



**MCB-ARIF HABIB**  
Savings and Investments Limited

# ANNUAL REPORT 2021

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



# **MCB CASH MANAGEMENT OPTIMIZER**

## TABLE OF CONTENTS

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<b>1</b>	<b>Fund's Information</b>	<b>223</b>
<b>2</b>	<b>Report of the Director of the Management Company</b>	<b>224</b>
<b>3</b>	<b>Report of the Fund Manager</b>	<b>235</b>
<b>4</b>	<b>Trustee Report to the Unit Holders</b>	<b>237</b>
<b>5</b>	<b>Independent Auditor's Report to the Unit Holders</b>	<b>238</b>
<b>6</b>	<b>Statement of Assets and Liabilities</b>	<b>241</b>
<b>7</b>	<b>Income Statement</b>	<b>242</b>
<b>8</b>	<b>Statement of Other Comprehensive Income</b>	<b>243</b>
<b>9</b>	<b>Statement of Movement in Unit Holder's Fund</b>	<b>244</b>
<b>10</b>	<b>Cash Flow Statement</b>	<b>245</b>
<b>11</b>	<b>Notes to and Forming Part of the Financial Statements</b>	<b>246</b>
<b>12</b>	<b>Pattern of Units Holding by Size</b>	<b>269</b>
<b>13</b>	<b>Performance Table</b>	<b>270</b>

## 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>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan Zarai Taraqati Bank Limited Bank Al Falah Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Bank of Punjab Limited Faysal 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 **MCB Cash Management Optimizer** 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, a difference of 0.27 per cent. WAM of the fund was 1 day at period end.

The fund was 99.4 per cent in cash as of June end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2021 increased by 21.08 per cent to Rs. 34,030 million as compared to Rs. 28,106 million as at June 30, 2020.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 100.9800 as compared to opening NAV of Rs. 100.8561 per unit as at June 30, 2020 registering an increase of Rs. 0.1239 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
5.	Syed Savail Meekal Hussain	Independent Director	(ii)	HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i)	Audit Committee (Chairman); and
7.	Ms. Mavra Adil Khan	Independent Director	(ii)	HR&R* Committee (Chairman).
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i)	HR&R* Committee

\* HR&R stands for Human Resource and Remuneration

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

The 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.
- g. There has been no material departure from the best practices of Corporate Governance.

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

- 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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Asif Mehdi Rizvi	Chief Operating & Financial Officer	150,785	150,925	140
2	Mobin Ahmed Siddiqui	Chief Internal Auditor	26,557	37,642	277

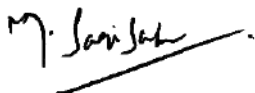
## External Auditors

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.

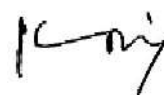
## ACKNOWLEDGMENT

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

خارجی آڈیٹرز

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

اظہار تشکر

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

من جانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء



کاشف اے حبیب

ڈائریکٹر

## ڈائریکٹرز رپورٹ

### ۱۔ آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۲۔ مرزا محمد قریب (چیئر مین)
-	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 ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریویژن 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 قریب (چیئر مین)
-	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 مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے نوٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
نوٹس کی تعداد					
۱	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فنانس آفیسر	150,785	150,925	140
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	26,557	37,642	277

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونڈیشن

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

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

- a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمدورفت 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 فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیز 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 اور ڈیویڈنڈ (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 مینٹنگ کی تفصیلات درج ذیل ہیں:

## ڈائریکٹرز رپورٹ

### میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

### میوچل فنڈ صنعت کے مستقبل کا منظر

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

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پُر عزم 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 حالیں 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 سادیل 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 *

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.98 فیصد تھا، جو مقررہ معیار کے منافع 6.71 فیصد کے مقابلے میں 0.27 فیصد زیادہ ہے۔ فنڈ کی بالوزن اوسط میچورٹی اختتام مدت پر 1 دن ہے۔

جون کے اختتام پر فنڈ 99.4 فیصد نقد میں تھا۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شرحیں تھیں۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 34,030 ملین روپے تھے جو 30 جون 2020ء کی سطح 28,106 ملین روپے کے مقابلے میں 21.08 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 100.9800 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 100.8561 روپے فی یونٹ کے مقابلے میں 0.1239 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مورخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیل شسمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 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 پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور 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 تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

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



بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی کیش مینجمنٹ آپٹیمائزر 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 پھیوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں چلک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

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

افراط زر حکومت کی دھتکی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

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

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146،

138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

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

### Fund Type and Category

MCB Cash Management Optimizer (CMOP) is an open end fund money market fund, and has the leverage to invest in short term government securities, repurchase agreements, term deposit and money market placements with scheduled banks with a maximum maturity of 180 days and weighted average maturity up to 90 days.

### Fund Benchmark

70% three (3) months PKRV rates plus 30% three (3) months average deposit rates of three (3) AA rate d scheduled Banks as selected by MUFAP.

### Investment Objective

To provide unit-holders competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

### Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in highly liquid debt securities issued by the Government of Pakistan as well as TDR to AA or above rated banks.

### 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%, an outperformance of 0.27%. WAM of the fund was 1 day at June end. The fund was 99.4% invested in cash as of June end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2021 increased by 21.1% to Rs. 34,030 million as compared to Rs. 28,106 million as at June 30, 2020. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 100.9800 as compared to opening NAV of Rs. 100.8561 per unit as at June 30, 2020 registering an increase of Rs. 0.1239 per unit.

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

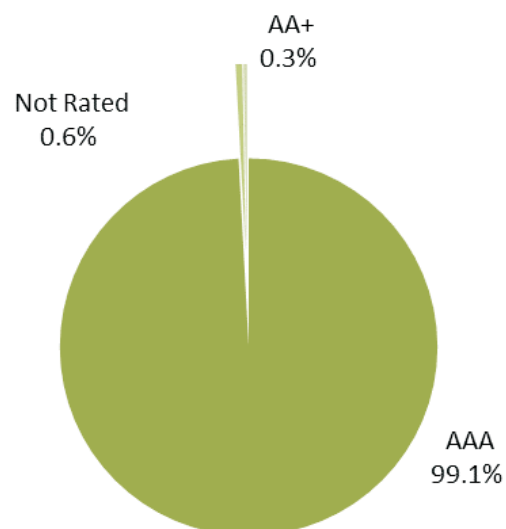
Asset Allocation (%age of Total Assets)	Jun-21
Cash	99.4%
T-Bills	0.0%
Others including receivables	0.6%



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

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



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Mr. Saad Ahmed  
Fund Manager

## TRUSTEE REPORT TO THE UNIT HOLDERS

### CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

#### Head Office:

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




### TRUSTEE REPORT TO THE UNIT HOLDERS

#### MCB CASH MANAGEMENT OPTIMIZER

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Cash Management Optimizer (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

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

Karachi: September 09, 2021



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F.FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Cash Management Optimizer

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MCB Cash Management Optimizer (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 34,046.358 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. Where such confirmations were not available, alternate audit procedures were performed; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

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>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



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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.

