

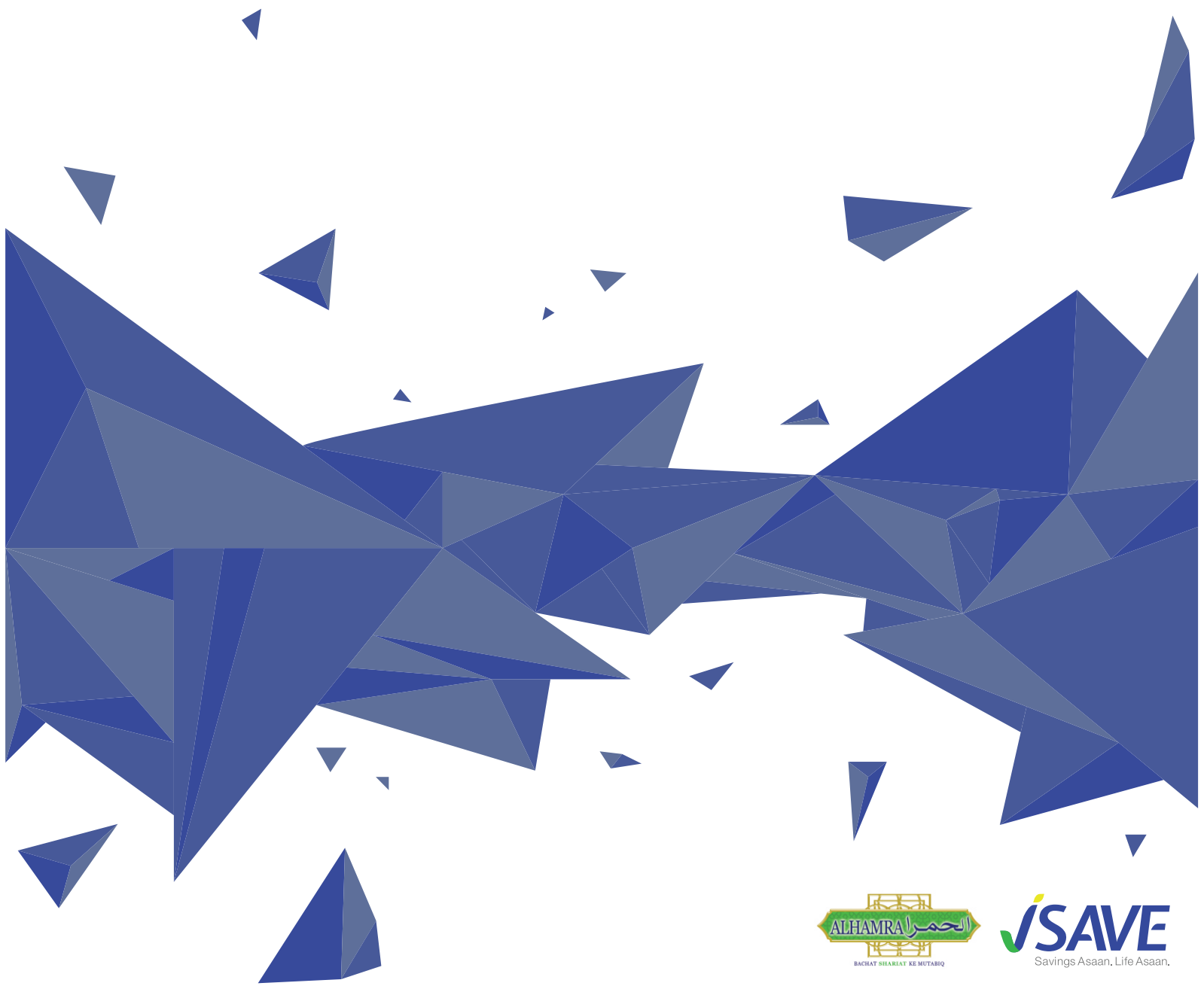


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

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



Vision

To become synonymous with Savings

Mission

To become a preferred Saving and Investment Manager in the domestic and regional markets while maximizing stakeholders' value

Core Values

The Company takes pride in its orientation towards client service. it believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.



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MCB DCF INCOME FUND

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FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB DCF Income Fund accounts** review for the half year ended December 31, 2021.

Economy and Money Market Review

The fiscal year started on strong note with government's renewed focus on reviving growth, as new finance minister announced several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing (6.25% drop since start of covid lockdowns), low inflation and incentives on capital investment at lower rates (TERF), which further supported to growth premise. However, the sharp recovery in domestic demand, coupled with rising international commodity prices, led to a strong pick-up in imports and a commensurate increase in the current account deficit. Widening deficit also reflected on the exchange rate as the rupee depreciated by 10.4% against USD during first half of fiscal year ending June 2022 (1HFY22).

The country posted a current account deficit of USD 9.1bn in 1HFY22 compared to a surplus of USD 1.3bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 8.7bn in first half of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 56.9% in 1HFY22 compared to export growth of 29.0%. Trade Deficit increased by 86.0% to USD 21.2bn compared to USD 11.4bn in same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports. As per our estimates, prices contributed more than two-third of the increase in import bill.

Foreign exchange reserves of central bank saw an increase of USD 0.4bn as Pakistan received USD 2.75 billion from the IMF under its new SDR allocation and USD 3bn from Saudi Arabia for reserve support. The inflows helped in stabilizing forex reserves despite the huge current account deficit and due repayments.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 9.8% in 1HFY22 compared to 8.6% in 1HFY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which keeps the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upward trend as it increased to 8.5% in December 2021 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 275bps to 9.75% in this half to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 32.5% in 1HFY22 to PKR 2,920bn compared to PKR 2,204bn during same period last year. This exceeded the target of 2,633bn by 287bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in the half as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices will add pressure to inflation and we expect average FY22 inflation to clock at 11.7% above the range of 9-11% forecasted by SBP. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 1.7%, 1.5% and 1.2%, respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 8.42% as against its benchmark return of 8.88%. The WAM of the fund increased to 1.7 years because of interest rate outlook which was on a rising trend. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was invested 55.7% in Cash and 10.2% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

The Net Assets of the Fund as at December 31, 2021 stood at Rs. 4,313 million as compared to Rs. 3,646 million as at June 30, 2021 registering an increase of 18.29%.

The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs.111.5944 as compared to opening NAV of Rs. 107.0518 per unit as at June 30, 2021 registering an increase of Rs. 4.5426 per unit.

Economy & Market – Future Outlook

The policy makers have moved their focus from growth to macroeconomic consolidation in view of elevated current account deficit and higher inflation trajectory. The SBP took a number of measures to curtail aggregate demand and imports including monetary tightening, raising cash reserve requirement and discouraging auto financing by banning financing of imported vehicle while capping financing requirement to PKR 3mn for locally assembled cars. These steps have started yielding results with imports receding from their historic high and currency depicting relative stability.

