



**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 CASH MANAGEMENT FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Digital Custodian Company Limited</b> (Formerly MCB Financial Services Limited) 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.digitalcustodian.co	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) Sate Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

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

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**Dear Investor,**

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

## **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 6.98 per cent as against its benchmark return of 6.71 per cent.

The fund's exposure remained majorly tilted towards Cash at the quarter-end due to attractive rates offered by the commercial banks.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 3,119 million as compared to Rs. 3,693 million as at June 30, 2020 registering a decrease of 15.54 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 50.4678 as compared to opening NAV of Rs. 50.3843 per unit as at June 30, 2020 registering an increase of Rs. 0.0835 per unit.

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

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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 27.3 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.

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.

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

### 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
3.	Mr. Ahmed Jahangir	Non-Executive Director	(ii)	HR&R* Committee
4.	Mr. Kashif A. Habib	Non-Executive Director	(i)	Audit Committee; and
5.	Syed Savail Meekal Hussain	Independent Director	(ii)	HR&R* Committee.
6.	Mirza Qamar Beg	Independent Director	(i)	Audit Committee
7.	Ms. Mavra Adil Khan	Independent Director	(ii)	Audit Committee (Chairman); and
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i)	HR&R* Committee (Chairman).

\* HR&R stands for Human Resource and Remuneration

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

The 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 what so ever upon the Fund's ability to continue as going concern.

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

- 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	-

### 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.



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

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S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Mobin Ahmed Siddiqui	Chief Internal Auditor	12,312	12,378	66

**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.

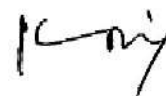
**ACKNOWLEDGMENT**

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

اظہار تشکر

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



محمد نایب سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء



کاشف اے حبیب

ڈائریکٹر

## ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیرمین)
-	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 ریمونزیشن کمیٹی کی میٹنگ

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

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	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	12,312	12,378	66

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۔

## ڈائریکٹرز رپورٹ

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 پالمسٹ مٹلج 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؛
- d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الإطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فائننس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فائننس کمپنیز اینڈ نوٹیفائیڈ اینٹیڈ ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- e. انٹرنل 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 شہات نہیں ہیں؛
- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛
- h. واجب الاداء ٹیکس، قانونی چارہ جواز 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 ٹریننگ 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 مینٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی مینٹنگز کی تفصیلات درج ذیل ہیں:

1۔ آڈٹ کمیٹی کی مینٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) مینٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

## ڈائریکٹرز رپورٹ

دورانِ 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 دورانِ 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۔

### 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 پلار کاوٹ 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 گورنگ باڈی کی حیثیت سے یونٹ حالیان 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 میکال 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 (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میونریشن

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

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.98 فیصد تھا، جبکہ مقررہ معیار کا منافع 6.71 فیصد تھا۔  
فنڈ کی زیادہ تر شمولیت نقد میں رہی جس کی وجہ کمرشل بینکوں کی پیش کردہ پُرکشش شرحیں تھیں۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 3,119 ملین روپے تھے جو 30 جون 2020ء کی سطح 3,693 ملین روپے کے مقابلے میں 15.54 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 50.4678 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 50.3843 روپے فی یونٹ کے مقابلے میں 0.0835 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 زمالیاتی اداروں / صنعتی اسٹیبلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شرکاتی 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 27.3 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 پیکنش 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 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 تا حال 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 آ سکتی ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار کے فنڈ سال بھر پلار کاوٹ 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 ملین 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



بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیش مینجمنٹ 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 پتھوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں لچک 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 ڈھکتی 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 صارفین کی 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 Cash Management Fund (PCF) is an open-end Fund.

### Fund Benchmark

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

### Investment Objective

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

### Investment Strategy

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

### Manager's Review

During the period under review, the fund generated an annualized return of 6.98% as against its benchmark return of 6.71%. At the end of June 2021, the fund's investment in T-bills decreased to 0.0% and entire exposure was shifted to cash.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 3,119 million as compared to Rs. 3,693 million as at June 30, 2020 registering a decrease of 15.54%.

The Net Asset Value (NAV ) per unit as at June 30, 2021 was Rs. 50.4678 as compared to opening NAV of Rs. 50.3843 per unit as at June 30, 2020 registering an increase of Rs. 0.0835 per unit.