AFCO

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

3



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**.

*A.F. Ferguson & Co.*  
Chartered Accountants  
Karachi

Date: September 23, 2021

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>ASSETS</b>			
Balances with banks	4	34,046,358	28,023,622
Investments	5	-	33,582
Advances, deposits, prepayments and other receivable	6	193,427	210,500
Receivable against sale of investments		-	3,360,717
<b>Total assets</b>		<b>34,239,785</b>	<b>31,628,421</b>
<b>LIABILITIES</b>			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	7	10,199	17,305
Payable to Central Depository Company of Pakistan Limited - Trustee	8	2,015	1,607
Payable to the Securities and Exchange Commission of Pakistan	9	6,427	3,874
Payable against purchase of investments		-	3,352,541
Accrued and other liabilities	10	191,481	147,308
<b>Total liabilities</b>		<b>210,122</b>	<b>3,522,635</b>
<b>NET ASSETS</b>		<b>34,029,663</b>	<b>28,105,786</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>34,029,663</b>	<b>28,105,786</b>
<b>Contingencies and Commitments</b>	11		
<b>(Number of units)</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>336,994,243</b>	<b>278,672,060</b>
<b>(Rupees)</b>			
<b>NET ASSET VALUE PER UNIT</b>	3.7	<b>100.9800</b>	<b>100.8561</b>

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

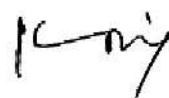
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# 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>			
Capital gain on sale of investments - net		14,641	189,293
Profit on term deposits receipts		625	110,075
Profit on bank deposits		1,232,126	1,370,094
Income from government securities		1,139,752	816,683
Income from commercial paper		-	19,141
Income from letter of placement		1,985	22,761
Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net	5.1.2	-	82
<b>Total income</b>		<b>2,389,129</b>	<b>2,528,129</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	100,808	95,323
Sindh Sales tax on remuneration of Management Company	7.2	13,104	12,391
Allocated expenses	7.3	23,728	19,379
Selling and marketing expenses	7.4	-	34,992
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	20,892	12,595
Sindh Sales tax on remuneration of Trustee	8.2	2,716	1,638
Annual fee to Securities and Exchange Commission of Pakistan	9.1	6,427	3,874
Legal and professional		136	78
Brokerage, settlement and bank charges		1,227	1,673
Auditors' remuneration	12	1,098	1,165
Fees and subscription		415	375
Printing and related costs		42	42
<b>Total operating expenses</b>		<b>170,593</b>	<b>183,525</b>
<b>Net income from operating activities</b>		<b>2,218,536</b>	<b>2,344,604</b>
Provision for Sindh Workers Welfare Fund (SWWF)	10.1	(44,371)	(46,892)
<b>Net income before taxation</b>		<b>2,174,165</b>	<b>2,297,712</b>
Taxation	13	-	-
<b>Net income after taxation</b>		<b>2,174,165</b>	<b>2,297,712</b>
<b>Allocation of net income:</b>			
Net income		2,174,165	2,297,712
Income already paid on units redeemed		(116,025)	(140,348)
		<b>2,058,140</b>	<b>2,157,364</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		14,641	177,909
- Excluding capital gains		2,043,499	1,979,455
		<b>2,058,140</b>	<b>2,157,364</b>
<b>Earnings per unit</b>	3.14	-	-

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

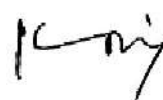
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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)	
<b>Net income for the year after taxation</b>	2,174,165	2,297,712
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>2,174,165</u>	<u>2,297,712</u>

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

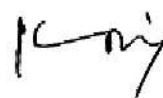
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



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

Note	Year ended June 30, 2021			Year ended 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>	27,987,813	117,973	28,105,786	13,846,005	56,611	13,902,616
Issuance of 913,524,789 units (2020: 740,890,192 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	92,134,547	-	92,134,547	74,564,893	-	74,564,893
- Element of income	112,895	-	112,895	125,410	-	125,410
	92,247,442	-	92,247,442	74,690,303	-	74,690,303
Redemption of 855,202,606 units (2020: 600,356,965 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	86,252,400	-	86,252,400	60,421,305	-	60,421,305
- Element of loss - net	17,469	116,025	133,494	13,499	140,348	153,847
	86,269,869	116,025	86,385,894	60,434,804	140,348	60,575,152
<b>Total comprehensive income for the year</b>	-	2,174,165	2,174,165	-	2,297,712	2,297,712
Distributions for the year ended June 30, 2021	25 -	(2,016,968)	(2,016,968)	-	-	-
Refund of capital for the year ended June 30, 2021	25 (94,868)	-	(94,868)	-	-	-
Distributions for the year ended June 30, 2020	-	-	-	-	(2,096,002)	(2,096,002)
Refund of capital for the year ended June 30, 2020	-	-	-	(113,691)	-	(113,691)
<b>Total distributions during the year</b>	(94,868)	(2,016,968)	(2,111,836)	(113,691)	(2,096,002)	(2,209,693)
<b>Net assets at end of the year</b>	<u>33,870,518</u>	<u>159,145</u>	<u>34,029,663</u>	<u>27,987,813</u>	<u>117,973</u>	<u>28,105,786</u>
<b>Undistributed income brought forward comprising of:</b>						
- Realised		117,891			56,611	
- Unrealised		82			-	
		<u>117,973</u>			<u>56,611</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		14,641			177,909	
- Excluding capital gains		2,043,499			1,979,455	
		<u>2,058,140</u>			<u>2,157,364</u>	
Distributions during the year		(2,016,968)			(2,096,002)	
Undistributed income carried forward		<u>159,145</u>			<u>117,973</u>	
<b>Undistributed income carried forward comprising of:</b>						
- Realised		159,145			117,891	
- Unrealised		-			82	
		<u>159,145</u>			<u>117,973</u>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
<b>Net asset value per unit at beginning of the year</b>		<u>100.8561</u>			<u>100.6423</u>	
<b>Net asset value per unit at end of the year</b>		<u>100.9800</u>			<u>100.8561</u>	

