Samba Bank Limited	-	700,000	-	607,500	92,500	708	618	(90)	0.13	0.23	0.01
United Bank Limited****	177,002	407,000	-	418,300	165,702	20,868	20,249	(619)	4.34	7.41	0.01
						67,079	67,166	87	14.39	24.58	0.07
Engineering											
Aisha Steel Mills Limited**	-	1,100,000	-	1,100,000	-	-	-	-	-	-	-
Amreli Steel Mills Limited	-	141,000	-	141,000	-	-	-	-	-	-	-
Agha Steel Ind. Ltd	-	140,000	-	140,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	-	30,000	-	30,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	260,000	-	-	260,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	142,700	106,000	-	248,700	-	-	-	-	-	-	-
						-	-	-	-	-	-
Food & Personal Care Products											
Al-Shaheer Corporation Limited	805	-	-	805	-	-	-	-	-	-	-
National Foods Limited	2,640	-	-	2,640	-	-	-	-	-	-	-
At-Tahir Limited	270,000	-	-	270,000	-	-	-	-	-	-	-
Murree Brewery Company Limited	-	8,500	-	1,800	6,700	3,920	3,898	(22)	0.84	1.43	0.02
Unity Foods Limited	-	415,000	-	415,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	150,000	-	-	150,000	4,562	5,511	949	1.18	2.02	0.13
Shezan International Limited	2,860	7,100	-	-	9,960	2,849	3,300	451	0.71	1.21	0.11
						11,331	12,709	1,378	2.72	4.65	0.26
Insurance											
Adamjee Insurance Comapny Limited**	250,000	-	-	250,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Balance carried forward						174,613	189,280	14,667			

* Nil figures due to rounding off

** These represents transactions in shares of related parties

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2021	As at June 30, 2021			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						174,613	189,280	14,667			
Leather & Tanneries						-					
Service Global Footwear Limited*	-	17,426	-	17,000	426	23	25	2	0.01	0.01	-
Service Industries Limited*	5,787	-	1,459	7,233	13	4	8	4	-	-	-
					-	27	33	6	0.01	0.01	-
Oil & Gas Expoloration Company											
Mari Petroleum Company Limited	2,066	10,240	-	2,066	10,240	14,801	15,610	809	3.35	5.71	0.01
Oil & Gas Development Company Limited****	268,500	68,500	-	337,000	-	-	-	-	-	-	-
Byco Petroleum Limited	-	625,000	-	625,000	-	-	-	-	-	-	-
Pakistan Oilfields Limited	30,500	35,000	-	36,576	28,924	11,402	11,392	(10)	2.44	4.17	0.01
Pakistan Petroleum Limited	166,054	144,000	-	310,054	-	-	-	-	-	-	-
						26,203	27,002	799	5.79	9.88	0.02
Oil & Gas Marketing Companies											
Attock Petroleum Limited*	-	24,800	-	-	24,800	8,289	7,962	(327)	1.71	2.91	-
Pakistan State Oil Company Limited	-	130,000	-	91,300	38,700	8,676	8,678	2	1.86	3.18	0.01
Sui Northern Gas Pipelines Limited	150,000	-	-	150,000	-	-	-	-	-	-	-
						16,965	16,640	(325)	3.57	6.09	0.01
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	25,500	-	-	13,750	11,750	7,790	9,310	1,520	2.00	3.41	0.01
AGP Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
GlaxoSmithKline Pakistan Limited	-	21,000	-	21,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited*	8,500	1,600	-	8,500	1,600	952	960	8	0.21	0.35	-
The Searle Company Limited	211	55,340	2,340	40,209	17,682	4,732	4,290	(442)	0.92	1.57	0.01
						13,474	14,560	1,086	3.12	5.33	0.02
Paper and Board											
Century Paper & Board Mills Limited	-	45,000	-	45,000	-	-	-	-	-	-	-
Packages and Limited**	-	32,500	-	-	32,500	17,063	17,719	656	3.80	6.48	0.04
						17,063	17,719	656	3.80	6.48	0.04
Refinery											
National Refinery Limited	-	13,000	-	13,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Miscellaneous											
Tri-Pack Films Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
Synthetic Products Limited*	-	110,000	4,950	114,519	431	14	19	5	0.00	0.01	0.00
Siddiqsons Tin Plate Limited	-	330,000	-	330,000	-	-	-	-	-	-	-
						14	19	5	0.00	0.01	-
Power Generation And Distribution											
Hub Power Company Limited****	230,500	295,000	-	490,500	35,000	2,613	2,788	175	0.60	1.02	0.00
Kot Addu Power Company Limited	80,000	150,000	-	230,000	-	-	-	-	-	-	-
K-Electric Limited***	1,100,000	-	-	1,100,000	-	-	-	-	-	-	-
						2,613	2,788	175	0.60	1.02	0.00
Real Estate Investment & Distribution											
Dolmen City REIT	423,500	-	-	-	423,500	4,612	4,664	52	1.00	1.71	0.02
						4,612	4,664	52	1.00	1.71	0.02
Technology & Communication											
Avanceon Limited	-	320,000	-	320,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	222,000	-	220,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Textile Composite											
Gul Ahmed Textile Mills Limited	-	-	-	-	-	-	-	-	-	-	-
Interloop Limited	-	144,500	-	144,500	-	-	-	-	-	-	-
Kohinoor Textile Mills Limited*	41	-	-	-	41	1	3	2	0.00	0.00	0.00
						1	3	2	0.00	0.00	0.00
Total at June 30, 2021						255,585	272,708	17,123			
Total at June 30, 2020						315,452	288,361	(27,091)			

