

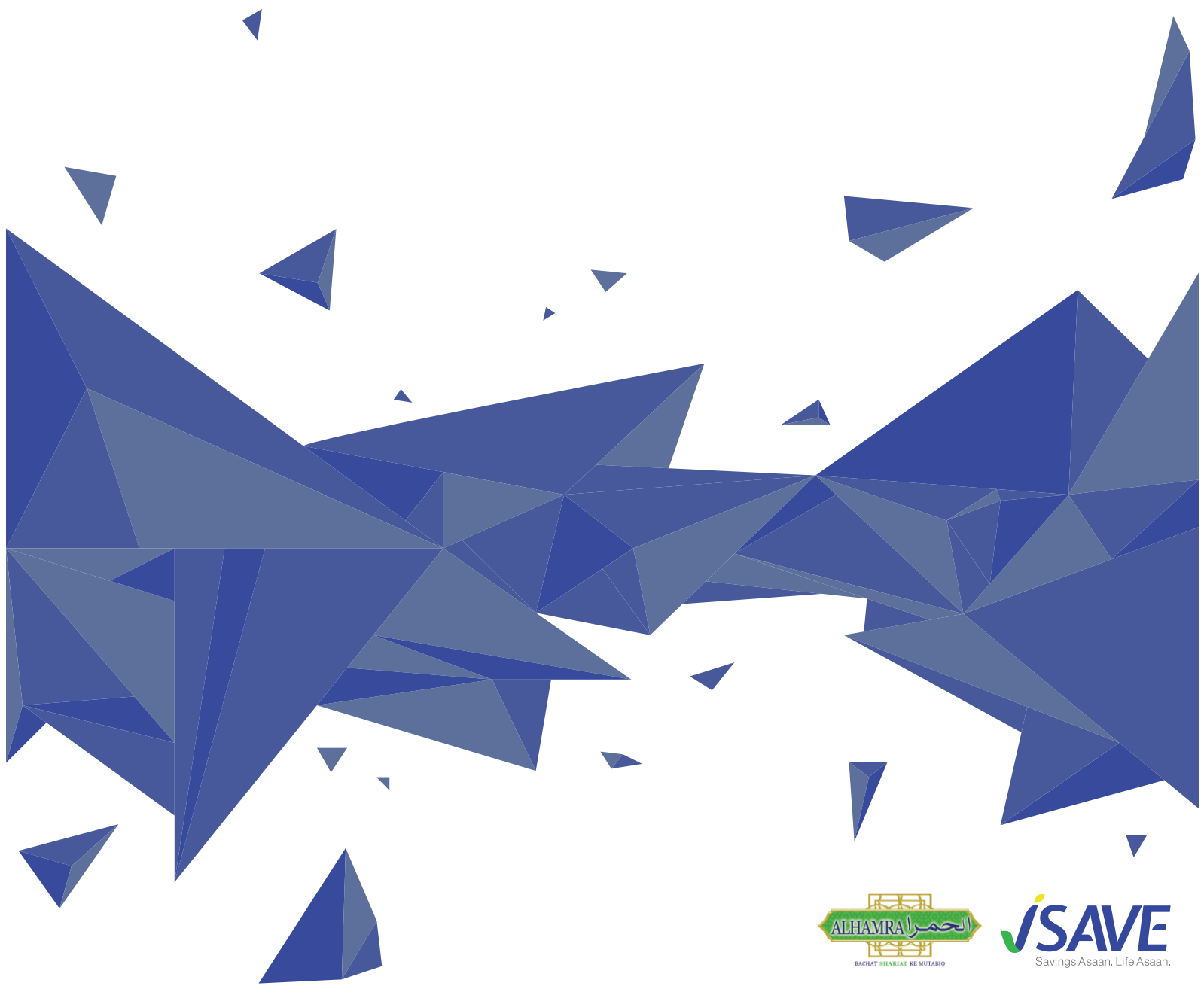


**MCB-ARIF HABIB**  
Savings and Investments Limited

# HALF YEARLY REPORT

DECEMBER  
**2021**  
(UNAUDITED)

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



# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>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>	Bank Alfalah Limited Habib Metropolitan Bank Limited MCB Bank Limited United Bank limited Zarai Taraqati Bank Limited JS Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance Bank Limited U Microfinance Bank Limited Khushali Microfinance Bank Limited Tameer Microfinance Bank Limited Finca Microfinance Bank Limited First Microfinance Bank Limited National Bank of Pakistan Allied Bank Limited Faysal Bank Limited Bank Al Habib Limited Habib Bank Limited Silk Bank Limited Soneri Bank Limited	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<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 HALF YEAR ENDED DECEMBER 31, 2021

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Asset Allocation 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.