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

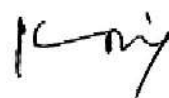
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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	2,174,165	2,297,712
<b>Adjustments for non cash and other items:</b>		
Provision for Sindh Worker's Welfare Fund (SWWF)	44,371	46,892
Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net	-	(82)
<b>Decrease / (increase) in assets</b>		
Investments	33,582	947,360
Advances, deposits, prepayments and other receivable	17,073	(75,854)
Receivable against sale of investments	3,360,717	(3,360,717)
	3,411,372	(2,489,211)
<b>Increase / (decrease) in liabilities</b>		
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	(7,106)	3,633
Payable to Central Depository Company of Pakistan Limited - Trustee	408	589
Payable to the Securities and Exchange Commission of Pakistan	2,553	(6,615)
Payable against purchase of investments	(3,352,541)	3,352,541
Accrued and other liabilities	(198)	91
	(3,356,884)	3,350,239
<b>Net cash flow generated from operating activities</b>	2,273,024	3,205,550
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issuance of units - net of refund of capital	92,152,574	74,576,612
Payment against redemption of units	(86,385,894)	(60,575,152)
Distributions during the year	(2,016,968)	(2,096,002)
<b>Net cash generated from financing activities</b>	3,749,712	11,905,458
<b>Net increase in cash and cash equivalents</b>	6,022,736	15,111,008
Cash and cash equivalents at beginning of the year	28,023,622	12,912,614
<b>Cash and cash equivalents at end of the year</b>	34,046,358	28,023,622

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

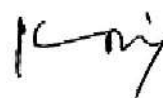
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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 MCB Cash Management Optimizer (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unitholders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company and a 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 Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020, has submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020).

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

## 2.2 Accounting convention

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

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

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

## 2.4 Standards, interpretations and amendments to published 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 judgements

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 estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5), provision for SWWF (note 10.1), provision for Federal Excise Duty (note 10.2) and provision for taxation (notes 3.13 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

### 3.1 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.

### 3.2 Cash and cash equivalents

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

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

## 3.3 Financial assets

### 3.3.1 Classification and subsequent measurement

#### 3.3.1.1 Debt instruments

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

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

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. 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 FVPL.

#### 3.3.2 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.

#### 3.3.3 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.

#### 3.3.4 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.

#### 3.3.5 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.

#### 3.3.6 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.

#### 3.3.7 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.

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

## 3.4 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.

## 3.5 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.

## 3.6 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.

## 3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in 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.

## 3.8 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. The sales load is payable to the Management Company / distributors.

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

## 3.9 Distribution to unit 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.

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

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.

## 3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis using effective interest rate method.

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

- Interest income on government securities is recognised on an accrual basis using effective interest rate method.
- Income on debt securities (including commercial papers, letter of placements and term deposit receipts) is recognised on an accrual basis using effective interest rate method.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in which they arise.

### 3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.13 Taxation

#### Current

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

#### Deferred

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

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

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

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).

### 3.14 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.

### 3.15 Foreign currency translation

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

	Note	June 30, 2021	June 30, 2020
<b>4. BALANCES WITH BANKS</b>		<b>(Rupees in '000)</b>	
In current accounts		4,223,994	519,995
In deposit accounts	4.1	29,822,364	27,503,627
	4.2	<u>34,046,358</u>	<u>28,023,622</u>

- 4.1 These carry mark-up at rates ranging between 5.5% to 7.85% per annum (2020: 5.5% to 14.45% per annum).



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

4.2 These include balances of Rs 30.109 million (2020: Rs. 43.089 million) maintained with MCB Bank Limited (a related party).

## 5. INVESTMENTS

### 5.1 Investments at fair value through profit or loss

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Term deposit receipt	5.1.1	-	-
Market Treasury Bills	5.1.2	-	33,582
Pakistan Investment Bonds	5.1.3	-	-
Letter of placements	5.1.4	-	-
		<u>-</u>	<u>33,582</u>

#### 5.1.1 Term Deposit Receipts

Name of Investee Company	Issue Date	Face value				At June 30, 2021		Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2020	Purchases during the year	Matured during the year	At June 30, 2021	Carrying value	Market value		
----- (Rupees in '000) ----- % -----									
Allied Bank Limited	May 31, 2021	-	3,000,000	3,000,000	-	-	-	-	-
As at June 30, 2021						-	-		
As at June 30, 2020						-	-		

#### 5.1.2 Market Treasury Bills

Tenure	Issue Date	Face value				At June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2020	Purchases during the year	Sold / matured during the year	At June 30, 2021	Carrying value	Market value	Appreciation		
----- (Rupees in '000) ----- % -----										
Treasury bills - 3 months										
- 3 months	November 19, 2020	-	9,950,000	9,950,000	-	-	-	-	-	-
- 3 months	November 5, 2020	-	4,250,000	4,250,000	-	-	-	-	-	-
- 3 months	March 25, 2021	-	11,000,000	11,000,000	-	-	-	-	-	-
- 3 months	September 24, 2020	-	10,525,000	10,525,000	-	-	-	-	-	-
- 3 months	October 8, 2020	-	16,550,000	16,550,000	-	-	-	-	-	-
- 3 months	December 17, 2020	-	3,500,000	3,500,000	-	-	-	-	-	-
- 3 months	August 27, 2020	-	9,000,000	9,000,000	-	-	-	-	-	-
- 3 months	January 14, 2021	-	28,700,000	28,700,000	-	-	-	-	-	-
- 3 months	December 3, 2020	-	7,475,000	7,475,000	-	-	-	-	-	-
- 3 months	April 8, 2021	-	4,725,000	4,725,000	-	-	-	-	-	-
- 3 months	July 2, 2020	-	375,000	375,000	-	-	-	-	-	-
- 3 months	April 22, 2021	-	3,975,000	3,975,000	-	-	-	-	-	-
- 3 months	May 20, 2021	-	4,500,000	4,500,000	-	-	-	-	-	-
- 3 months	October 22, 2020	-	4,500,000	4,500,000	-	-	-	-	-	-
- 3 months	December 31, 2020	-	5,550,000	5,550,000	-	-	-	-	-	-
- 3 months	June 3, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	May 21, 2020	-	1,600,000	1,600,000	-	-	-	-	-	-
- 3 months	May 7, 2020	-	3,000,000	3,000,000	-	-	-	-	-	-
- 3 months	May 6, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
- 3 months	January 28, 2021	-	4,408,315	4,408,315	-	-	-	-	-	-
- 3 months	February 25, 2021	-	5,925,000	5,925,000	-	-	-	-	-	-
- 3 months	June 17, 2021	-	5,500,000	5,500,000	-	-	-	-	-	-
- 3 months	July 16, 2020	-	18,025,000	18,025,000	-	-	-	-	-	-