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

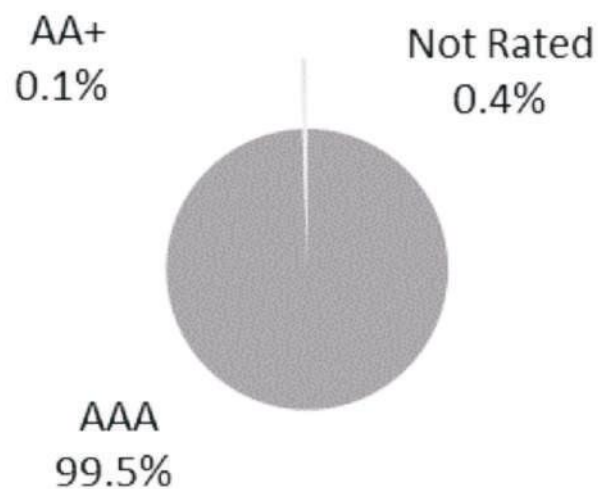
Asset Allocation (%age of Total Assets)	Jun-21
Cash	99.6%
PIBs	0.0%
T-Bills	0.0%
Others including receivables	0.4%



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

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



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Saad Ahmed  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS



## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### PAKISTAN CASH MANAGEMENT FUND

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

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

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

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Pakistan Cash Management Fund has, in all material respects, managed Pakistan Cash Management Fund during the year ended 30<sup>th</sup> June 2021 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
Digital Custodian Company Limited  
Formerly MCB Financial Services Limited

Karachi: September 10, 2021

Perdesi House | 2/1 R-Y | Old Queens Road | Karachi – 74200 | Pakistan  
+92-21-32419770 | [www.digitalcustodian.co](http://www.digitalcustodian.co) | [info@digitalcustodian.co](mailto:info@digitalcustodian.co)

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & Co.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Cash Management Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Pakistan Cash Management Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 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	<b>Net Asset Value (NAV)</b> (Refer note 4 to the annexed financial statements)  Balances with banks constitute the most significant component of the NAV. Balances with banks of the Fund as at June 30, 2021 aggregated to Rs 3,141.821 million.  The existence of balances with banks 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"><li>obtained independent confirmations for verifying the existence of the balances with banks as at June 30, 2021 and traced them to the books and records of the Fund; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A.F. Co

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

■ KARACHI ■ LAHORE ■ ISLAMABAD



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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## Other Information

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

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

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

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

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

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

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

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

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

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

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

Affco

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

- 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) -----	
<b>ASSETS</b>			
Balances with banks	4	3,141,821	3,703,623
Investments	5	-	-
Advances, prepayments and profit receivable	6	11,320	16,292
<b>Total assets</b>		<u>3,153,141</u>	<u>3,719,915</u>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	305	693
Payable to Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee	8	82	158
Payable to the Securities and Exchange Commission of Pakistan	9	478	599
Accrued and other liabilities	10	33,660	25,190
<b>Total liabilities</b>		<u>34,525</u>	<u>26,640</u>
<b>NET ASSETS</b>		<u>3,118,616</u>	<u>3,693,275</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>3,118,616</u>	<u>3,693,275</u>
<b>Contingencies and commitments</b>	11		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>61,794,223</u>	<u>73,302,149</u>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>	3.6	<u>50.4678</u>	<u>50.3843</u>

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

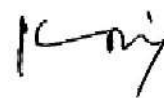
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