## **Equity Market Review**

The KSE-100 Index posted a negative return of 5.8% (2,760 points drop) in 1HFY22 compared to a positive return of 27.1% in same period last year. Challenging macros (rising in interest rate, depreciating PKR and widening twin deficit), increasing commodity prices, and MSCI's decision to downgrade Pakistan from Emerging Market to Frontier Market all weighted heavily on the index.

Cements, Refinery, Oil & Gas Marketing companies remained the major index dampeners, contributing 1,096 points, 370 points and 339 points to the index fall, respectively. In the cement sector, unpreceded surge in international coal prices (USD 250/ton compared to an average of USD 64.5/ton last year) created a weak near-term earnings outlook for the sector leading to selling pressure. Moreover, decline in

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

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refineries and OMCs were largely on the account of delay in approval of refinery policy and continuous accumulation of circular debt, respectively.

Foreign institutional investors continued their selling spree, adding another USD 250 million during the half year, majority of which was countered by Individuals and Insurance companies. During the half year, average trading volumes saw a decline to 340 million shares compared to about 447million shares during the preceding half. Similarly, average trading value during the half saw a drop of 39% over last half to near USD 42 million.

### FUND PERFORMANCE

The fund posted a return of -1.75% during the period under review against the benchmark return of -4.91%. The fund has gradually increased exposure in equities which reached to 86.1% by the end of December, 2021 and at the same time it decreased the exposure in cash to 13.0% at the end of December, 2021.

On the equity side, the fund was mainly invested in Commercial Banks and Cement.

The Net Assets of the Fund as at December 31, 2021 stood at Rs. 1,179 million as compared to Rs. 912 million as at June 30, 2021 registering an increase of 29.28%. The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs. 84.5403 as compared to opening NAV of Rs. 86.6497 per unit as at June 30, 2021 registering a decrease of -2.1094 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

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

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.

### 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.

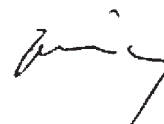
### ACKNOWLEDGMENT

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

## ڈائریکٹر رپورٹ

### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net 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 براں، مجموعی فیکسڈ 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 ششاہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الانظامیہ 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۔

### 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 ایکویٹی 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، ڈائریکٹر انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹر



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

08 فروری 2022ء



نسیم بیگ

ڈائریکٹر/وائس چیئرمین

08 فروری 2022ء

## ڈائریکٹر ز رپورٹ

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 زر مبادلہ 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۔

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 9.1 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۔



گردشی قرض کا مسلسل جمع ہونا ہے۔

غیر ملکی ادارہ جاتی سرمایہ کاروں نے فروخت کا سلسلہ جاری رکھا اور نصف سال کے دوران مزید 250 ملین ڈالر کا اضافہ کیا، جس کے اکثر حصے کا مقابلہ افراد اور بیمہ کمپنیوں نے کیا۔ زیر جائزہ نصف سال کے دوران اوسط تجارتی حجم کم ہو کر 340 ملین حصص ہو گئے جبکہ اس کے بالمقابل گزشتہ نصف سال کے دوران تقریباً 447 ملین حصص تھے۔ اسی طرح، اوسط تجارتی قدر زیر جائزہ نصف سال کے دوران گزشتہ نصف سال کے مقابلے میں 39 فیصد کم ہو کر تقریباً 42 ملین ڈالر ہو گئی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے -4.91 فیصد کے مقررہ منافع کے مقابلے میں -1.75 فیصد کا منافع حاصل کیا۔ فنڈ نے بتدریج ایکویٹیز میں سرمایہ کاری میں اضافہ کیا ہے جو دسمبر 2021 کے آخر تک 86.1 فیصد تک پہنچ گیا اور اس کے ساتھ ہی دسمبر 2021 کے آخر میں نقد رقم کی سرمایہ کاری کم کر کے 13.0 فیصد کر دیا گیا۔ ایکویٹی سائیڈ پر یہ فنڈ بنیادی طور پر کمرشل بینکوں اور سیمنٹ میں لگا یا گیا تھا۔ 31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 1,179 ملین روپے رہے جبکہ 30 جون 2021ء کو 912 ملین روپے تھے، یعنی 29.28 فیصد کا اضافہ درج کیا گیا۔