We expect GDP to grow by 4.6% this year slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services Sector to grow by 5.0%, 4.1% and 4.6% respectively. Industrial Sector growth is likely to remain robust but below government target due to some demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to expected bumper wheat and cotton crop. The Covid Vaccination roll out has been quite successful which is anticipated to unleash Services growth as this segment was the most affected by the pandemic.

The persistently elevated international commodities prices especially petroleum, palm oil, coal, fertilizers and steel, has led to a strong pick-up in imports and a rise in the current account deficit, which we expect to close the year around USD 16 billion (4.3% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2 billion (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 183 against a dollar.

Successful continuation of the IMF program will be a key prerequisite to keep the financial account in positive zone. The SBP is expected to continue to discourage unnecessary imports and use flexible market determined exchange rate and appropriate monetary policy setting to ensure sustainable external account position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

The expected rise in energy tariffs, currency depreciation and higher international commodities prices will lead to increase in inflation in this year. We expect inflation to remain in double digits for rest of the fiscal year to average around 11.7% for year. SBP has increased policy rate by a cumulative 275bps to 9.75% to counter inflationary pressures and ensure that growth remains sustainable. It has indicated that its goal to achieve mildly positive interest rate on a forward-looking basis was now close to being achieved. However, the recent surge in international oil prices poses upside risk to the equation. We expect interest rates to rise around 10%-10.5% by the end of fiscal year.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in expected interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 14.4%, a discount of 57% from its historical average. Similarly, risk premiums are close to 5.9%, compared to historical average of 1.9% signifying abnormal returns for long term investors. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 5.5x, while offering a dividend yield of 8.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given expected increase in interest rates. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 7.0% during the half to PKR 1,090bn at the end of 1HFY22. Total money market funds grew by about 19.9% since June 2021. Within the money market sphere, the conventional funds dominated as they grew by about 33.9% to PKR 382bn while Islamic funds declined by 2.3% to PKR 178bn. In addition, the total fixed Income funds increased by about 0.9% since June 2021, as the conventional income funds declined by 3.7% to PKR 121bn. Equity and related funds declined by 8.1% as market witnessed a decline in the half eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 51.4%, followed by Equity and Equity related funds with a share of 25.2% and Income funds having a share of 22.7% as at the end of 1HFY22.

Mutual Fund Industry Outlook

The recent increase in interest rates along with prospect of further monetary tightening would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 08, 2022



Nasim Beg
Director / Vice Chairman
February 08, 2022

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں حالیہ اضافے اور مزید مالیاتی سختی کے امکان سے منی مارکیٹ فنڈز میں آمدورفت میں اضافہ ہوگا۔ منی مارکیٹ فنڈ اپنی مختصر مدت کے سبب ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر میعاد میں کام کرنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر رکھول دی ہیں اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکوٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

اظہار تشکر

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

من جانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

08 فروری 2022ء



نسیم بیگ

ڈائریکٹر/وائس چیئرمین

08 فروری 2022ء

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے تناظر میں اسٹاک کی قیمتوں میں حالیہ تصحیح سے تعین قدر کھل گئی ہے۔ مارکیٹ نے شرح سود میں متوقع اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 14.4 فیصد رہ گیا جو اس کے historical اوسط سے 57 فیصد کم ہے۔ اسی طرح، رسک پریمیم 5.9 فیصد کے قریب ہیں جبکہ اس کے بالمقابل اس کا تاریخی اوسط 1.9 فیصد تھا، جس کا مطلب ہے طویل المیعاد سرمایہ کاروں کے لیے غیر معمولی منافع جات ہوں گے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کا خورد منظر زیادہ اہم رہے گا اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ میں فی الوقت 5.5x قیمت کے آمدنی کے ساتھ تناسب (PER) پر تجارت ہو رہی ہے جبکہ 8.2 فیصد ڈیویڈنڈ دستیاب 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 منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے inet اثاثہ جات مالی سال 2022ء کے نصف اول کے دوران تقریباً 7.0 فیصد بڑھ کر اختتام مدت پر 1,090 بلین روپے ہو گئے۔ منی مارکیٹ کی مجموعی فنڈ میں جون 2021ء سے اب تک تقریباً 19.9 فیصد کا اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈ حاوی رہے کیونکہ تقریباً 33.9 فیصد بڑھ کر 382 بلین روپے ہو گئے، جبکہ اسلامک فنڈ 2.3 فیصد کم ہو کر 178 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 0.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈ 3.7 فیصد کم ہو کر 121 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈ 8.1 فیصد کم ہو گئے کیونکہ زیر جائزہ ششماہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الانتظامیہ کم ہو گئے کیونکہ وسیع معاشی اور جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے نصف اول کے اختتام پر منی مارکیٹ فنڈ تقریباً 51.4 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر ایکویٹی اور متعلقہ فنڈ تھے جن کا 25.2 فیصد حصہ تھا، اور تیسرے نمبر پر انکم فنڈ تھے جن کا 22.7 فیصد حصہ تھا۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

کرنٹ اکاؤنٹ خسارے اور افراط زر میں اضافے کے پیش نظر پالیسی سازوں نے اپنی توجہ کا مرکز ترقی سے ہٹا کر وسیع معاشی ہم آہنگی کو بنالیا ہے۔ 'ایس بی پی' نے مجموعی طلب اور درآمدات کو کم کرنے کے لیے متعدد اقدامات کیے مثلاً مالیاتی سختی، نقد ذخائر کی مطلوبہ سطح میں اضافہ، اور آٹو فنانسنگ یعنی بینک وغیرہ سے قرض لے کر گاڑی کے حصول کی حوصلہ شکنی بذریعہ درآمد شدہ گاڑیوں کی فنانسنگ پر پابندی اور مقامی تیار کردہ گاڑیوں کی فنانسنگ کے لیے 3 ملین روپے کی مطلوبہ سطح کا تعین۔ ان اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ درآمدات اپنی تاریخی بلند ترین سطح سے نیچے آرہی ہیں اور روپیہ نسبتاً مستحکم ہو رہا ہے۔