		For the year ended	
	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
<b>INCOME</b>			
Profit on bank deposits		70,579	70,589
Capital (loss) / gain on sale of investments - net		(924)	4,154
Income from government securities		103,380	284,314
Other income		-	71
<b>Total income</b>		<b>173,035</b>	<b>359,128</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	3,254	2,720
Sales tax on remuneration of the Management Company	7.2	423	354
Allocated expenses	7.3	1,164	1,514
Remuneration of Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee	8.1	900	1,306
Sales tax on remuneration of the Trustee	8.2	117	170
Annual fee to Securities and Exchange Commission of Pakistan	9	478	599
Auditors' remuneration	12	640	724
Brokerage, settlement and bank charges		182	157
Legal and other professional charges		137	68
Fee and subscription		229	411
Printing and stationery		19	43
<b>Total expenses</b>		<b>7,543</b>	<b>8,066</b>
<b>Net income for the year from operating activities</b>		<b>165,492</b>	<b>351,062</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	(3,310)	(7,021)
<b>Net income for the year before taxation</b>		<b>162,182</b>	<b>344,041</b>
Taxation	13	-	-
<b>Net income for the year after taxation</b>		<b>162,182</b>	<b>344,041</b>
<b>Earnings per unit</b>	3.12	-	-
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		162,182	344,041
Income already paid on units redeemed		(29,987)	(14,454)
		<b>132,195</b>	<b>329,587</b>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	4,154
- Excluding capital gains		132,195	325,433
		<b>132,195</b>	<b>329,587</b>

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

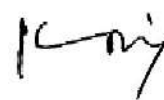
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	162,182	344,041
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>162,182</u>	<u>344,041</u>

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

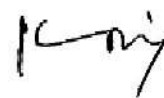
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



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

	June 30, 2021			June 30, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the year</b>	3,680,763	12,512	3,693,275	188,968	616	189,584
Issuance of 181,322,788 (2020: 126,793,966) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	9,135,822	-	9,135,822	6,385,839	-	6,385,839
- Element of income	152,299	-	152,299	206,161	-	206,161
	9,288,121	-	9,288,121	6,592,000	-	6,592,000
Redemption of 192,830,714 (2020: 57,256,102) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	9,715,641	-	9,715,641	2,883,641	-	2,883,641
- Element of loss - net	84,110	29,987	114,097	95,733	14,454	110,187
	9,799,751	29,987	9,829,738	2,979,374	14,454	2,993,828
Total comprehensive income for the year	-	162,182	162,182	-	344,041	344,041
Interim distribution for the year ended June 30, 2021 @ Re 0.1882 per unit declared on July 22, 2020	-	(13,845)	(13,845)	-	-	-
Interim distribution for the year ended June 30, 2021 @ Rs 1.8741 per unit on February 09, 2021	-	(77,701)	(77,701)	-	-	-
Interim distribution for the year ended June 30, 2021 @ Re 0.3194 per unit on March 15, 2021	-	(18,438)	(18,438)	-	-	-
Interim distribution for the year ended June 30, 2021 @ Re 0.9788 per unit on June 22, 2021	-	(17,860)	(17,860)	-	-	-
Interim distribution for the year ended June 30, 2020 @ Rs 3.8058 per unit on February 07, 2020	-	-	-	-	(171,551)	(171,551)
Final distribution for the year ended June 30, 2020 @ Rs 2.0664 per unit on June 26, 2020	-	-	-	-	(146,140)	(146,140)
Refund of capital for the year ended June 30, 2021	(67,380)	-	(67,380)	-	-	-
Refund of capital for the year ended June 30, 2020	-	-	-	(120,831)	-	(120,831)
Total distributions during the year	(67,380)	(127,844)	(195,224)	(120,831)	(317,691)	(438,522)
<b>Net assets at end of the year</b>	<u>3,101,753</u>	<u>16,863</u>	<u>3,118,616</u>	<u>3,680,763</u>	<u>12,512</u>	<u>3,693,275</u>
<b>Undistributed income brought forward</b>						
- Realised		12,512			594	
- Unrealised		-			22	
		12,512			616	
Accounting income available for distribution:						
- Relating to capital gains		-			4,154	
- Excluding capital gains		132,195			325,433	
		132,195			329,587	
Distributions during the year		(127,844)			(317,691)	
<b>Undistributed income carried forward</b>		<u>16,863</u>			<u>12,512</u>	
<b>Undistributed income carried forward:</b>						
- Realised		16,863			12,512	
- Unrealised		-			-	
		16,863			12,512	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
<b>Net assets value per unit at beginning of the year</b>		<u>50.3843</u>			<u>50.3639</u>	
<b>Net assets value per unit at end of the year</b>		<u>50.4678</u>			<u>50.3843</u>	

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

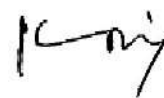
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