Balance carried forward



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

Tenure	Issue Date	Face value				At June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2020	Purchases during the year	Sold / matured during the year	At June 30, 2021	Carrying value	Market value	Appreciation		
----- (Rupees in '000) ----- % -----										

Balance brought forward

- - -

## Treasury bills

- 6 months	July 16, 2020	-	13,150,000	13,150,000	-	-	-	-	-	-
- 6 months	May 20, 2021	-	4,500,000	4,500,000	-	-	-	-	-	-
- 6 months	July 2, 2020	-	450,000	450,000	-	-	-	-	-	-
- 6 months	April 23, 2020	-	5,145,000	5,145,000	-	-	-	-	-	-
- 6 months	April 8, 2021	-	6,275,000	6,275,000	-	-	-	-	-	-
- 6 months	May 6, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 6 months	June 17, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 6 months	September 24, 2020	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months	April 9, 2020	-	1,375,000	1,375,000	-	-	-	-	-	-
- 6 months	June 18, 2020	-	4,400,000	4,400,000	-	-	-	-	-	-
- 6 months	May 7, 2020	15,000	3,000,000	3,015,000	-	-	-	-	-	-
- 6 months	March 26, 2020	-	7,345,000	7,345,000	-	-	-	-	-	-

## Treasury bills

- 12 months	November 7, 2019	10,335	-	10,335	-	-	-	-	-	-
- 12 months	May 21, 2020	-	1,700,000	1,700,000	-	-	-	-	-	-
- 12 months	September 26, 2019	9,000	5,254,745	5,263,745	-	-	-	-	-	-
- 12 months	February 27, 2020	-	2,750,000	2,750,000	-	-	-	-	-	-
- 12 months	October 24, 2019	-	625,000	625,000	-	-	-	-	-	-
- 12 months	January 30, 2020	-	202,270	202,270	-	-	-	-	-	-
- 12 months	August 16, 2019	-	900,000	900,000	-	-	-	-	-	-
- 12 months	September 12, 2019	-	3,800,000	3,800,000	-	-	-	-	-	-
- 12 months	October 10, 2019	-	13,100,000	13,100,000	-	-	-	-	-	-
- 12 months	January 2, 2020	-	700,000	700,000	-	-	-	-	-	-
- 12 months	August 29, 2019	-	1,450,000	1,450,000	-	-	-	-	-	-
- 12 months	December 5, 2019	-	6,850,000	6,850,000	-	-	-	-	-	-
- 12 months	December 19, 2019	-	13,825,000	13,825,000	-	-	-	-	-	-

As at June 30, 2021

- - -

As at June 30, 2020

33,500 33,582 82

## 5.1.3 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
----- (Rupees in '000) ----- % -----										

## Pakistan Investment Bonds

- 03 years	July 12, 2018	-	4,250,000	4,250,000	-	-	-	-	-	-
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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

## 5.1.4 Letter of Placements

Name of Investee Company		Face value				At June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2020	Purchases during the year	Matured during the year	At June 30, 2021	Face Value	Carrying Value	Appreciation		
----- (Rupees in '000) ----- % -----										
Pak Kuwait Investment Company (Pvt.) Limited	July 17, 2020	-	1,500,000	1,500,000	-	-	-	-	-	-
As at June 30, 2021						-	-	-		
As at June 30, 2020						-	-	-		

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Advance tax	6.1	1,411	1,411
Prepayments and security deposits		306	285
Profit receivable on savings accounts		189,691	194,464
Other receivable		2,019	14,340
		<u>193,427</u>	<u>210,500</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 151 and 150. However, withholding tax on profit on bank deposits to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on bank deposits was amounted to Rs 1.411 million (2020: Rs 1.411 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 Fund 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, deposits, prepayments and other receivable' 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)	
7 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management fee payable	7.1	8,147	9,263
Sindh Sales Tax payable on remuneration of the Management Company	7.2	1,057	1,203
Allocated expenses payable	7.3	995	2,185
Selling and marketing expenses payable	7.4	-	4,654
		<u>10,199</u>	<u>17,305</u>

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

7.1 The management company has charged management fee at the rate upto, 7.5% of the gross earnings of scheme, calculated on daily basis subject to minimum fee of 0.25% of the average daily net assets of the Fund. The aforementioned limit was revised in the prior period and is effective since August 8, 2019. Previously, the management fee was charged at the rate of 7.5% of the gross earnings of scheme, calculated on daily basis subject to minimum fee of 0.25% of the average daily net assets of the Fund and maximum fee of 1% of the average daily net assets of the Fund.

7.2 During the year, an amount of Rs 13.104 million (2020: Rs 12.391 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 13.250 million (2020: Rs 12.674 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 Management Company .

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

During the year ended June 30, 2020, SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

During the year, the Management Company has not charged selling and marketing expenses to the Fund based on its discretion.

	Note	June 30, 2021	June 30, 2020
<b>8</b>			
<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
		(Rupees in '000)	
Trustee remuneration payable	8.1	1,783	1,422
Sindh Sales Tax payable on trustee remuneration	8.2	232	185
		<u>2,015</u>	<u>1,607</u>

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.065% (2020: 0.065%) of the average daily net assets of the Fund during the year.