31 دسمبر 2021ء کو خالص اثاثہ قدر (این اے وی) فی یونٹ 84.5403 روپے رہی جبکہ 30 جون 2021ء کو این اے وی 86.6497 روپے فی یونٹ تھی، یعنی -2.1094 فی یونٹ کی کمی درج کی گئی۔

### 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 آ رہی 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، کونلہ،

## ڈائریکٹر رپورٹ

اسباب اشیائے خوردونوش کی بلندتر 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 خوردونوش 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۔

### ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (کے ایس ای) 100 انڈیکس نے مالی سال 2022ء کے نصف اول میں 5.8 فیصد منفی منافع (2,760 پوائنٹس کمی) پوسٹ کیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 27.1 فیصد مثبت منافع ہوا تھا۔ وسیع عناصر میں مشکلات (شرح سود میں اضافہ، روپے کی قدر میں کمی اور پھیلتے ہوئے جڑواں خسارے)، بڑھتی ہوئی اشیاء کی قیمتیں، اور MSCI کا پاکستان کی درجہ بندی کو امر جنگ مارکیٹ سے کم کر کے فرنٹیئر مارکیٹ کرنے کا فیصلہ، ان تمام عوامل نے انڈیکس پر دباؤ ڈالا۔

سیمنٹ، ریفرنسری، اور تیل اور گیس کی مارکیٹنگ کی کمپنیاں وہ اہم شعبہ جات تھے جنہوں نے انڈیکس کو بالترتیب 1,096 پوائنٹس، 370 پوائنٹس اور 339 پوائنٹس متاثر کیا۔ کونسل کی بین الاقوامی قیمتوں میں بے نظیر اضافے (250 ڈالر فی ٹن سے بڑھ کر گزشتہ سال اوسطاً 64.5 ڈالر فی ٹن) نے سیمنٹ کے شعبے کی قریب المیعاد آمدنیوں کی صورتحال کو کمزور کیا جس کے نتیجے میں فروخت کا دباؤ پیدا ہوا۔ علاوہ ازیں، ریفرنسریوں اور آئل مارکیٹنگ کمپنیوں میں انحطاط کی بڑی وجہ بالترتیب ریفرنسری کی پالیسیوں کی منظوری میں تاخیر اور

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان ایسٹ ایلوکیشن 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 کمی) 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 کنزیومر 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

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

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S.M.C.H.S., Main Shahra-e-Faisal  
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## TRUSTEE REPORT TO THE UNIT HOLDERS

### MCB PAKISTAN ASSET ALLOCATION 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 Pakistan Asset Allocation 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:

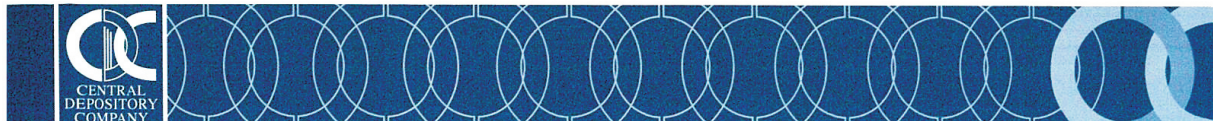
- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance 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 22, 2022



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



Yousuf Adil  
Chartered Accountants

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## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS OF MCB PAKISTAN ASSET ALLOCATION FUND

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Asset Allocation 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, condensed interim statement of cash flow and notes to the condensed interim financial information (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2021. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with 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 information 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 information is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matters

The figures of the condensed interim financial information for the quarters ended December 31, 2021 and 2020, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi

Dated: February 21, 2022

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

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

	Note	(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
<b>ASSETS</b>			
Bank balances	5	158,867	172,930
Investments	6	1,050,085	764,495
Dividend and profit receivable		1,437	1,544
Receivable against sale of investments		4,342	32,702
Receivable from National Clearing Company of Pakistan Limited		1,134	1,134
Advances, deposits, prepayments and other receivables		4,142	4,111
<b>Total assets</b>		<b>1,220,007</b>	<b>976,916</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	3,793	2,263
Payable to Central Depository Company of Pakistan Limited - Trustee		208	184
Payable to Securities and Exchange Commission of Pakistan		110	249
Payable against redemption of units		31	31
Payable against purchase of investments		-	9,425
Accrued expenses and other liabilities	8	36,578	52,701
<b>Total liabilities</b>		<b>40,720</b>	<b>64,853</b>
<b>NET ASSETS</b>		<b>1,179,287</b>	<b>912,063</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,179,287</b>	<b>912,063</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
<b>NUMBER OF UNITS IN ISSUE</b>			
		13,949,405	10,525,869
<b>NET ASSET VALUE PER UNIT</b>			
		84.5403	86.6497