* Nil figures due to rounding off

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**** 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 SECP:

Name of security	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	--- (Number of shares) ---		----- (Rupees in '000) -----	
Oil & Gas Development Company Limited	-	100,000	-	10,900
HUB Power Company Limited	25,000	50,000	1,992	3,625
Maple Leaf Cement Factory Limited	200,000	-	9,396	-
United Bank Limited	100,000	-	12,220	-
	<u>325,000</u>	<u>150,000</u>	<u>23,608</u>	<u>14,525</u>

- 5.1.1** 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. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio. The management is confident that the decision of the constitutional petition will be in favour of the CISs. During the current year, the Fund has reclassified the amount of these shares from "investments" to "advances, deposits and other receivables" based on the market value of these shares on November 13, 2020.

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

As at June 30, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.203 million (2020: Rs. 0.165 million).

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
5.2 Government securities			
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 FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.2.1 Market Treasury Bills

Name of security	Date of issue	Face Value				As at June 30, 2021			Market value as a percentage of	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised gain	Net assets	Total invest-ments
(Rupees in '000)										%
Market Treasury Bills										
- 3 months	April 23, 2020	50,000	50,000	100,000	-	-	-	-	-	-
- 3 months	July 2, 2020	-	75,000	75,000	-	-	-	-	-	-
- 3 months	July 16, 2020	-	175,000	175,000	-	-	-	-	-	-
- 3 months	August 27, 2020	-	50,000	50,000	-	-	-	-	-	-
- 3 months	September 24, 2020	-	50,000	50,000	-	-	-	-	-	-
- 3 months	October 8, 2020	-	130,000	130,000	-	-	-	-	-	-
- 3 months	November 5, 2020	-	1,375,000	1,375,000	-	-	-	-	-	-
- 3 months	November 19, 2020	-	100,000	100,000	-	-	-	-	-	-
- 3 months	December 3, 2020	-	75,000	75,000	-	-	-	-	-	-
- 3 months	December 17, 2020	-	500,000	500,000	-	-	-	-	-	-
- 3 months	December 31, 2020	-	125,000	125,000	-	-	-	-	-	-
- 3 months	January 14, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	February 25, 2021	-	125,000	125,000	-	-	-	-	-	-
- 3 months	March 25, 2021	-	50,000	50,000	-	-	-	-	-	-
- 3 months	April 8, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	April 22, 2021	-	600,000	600,000	-	-	-	-	-	-
- 3 months	May 6, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	May 20, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	June 3, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	June 17, 2021	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
- 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	-	-	-	-	-	-
- 6 months	July 16, 2020	-	75,000	75,000	-	-	-	-	-	-
- 6 months	November 5, 2020	-	25,155	25,155	-	-	-	-	-	-