Remuneration is paid to the trustee on monthly basis in arrears.

8.2 During the year, an amount of Rs 2.716 million (2020: Rs 1.638 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 2.669 million (2020: Rs 1.570 million) was paid on account of sales tax on remuneration of trustee was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2021	June 30, 2020
<b>9.</b>			
<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
		(Rupees in '000)	
Annual fee	9.1	<u>6,427</u>	<u>3,874</u>

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

- 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 average daily net assets of the Fund during the year.

	Note	June 30, 2021	June 30, 2020
<b>10. ACCRUED AND OTHER LIABILITIES</b>		<b>(Rupees in '000)</b>	
Provision for Sindh Workers' Welfare Fund	10.1	134,276	89,905
Provision for federal excise duty on:			
- Remuneration of the Management Company	10.2	54,267	54,267
- Sales load	10.2	19	19
Brokerage payable		13	101
Capital gain tax payable		1,689	1,807
Auditors' remuneration payable		651	653
Printing expense payable		40	40
Other payable		526	516
		<u>191,481</u>	<u>147,308</u>

### **10.1 Provision for Sindh Workers' Welfare Fund**

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of 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 the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 0.3985 per unit (2020: Re 0.3226 per unit).

### **10.2 Federal Excise Duty Payable**

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.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 54.286 million (2019: Rs. 54.286 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.161 per unit (June 30, 2020: Re 0.1947 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

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Annual audit fee	500	500
Half yearly review fee	285	285
Other certifications	50	50
Out of pocket expenses	263	330
	1,098	1,165

### 13. TAXATION

- 13.1 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.

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
14. CASH AND CASH EQUIVALENTS			
In deposit accounts	4	29,822,364	27,503,627
In current account	4	4,223,994	519,995
		34,046,358	28,023,622

### 15. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 0.67% (2020: 1.19%) which includes 0.21% (2020: 0.34%) 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% (2020: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

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

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

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

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 provision of the NBFC Regulations and the Trust Deed.

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

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

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

	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	113,912	107,714
Allocated expenses	23,728	19,379
Selling and marketing expenses	-	34,992
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	23,608	14,233
CDS charges	7	7
<b>MCB Bank Limited</b>		
Profit on Bank deposits	1,420	4,641
Bank charges	228	200
Purchase of securities - Face value: Nil (2020: Rs 1,000,000,000)	-	997,827
<b>Arif Habib Limited</b>		
Brokerage*	14	44

\* The amount disclosed represents the amount of brokerage paid or payable, as the case may be, 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 - Management Company</b>		
Management fee payable	8,147	9,263
Sales tax payable on remuneration of the Management Company	1,057	1,203
Allocated expenses payable	995	2,185
Selling and marketing expenses payable	-	4,654
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	1,783	1,422
Sindh Sales tax payable on trustee remuneration	232	185
<b>MCB Bank Limited</b>		
Bank balance	30,109	43,089
Profit receivable on bank deposits	419	4,641
<b>Arif Habib Limited</b>		
Brokerage payable*	-	44

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

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

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

	June 30, 2021							
	As at July 01, 2020	Issued for cash	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 Companies</b>								
MCB - Arif Habib Savings and Investments Limited - Management Company	5,469,446	42,456,645	47,861,324	64,767	551,627	4,282,130	4,831,992	6,540
Adamjee Insurance Company Limited.	-	518,776	-	518,776	-	52,322	-	52,386
Hyundai Nishat Motor Private Limited	22,187	1,438	23,625	-	2,238	145	2,387	-
Nishat Mills Limited Employees Provident Fund Trust	-	4,952,751	4,952,751	-	-	500,000	501,543	-
MCB Financial Services Limited	834,417	47,999	19,799	862,617	84,156	4,841	2,000	87,107
D.G. Khan Cement Company Limited	2	-	-	2	-	-	-	-
Nishat Power Limited Employees Provident Fund Trust	103,985	7,117	-	111,102	10,488	718	-	11,219
Adamjee Insurance Company Limited - Employees Gratuity Fund	267,294	285,284	484,445	68,133	26,958	28,773	48,907	6,880
Adamjee Insurance Company Limited - Employees Provident Fund	534,504	784,751	1,123,242	196,013	53,908	79,156	113,408	19,793
Security General Insurance Company Limited	4,517,331	60,333	4,567,388	10,276	455,601	6,085	461,000	1,038
Sayed Engineers Limited	5,654	327	-	5,981	570	33	-	604
IT Minds Limited	-	129,114	129,114	-	-	13,022	13,041	-
Asghari Beg Memorial Trust	-	5,018	5,018	-	-	506	507	-
Adamjee Life Assurance Co. Ltd. (IMF)	-	1,241,626	1,241,626	-	-	125,226	125,447	-
<b>Total associated Companies</b>	<b>11,754,820</b>	<b>50,491,179</b>	<b>60,408,332</b>	<b>1,837,667</b>	<b>1,185,546</b>	<b>5,092,956</b>	<b>6,100,233</b>	<b>185,567</b>
<b>Key management personnel*</b>	<b>16,141,478</b>	<b>7,159,542</b>	<b>207,089</b>	<b>23,093,931</b>	<b>1,627,967</b>	<b>883,141</b>	<b>181,946</b>	<b>2,332,024</b>
<b>Mandate Under Discretionary Portfolio Services*</b>	<b>16,881,852</b>	<b>220,349,481</b>	<b>235,196,838</b>	<b>2,034,495</b>	<b>1,702,638</b>	<b>22,234,098</b>	<b>23,764,565</b>	<b>205,443</b>
<b>Unit holders holding 10% or more units *</b>	<b>60,365,689</b>	<b>1,427,321,050</b>	<b>149,124,083</b>	<b>1,338,562,656</b>	<b>6,088,250</b>	<b>11,449,127</b>	<b>15,040,073</b>	<b>135,167,995</b>