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For MCB-Arif Habib Savings and Investments Limited  
(the 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

		Half year ended		Quarter ended	
		December 31,		December 31,	
Note		2021	2020	2021	2020
----- (Rupees in '000) -----					
<b>INCOME</b>					
		3,138	5,447	1,937	2,236
	Income from government securities				
	Capital (loss)/gain on sale of investments - net	(16,007)	122,217	(3,474)	58,468
	Income from term finance certificates	-	575	-	(82)
	Dividend income	24,747	16,904	13,034	14,048
	Profit on bank deposits	4,088	3,281	2,364	1,266
	Unrealised Appreciation/(Diminution) in fair value of investments classified as fair value through Profit and Loss -Net	(24,302)	143,701	18,298	51,492
6.1.7	Other income	27	254	16	41
	<b>Total (Loss)/Income</b>	<b>(8,309)</b>	<b>292,379</b>	<b>32,175</b>	<b>127,469</b>
<b>EXPENSES</b>					
	Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	18,102	14,233	9,925	7,225
7.1					
	Sindh Sales Tax on remuneration of Management Company	2,353	1,850	1,289	939
	Allocated expenses	548	712	300	362
7.3					
	Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,042	1,216	553	614
	Sindh Sales Tax on remuneration of Trustee	136	158	72	80
	Annual fee to Securities and Exchange Commission of Pakistan	110	142	60	72
	Selling and marketing expenses	-	9,251	-	4,696
7.4					
	Brokerage and settlement charges	2,654	5,719	1,544	1,977
	Legal and professional charges	471	68	171	34
	Auditors' remuneration	423	362	212	210
	Reversal of Provision against Sindh Workers' Welfare Fund	(15,700)	5,163	-	2,218
8.1					
	Other expenses	421	499	167	356
	<b>Total expenses</b>	<b>10,560</b>	<b>39,373</b>	<b>14,293</b>	<b>18,783</b>
	<b>Net income from operating expenses</b>	<b>(18,869)</b>	<b>253,006</b>	<b>17,882</b>	<b>108,685</b>
	<b>Net Income for the period before taxation</b>	<b>(18,869)</b>	<b>253,006</b>	<b>17,882</b>	<b>108,685</b>
	Taxation	-	-	-	-
10					
	<b>Net income for the period after taxation</b>	<b>(18,869)</b>	<b>253,006</b>	<b>17,882</b>	<b>108,685</b>
	<b>Allocation of net income for the period</b>				
	Net income for the period after taxation		253,006		108,685
	Income already paid on units redeemed		(14,623)		8,158
			238,383		116,843
	<b>Accounting income available for distribution</b>				
	Relating to capital gains		283,383		58,468
	Excluding capital gains		-		42,059
			283,383		100,527

Earnings per unit

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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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**

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>(18,869)</b>	253,006	<b>17,882</b>	108,685
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(18,869)</b>	253,006	<b>17,882</b>	108,685

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


For MCB-Arif Habib Savings and Investments Limited  
(the 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

	For Half Year ended December 31,					
	2021			2020		
	(Rupees in '000)					
	Capital Value	Accumulated Losses	Total	Capital Value	Accumulated Losses	Total
Net assets at beginning of the period	1,967,011	(1,054,948)	912,063	2,506,806	(1,207,326)	1,299,480
Issue of 5,682,969 units (2020: 1,123,859 units)						
- Capital value (at net asset value per unit at the beginning of the period)	492,427	-	492,427	77,186	-	77,186
- Element of income	(7,769)	-	(7,769)	8,867	-	8,867
	484,658	-	484,658	86,053	-	86,053
Redemption of 2,259,433 units (2020: 2,242,643 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(195,779)	-	(195,779)	(154,024)	-	(154,024)
- Element of income	3,529	-	3,529	(1,269)	(14,623)	(15,892)
	(192,250)	-	(192,250)	(155,293)	(14,623)	(169,916)
Total comprehensive income for the period	-	(18,869)	(18,869)	-	253,006	253,006
Final Distribution for the year ended June 30, 2021 at the rate of Re. 0.6 per unit.	-	(6,315)	(6,315)	-	-	-
<b>Net assets at end of the period</b>	<b>2,259,419</b>	<b>(1,080,132)</b>	<b>1,179,287</b>	<b>2,437,566</b>	<b>(968,943)</b>	<b>1,468,623</b>
<b>Undistributed loss brought forward</b>						
- Realised		(1,095,583)			(1,136,554)	
- Unrealised		40,635			(70,772)	
		(1,054,948)			(1,207,326)	
Accounting income available for distribution						
- Relating to capital gains		-			238,383	
- Excluding capital gains		-			-	
		-			238,383	
Net income for the period after Taxation		(18,869)				
Final distribution during the year ended June 30, 2021 at the rate of Rs 0.6 per unit (Declared on July 01, 2021)		(6,315)				
<b>Undistributed loss carried forward</b>		(1,080,132)			(968,943)	
<b>Undistributed loss carried forward</b>						
- Realised		(1,055,830)			1,112,644	
- Unrealised		(24,302)			143,701	
		(1,080,132)			(968,943)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		86.6497			68.6797	
Net assets value per unit at end of the period		84.5403			82.4973	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director



# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR DECEMBER 31, 2021

	Half year ended December 31,	
	2021	2020
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the period before taxation	(18,869)	253,006
<b>Adjustments for non cash and other items:</b>		
Unrealised diminution/(appreciation) in fair value of investments classified as 'at fair value through profit or loss' - net	24,302	(143,701)
Reversal of Provision against Sindh Workers' Welfare Fund	(15,700)	5,163
Dividend Income	(24,747)	(16,904)
	(35,014)	97,564
<b>(Increase) / decrease in assets</b>		
Investments	(309,892)	101,886
Dividend and profit receivable	(405)	9,414
Receivable against sale of investments	28,360	12,868
Receivable from National Clearing Company of Pakistan Limited	-	2,603
Advances, deposits, prepayments and other receivables	(31)	(1,013)
	(281,968)	125,758
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,530	1,230
Payable to Central Depository Company of Pakistan Limited - Trustee	24	27
Payable to Securities and Exchange Commission of Pakistan	(139)	(158)
Payable on redemption of units	-	-
Payable against purchase of investments	(9,425)	(165,692)
Accrued expenses and other liabilities	(423)	471
	(8,433)	(164,122)
Dividend received	25,259	16,244
<b>Net cash (Used in)/generated from operating activities</b>	(300,156)	75,444
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	484,658	86,053
Payments against redemption of units	(192,250)	(169,916)
Dividend paid during the period	(6,315)	-
<b>Net cash used in financing activities</b>	286,093	(83,863)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(14,063)	(8,419)
Cash and cash equivalents at beginning of the period	172,930	198,319
<b>Cash and cash equivalents at end of the period</b>	158,867	189,900

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management Company was changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Trust Act, 1882 has been 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.

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.

The Fund is an open-end collective investment scheme categorized as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Management quality rating of “AM1” on October 06, 2021 to the Management Company.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2. BASIS OF PREPARATION

### Statement of compliance

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, 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 this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does 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.



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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2021.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited financial statements as at and for the year ended June 30, 2021.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

## 4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2021.

	Note	(Un-audited) December 31, 2021 --- (Rupees in '000) ---	(Audited) June 30, 2021
<b>5. BANK BALANCES</b>			
Savings accounts	5.1	150,928	164,510
Current accounts	5.2	7,939	8,420
		<b>158,867</b>	<b>172,930</b>

**5.1** These carry profit at the rates ranging between 5.50% to 11% (June 30, 2021: 5.50% to 9.75%) per annum. It includes balance of Rs. 5.928 Milion (June 2021- Rs. 0.012 Million) placed with MCB Bank Limited, a related party.

**5.2** This represents the balance placed with MCB Bank Limited, a related party.

	Note	(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
<b>6. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>	6.1		
Listed equity securities - Ordinary Shares	6.1.1	1,027,785	742,095
Listed equity securities - Preference Shares	6.1.1.3	22,300	22,400
		<b>1,050,085</b>	<b>764,495</b>