- 6 months	May 6, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 6 months	May 20, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	June 17, 2021	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
- 12 months	August 16, 2019	-	125,000	125,000	-	-	-	-	-	-
- 12 months	November 7, 2019	-	50,000	50,000	-	-	-	-	-	-
- 12 months	November 21, 2019	-	50,000	50,000	-	-	-	-	-	-
- 12 months	December 19, 2019	-	100,000	100,000	-	-	-	-	-	-
- 12 months	January 30, 2020	-	200,000	200,000	-	-	-	-	-	-
- 12 months	June 4, 2020	-	50,000	50,000	-	-	-	-	-	-
Total as at June 30, 2021						-	-	-	-	-
Total as at June 30, 2020						49,849	49,864	15	-	-

5.2.2 Pakistan Investment Bonds

Name of security	Date of issue	Face Value				As at June 30, 2021			Market value as a percentage of	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised loss	Net assets	Total investments
<div>(Rupees in '000)</div> <div>%</div>										
Pakistan Investment Bonds										
- 03 years	September 19, 2019	-	100,000	100,000	-	-	-	-	-	-
- 03 years	June 18, 2020	-	125,000	125,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years	July 12, 2018	-	150,000	150,000	-	-	-	-	-	-
- 05 years	September 19, 2019	-	450,000	450,000	-	-	-	-	-	-
- 05 years	October 15, 2020		375,000	375,000						
Pakistan Investment Bonds										
- 10 years	August 22, 2019	35,000	-	35,000	-	-	-	-	-	-
Total as at June 30, 2021						-	-	-		
Total as at June 30, 2020						35,698	35,298	(400)		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.2.3 Sukuk Certificate

Particulars	Number of certificates				Balance as at June 30, 2021			Market value as a percentage of	
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	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 June 30, 2021

- - -

Total as at June 30, 2020

- - -

5.3 Unlisted debt security

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates					As at June 30, 2021			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 June 30, 2021	Carrying value	Market Value	Appreciation / (diminution)	Net assets	Total investment
----- (Rupees in '000) -----										

Byco Petroleum Pakistan Limited - Sukuk (January 18, 2017) 10 - - - 10 584 584 - 0.13% 0.21%

Total as at June 30, 2021

584 584 -

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

Byco Petroleum Pakistan Limited - Sukuk 10 100,000 58,333 3M KIBOR+1.05% January 18, 2023 Unsecured AAA

5.5 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net

	Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
Market value of investments	5.1, 5.2 & 5.3	273,292	374,107
Carrying value of investments	5.1, 5.2 & 5.3	256,169	401,576
		17,123	(27,469)

6. DIVIDEND AND PROFIT RECEIVABLES

Profit on:

- Pakistan investment bonds	-	1,756
- Term finance certificates and Sukuk certificates	10	12
- Deposit accounts	283	309
	293	2,077

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES		----- (Rupees in '000) -----	
Advance tax	7.1	466	466
Security deposits:			
- National Clearing Company of Pakistan Limited		3,817	4,293
- Central Depository Company of Pakistan Limited		300	300
Receivable Against Bonus Shares Withheld		203	-
Other receivables		17	14
		<u>4,803</u>	<u>5,073</u>