\* This reflects the position of related party / connected persons 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 Companies</b>							
MCB - Arif Habib Savings and Investments Limited - Management Company	2,108,505	78,099,371	74,738,430	5,469,446	212,205	7,863,350	7,547,711
Adamjee Insurance Company Limited.	25,706	2,023,332	2,049,038	-	2,587	203,633	206,846
Hyundai Nishat Motor Private Limited	-	22,187	-	22,187	-	2,233	-
Nishat Mills Limited Employees Provident Fund Trust	141,826	3,890,457	4,032,283	-	14,274	391,545	406,789
Adamjee Life Assurance Company Limited -ISF II Fund	-	1,787,450	1,787,450	-	-	180,000	180,261
MCB Financial Services Limited	730,103	129,154	24,840	834,417	73,479	12,998	2,500
D.G. Khan Cement Company Limited	2	-	-	2	-	-	-
Nishat Power Limited Employees Provident Fund Trust	110,634	13,175	19,824	103,985	11,134	1,326	2,000
Adamjee Insurance Company Limited - Employees Gratuity Fund	244,831	30,035	7,572	267,294	24,640	3,023	765
Adamjee Insurance Company Limited - Employees Provident Fund	489,205	60,039	14,740	534,504	49,235	6,042	1,489
Security General Insurance Company Limited	-	5,518,352	1,001,021	4,517,331	-	555,380	100,999
Security General Insurance Company Limited - Employees Provident Fund	46,297	2,286	48,583	-	4,659	230	4,895
Sayyed Engineers Limited	5,116	538	-	5,654	515	54	-
<b>Total associated Companies</b>	<b>3,902,225</b>	<b>91,576,376</b>	<b>83,723,781</b>	<b>11,754,820</b>	<b>392,728</b>	<b>9,219,814</b>	<b>8,454,255</b>
<b>Key management personnel*</b>	<b>123,834</b>	<b>17,683,236</b>	<b>1,675,991</b>	<b>16,131,079</b>	<b>12,458</b>	<b>779,269</b>	<b>169,151</b>
<b>Mandate Under Discretionary Portfolio Services*</b>	<b>11,725,053</b>	<b>162,152,017</b>	<b>152,822,275</b>	<b>21,054,795</b>	<b>1,180,036</b>	<b>16,321,922</b>	<b>15,435,386</b>
<b>Unit holders holding 10% or more units *</b>	<b>30,635,529</b>	<b>113,718,112</b>	<b>58,140,191</b>	<b>86,213,450</b>	<b>3,083,230</b>	<b>11,544,852</b>	<b>3,160,518</b>
							<b>8,695,155</b>

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

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

2021		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
<b>Financial assets</b>		
Balances with banks	34,046,358	-
Deposits and profit receivable	191,810	-
	<b>34,238,168</b>	<b>34,238,168</b>



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

## Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	-	10,199	10,199
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,015	2,015
Accrued and other liabilities	-	1,230	1,230
	-	13,444	13,444

2021		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		

## Financial assets

Balances with banks	28,023,622	-	28,023,622
Investments	-	33,582	33,582
Deposits and profit receivable	208,904	-	208,904
Receivable against sale of investments	3,360,717	-	3,360,717
	31,593,243	33,582	31,626,825

2020		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		

## Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	-	17,305	17,305
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,607	1,607
Payable against purchase of investments	-	3,352,541	3,352,541
Accrued and other liabilities	-	1,310	1,310
	-	3,372,763	3,372,763

2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		

## 18. FINANCIAL RISK MANAGEMENT

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

### 18.1 Market risk

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

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

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



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

## 18.1.1 Currency risk

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

## 18.1.2 Yield / interest rate risk

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

### a) Sensitivity analysis for variable rate instruments

As at June 30, 2021, the Fund holds KIBOR based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 298.22 million (2020: Rs 280.04 million).

### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund does not hold any financial instrument that may expose the Fund to fair value interest rate risk.

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

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

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

June 30, 2021					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total
Rupees in '000					

#### On-balance sheet financial instruments

##### Financial Assets

Balances with banks	5.5% to 7.85%	29,822,364	-	-	4,223,994	34,046,358
Deposits & profit receivable		-	-	-	191,810	191,810
		<u>29,822,364</u>	<u>-</u>	<u>-</u>	<u>4,415,804</u>	<u>34,238,168</u>

##### Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	10,199	10,199
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,015	2,015
Accrued and other liabilities		-	-	-	1,230	1,230
		<u>-</u>	<u>-</u>	<u>-</u>	<u>13,444</u>	<u>13,444</u>

On-balance sheet gap (a)		<u>29,822,364</u>	<u>-</u>	<u>-</u>	<u>4,402,360</u>	<u>34,224,724</u>
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#### Off-balance sheet financial instruments

Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Total profit rate sensitivity gap (a+b)		<u>29,822,364</u>	<u>-</u>	<u>-</u>		
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Cumulative profit rate sensitivity gap		<u>29,822,364</u>	<u>29,822,364</u>	<u>29,822,364</u>		
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Rupees in '000

## On-balance sheet financial instruments

### Financial Assets

Balances with banks	5.5% to 14.45%	27,503,627	-	-	519,995	28,023,622
Market Treasury Bills	7.67% to 8.02%	-	33,582	-	-	33,582
Deposits & profit receivable		-	-	-	208,904	208,904
Receivable against sale of investments		-	-	-	3,360,717	3,360,717
		<u>27,503,627</u>	<u>33,582</u>	<u>-</u>	<u>4,089,616</u>	<u>31,626,825</u>

### Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	17,305	17,305
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,607	1,607
Payable against purchase of investments		-	-	-	3,352,541	3,352,541
Accrued expenses and other liabilities		-	-	-	1,310	1,310
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,372,763</u>	<u>3,372,763</u>

### On-balance sheet gap (a)

<u>27,503,627</u>	<u>33,582</u>	<u>-</u>	<u>716,853</u>	<u>28,254,062</u>
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### Off-balance sheet financial instruments

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

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

<u>27,503,627</u>	<u>33,582</u>	<u>-</u>
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### Cumulative profit rate sensitivity gap

<u>27,503,627</u>	<u>27,537,209</u>	<u>27,537,209</u>
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## 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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 instruments that exposes it to price risk.

## 18.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks and receivable against conversion of units. Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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
Rupees in '000				
Balances with banks	34,046,358	34,046,358	28,023,622	28,023,622
Investments	-	-	33,582	-
Deposits and profit receivable	191,810	191,810	208,904	208,904
Receivable against sale of investments	-	-	3,360,717	3,360,717
	<u>34,238,168</u>	<u>34,238,168</u>	<u>31,626,825</u>	<u>31,593,243</u>

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

Difference in the balance as per statement of assets and liabilities and maximum exposure to credit risk is due to the fact that investment in Market Treasury Bills of Rs. Nil (2020: Rs. 33.582) million is not exposed to credit risk.