Note	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	162,182	344,041
<b>Adjustments for:</b>		
Provision for Sindh Workers' Welfare Fund (SWWF)	3,310	7,021
	<u>165,492</u>	<u>351,062</u>
<b>Decrease / (increase) in assets</b>		
Advances, prepayments and profit receivable	4,972	(14,992)
Receivable from MCB-Arif Habib Savings and Investments Limited - Management Company	-	396
	<u>4,972</u>	<u>(14,596)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(388)	693
Payable to Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee	(76)	(68)
Payable to the Securities and Exchange Commission of Pakistan	(121)	379
Payable against purchase of investment	-	(172,352)
Accrued and other liabilities	5,160	555
	<u>4,575</u>	<u>(170,793)</u>
<b>Net cash generated from operating activities</b>	<u>175,039</u>	<u>165,673</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units - net of refund of capital	9,220,741	6,471,169
Payments on redemption of units	(9,829,738)	(2,993,828)
Dividend paid	(127,844)	(317,691)
<b>Net cash (used in) / generated from financing activities</b>	<u>(736,841)</u>	<u>3,159,650</u>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<u>(561,802)</u>	<u>3,325,323</u>
Cash and cash equivalents at beginning of the year	3,703,623	378,300
<b>Cash and cash equivalents at end of the year</b>	<u><u>14</u> 3,141,821</u>	<u><u>3,703,623</u></u>

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

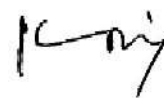
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# 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 Cash Management 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 Habib Metropolitan Bank Limited as Trustee on February 08, 2008. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated February 01, 2008 consequent to which the Trust Deed was executed on February 08, 2008. MCB Financial Services Limited has been appointed as trustee of the fund with effect from July 21, 2014.
- 1.2 The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in market treasury bills, short term Government instruments and reverse repurchase transactions against government securities.
- 1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company and has assigned stability rating of 'AA+(f)' dated March 09, 2021 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Digital Custodian Company Limited ( Formerly: MCB Financial Services 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. Such standards comprise of:

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

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

### 2.2 Accounting convention

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

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

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

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

## 2.4 Standards, interpretations and amendments to published accounting and reporting 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

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

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

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

## 2.6 Functional and presentation currency

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Cash and cash equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification and subsequent measurement

##### Debt instruments

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

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

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

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

### 3.2.2 Impairment

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

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

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

#### 3.2.2.1 Impairment loss on debt securities

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

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

### 3.2.3 Regular way contracts

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

### 3.2.4 Initial recognition and measurement

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

### 3.2.5 Derecognition

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

### 3.2.6 Derivatives

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

### 3.3 Financial liabilities

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

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

### 3.4 Offsetting of financial assets and financial liabilities

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

### 3.5 Provisions

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

### 3.6 Net asset value per unit

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

### 3.7 Issue and redemption of units

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

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

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

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to 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.

### 3.9 Revenue recognition

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

### 3.10 Expenses

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

### 3.11 Taxation

#### Current

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

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

## 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. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

### 3.12 Earnings 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.

### 3.13 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.

### 3.14 Foreign currency translation

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

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
<b>4 BALANCES WITH BANKS</b>			
In current account		20	3,500,010
In deposit accounts	4.1	3,141,801	203,613
		<u>3,141,821</u>	<u>3,703,623</u>
<b>4.1</b>	These include a balance of Rs. 2.747 million (2020: Rs. 33.49 million) maintained with MCB Bank Limited (a related party) that carries a profit at the rate of 5.5% per annum (2020: 5.5% per annum). Other deposit accounts of the Fund carry profit rates ranging from 5.5% to 7.85% per annum (2020: 5.5% to 13.8% per annum).		
<b>5 INVESTMENTS</b>			
		June 30, 2021	June 30, 2020
		---- (Rupees in '000) ----	
<b>5.1 Investments at fair value through profit or loss</b>			
Government securities - Market treasury bills	5.1.1	-	-
Government securities - Pakistan Investment Bonds	5.1.2	-	-
		<u>-</u>	<u>-</u>