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on sale of shares, profit on bank balances and dividends to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit against sale of shares, profit on bank balances and dividends amounts Rs 0.466 million (2020: Rs 0.466 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on profit against sale of shares, profit on bank balances and dividends has been shown as advance tax under 'Advances, deposits and other receivables' as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2021	June 30, 2020
8 PAYABLE TO THE MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		----- (Rupees in '000) -----	
Management fee payable	8.1	1,186	700
Sindh sales tax on management fee	8.2	154	91
Allocated expenses payable	8.3	39	35
Selling and marketing expenses payable	8.4	-	1,439
Sale load payable		-	1
		<u>1,379</u>	<u>2,266</u>

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% per annum from July 1, 2020 till February 8, 2021 and at the rate of 3.35% per annum from February 9, 2021 till June 30, 2021 (2020: 2% annum) of the average daily net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company on monthly in arrears.

- 8.2** During the year, an amount of Rs 1.522 million (2020: Rs 1.214 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.459 million (2020: Rs. 1.233 million) has been paid to the Management Company which acts as a collecting agent.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

	Note	June 30, 2021	June 30, 2020
9		----- (Rupees in '000) -----	
PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee payable	9.1	79	70
Sindh sales tax on trustee fee	9.2	10	9
		89	79

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

Average net asset value	Tariff per annum
Up to Rs.1,000 million	0.20% per annum of net assets
Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

The aforementioned limits were revised and are effective since February 19, 2021. Previously, The tariff structure applicable to the Fund in respect of trustee fee was as follows:

Average 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
Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

- 9.2** During the year, an amount of Rs 0.122 million (2020: Rs 0.121 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.121 million (2020: Rs 0.123 million) was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2021	June 30, 2020
10.		----- (Rupees in '000) -----	
PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	10.1	94	93

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

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% (June 30, 2020: 0.02%) of the average daily net assets of the Fund during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
11. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	11.1	6,269	4,331
Provision for Federal Excise Duty	11.2		
- On management fee		5,872	5,872
- Sales load		393	393
Legal and professional charges payable		22	12
Withholding tax payable		42	1
Dividend payable		2,784	2,784
Auditors' remuneration payable		404	405
Brokerage payable		160	280
Other payable		39	40
		<u>15,985</u>	<u>14,118</u>

- 11.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year amounting to a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of 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 financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.16 (2020: Re 0.11) per unit.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 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 the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Re 0.15 (2020: Re 0.14) per unit.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
13. AUDITORS' REMUNERATION		
Annual audit fee	291	291
Half yearly review fee	145	145
Other certification and services	50	50
Out of pocket expenses	195	120
	<u>681</u>	<u>606</u>

14. TAXATION

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

15. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund as at June 30, 2021 is 5.26% (2020:4.61%) which includes 0.78% (2020: 0.41%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 4.5% under the NBFC Regulations for a collective investment scheme categorised as an balanced fund.

16. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	For the year ended June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
16.1 Details of transaction with connected persons are as follows:		
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	13,230	10,552
Allocated Expenses	469	467
Selling and marketing expenses	3,879	5,382
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	1,060	1,055
CDS charges	72	58