ہمیں مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.6 فیصد کی ترقی کی اُمید ہے جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ ہماری توقع کے مطابق زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 5.0 فیصد، 4.1 فیصد اور 4.6 فیصد ترقی ہوگی۔ صنعتی شعبے کی ترقی ممکنہ طور پر بھرپور لیکن حکومتی ہدف سے کم ہوگی کیونکہ مالیاتی سختی کے باعث طلب کچھ حد تک سکڑ جائے گی۔ دوسری جانب زرعی شعبے کی ترقی متوقع طور پر حکومتی تخمینوں سے سبقت لے جائے گی کیونکہ گندم اور کپاس کی فصل کا بڑا حجم متوقع ہے۔ کووڈ ویکسینیشن کی مہم کافی حد تک کامیاب رہی جس کی بدولت خدمات کے شعبے میں ترقی متوقع ہے کیونکہ وبا سے سب سے زیادہ متاثر یہی شعبہ تھا۔ اشیاء، خصوصاً پٹرولیم، پام تیل، کوئلہ، کھاد اور اسٹیل، کی مسلسل بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات تیزی سے اوپر گئیں اور کرنٹ اکاؤنٹ خسارے (سی اے ڈی) میں اضافہ ہوا جو ہماری توقع کے مطابق اختتام سال پر تقریباً 16 بلین (جی ڈی پی کا 4.3 فیصد) ہوگا۔ یہ مالی سال 2018ء میں 19.2 بلین ڈالر (جی ڈی پی کے 6.1 فیصد) کے بعد سے اب تک کا سب سے زیادہ سی اے ڈی ہوگا۔ ہم سمجھتے ہیں کہ بلند سی اے ڈی کے رد عمل کے طور پر روپے کی قدر میں مزید کمی ہوگی اور اختتام مالی سال پر یہ 183 روپے فی ڈالر ہو جائے گا۔

'آئی ایم ایف' پروگرام کا کامیاب تسلسل مالی گوشوارے کو مثبت حد میں رکھنے کی اہم ترین شرط ثابت ہوگا۔ اُمید ہے کہ 'ایس بی پی' غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ کا تعین کردہ لچکدار زرمبادلہ کی شرح اور مالیاتی پالیسی کی موزوں ترتیب استعمال کر کے خارجی گوشوارے کی قابل بقاء صورتحال کو یقینی بنائے گا۔ ترسیلات زر کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی آمد و رفت بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم ثابت ہوں گی۔

بجلی کی قیمتوں میں متوقع اضافے، روپے کی قدر میں کمی اور اشیاء کی بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں اس سال افراط زر میں اضافہ ہوگا۔ ہماری توقع کے مطابق افراط زر بقیہ مالی سال میں دو ہندسوں پر مشتمل رہے گی اور یوں اس کا اوسط برائے سال تقریباً 11.7 فیصد بنے گا۔ 'ایس بی پی' نے پالیسی شرح میں مجموعی طور پر 275bps کا اضافہ کر کے اسے 9.75 فیصد کر دیا ہے تاکہ افراط زر کے دباؤ سے نمٹا جاسکے اور یہ یقینی بنایا جاسکے کہ ترقی قابل بقاء رہے۔ 'ایس بی پی' نے اس طرف اشارہ کیا ہے کہ اس کا فارورڈ لکنگ بنیاد پر ہلکا پھلکا مثبت شرح سود حاصل کرنے کا مقصد پورا ہونے کے قریب تھا، تاہم تیل کی بین الاقوامی قیمتوں میں اضافہ رکاوٹ بن رہا ہے۔ ہم سمجھتے ہیں کہ مالی سال کے اختتام تک سود کی شرحوں میں تقریباً 10 سے 10.5 فیصد تک کا اضافہ ہوگا۔

اسباب اشیائے خورد و نوش کی بلند تر قیمتیں، توانائی (بجلی اور ایندھن) کی بڑھی ہوئی لاگتیں، اور پاکستانی روپے کی قدر میں کمی کا دوسرا دور ہیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔

بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ کے ذریعے کی جاتی ہے، میں بھی اضافے کا رجحان پایا گیا۔ دسمبر 2021ء میں 8.5 فیصد جبکہ اس کے بالمقابل جون 2021ء میں 6.9 فیصد۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں مجموعی طور پر 275bps اضافہ کر کے اسے اس ششماہی میں 9.75 فیصد کر دیا تاکہ افراط زر کے دباؤ اور سست رفتار مجموعی طلب کا مقابلہ کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے نصف اول میں 32.5 فیصد بڑھ کر 2,920 بلین روپے ہو گئی جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت کے دوران 2,204 بلین روپے تھی۔ یہ 2,633 بلین کے ہدف سے 287 بلین روپے زیادہ ہے۔ ٹیکس وصولی میں اضافے کا بنیادی سبب درآمدات میں اضافے کی بدولت زیادہ کسٹم ڈیوٹی اور سیلز ٹیکس کی وصولی ہے۔

ثانوی مارکیٹس کے منافع جات میں اس ششماہی میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کا دورہ شروع کر دیا ہے۔ روپے کی قدر میں حالیہ کمی بمع اشیاء کی بلند قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور ہمیں توقع ہے کہ مالی سال 2022ء کی اوسط افراط زر ایس بی پی کی پیش گوئی کردہ 9 سے 11 فیصد کی حد سے زیادہ یعنی 11.7 فیصد ہوگی۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 1.7 فیصد، 1.5 فیصد اور 1.2 فیصد اضافہ ہوا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 8.88 فیصد کے مقررہ منافع کے مقابلے میں 8.42 فیصد سالانہ منافع حاصل کیا۔ شرح سود کے بڑھتے ہوئے رجحان کی وجہ سے فنڈ کا ڈبلیو اے ایم بڑھ کر 7.1 سال ہو گیا۔ زیر جائزہ مدت کے اختتام پر فنڈ مختص خاص طور پر نقد اور ٹی ایف سی میں رہا۔ مدت کے اختتام پر فنڈ کی نقد رقم میں 55.7 فیصد اور ٹی ایف سی میں 10.2 فیصد سرمایہ کاری کی گئی۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شریعت تھی۔

31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 4,313 ملین روپے رہے جبکہ 30 جون 2021ء کو فنڈ کے اثاثے 3,646 ملین روپے تھے، یعنی 18.29 فیصد کا اضافہ ہوا۔

31 دسمبر 2021ء کو خالص اثاثہ قدر (این اے وی) فی یونٹ 111.5944 روپے رہی جبکہ 30 جون 2021ء کو این اے وی 107.0518 روپے فی یونٹ تھی جو کہ 4.5426 روپے فی یونٹ کا اضافہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف انکم فنڈ کے اکاؤنٹس برائے نصف اول مختتمہ 31 دسمبر 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