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

## 5.1.1 Market treasury bills

Name of security	Issue date	Face value				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	Unrealized gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
Market treasury bills										
- 3 months	December 31, 2020	-	25,000	25,000	-	-	-	-	-	-
- 3 months	December 3, 2020	-	705,000	705,000	-	-	-	-	-	-
- 3 months	May 6, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	June 3, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	November 19, 2020	-	290,000	290,000	-	-	-	-	-	-
- 3 months	April 8, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	February 25, 2021	-	1,595,000	1,595,000	-	-	-	-	-	-
- 3 months	September 24, 2020	-	200,000	200,000	-	-	-	-	-	-
- 3 months	January 28, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	June 17, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	April 22, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	March 25, 2021	-	15,000	15,000	-	-	-	-	-	-
- 3 months	August 13, 2020	-	125,000	125,000	-	-	-	-	-	-
- 3 months	November 5, 2020	-	1,180,000	1,180,000	-	-	-	-	-	-
- 3 months	May 20, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	October 8, 2020	-	1,965,000	1,965,000	-	-	-	-	-	-
- 3 months	September 10, 2020	-	250,000	250,000	-	-	-	-	-	-
- 3 months	August 27, 2020	-	465,000	465,000	-	-	-	-	-	-
- 3 months	December 17, 2020	-	100,000	100,000	-	-	-	-	-	-
- 3 months	July 16, 2020	-	1,975,000	1,975,000	-	-	-	-	-	-
- 3 months	January 14, 2021	-	65,000	65,000	-	-	-	-	-	-
Market treasury bills										
- 6 months	May 20, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	March 26, 2020	-	40,000	40,000	-	-	-	-	-	-
- 6 months	July 2, 2020	-	80,000	80,000	-	-	-	-	-	-
- 6 months	July 16, 2020	-	875,000	875,000	-	-	-	-	-	-
Market treasury bills										
- 12 months	May 7, 2020	-	30,000	30,000	-	-	-	-	-	-
- 12 months	June 4, 2020	-	1,100,000	1,100,000	-	-	-	-	-	-
- 12 months	September 12, 2019	-	280,000	280,000	-	-	-	-	-	-
- 12 months	December 19, 2019	-	300,000	300,000	-	-	-	-	-	-
- 12 months	August 29, 2019	-	650,000	650,000	-	-	-	-	-	-
- 12 months	May 21, 2020	-	1,000,000	1,000,000	-	-	-	-	-	-
- 12 months	February 27, 2020	-	2,750,000	2,750,000	-	-	-	-	-	-
- 12 months	August 16, 2019	-	775,000	775,000	-	-	-	-	-	-
- 12 months	October 10, 2019	-	60,000	60,000	-	-	-	-	-	-
Total as at June 30, 2021						-	-	-	-	-
Total as at June 30, 2020						-	-	-	-	-

## 5.1.2 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 during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised gain / (loss)	Net assets	Total investments
<div>(Rupees in '000)</div> <div>%</div>										
Pakistan Investment Bonds										
- 03 years	July 12, 2018	-	1,000,000	1,000,000	-	-	-	-	-	-
Total as at June 30, 2021						-	-	-		
Total as at June 30, 2020						-	-	-		



# 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) -----	
<b>6</b>	<b>ADVANCES, PREPAYMENTS &amp; PROFIT RECEIVABLE</b>		
Profit on bank deposits		10,934	15,799
Advance tax	6.1	386	291
Prepayments		-	202
		<u>11,320</u>	<u>16,292</u>

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151 of the ordinance. However, withholding tax on profit on bank deposits to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on bank deposits amounts to Rs. 0.386 million (2020: Rs. 0.291 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 bank deposits has been shown as advance tax under 'Advances, prepayments and profit 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
		----- (Rupees in '000) -----	
<b>7</b>	<b>PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED</b>		
Remuneration payable	7.1	193	467
Sales tax on remuneration payable	7.2	25	61
Payable against allocated expenses	7.3	62	165
Sale Load Payable		25	-
		<u>305</u>	<u>693</u>