The analysis below summaries the credit rating quality of the Fund's financial assets.

Bank balances by rating category	2021 ----- % -----	2020 ----- % -----
AAA	99.71	99.97
AA+	0.26	0.03
AA*	0.00	-
AA-	0.03	-
	100	100

\* Nil figures due to rounding off

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

Investments by rating category	June 30, 2021 ----- % -----	June 30, 2020 ----- % -----
Government securities	-	100.00

### Concentration of credit risk

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

### Settlement risk

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

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

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

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

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

Rupees in '000

### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued and other liabilities

10,199	-	-	-	-	-	10,199
2,015	-	-	-	-	-	2,015
1,230	-	-	-	-	-	1,230
<b>13,444</b>	-	-	-	-	-	<b>13,444</b>

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

Rupees in '000

### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against purchase of investments

Accrued and other liabilities

17,305	-	-	-	-	-	17,305
1,607	-	-	-	-	-	1,607
3,352,541	-	-	-	-	-	3,352,541
1,310	-	-	-	-	-	1,310
<b>3,372,763</b>	-	-	-	-	-	<b>3,372,763</b>

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

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

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

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

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

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

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

	----- June 30, 2021 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets at fair value through profit or loss	-	-	-	-
	-	-	-	-
	----- June 30, 2020 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets at fair value through profit or loss				
Market Treasury Bills	-	33,582	-	33,582
	-	33,582	-	33,582

### 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 Unitholders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement 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 unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

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

### 21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

#### 21.1 Mr. Saad Ahmed is the Fund Manager. Details of the other funds being managed by him are as follows:

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

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

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

	2021 (Percentage)
1 Invest One Markets Limited	29.21
2 Continental Exchange Pvt Limited	23.78
3 C And M Management Private	10.75
4 Icon Securities Private Ltd	7.02
5 Bright Capital Pvt Ltd	6.18
6 Magenta Capital Ltd	5.44
7 Bipl Securities Limited	4.38
8 Pearl Securities Limited	3.15
9 Arif Habib Limited	2.73
10 Currency Market Associates Pvt Limited	2.14
	2020 (Percentage)
1 Invest One Markets (Private) Limited	27.00
2 Icon Securities (Private) Limited	12.00
3 Bright Capital (Private) Limited	9.00
4 Pearl Securities Limited	9.00
5 Currency Market Associates Pvt Limited	9.00
6 Continental Exchange (Private) Limited	8.00
7 Arif Habib Limited	7.00
8 Optimas Capital Management Limited	6.00
9 BMA Capital Management Limited	6.00
10 JS Global Capital Limited	3.00

## 23. PATTERN OF UNITHOLDING

	----- As at June 30, 2021-----			
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	3,765	66,595,310	6,724,792	19.76
Insurance Companies	1	1,490,702	150,531	0.44
Retirement funds	57	6,974,595	704,294	2.07
Associated Companies	9	1,837,667	185,567	0.55
Others	114	260,095,969	26,264,479	77.18
	<u>3,946</u>	<u>336,994,243</u>	<u>34,029,663</u>	<u>100.00</u>

	----- As at June 30, 2020-----			
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Individuals	1,968	82,915,190	8,362,505	29.80
Insurance Companies	1	251,312	25,346	0.10
Retirement funds	55	8,607,957	868,165	3.10
Associated Companies	10	11,754,820	1,185,546	4.20
Others	1,252	175,142,781	17,664,224	62.80
	<u>3,286</u>	<u>278,672,060</u>	<u>28,105,786</u>	<u>100.00</u>



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

### 24. 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	-	-

### 25. CASH DISTRIBUTIONS DURING THE YEAR

-----June 30, 2021-----				
Rate per unit	Declaration date	Refund of Capital	Distribution from Income	
----- Rupees in '000 -----				
For the period ended July 10, 2020	Re 0.2642	July 13, 2020	3,167	65,679
For the period ended July 17, 2020	Re 0.1400	July 20, 2020	844	37,644
For the period ended August 11, 2020	Re 0.3082	August 12, 2020	9,581	83,076
For the period ended August 21, 2020	Re 0.2357	August 24, 2020	3,716	65,176
For the period ended September 4, 2020	Re 0.229	September 7, 2020	11,703	55,995
For the period ended September 18, 2020	Re 0.2539	September 21, 2020	1,801	72,854
For the period ended October 2, 2020	Re 0.2621	October 5, 2020	3,114	74,342
For the period ended October 16, 2020	Re 0.2752	October 19, 2020	3,901	79,409
For the period ended November 6, 2020	Re 0.3941	November 9, 2020	9,612	115,281
For the period ended November 20, 2020	Re 0.2524	November 23, 2020	3,411	77,838
For the period ended December 4, 2020	Re 0.2542	December 7, 2020	4,689	78,985
For the period ended December 18, 2020	Re 0.2582	December 21, 2020	2,611	81,246
For the period ended December 29, 2020	Re 0.1747	December 30, 2020	2,419	56,759
For the period ended January 20, 2021	Re 0.4282	January 21, 2021	5,522	138,461
For the period ended February 4, 2021	Re 0.3254	February 8, 2021	1,939	100,414
For the period ended February 19, 2021	Re 0.2532	February 22, 2021	4,821	78,140
For the period ended March 05, 2021	Re 0.2568	March 8, 2021	784	83,582
For the period ended March 19, 2021	Re 0.2710	March 22, 2021	3,394	88,443
For the period ended April 2, 2021	Re 0.2778	April 5, 2021	755	92,665
For the period ended April 16, 2021	Re 0.2922	April 19, 2021	459	91,507
For the period ended May 26, 2021	Re 0.7093	May 27, 2021	11,666	214,878
For the period ended June 07, 2021	Re 0.2287	June 8, 2021	307	73,257
For the period ended June 24, 2021	Re 0.3429	June 25, 2021	4,652	111,337
			94,868	2,016,968