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		For the year ended	
		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
Arif Habib Limited			
Brokerage *		126	92
MCB Bank Limited			
Bank charges		24	17
Dividend income		1	836
Mark-up income		21	97
Purchase of 92,038 (2020: 118,000) shares		15,903	16,359
Sale of 175,038 shares (2020: 144,600) shares		31,247	24,738
Nishat Mills Limited			
Sale of Nil shares (2020: 600) shares		-	45
D.G. Khan Cement Limited			
Purchase of 172,000 (2020: 138,000) shares		18,995	9,758
Sale of 134,000 (2020: 138,000) shares		14,549	8,570
Fatima Fertilizer Company Limited			
Sale of Nil (2020: 216,000) shares		-	5,771
Aisha Steel Limited			
Purchase of shares 1,100,000 (2020: Nil) shares		19,781	-
Sale of shares 1,100,000 (2020: Nil) shares		21,857	-
Adamjee Insurance Company Limited			
Dividend income		194	-
Purchase of shares Nil (2020: 250,000) shares		-	9,488
Sale of shares 250,000 (2020: Nil) shares		10,059	-
Power Cement Limited			
Purchase of shares 450,000 (2020: Nil) shares		4,815	-
16.2 Amount outstanding at the year end		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company			
Management fee payable		1,186	700
Sindh sales tax on management fee		154	91
Allocated expense payable		39	35
Selling and marketing expenses payable		-	1,439
Sales load payable		-	1
Central Depository Company of Pakistan Limited - Trustee			
Security deposit		300	300
Trustee fee payable		79	70
Sindh sales tax payable on trustee fee		10	9
MCB Bank Limited			
Balance with Bank		3,218	9,838
Profit receivable on bank deposit		35	35
Nil shares (2020: 83,000 shares) held		-	13,452
Arif Habib Limited			
Brokerage payable		12	44
Adamjee Insurance Company Limited			
Nil (2020: 250,000) shares held		-	8,278
D.G. Khan Cement Company Limited			
38,000 (2020: Nil) shares held		4,481	-

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them as the ultimate counter parties are not connected persons.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
Packages Limited		
32,500(2020: Nil) shares held	17,719	-
Power Cement Limited		
450,000 (2020: Nil) shares held	4,325	-

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

	June 30, 2021							
	As at July 01, 2020	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2021	As at July 01, 2020	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	Amount outstanding as at June 30, 2021
	(Units)				(Rupees in '000)			
Key management personnel*	4,313	-	4,306	7	44	-	1	-
Mandate Under Discretionary Portfolio	-	21	21	-	-	1	1	-

* This reflects the position of related party / connected person status as at June 30, 2021.

	June 30, 2020							
	As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2020	As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	Amount outstanding as at June 30, 2020
	(Units)				(Rupees in '000)			
Associated Companies:								
Asghari Beg Memorial Trust	26,988	-	26,988	-	273	-	279	-
Key management personnel	85	3	-	88	1	32	-	1
Mandate Under Discretionary Portfolio	-	33,548	33,548	-	-	331	327	-

17. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2021		
	At amortised cost	Assets at fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Balances with banks	186,376	-	186,376
Investments	-	273,292	273,292
Dividend and profit receivables	293	-	293
Security deposits and other receivable	4,337	-	4,337
Receivable against sale of investments	20,614	-	20,614
	<u>211,620</u>	<u>273,292</u>	<u>484,912</u>

	June 30, 2021		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial Liabilities			
Payable to the MCB-Arif Habib Savings & Investments Limited - Management Company	-	1,379	1,379
Payable to Central Depository Company of Pakistan Limited- Trustee	-	89	89
Payable against purchase of investment	-	952	952
Payable against redemption of units	-	216	216
Accrued and other liabilities	-	3,409	3,409
	<u>-</u>	<u>6,045</u>	<u>6,045</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020		
At amortised cost	Assets at fair value through profit or loss	Total
(Rupees in '000)		
Financial Assets		
Balances with banks	99,855	99,855
Investments	- 374,107	374,107
Dividend and profit receivables	2,077	2,077
Security deposits and other receivable	4,607	4,607
Receivable against sale of investments	4,238	4,238
	<u>110,777</u>	<u>484,884</u>
	<u>374,107</u>	
June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Financial Liabilities		
Payable to the MCB-Arif Habib Savings & Investments Limited - Management Company	- 2,266	2,266
Payable to Central Depository Company of Pakistan Limited- Trustee	- 79	79
Payable against purchase of investment	53,999	53,999
Payable against redemption of units	- 216	216
Accrued and other liabilities	- 3,521	3,521
	<u>- 60,081</u>	<u>60,081</u>

18. FINANCIAL RISK MANAGEMENT

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

18.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not hold any financial instrument in foreign currencies and hence is not exposed to such risk.