- 7.1** The Management Company has charged management fee at the rate of upto 10% of the gross earnings of the scheme, calculated on a daily basis. The aforementioned limits were revised in the prior period and are effective since August 9, 2019. Previously, the management fee was being charged upto the lower of 10% of the gross earnings of the scheme, calculated on daily basis or 1% of average daily net assets of the Fund subject to minimum fee of 0.25% of average daily net assets of the Fund.
- 7.2** During the year, an amount of Rs. 0.423 million (2020: Rs.0.354 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 0.459 million (2020: Rs.0.293 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.
- 7.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

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

8	PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED (FORMERLY: MCB FINANCIAL SERVICES LIMITED) - TRUSTEE	Note	June 30, 2021	June 30, 2020
			----- (Rupees in '000) -----	
	Remuneration payable	8.1	73	140
	Sales tax on remuneration payable	8.2	9	18
			82	158

- 8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee according to the following tariff:

Particular	-----Rupees in '000-----					
	Net assets up to					Net assets exceeding
	100,000	1,500,000	4,000,000	6,000,000	10,000,000	10,000,000
Revised Trustee Fee on a monthly basis	50	50	75	150	300	500

- 8.2 During the year, an amount of Rs. 0.117 million (2020: Rs. 0.178 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. 0.126 million (2020: Rs.0.178 million) was paid to the Trustee which acts as a collecting agent.

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	Note	June 30, 2021	June 30, 2020
			----- (Rupees in '000) -----	
	Annual fee	9.1	478	599

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

In accordance with SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (2020: 0.02%) of the net assets during the year.

10	ACCRUED AND OTHER LIABILITIES	Note	June 30, 2021	June 30, 2020
			----- (Rupees in '000) -----	
	Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	12,614	9,304
	Provision for Federal Excise Duty payable on remuneration of the Management Company	10.2	11,933	11,933
	Withholding tax payable		8,575	2,627
	Brokerage payable		24	-
	Auditors' remuneration payable		463	434
	Payable to legal advisor		31	21
	Payable against redemption of units		-	830
	Other payables		20	41
			33,660	25,190

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

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

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. 0.20 (2020: Re. 0.13) per unit.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 11.93 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 0.19 (2020: Re 0.16) per unit.

## **11 CONTINGENCIES AND COMMITMENTS**

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

## **12 AUDITORS' REMUNERATION**

Annual audit fee  
Half yearly review fee  
Other certification and services  
Out of pocket expenses

For the year ended	
June 30, 2021	June 30, 2020
----- (Rupees in '000) -----	
250	250
131	131
50	50
209	293
<u>640</u>	<u>724</u>

## **13 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the 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.

## **14 CASH AND CASH EQUIVALENTS**

Deposit accounts  
Current account

Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----		
4	3,141,801	203,613
4	20	3,500,010
	<u>3,141,821</u>	<u>3,703,623</u>

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

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 0.45% which includes 0.18% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 2% under the NBFC Regulations for a collective investment scheme categorised as money market scheme.

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

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

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

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

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

Details of transactions and balances at year end with related parties / connected persons are as follows:

### 16.1 Details of transactions with connected persons are as follows:

	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB Arif Habib Savings and Investment Limited - Management Company</b>		
Remuneration (including indirect taxes)	3,677	3,074
Allocated expenses	1,164	1,514
<b>Group / associated companies</b>		
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	423	321
Bank charges	11	12
<b>Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee</b>		
Remuneration (including indirect taxes)	1,017	1,476
<b>Arif Habib Limited - Brokerage House*</b>		
Brokerage and Settlement Charges	-	1

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

### 16.2 Amounts outstanding at year end

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB Arif Habib Savings and Investments Limited</b>		
Remuneration payable	193	467
Sales tax on remuneration payable	25	61
Payable against allocated expenses	62	165
Sale Load Payable	25	-
<b>Group / associated companies</b>		
<b>MCB Bank Limited</b>		
Balances with bank	2,747	33,488
Mark-up receivable on bank deposits	-	6
<b>Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee</b>		
Remuneration payable	73	140
Sales tax on remuneration payable	9	18