ترقی کی بحالی پر حکومت کی تجویز شدہ توجہ کے باعث مالی سال کا خوش آئند آغاز جسکی وجہ نئے وزیر خزانہ کا مالی سال 2022ء کے بجٹ میں متعدد ترقیاتی ترغیبات کا اعلان کرنا ہے۔ یہ پیش رفت مالیاتی تسہیل (کووڈ لاک ڈاؤن کے آغاز سے اب تک 6.25 فیصد کی) کی سست اثر پذیری، پست افراط زر، اور کم شرحوں پر کیپیٹل کی سرمایہ کاری (TERF) پر مستزاد تھی جس کی بدولت ترقی کو مزید تحریک حاصل ہوئی۔ تاہم مقامی طلب میں ٹینڈ بحالی جمع اشیاء کی بڑھتی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات میں بھرپور اضافہ اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ خسارے میں اضافے کا اثر شرح زرمبادلہ پر بھی ظاہر ہوا اور مالی سال مختتمہ جون 2022ء کے نصف اول کے دوران روپیہ ڈالر کے مقابلے میں 10.4 فیصد گر گیا۔

مالی سال 2022ء کے نصف اول میں ملک کا کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 9.1 بلین ڈالر تھا جبکہ اس کے بالمقابل گزشتہ سال کی مماثل مدت میں 3.1 بلین ڈالر سرپلس تھا۔ یہ مالی سال 2018ء سے لے کر اب تک کا سب سے زیادہ سی اے ڈی تھا، یعنی مالی سال کے نصف اول میں 8.7 بلین ڈالر کا خسارہ۔ اس کا بنیادی سبب درآمدات میں اضافہ تھا جو مالی سال 2022ء کے نصف اول میں 56.9 فیصد تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 29.0 فیصد تھا۔ تجارتی خسارہ 86.0 فیصد بڑھ کر 21.2 بلین ڈالر ہو گیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 11.4 بلین ڈالر تھا۔ درآمدات میں بے نظیر اضافے کا سبب ہماری اشیاء کی basket کی historic بلند قیمتیں ہے جس میں خام تیل، palm تیل، کوئلہ اور اس کے ساتھ ویکسین کی یکبار درآمدات شامل ہیں۔ ہمارے تخمینوں کے مطابق درآمداتی بل میں اضافے کا دو تہائی سے زیادہ حصہ قیمتوں پر مشتمل ہے۔

مرکزی بینک کے زرمبادلہ کے ذخائر میں 0.4 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے نئے 'ایس ڈی آر' اختصاص کے تحت 2.75 بلین ڈالر اور سعودی عرب کے طرف سے 3 بلین ڈالر برائے reserve معاونت موصول ہوئے۔ یہ وصولیاں کرنٹ اکاؤنٹ کے خطیر خسارے اور واجبات الاداء کے باوجود زرمبادلہ کے ذخائر میں استحکام لانے میں معاون ثابت ہوئیں۔

افراط زر کا مسئلہ برقرار رہا کیونکہ بڑھتی ہوئی اشیاء نے پالیسی سازوں کے لیے مشکلات پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن افراط زر، جس کی ترجمانی کنزومر پرائس انڈیکس (سی پی آئی) یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2022ء کے نصف اول میں 9.8 فیصد تھا جبکہ اس کے بالمقابل مالی سال 2021ء کے نصف اول میں 8.6 فیصد تھا۔ اس اضافے کے بنیادی

TRUSTEE REPORT TO THE UNIT HOLDERS

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TRUSTEE REPORT TO THE UNIT HOLDERS

MCB DCF INCOME FUND

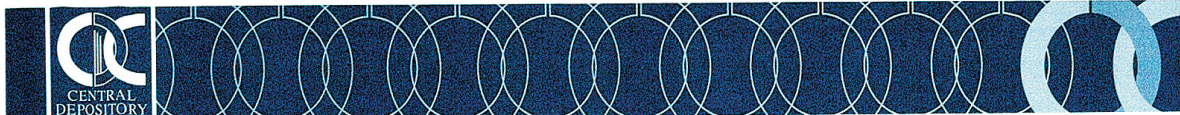
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB DCF Income Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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: February 23, 2022



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



A.F.FERGUSON & CO.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB DCF Income Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

Scope of Review

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

Conclusion

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

A.F. Ferguson & Co.
Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 23, 2022

Karachi

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■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
	Note		
ASSETS			
Balances with banks	4	3,725,863	3,014,318
Investments	5	2,568,717	2,278,357
Mark-up, dividend and other receivables		33,071	34,325
Receivable against Margin Trading System (MTS)		1,526	49,596
Receivable against sale of investments		-	386,229
Advances, deposits and prepayments	6	358,753	47,070
Total assets		6,687,930	5,809,895
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	11,893	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee	8	307	280
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	420	807
Payable against purchase of investments		2,174,903	1,965,915
Accrued and other liabilities	10	187,317	186,879
Total liabilities		2,374,840	2,163,945
NET ASSETS		4,313,090	3,645,950
Unit holders' fund (as per statement attached)		4,313,090	3,645,950
Contingencies and commitments	11		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		38,649,696	34,057,826
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		111.5944	107.0518

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
INCOME					
		68,907	34,283	41,603	6,350
		25,192	61,954	14,050	29,488
		(26,433)	(1,420)	(16,246)	5,406
		62,008	41,176	34,453	22,851
		4,485	8,049	595	2,308
		24,530	21,545	2,267	17,244
		19,687	(23,563)	(21,809)	(35,331)
		9,824	52,075	45,594	47,433
		1,517	3,757	1,001	2,842
		189,717	197,856	101,508	98,591
EXPENSES					
		31,508	31,305	15,993	15,352
		4,094	4,070	2,079	1,996
		2,100	2,087	1,066	1,024
		1,575	1,565	799	767
		205	204	104	100
		8,917	8,139	4,158	3,991
		420	417	213	204
		7,626	14,246	1,558	8,163
		357	442	168	252
		1,072	91	33	57
		266	569	115	20
		58,140	63,135	26,286	31,926
		131,577	134,721	75,222	66,665
		42,902	(2,694)	-	(1,333)
		174,479	132,027	75,222	65,332
		-	-	-	-
		174,479	132,027	75,222	65,332
Allocation of net income for the period:					
		174,479	132,027		
		(15,109)	(13,590)		
		159,370	118,437		
Accounting income available for distribution:					
		-	50,655		
		159,370	67,782		
		159,370	118,437		