18.1.2 Yield / Interest rate risk

Yield / Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Funds is exposed to such risk on balances with banks and investment in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

a) Sensitivity analysis of variable rate instruments

As at June 30, 2021, the Fund holds KIBOR based sukuk certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs.0.006 million (2020: Rs.0.006 million).

The fund holds Sukuk certificates classified as 'fair value through profit or loss' exposing the Fund to interest rate fair value risk. In case of a 5% increase / decrease in rates determined by MUFAP as on June 30, 2021, the net assets value of the Fund and the net income for the year would have been higher/lower by Rs. 0.029 million (2020: Rs.0.029 million), as a result of reduction / increase in unrealised gains / (losses).

The Fund also holds KIBOR based bank deposits exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets value of the Fund and the net income for the year would be higher / lower by Rs 9.066 million (2020: Rs 4.417 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2021, the Fund does not hold any financial instruments exposing the Fund to fair value interest rate risk.

The composition of the fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

June 30 2021					
Yield / effective interest rate (%)	Exposed to yield / Interest rate risk			Not exposed to yield / Interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees in '000 -----

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.50% to 7.6%	181,326	-	-	5,050	186,376
Investments						
at fair value through profit or loss						
- Listed equity securities		-	-	-	272,708	272,708
- Unlisted debt security	9.89%	-	584	-	-	584
Dividend and profit receivables		-	-	-	293	293
Security deposits and other receivable		-	-	-	4,337	4,337
Receivable against sale of investments		-	-	-	20,614	20,614
		181,326	584	-	303,002	484,912

Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	1,379	1,379
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	89	89
Payable against purchase of investment		-	-	-	952	952
Payable against redemption of units		-	-	-	216	216
Accrued and other liabilities		-	-	-	3,409	3,409
		-	-	-	6,045	6,045

On-balance sheet gap (a)	181,326	584	-	296,957	478,867
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Off-balance sheet financial instruments

Off-balance sheet gap (b)	-	-	-	-	-
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Total profit rate sensitivity gap (a+b)	181,326	584	-	-	-
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Cumulative profit rate sensitivity gap	181,326	181,910	181,910	-	-
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30 2020					
Yield / effective interest rate (%)	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees in '000 -----

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.50% to 14.45%	88,325	-	-	11,530	99,855
Investments						-
at fair value through profit or loss						-
- Listed equity securities		-	-	-	288,361	288,361
- Market Treasury Bills	7.92%	49,864	-	-	-	49,864
- Pakistan Investment Bonds	13.63%	-	-	35,298	-	35,298
- Unlisted debt security	9.89%	-	584	-	-	584
Dividend and profit receivables		-	-	-	2,077	2,077
Security deposits and other receivable		-	-	-	4,607	4,607
Receivable against sale of investments		-	-	-	4,238	4,238
		138,189	584	35,298	310,813	484,884

Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	2,266	2,266
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	79	79
Payable against purchase of investment		-	-	-	53,999	53,999
Payable against redemption of units		-	-	-	216	216
Accrued and other liabilities		-	-	-	3,521	3,521
		-	-	-	60,081	60,081

On-balance sheet gap (a)

138,189	584	35,298	250,732	424,803
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Off-balance sheet financial instruments

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

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

138,189	584	35,298
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Cumulative profit rate sensitivity gap

138,189	138,773	174,071
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18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 5.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date with all other variables held constant.