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

-----June 30, 2020-----				
	Rate per unit	Declaration date	Refund of Capital	Distribution from Income
			----- Rupees in '000 -----	
For the period ended July 19, 2019	Re 0.6999	July 22, 2019	3,997	91,659
For the period ended August 2, 2019	Re 0.4732	August 5, 2019	5,224	54,103
For the period ended August 16, 2019	Re 0.4808	August 19, 2019	1,665	60,254
For the period ended September 6, 2019	Re 0.8042	September 11, 2019	6,557	102,019
For the period ended September 20, 2019	Re 0.4381	September 23, 2019	1,267	54,905
For the period ended October 4, 2019	Re 0.5100	October 7, 2019	1,666	64,984
For the period ended October 18, 2019	Re 0.5122	October 21, 2019	2,453	67,638
For the period ended November 1, 2019	Re 0.4950	November 4, 2019	4,449	66,881
For the period ended November 15, 2019	Re 0.4501	November 18, 2019	6,388	76,107
For the period ended December 6, 2019	Re 0.6885	December 9, 2019	9,195	129,272
For the period ended December 20, 2019	Re 0.4998	December 23, 2019	3,840	99,455
For the period ended January 03, 2020	Re 0.5102	January 6, 2020	2,480	96,494
For the period ended January 17, 2020	Re 0.5019	January 20, 2020	3,271	96,665
For the period ended February 07, 2019	Re 0.7188	February 10, 2020	9,039	134,222
For the period ended February 21, 2020	Re 0.4842	February 24, 2020	2,977	95,160
For the period ended March 06, 2020	Re 0.4939	March 09, 2020	2,755	100,225
For the period ended March 06, 2020	Re 0.5943	March 24, 2020	8,878	127,982
For the period ended April 03, 2020	Re 0.4626	April 06, 2020	7,603	110,203
For the period ended April 17, 2020	Re 0.5675	April 20, 2020	6,466	145,839
For the period ended April 30, 2020	Re 0.4359	May 4, 2020	2,085	98,937
For the period ended May 15, 2020	Re 0.2786	May 18, 2020	742	54,493
For the period ended June 05, 2020	Re 0.4499	June 8, 2020	17,602	93,299
For the period ended June 19, 2020	Re 0.3067	June 22, 2020	3,092	75,206
			<u>113,691</u>	<u>2,096,002</u>

## 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.

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

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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 liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the 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.

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 0.3985 (2020: Re 0.3226).

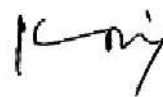
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



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
2242	001-10,000	33,815
512	10,001 – 100,000	182,928
529	100,001 – 1,000,000	2,170,075
663	1,000,001+	334,607,424
<b>3946</b>		<b>336,994,243</b>

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

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	34,029.663	28,105.7866	13,902.616	11,993	10,093
Net Assets value per unit – Rupees	100.98	100.8561	100.6423	105.9707	100.53
Closing Offer Price	100.98	100.8561	100.6423	105.9707	100.53
Closing Repurchase Price	100.98	100.8561	100.6423	105.9707	100.53
Highest offer price per unit	101.5507	101.4111	101.6709	105.9707	106.95
Lowest offer price per unit	100.8561	100.6423	100.5452	100.579	100.34
Highest Redemption price per unit	101.5507	101.4111	101.6709	105.9707	106.95
Lowest Redemption price per unit	100.8561	100.6423	100.5452	100.579	100.34
Distribution per unit – Rs. *	6.6874	11.8563	13.9047	-	6.90
Average Annual Return - %					
One year	6.98	12.71	8.88	5.41	7.11
Two year	9.85	10.80	7.15	6.26	6.44
Three year (inception date September 30, 2009)	9.52	9.00	7.13	6.10	7.24
Net Income for the period – Rs. in million	2174.165	2,297.7126	1,190.9620	673.48	140.68
Distribution made during the year – Rs. in million	2132.993	2,236.3500	1,783.4760	-	157.20
Accumulated Capital Growth – Rs. in million	41.1720	88.0197	-592.5140	673.48	(16.52)
Weighted average Portfolio Duration (months)	0.03	0.03	0.37	0.03	0.23

**\* Date of Distribution**

2021		2020		2019	
Date	Rate	Date	Rate	Date	Rate
13-Jul-20	0.2642	22-Jul-19	0.6999	4-Jul-18	5.4255
20-Jul-20	0.14	5-Aug-19	0.4732	6-Aug-18	0.6385
12-Aug-20	0.3082	19-Aug-19	0.4808	20-Aug-18	0.254
24-Aug-20	0.2357	11-Sep-19	0.8042	10-Sep-18	0.3899
7-Sep-20	0.229	23-Sep-19	0.4381	24-Sep-18	0.2667
21-Sep-20	0.2539	7-Oct-19	0.51	8-Oct-18	0.2837
5-Oct-20	0.2621	21-Oct-19	0.5122	22-Oct-18	0.2986
19-Oct-20	0.2752	4-Nov-19	0.495	8-Nov-18	0.3276
9-Nov-20	0.3941	18-Nov-19	0.4501	19-Nov-18	0.2637
23-Nov-20	0.2524	9-Dec-19	0.6885	10-Dec-18	0.3782
7-Dec-20	0.2542	23-Dec-19	0.4998	24-Dec-18	0.3604
21-Dec-20	0.2582	6-Jan-20	0.5102	21-Jan-19	0.7131
30-Dec-20	0.1747	20-Jan-20	0.5019	4-Feb-19	0.3385
22-Jan-21	0.4282	10-Feb-20	0.7188	18-Feb-19	0.3868
8-Feb-21	0.3254	24-Feb-20	0.4842	4-Mar-19	0.3667
22-Feb-21	0.2532	9-Mar-20	0.4939	18-Mar-19	0.3718
8-Mar-21	0.2568	24-Mar-20	0.5943	8-Apr-19	0.5711
22-Mar-21	0.271	6-Apr-20	0.4626	22-Apr-19	0.3738
5-Apr-21	0.2778	20-Apr-20	0.5675	20-May-19	0.7377
19-Apr-21	0.2922	4-May-20	0.4359	28-Jun-19	1.1584
27-May-21	0.7093	18-May-20	0.2786		
8-Jun-21	0.2287	8-Jun-20	0.4499		
25-Jun-21	0.3429	22-Jun-20	0.3067		

2017	
Date	Rate

June 19, 2017      6.90

2018	
Date	Rate

Nil

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

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