Earnings per unit

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The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	<u>Six months period ended</u> <u>December 31,</u>		<u>Quarter ended</u> <u>December 31,</u>	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	174,479	132,027	75,222	65,332
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>174,479</u>	<u>132,027</u>	<u>75,222</u>	<u>65,332</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Undistribut- ed income	Total	Capital value	Undistri- buted income	Total
----- (Rupees in '000) -----						
Net assets at the beginning of the period	3,234,571	411,379	3,645,950	3,623,649	409,126	4,032,775
Issuance of 10,910,818 units (2020: 116,913,429 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,168,023	-	1,168,023	12,505,633	-	12,505,633
- Element of income	17,481	-	17,481	175,932	-	175,932
	1,185,504	-	1,185,504	12,681,565	-	12,681,565
Redemption of 6,318,948 units (2020: 120,460,168 units)						
- Capital value (at net asset value per unit at the beginning of the period)	676,455	-	676,455	12,885,010	-	12,885,010
- Element of loss	1,279	15,109	16,388	172,658	13,590	186,248
	677,734	15,109	692,843	13,057,668	13,590	13,071,258
Total comprehensive income for the period	-	174,479	174,479	-	132,027	132,027
Net assets at the end of the period	<u>3,742,341</u>	<u>570,749</u>	<u>4,313,090</u>	<u>3,247,546</u>	<u>527,563</u>	<u>3,775,109</u>
Undistributed income brought forward comprising of:						
- Realised income		395,044			420,055	
- Unrealised income / (loss)		16,335			(10,929)	
Undistributed income brought forward		411,379			409,126	
Accounting income available for distribution:						
- Relating to capital gains		-			50,894	
- Excluding capital gains		159,370			67,543	
		159,370			118,437	
Undistributed income carried forward		<u>570,749</u>			<u>527,563</u>	
Undistributed income carried forward comprising of:						
- Realised income		560,925			475,488	
- Unrealised income		9,824			52,075	
		<u>570,749</u>			<u>527,563</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>107.0518</u>			<u>106.9649</u>	
Net asset value per unit at the end of the period		<u>111.5944</u>			<u>110.5284</u>	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Six months period ended	
	December 31, 2021	December 31, 2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	174,479	132,027
Adjustments for:		
Dividend income	(24,530)	(21,545)
Unrealised appreciation on re-measurement of investments		
classified as 'financial assets at fair value through profit or loss' - net	5.6 (9,824)	(52,075)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	10.1 (42,902)	2,694
	<u>97,223</u>	<u>61,101</u>
(Increase) / decrease in assets		
Investments - net	(1,277,994)	1,521,144
Mark-up, dividend and other receivables	338	9,703
Receivable against sale of investments	386,229	-
Receivable against Margin Trading System (MTS)	48,070	(104,337)
Advances, deposits and prepayments	(311,683)	55,367
	<u>(1,155,040)</u>	<u>1,481,877</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,829	(1,185)
Payable to Central Depository Company of Pakistan Limited - Trustee	27	(19)
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(387)	(470)
Payable against purchase of investments	208,988	1,827,087
Accrued and other liabilities	43,340	25,976
	<u>253,797</u>	<u>1,851,389</u>
Dividend received	25,446	21,545
Net cash (used in) / generated from operating activities	<u>(778,574)</u>	<u>3,415,912</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	1,185,504	12,681,565
Payments on redemption of units	(692,843)	(13,071,258)
Net cash generated from / (used in) financing activities	<u>492,661</u>	<u>(389,693)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(285,913)</u>	<u>3,026,219</u>
Cash and cash equivalents at the beginning of the period	4,011,776	1,643,631
Cash and cash equivalents at the end of the period	<u>3,725,863</u>	<u>4,669,850</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 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 as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2021 (2020: 'AM1' dated October 6, 2020) to the Management Company and a stability rating of 'AA-(f)' dated September 09, 2021 (2020: 'AA-(f)' dated October 19, 2020) the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.
- 1.7 During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- 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), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2021.

3.3 Amendments to accounting and reporting standards that are effective in the current period

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

3.4 Amendments to accounting and reporting standards that are not yet effective

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
4 BALANCES WITH BANKS			
Current accounts		1,074	39
Savings accounts	4.1	3,724,789	3,014,279
	4.2	<u>3,725,863</u>	<u>3,014,318</u>

4.1 These carry profit at rates ranging from 7.25% to 12.30% per annum (June 30, 2021: 5.5% to 8.5% per annum).

4.2 These includes balances with related parties of Rs. 1.633 million (June 30, 2021: Rs. 0.602 million) maintained with MCB Bank Limited and Rs. 0.011 million (June 30, 2021: Rs. 0.010 million) maintained with MCB Islamic Bank Limited.

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
5 INVESTMENTS			
Investments at fair value through profit or loss			
Government securities	5.1	2,205,295	1,677,862
Listed equity securities	5.2	-	43,725
Listed debt securities		-	-
Unlisted debt securities	5.4	363,422	555,267
Future stock contracts	5.5	-	1,503
		<u>2,568,717</u>	<u>2,278,357</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

5.1 Government securities - at fair value through profit or loss

Name of security	Date of issue	Face value				Balance as at December 31, 2021			Market value as a percentage of	
		As at July 01, 2021	Purchased during the period	Disposed/ matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised gain / (loss)	net assets	total invest- ments
----- (Rupees in '000) ----- % -----										
Treasury Bills - 3 months										
Treasury Bills	22-Apr-21	1,000,000	-	1,000,000	-	-	-	-	-	-
Treasury Bills	6-May-21	-	100,000	100,000	-	-	-	-	-	-
Treasury Bills	20-May-21	-	1,750,000	1,750,000	-	-	-	-	-	-
Treasury Bills	17-Jun-21	-	1,018,000	1,018,000	-	-	-	-	-	-
Treasury Bills	2-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	15-Jul-21	-	3,750,000	3,750,000	-	-	-	-	-	-
Treasury Bills	29-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	12-Aug-21	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	26-Aug-21	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	9-Sep-21	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	7-Oct-21	-	2,425,000	2,425,000	-	-	-	-	-	-
Treasury Bills	4-Nov-21	-	650,000	650,000	-	-	-	-	-	-
Treasury Bills - 6 months										
Treasury Bills	11-Mar-21	-	966,000	966,000	-	-	-	-	-	-
Treasury Bills	25-Mar-21	-	250,000	250,000	-	-	-	-	-	-
Treasury Bills	22-Apr-21	-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury Bills	6-May-21	-	1,400,000	1,400,000	-	-	-	-	-	-
Treasury Bills	3-Jun-21	-	4,400,000	4,400,000	-	-	-	-	-	-
Treasury Bills	2-Jul-21	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	15-Jul-21	-	3,273,000	3,273,000	-	-	-	-	-	-
Treasury Bills	29-Jul-21	-	3,500,000	3,500,000	-	-	-	-	-	-
Treasury Bills	12-Aug-21	-	2,150,000	2,150,000	-	-	-	-	-	-
Treasury Bills	26-Aug-21	-	3,402,500	3,402,500	-	-	-	-	-	-
Treasury Bills	9-Sep-21	-	10,200,000	10,200,000	-	-	-	-	-	-
Treasury Bills*	2-Dec-21	-	800,000	400,000	400,000	382,810	382,748	(62)	8.87%	14.90%
Treasury Bills*	16-Dec-21	-	4,500,000	3,500,000	1,000,000	952,178	952,535	357	22.08%	37.08%
Treasury Bills - 12 months										
Treasury Bills*	16-Dec-21	-	500,000	250,000	250,000	225,682	225,741	59	5.23%	8.79%
Pakistan Investment Bonds										
Pakistan Investment Bonds										
- 02 years**	5-Nov-20	100,000	100,000	100,000	100,000	99,692	99,750	58	2.31%	3.88%
- 02 years**	26-Aug-21	-	950,000	475,000	475,000	472,137	471,818	(319)	10.94%	18.37%
Pakistan Investment Bonds										
- 03 years	12-Jul-18	11,000	-	11,000	-	-	-	-	-	-
- 03 years	18-Jun-20	200,000	200,000	400,000	-	-	-	-	-	-
- 03 years	20-Aug-20	-	550,000	550,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years	12-Jul-18	300,000	800,000	1,100,000	-	-	-	-	-	-
- 05 years	15-Oct-20	-	200,000	200,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 10 years**	22-Aug-19	35,000	70,000	70,000	35,000	35,139	35,136	(3)	0.81%	1.37%
Ijara										
GOP Ijara Sukuk										
- 05 years*** (note 5.1.1)	24-Jun-20	37,500	-	-	37,500	37,697	37,567	(130)	0.87%	1.46%
Total as at December 31, 2021						2,205,335	2,205,295	(40)		
Total as at June 30, 2021						1,677,330	1,677,862	532		