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Investments	13,635	14,418
Income statement	13,635	14,418

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

18.2 Credit risk

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

	June 30, 2021		June 30, 2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
-----Rupees in '000-----				
Balances with banks	186,376	186,376	99,855	99,855
Listed equity securities	272,708	-	288,361	-
Government securities	-	-	85,162	-
Unlisted debt security	584	584	584	584
Dividend and profit receivable	293	293	2,077	321
Security deposits and other receivable	4,337	4,337	4,607	4,607
Receivable against sale of investments	20,614	20,614	4,238	4,238
	<u>484,912</u>	<u>212,204</u>	<u>484,884</u>	<u>109,605</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities, government securities and profit receivable from government securities amounting to Rs. 272.708 million (2020: Rs. 288.361 million), Rs. Nil (2020: Rs. 85.162 million) and Rs. Nil (2020: Rs. 1.756 million) respectively is not exposed to credit risk.

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020:

Bank balances by rating category

	2021	2020
	----- % -----	
AAA	88.72	68.83
AA+	11.25	31.15
AA-	0.02	0.02
A+	0.01	-
	<u>100</u>	<u>100</u>

The analysis below summarizes the credit quality of the Fund's investment in government securities and sukuks as at June 30, 2021 and June 30, 2020:

Investments by rating category

	2021	2020
	----- % -----	
Government Securities	-	99
AAA	100	1
	<u>100</u>	<u>100</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets except for shares held. None of these assets are impaired nor past due.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

Settlement risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

18.3 Liquidity risk

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

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

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

June 30, 2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investment
Payable against redemption of units
Accrued and other liabilities

1,379	-	-	-	-	-	1,379
89	-	-	-	-	-	89
952	-	-	-	-	-	952
216	-	-	-	-	-	216
3,409	-	-	-	-	-	3,409
6,045	-	-	-	-	-	6,045

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

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investment
Payable against redemption of units
Accrued and other liabilities

2,266	-	-	-	-	-	2,266
79	-	-	-	-	-	79
53,999	-	-	-	-	-	53,999
216	-	-	-	-	-	216
3,521	-	-	-	-	-	3,521
60,081	-	-	-	-	-	60,081

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Fair value hierarchy

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

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

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

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

-----June 30, 2021 -----				
Level 1	Level 2	Level 3	Total	
-----Rupees-----				
Financial assets at fair value through profit or loss				
Listed equity securities	272,708	-	-	272,708
Unlisted debt securities	-	584	-	584
	<u>272,708</u>	<u>584</u>	<u>-</u>	<u>273,292</u>
-----June 30, 2020 -----				
Level 1	Level 2	Level 3	Total	
-----Rupees-----				
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
	<u>288,361</u>	<u>85,746</u>	<u>-</u>	<u>374,107</u>

20. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
3	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	11
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	16
5	Mr. Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	13
6	Mr. Syed Abid Ali	Head of Equities	MBA	13

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

21.1 Syed Abid Ali is the Fund Manager. Details of the other funds being managed by him are as follows:

- MCB Pakistan Asset Allocation Fund
- MCB Pakistan Stock Market Fund
- Pakistan Pension Fund
- Alhamra Islamic Active Allocation Plan-I & Plan-II

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

	2021 (Percentage) %
1 Efg Hermes Pakistan Limited	7.48%
2 Foundation Securities Limited	7.09%
3 Top Line Securities Pvt Limited	6.26%
4 Akik Capital (Private) Limited	5.72%
5 Arif Habib Limited	5.68%
6 Djm Securities (Private) Limited	5.58%
7 Bma Capital Management Limited	5.21%
8 Al Habib Capital Markets (Private) limited	5.05%
9 Habib Metro Financial Service	4.94%
10 Khadim Ali Shah Bukhari Securities	4.83%
	2020 (Percentage) %
1 Foundation Securities Limited	10.27%
2 Ismail Iqbal Securities (Private) Limited	8.01%
3 Top Line Securities (Private) Limited	6.47%
4 Js Global Capital Limited	6.42%
5 Khadim Ali Shah Bukhari Securities	6.29%
6 Efg Hermes Pakistan Limited	5.31%
7 Arif Habib Limited	4.91%
8 BMA Capital Management Limited	4.46%
9 Djm Securities (Private) Limited	4.24%
10 Taurus Securities Limited	4.13%