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

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

	June 30, 2021							
	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	Units				(Rupees in '000)			
<b>Associated company</b>								
MCB Arif Habib savings and investments Limited	-	2	2	-	-	-	-	-
Hyundai Nishat motors private limited								
Employees provident fund	44,239	2,109	46,348	-	2,229	106	2,378	-
<b>Key management personnel *</b>	-	12,999	12,999	-	-	4,921	4,954	-
<b>Mandate under discretionary portfolio services</b>	-	38,971,347	38,873,068	98,279	2,229	2,017,965	2,016,264	4,960
<b>Unit holders holding 10% or more units *</b>	-	48,291,277	28,963,985	19,327,292	-	2,438,838	1,481,818	975,406

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

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

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2021		
	At Amortised cost	Asset classified at fair value through profit or loss	Total
	(Rupees in '000)		
<b>Assets</b>			
Balances with banks	3,141,821	-	3,141,821
Profit on bank deposits	10,934	-	10,934
	<u>3,152,755</u>	<u>-</u>	<u>3,152,755</u>
	June 30, 2021		
	At fair value through profit or loss	At Amortised cost	Total
	(Rupees in '000)		
<b>Liabilities</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	305	305
Payable to Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee	-	82	82
Accrued and other liabilities	-	538	538
	<u>-</u>	<u>925</u>	<u>925</u>

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

## Assets

Balances with banks  
Profit on bank deposits

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

## Liabilities

Payable to MCB-Arif Habib Savings and Limited - Management Company  
Payable to Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee  
Accrued and other liabilities

June 30, 2020		
At fair value through profit or loss	At Amortised cost	Total
(Rupees in '000)		
-	693	693
-	158	158
-	<u>1,326</u>	<u>1,326</u>
-	<u>2,177</u>	<u>2,177</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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines provided by the Board of Directors and regulations laid down by the Securities and Exchange Commission of Pakistan and the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the Rules).

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

#### 18.1.1 Currency risk

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

#### 18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances with banks.

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

As of June 30, 2021, the Fund held interest based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in interest rate on the last repricing date of these balances, with all other variables held constant, net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 31.418 million (2020: Rs. 2.036 million).

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

## b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund does not hold any fixed rate investment which expose the fund to interest rate risk.

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

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

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

### On-balance sheet financial instruments

#### Financial assets

Balances with banks	5.50% to 7.85%	3,141,801	-	-	20	3,141,821
Profit on bank deposits		-	-	-	10,934	10,934
		3,141,801	-	-	10,954	3,152,755

#### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	305	305
Payable to Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee		-	-	-	82	82
Accrued and other liabilities		-	-	-	538	538
		-	-	-	925	925

### On-balance sheet gap (a)

3,141,801	-	-	10,029	3,151,830
-----------	---	---	--------	-----------

### Off-balance sheet financial instruments

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

### Off-balance sheet gap (b)

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

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

3,141,801	-	-		
-----------	---	---	--	--

### Cumulative profit rate sensitivity gap

3,141,801	3,141,801	3,141,801		
-----------	-----------	-----------	--	--

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

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

### On-balance sheet financial instruments

#### Financial assets

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

#### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	693	693
Payable to Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee		-	-	-	158	158
Accrued and other liabilities		-	-	-	1,326	1,326
		-	-	-	2,177	2,177

### On-balance sheet gap (a)

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

### Off-balance sheet financial instruments

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

### Off-balance sheet gap (b)

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

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

3,703,623	-	-		
-----------	---	---	--	--

### Cumulative profit rate sensitivity gap

3,703,623	3,703,623	3,703,623		
-----------	-----------	-----------	--	--



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

## 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The fund does not hold any financial instrument which exposes the Fund to price risk.

## 18.2 Credit risk

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

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

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

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

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

	2021		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
Balances with banks	3,141,821	3,141,821	3,703,623	3,703,623
Profit on bank deposits	10,934	10,934	15,799	15,799
	<u>3,152,755</u>	<u>3,152,755</u>	<u>3,719,422</u>	<u>3,719,422</u>

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

Bank balances by rating category	2021	2020
	--- % ---	
AAA	99.92	99.83
AA+	0.08	0.17
	<u>100.00</u>	<u>100.00</u>

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

### Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

All of the Fund's concentration of credit risk at the end of financial year 2021 and 2020 are with commercial banks.



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

## Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

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

## 18.3 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of 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 and are considered readily realisable.