* These will mature latest by December 15, 2022 and carry effective yield with rates ranging from 11.00% to 11.40% per annum.

** These will mature latest by August 22, 2029 and carry effective yield with rates ranging from 7.17% to 9.13% per annum.

*** These will mature latest by June 24, 2025 and carry effective yield of 11.28% per annum.

5.1.1 The Ijara Sukuk having face value of Rs.37.5 million (June 30, 2021: Rs.37.5 million) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin and marked to market losses in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

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

Name of investee company	Number of shares				Balance as at December 31, 2021			Market Value as a percentage of		Percentage in relation to paid- up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at December 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- % -----										
Automobile Assembler										
Pak Suzuki Motors Company Limited	-	26,000	26,000	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	67,000	67,000	-	-	-	-	-	-	-
Automobile Parts & Accessories										
Loads Limited	-	20,000	20,000	-	-	-	-	-	-	-
Cable & electrical goods										
Pak Elektron Limited	-	1,853,500	1,853,500	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	3,688,000	3,688,000	-	-	-	-	-	-	-
Cement										
D.G. Khan Cement Company Limited*	-	684,000	684,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	115,500	115,500	-	-	-	-	-	-	-
Lucky Cement Limited	-	6,500	6,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	1,095,000	1,095,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	192,000	192,000	-	-	-	-	-	-	-
Power Cement Limited*	-	3,500	3,500	-	-	-	-	-	-	-
Chemicals										
Engro Polymer and Chemicals Limited	-	528,000	528,000	-	-	-	-	-	-	-
Ghani Global Holdings Limited	-	5,480,000	5,480,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	532,000	532,000	-	-	-	-	-	-	-
Nimir Resins Limited	-	9,000	9,000	-	-	-	-	-	-	-
Engineering										
Aisha Steel Mills Limited*	-	1,277,500	1,277,500	-	-	-	-	-	-	-
Amreli Steels Limited	-	107,000	107,000	-	-	-	-	-	-	-
International Industries Limited	-	323,500	323,500	-	-	-	-	-	-	-
International Steels Limited	-	287,500	287,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	218,000	218,000	-	-	-	-	-	-	-
Food & Personal Care Products										
Fauji Foods Limited	-	362,000	362,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	59,000	59,000	-	-	-	-	-	-	-
Treet Corporation Limited	-	1,313,000	1,313,000	-	-	-	-	-	-	-
Unity Foods Limited	-	9,156,000	9,156,000	-	-	-	-	-	-	-
Fertilizer										
Engro Corporation Limited	-	19,000	19,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	203,500	203,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	4,500	4,500	-	-	-	-	-	-	-
Glass & Ceramics										
Shabbir Tiles & Ceramics Limited	-	2,000	2,000	-	-	-	-	-	-	-
Tariq Glass Industries	-	120,500	120,500	-	-	-	-	-	-	-
Miscellaneous										
Pace (Pakistan) Limited	-	50,000	50,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	1,723,000	1,723,000	-	-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited	-	1,736,000	1,736,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	284,000	284,000	-	-	-	-	-	-	-
Balance carried forward										

* These transactions relate to shares of related parties

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Name of investee company	Number of shares				Balance as at December 31, 2021			Market Value as a percentage of		Percentage in relation to paid up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at December 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest-ments	
----- (Rupees in '000) ----- % -----										
Balance brought forward					-	-	-			
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	-	224,500	224,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	6,619,500	6,619,500	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	37,000	37,000	-	-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	-	91,000	91,000	-	-	-	-	-	-	-
Power Generation & Distribution										
The Hub Power Company Limited*	-	655,000	655,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited	-	630,500	630,500	-	-	-	-	-	-	-
K-Electric Limited	-	1,652,500	1,652,500	-	-	-	-	-	-	-
Refinery										
Attock Refinery Limited	170,500	1,309,000	1,479,500	-	-	-	-	-	-	-
Byco Petroleum Pakistan Limited	-	22,815,000	22,815,000	-	-	-	-	-	-	-
National Refinery Limited	-	397,000	397,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	823,500	823,500	-	-	-	-	-	-	-
Technology & Communications										
Avanceon Limited	-	2,402,000	2,402,000	-	-	-	-	-	-	-
Hum Network Limited	-	5,811,500	5,811,500	-	-	-	-	-	-	-
Netsol Technologies	-	1,423,500	1,423,500	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	75,000	75,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	3,121,500	3,121,500	-	-	-	-	-	-	-
Worldcall Telecom Limited	-	2,116,500	2,116,500	-	-	-	-	-	-	-
Textile Composite										
Gul Ahmed Textile Mills Limited	-	293,000	293,000	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	845,500	845,500	-	-	-	-	-	-	-
Nishat Mills Limited*	-	57,500	57,500	-	-	-	-	-	-	-
Transport										
Pakistan International Bulk Terminal Limited	-	17,937,000	17,937,000	-	-	-	-	-	-	-
Total as at December 31, 2021										
Total as at June 30, 2021					44,113	43,725	(388)			

* These transactions relate to shares of related parties

5.3 Listed debt securities - term finance certificates of Rs. 5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

Name of investee company	Number of certificates				Balance as at December 31, 2021			Market value as a percentage of	
	As at July 01, 2021	Purchased during the period	Disposed during the period	As at December 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total investments
----- (Rupees in '000) ----- % -----									
Financial Services									
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.4.1)	10,000	-	-	10,000	27,548				
Less: Provision for impairment					(27,548)				
As at December 31, 2021									
As at June 30, 2021									