23. PATTERN OF UNITHOLDING

	As at June 30, 2021			
	Number of unit holders	Number of Units held	Investment amount (Rupees in '000)	Percentage Investment %
Retirement Fund	6	961,803	11,541	2.47
Individuals	2,499	36,163,046	433,929	92.99
Insurance company	1	124,603	1,495	0.32
NBFC	1	17,515	210	0.05
Others	28	1,624,117	19,488	4.18
	<u>2,535</u>	<u>38,891,084</u>	<u>466,663</u>	<u>100</u>
	As at June 30, 2020			
	Number of unit holders	Number of Units held	Investment amount (Rupees in '000)	Percentage Investment %
Individuals	2,423	38,809,848	393,751	94.98
Insurance company	1	119,631	1,214	0.29
NBFC	1	17,020	173	0.04
Others	65	1,916,217	19,441	4.69
	<u>2,490</u>	<u>40,862,716</u>	<u>414,579</u>	<u>100</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

24. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain ****	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159, 163 & 167
Mr. Muhammad Saqib Saleem	Chief Executive Officer	11	11	11	-	-

25. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 26.3 to these financial statements.

26. GENERAL

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

26.2 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

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.

26.3 Subsequent Event

Subsequent to the year ended June 30, 2021, Sindh Revenue Board (SRB) through its letter dated August 12, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies. In consultation with SECP, have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds. For the period from May 21, 2015 to August 12, 2021, on August 13, 2021.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The SECP has given its concurrence for prospective reversal of provision for SWWF through its letter dated August 30, 2021. Accordingly. Going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Rs 0.16 (2020: Re 0.11).

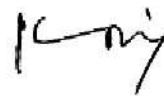
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
358	001-10,000	76,869
1527	10,001 – 100,000	4,466,800
582	100,001 – 1,000,000	14,321,605
68	1,000,001+	20,025,811
2535		38,891,084

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	466.6630	414.5787	503.636	619	675
Net Assets value per unit – Rupees	12	10.15	10.11	11.16	11.53
Closing Offer Price	12.27	10.38	10.34	11.41	11.79
Closing Repurchase Price	12	10.15	10.11	11.16	11.53
Highest offer price per unit	13.14	12.22	11.82	12.36	14.70
Lowest offer price per unit	10.48	9.27	10.05	10.66	10.99
Highest Redemption price per unit	12.85	11.95	11.71	12.09	14.38
Lowest Redemption price per unit	10.25	9.07	9.96	10.42	10.74
Distribution per unit – Rs. *	0.5	0.4533	0	0	1.85
Average Annual Return - %					
One year	23.14	4.86	(9.41)	(3.21)	25.36
Two year	14.00	(2.28)	(6.31)	11.08	15.27
Three year	6.20	(2.59)	4.25	9.11	20.55
Net Income for the year – Rs. in million	94.964	21.1207	(54.28)	(25.12)	145.507
Distribution made during the year – Rs. in million	28.764	19.4490	-	-	92.819
Accumulated Capital Growth – Rs. in million	66.2000	3.21	(54.28)	(25.12)	52.688

* Date of Distribution

2021		2020	
Date	Rate	Date	Rate
June 25, 2021	0.5	Nil	

2019		2018	
Date	Rate	Date	Rate
Nil		Nil	

2017	
Date	Rate
June 21, 2017	1.85

Disclaimer

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

**PROXY ISSUED BY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Management Company of Pakistan Capital Market Fund – PCMF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company's website (www.mcbah.com).

During the financial year ended June 30, 2021, the Management Company on behalf of PCMF participated in seven (7) shareholders' meetings. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	27	27	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of PCMF will be provided without any charges upon request of the Unit Holders.

MCB-Arif Habib Savings and Investments Limited

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