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

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

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 Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee  
Accrued and other liabilities

305	-	-	-	-	-	305
82	-	-	-	-	-	82
538	-	-	-	-	-	538
<b>925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>925</b>

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 Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) - Trustee  
Accrued and other liabilities

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

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

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### 19.1 Fair value hierarchy

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

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

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

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

As at June 30, 2021, the Fund does not hold any financial instruments measured at fair values.

## 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. PATTERN OF UNITHOLDING

### Details of pattern of unitholding

June 30, 2021				
	Number of unit holders	Number of units held	Investment amount	Percentage of total investments
(Rupees in '000)				
Individuals	309	21,835,294	1,101,979	35.34%
Insurance companies	1	8,579	433	0.01%
Retirement funds	7	1,474,441	74,412	2.39%
Others	18	38,475,909	1,941,792	62.26%
	<u>335</u>	<u>61,794,223</u>	<u>3,118,616</u>	<u>100.00%</u>

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

----- June 30, 2020 -----				
	Number of unit holders	Number of units held	Investment amount	Percentage of total investments
			(Rupees in '000)	
Individuals	227	1,707,445	86,029	2.33%
Insurance companies	1	8,112	409	0.01%
Retirement funds	4	354,185	17,845	0.48%
Associated companies	1	44,239	2,229	0.06%
Others	22	71,188,168	3,586,763	97.12%
	255	73,302,149	3,693,275	100.00%

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

**June 30,  
2021  
Percentage**

1	BIPL Securities Limited	38.06%
2	C And M Management Private limited	20.95%
3	Pearl Securities Limited	20.36%
4	Invest One Markets Limited	18.63%
5	Optimus Market Private Limited	2.00%

\* The Fund has only used five brokers during the year ended June 30, 2021 and eight brokers during the year ended June 30, 2020.

**June 30,  
2020  
Percentage**

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

## 23 ATTENDANCE AT MEETINGS OF THE 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 (CEO)	Chief Executive Officer	11	11	11	-	-

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

## 24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
3	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	11
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	16
5	Syed Mohammad Usama Iqbal	Fund Manager	Graduate	17

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

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

## 26 DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were 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 27.3 to these financial statements.

## 27 GENERAL

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

### 27.2 Impact of COVID-19

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

### 27.3 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 label 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

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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 0.2 (2020: Re 0.13).

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
147	001-10,000	6,508
44	10,001 – 100,000	30,295
63	100,001 – 1,000,000	508,217
81	1,000,001+	61,249,203
<b>335</b>		<b>61,794,223</b>



## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	3,118.6164	3,693.2747	189.5840	889.0000	628.0000
Net Assets value per unit – Rupees	50.4678	50.3843	50.3639	52.6287	50.2794
Closing Offer Price	51.0381	50.9536	50.3639	52.6287	50.2794
Closing Repurchase Price	50.4678	50.8343	50.3639	52.6287	50.2794
Highest offer price per unit	52.8395	54.7626	54.5424	52.6287	53.8342
Lowest offer price per unit	50.4091	50.3777	50.3119	50.2859	50.2136
Highest Redemption price per unit	52.2491	54.1507	53.9811	52.6287	53.8342
Lowest Redemption price per unit	50.4091	50.3639	50.3119	50.2859	50.2136
Distribution per unit – Rs. *	3.3605	2.0664	5.8718		4.0700
<b>Average Annual Return - %</b>					
One year	6.98	12.02	7.48	4.67	8.34
Two year	9.50	9.75	6.08	6.51	7.11
Three year	8.83	8.06	6.83	6.30	7.69
Net Income for the year – Rs. in million	162.1820	344.0410	20.3020	32.9496	34.7550
Distribution made during the year – Rs. in million	157.8310	332.1450	52.3230	-	33.8120
Accumulated Capital Growth – Rs. in million	4.3510	11.8960	(32.0210)	32.9496	0.9430
Weighted average Portfolio Duration (days)	1.0000	1.0000	41.0000	1.0000	14.0000

\* Date of Distribution

2021	
Date	Rate
22-Jul-20	0.1882
9-Feb-21	1.8741
15-Mar-21	0.3194
22-Jun-21	0.9788

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

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

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	4.07

### Disclaimer

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

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

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

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)