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

5.4 Unlisted debt securities - term finance and sukuk certificates of Rs. 5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

Name of investee company	----- Number of certificates -----				Balance as at December 31, 2021			Market value as a percentage of	
	As at July 01, 2021	Purchased during the period	Disposed during the period	As at December 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments
						----- (Rupees in '000) -----			----- % -----
Commercial banks									
Askari Bank Limited VII - TFC (March 17, 2020)**	50	-	-	50	49,489	50,500	1,011	1.17%	1.97%
Samba bank limited (March 1, 2021)*	1,850	-	1,000	850	84,983	87,660	2,677	2.03%	3.41%
The Bank of Punjab Limited - TFC-II * (April 23, 2018)	850	-	850	-	-	-	-	0.00%	0.00%
The Bank of Punjab Limited TFC-I * (December 23, 2016)	1,200	-	-	1,200	120,958	124,730	3,772	2.89%	4.86%
					255,430	262,890	7,460	6.09%	10.24%
Chemicals									
Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk* (February 02, 2017)	500	-	-	500	16,334	17,250	916	0.40%	0.67%
					16,334	17,250	916	0.40%	0.67%
Investment Bank									
Jahangir Siddiqui and Company Limited - TFC (July 18, 2017)	10,000	-	-	10,000	22,191	22,724	533	0.53%	0.88%
Jahangir Siddiqui & Company Limited - TFC (March 06, 2018)	18,000	-	-	18,000	59,603	60,558	955	1.40%	2.36%
					81,794	83,282	1,488	1.93%	3.24%
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.4.1)	10,400	-	-	10,400	21,983				
Less: Provision for impairment					(21,983)				
					-				
New Allied Electronics Industries (Private) Limited Sukuk (July 27, 2007) (refer note 5.4.1)	112,000	-	-	112,000	35,063				
Less: Provision for impairment					(35,063)				
					-				
As at December 31, 2021					353,558	363,422	9,864		
As at June 30, 2021					540,579	555,267	14,688		

* Nominal value of these term finance certificates and sukuk certificate is Rs.100,000 per certificate.

** Nominal value of these term finance certificates is Rs.1,000,000 per certificate.

5.4.1 Due to continuous default on repayment of coupon by the issuer, the Fund had classified said investments as non-performing debt securities. The Fund had also suspended further accrual of mark-up there against.

5.4.2 Significant terms and conditions of term finance certificates and other securities outstanding at December 31, 2021 are as follows:

Name of security	Un-audited						
	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
Unlisted debt securities							
Askari Bank Limited VII - TFC	50	1,000,000	1,000,000	3M KIBOR + 1.2%	March 17, 2030	Unsecured	AA
Samba Bank Limited	850	100,000	99,980	6M KIBOR+1.35%	March 1, 2031	Secured	AA-
The Bank of Punjab Limited - TFC I	1,200	100,000	99,800	6M KIBOR+1%	December 23, 2026	Unsecured	AA
Ghani Gases Limited - Sukuk	500	100,000	37,500	3M KIBOR+1%	February 2, 2023	Unsecured	A-
Jahangir Siddiqui & Company Limited - TFC	10,000	5,000	2,250	6M KIBOR+1.4%	July 18, 2022	Secured	AA+
Jahangir Siddiqui & Company Limited - TFC	18,000	5,000	3,333	6M KIBOR+1.4%	March 6, 2023	Secured	AA+

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

5.4.3 Details of non-compliant investments with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2021, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

Name of non-compliant investment	-----Un-audited-----					
	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of total investments
----- (Rupees in '000) ----- % -----						
Listed debt securities						
Saudi Pak Leasing Company Limited	TFC	27,548	(27,548)	-	-	-
Unlisted debt securities						
New Allied Electronics Industries (Private) Limited	TFC	21,983	(21,983)	-	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	35,063	(35,063)	-	-	-

5.5 This represents unrealised loss amounting to Nil (June 30, 2021: Rs.1.503 million) on mark to market of future stock contracts.

5.6 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		------(Rupees in '000)-----	
Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	2,568,717	2,278,357
Less: Carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	2,558,893	2,262,022
		<u>9,824</u>	<u>16,335</u>

6 ADVANCES, DEPOSITS AND PREPAYMENTS

6.1 This includes an amount of Rs.145 million and Rs.175 million paid as advance against subscription of IPO of Meezan Bank Limited and Bank Al Habib Limited.

7 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		------(Rupees in '000)-----	
Management remuneration payable	7.1	5,431	4,960
Sindh sales tax payable on remuneration of the Management Company	7.2	706	647
Allocated expenses payable	7.3	362	330
Selling and marketing expenses payable	7.4	4,157	3,918
Sales load payable (including indirect taxes)		1,237	209
		<u>11,893</u>	<u>10,064</u>

7.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (June 30, 2021: 1.5%) per annum of the average daily net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.

7.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2021: 13%).

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

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

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

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

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (December 31, 2020: 0.075%) of average daily net assets of the Fund during the period.

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

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

In accordance with the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (December 31, 2020: 0.02%) of average daily net assets of the Fund during the period.

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
10 ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	-	42,902
Provision for Federal Excise Duty payable on remuneration to the Management Company	10.2	99,060	99,060
Provision for Federal Excise Duty payable on sales load	10.2	27,933	27,933
Auditors' remuneration payable		383	549
Withholding tax payable		381	2,014
Brokerage payable		380	1,037
Dividend payable		3	3
Other payable		59,177	13,381
		<u>187,317</u>	<u>186,879</u>

- 10.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 the Mutual Funds Association of Pakistan (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 the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF. The Fund has also reversed provision for SWWF amounting to Rs. 42.902 million in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

- 10.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were 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, 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 (SCP) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 126.993 million (June 30, 2021: Rs 126.993 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the SCP. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2021 would have been higher by Re 2.56 per unit (June 30, 2021: Re 2.91 per unit).

11 CONTINGENCIES AND COMMITMENTS

- 11.1** During the previous year, DCF Income Fund (DCFIF) has received a notice of tax demand for the tax year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR has raised objection on claiming of "income already paid on units redeemed" as part of distribution and has thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR is of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not "Cash Dividend". The ACIR has raised a tax demand of Rs. 73.376 million on the Fund in respect of the tax year 2018. Management Company then filed Appeal and stay application in front of Commissioner Appeals (CIRA), Stay Order was duly granted by CIRA. During the period, the Assessment Order as issued by ACIR has been remanded back by CIRA. Remand Back Order u/s 129(1) of ITO, 2001 was issued on November 25, 2021, after which no order has yet been issued from FBR.

The Management Company contends that the practice being followed by it is as per the applicable regulations and in line with the industry practice. Based on the advice of the tax advisor and merits of the case, the Management Company believes that the assessment/case will be decided in the favour of the Fund and accordingly, no provision has been recognised in these condensed interim financial statements.

- 11.2** During the current period, DCF Income Fund (DCFIF) has received a notice of tax demand for the Tax Year 2017 from the Additional Commissioner (Inland) Revenue (ACIR), whereby ACIR has raised objections on claiming of "provision against debt securities" amounting to Rs. 7.943 million and adjustment of the "Element of loss and capital losses" amounting to Rs. 151.140 million while arriving at the declared accounting income of the Fund and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR has raised a tax demand of Rs 138.821 million. Currently, based on the request of the Management Company, the Commissioner Appeals has granted stay of demand.

The Management Company contends that the practice being followed by it is as per the applicable regulations and in line with the industry practice. Based on the advice of the tax advisor and merits of the case, the Management Company believes that the assessment will be decided in the favour of the Fund and accordingly, no provision has been recognised in these condensed interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	December 31, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
11.3 Commitments		
Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end	-	45,728

12 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these condensed interim financial statements.

	December 31, 2021 ----- (Un-audited) ----- ----- (Rupees in '000) -----	December 31, 2020
13 CASH AND CASH EQUIVALENTS		
Balances with banks	3,725,863	1,935,319
Treasury bills maturing within 3 months	-	2,734,531
	<u>3,725,863</u>	<u>4,669,850</u>

14 EARNINGS PER UNIT

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

15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 2.78% (December 31, 2020: 3.15%) which includes 0.24% (December 31, 2020: 0.35%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2020: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "income scheme". Provided that in addition to the prescribed limit, income schemes which invest in Margin Trading System (MTS) and / or ready future spread transaction, may charge additional MTS and / or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme.

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

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

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

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

	(Un-Audited)	
	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
16.1 Details of transactions with connected persons are as follows:		
MCB-Arif Habib Savings and Investments Limited		
Remuneration (including indirect taxes)	35,602	35,375
Allocated expenses	2,100	2,087
Selling and marketing expenses	8,917	8,139
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	1,780	1,769
Settlement charges	587	646
Group / associated companies		
MCB Bank Limited		
Mark-up on deposit accounts	19	47
Purchase of securities having face value 454,000 (2020: Nil)	439,007	-
Sale of securities having face value of Nil (2020: Rs. 1,065,000,000)	-	1,034,327
Bank charges	17	21
Arif Habib Limited - Brokerage House		
Brokerage expense *	22	-
Nishaat (Chunian) Limited		
Purchase of 845,500 (2020: 488,500) shares	43,826	19,991
Sale of 845,500 (2020: 488,500) shares	44,162	20,219
D.G. Khan Cement Company Limited		
Purchase of 684,000 (2020: 3,417,500) shares	75,264	376,091
Sale of 684,000 (2020: 3,794,500) shares	75,851	405,369
Nishat Mills Limited		
Purchase of 57,500 (2020: 1,535,500) shares	5,499	152,419
Sale of 57,500 (2020: 1,570,500) shares	5,548	155,719
Dividend income	-	2,792
Power Cement		
Purchase of 3500 (2020: Nil) shares	29	-
Sale of 3500 (2020: Nil) shares	29	-
Aisha Steel		
Purchase of 1,277,500 (2020: Nil) shares	30,816	-
Sale of 1,277,500 (2020: Nil) shares	31,055	-

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

	(Un-Audited)	(Audited)
	December 31, 2021	June 30, 2021
	----- (Rupees in '000) -----	
16.2 Amounts outstanding at period end:		
MCB-Arif Habib Savings and Investments Limited		
Management remuneration payable	5,431	4,960
Sindh sales tax payable on remuneration of the management company	706	647
Sales load payable (including indirect taxes)	1,237	208
Allocated expenses Payable	362	330
Selling and marketing expenses payable	4,157	3,918

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	-----	-----
	(Rupees in '000)	-----

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable (including indirect taxes)	307	281
Security deposit	200	200

Group / associated companies

MCB Bank Limited

Balances with bank	1,633	602
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MCB Islamic Bank Limited

Balances with bank	11	10
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Arif Habib - Brokerage House

Brokerage and settlement charges payable*	22	3
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* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

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

	For the half year ended December 31, 2021 (Un-Audited)							
	As at July 01, 2021	Issuance (including additional units)	Redeemed	As at December 31, 2021	As at July 01, 2021	Issuance	Redeemed	As at December 31, 2021
	Units				(Rupees in '000)			
Group / associated companies								
MCB Employees' Provident Fund	1,677,094	-	-	1,677,094	179,536	-	-	187,154
MCB Employees' Pension Fund	1,677,094	-	-	1,677,094	179,536	-	-	187,154
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	5,045	-	-	5,045	540			563
Mandate under discretionary portfolio services*	2	824	793	33.00	-	90	87	4
Key management personnel*	-	-	-	-	-	-	-	-

* This reflects position of related party / connected persons status as at December 31, 2021

	For the half year ended December 31, 2020 (Un-Audited)							
	As at July 01, 2020	Issuance (including additional units)	Redeemed	As at December 31, 2020	As at July 01, 2020	Issuance	Redeemed	As at December 31, 2020
	Units				(Rupees in '000)			
Group / associated companies								
MCB-Arif Habib Savings and Investments limited	-	9,344	9,344	-	-	1,015	1,015	-
MCB Employees' Provident Fund	1,573,656	-	-	1,573,656	168,326	-	-	173,934
MCB Employees' Pension Fund	1,573,656	-	-	1,573,656	168,326	-	-	173,934
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	4,733	-	-	4,733	506			523
Mandate under discretionary portfolio services*	10,284	110,241,802	110,252,086	-	1,100	11,954,526	11,961,585	-
Key management personnel*	-	-	-	-	-	-	-	-

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

17 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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.

17.1 Fair value hierarchy

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

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

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

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

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

	-----Unaudited-----			
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Financial assets measured at fair value through profit or loss				
Government securities	-	2,205,295	-	2,205,295
Unlisted debt securities	-	363,422	-	363,422
	-	2,568,717	-	2,568,717

-----Audited-----				
-----June 30, 2021-----				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000') -----				
Financial assets measured at fair value through profit or loss				
Government securities	-	1,677,862	-	1,677,862
Listed equity securities	43,725	-	-	43,725
Unlisted debt securities	-	555,267	-	555,267
Future stock contracts	1,503	-	-	1,503
	45,228	2,233,129	-	2,278,357

18 GENERAL

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

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 08, 2022 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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