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

**6.1 Financial assets 'at fair value through profit or loss'**

**6.1.1 Listed equity securities - Ordinary Shares**

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	As at July <sup>1</sup> , 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	As at December 31, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
										(Rupees in '000)	(% )
<b>Automobile Assembler</b>											
Pak Suzuki Motors Company Limited	-	113,000	-	-	113,000	32,386	26,358	(6,028)	2.24%	2.51%	0.15%
Indus Motor Company Limited	44,140	-	-	44,140	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	57,500	-	28,000	29,500	6,894	6,985	91	0.59%	0.67%	0.02%
						39,280	33,343	(5,937)			
<b>Automobile Parts and Accessories</b>											
Agriauto Industries Limited	70,000	-	-	-	70,000	19,207	15,640	(3,567)	1.33%	1.49%	0.26%
Panther Tyres Limited	213,630	30,000	4,526	243,500	4,656	273	194	(78)	0.02%	0.02%	0.00%
Thal Limited	60,400	10,000	-	16,000	54,400	22,885	20,818	(2,067)	1.77%	1.98%	0.07%
						42,365	36,653	(5,712)			
<b>Cement</b>											
Cherat Cement Company Limited	-	236,300	-	-	236,300	34,204	35,046	842	3%	3%	0.13%
D.G. Khan Cement Company Limited*	75,670	125,000	-	75,670	125,000	9,403	10,368	964	1%	1%	0.03%
Pioneer Cement Limited	-	35,000	-	35,000	-	-	-	-	-	-	-
Power Cement Limited	186,000	-	-	186,000	-	-	-	-	-	-	-
Lucky Cement Limited	69,506	82,200	-	17,500	134,206	108,216	91,163	(17,052)	8%	9%	0.04%
Kohat Cement Company Limited	-	94,000	-	38,500	55,500	11,398	10,467	(931)	1%	1%	0.03%
Maple Leaf Cement Factory Limited	697,500	868,137	-	22,901	1,542,736	64,624	55,461	(9,163)	5%	5%	0.14%
						227,845	202,505	(25,339)			
<b>Commercial Banks</b>											
MCB Bank Limited*	-	120,446	-	34,203	86,243	13,105	13,225	121	1%	1%	0.01%
Meezan Bank Limited	186,000	75,000	32,400	33,400	260,000	27,780	34,869	7,088	3%	3%	0.02%
Bank Alfalah Limited	900,000	140,000	-	-	1,040,000	33,610	35,984	2,374	3%	3%	0.06%
Bank Al Habib Limited	543,709	85,000	-	628,709	-	-	-	-	-	-	-
Faysal Bank Limited	-	1,850,000	-	-	1,850,000	44,644	42,550	(2,094)	4%	4%	0.12%
Habib Bank Limited	276,731	455,832	-	101,000	631,563	77,018	73,653	(3,365)	6%	7%	0.04%
Habib Metropolitan Bank Limited	-	765,000	-	-	765,000	32,445	32,765	320	3%	3%	0.07%
United Bank Limited	327,690	322,310	-	296,000	354,000	44,212	48,349	4,137	4%	5%	0.03%
						272,814	281,395	8,581			
<b>Engineering</b>											
Aisha Steel Limited*	-	1,050,000	-	-	1,050,000	14,977	15,813	836	1.34%	1.51%	0.14%
Amreli Steels Limited	-	359,500	-	-	359,500	15,614	16,091	477	1.36%	1.53%	0.12%
Mughal Iron and Steel Industries Limited	-	192,500	-	-	192,500	19,112	20,041	929	1.70%	1.91%	0.06%
						49,703	51,945	2,242			

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

Name of investee company	As at July 1, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	As at December 31, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value appreciation / (diminution)	(Rupees in '000)			
Food & Personal Care Products											
Murree Brewery Company	21,450	-	-	-	21,450	12,480	10,664	(1,816)	0.9%	1.0%	0.09%
Shezan International Limited	5,115	-	511	-	5,626	1,695	1,247	(448)	0.11%	0.12%	0.06%
						14,175	11,911	(2,264)			
Insurance											
Adamjee Insurance Company Limited*	14,000	-	-	14,000	-	-	-	-	-	-	-
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	100,000	67,000	-	100,000	67,000	5,801	5,775	(25)	0.49%	0.55%	0.00%
Pakistan Petroleum Limited	-	285,000	-	-	285,000	23,142	22,526	(616)	1.91%	2.15%	0.01%
Mari Petroleum Company Limited	30,520	19,480	-	6,800	43,200	67,987	71,463	3,476	6.06%	6.81%	0.03%
						96,930	99,765	2,835			
Oil and Gas Marketing Companies											
Attock Petroleum Limited	90,000	58,000	-	13,600	134,400	42,566	42,202	(364)	4%	4%	0.13%
Pakistan State Oil Company Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
						42,566	42,202	(364)			
Paper And Board											
Packages Limited	115,300	23,750	-	50,000	89,050	47,861	44,282	(3,579)	3.75%	4.22%	0.10%
Cherat Packaging Limited	-	7,700	-	7,700	-	-	-	-	-	-	-
						47,861	44,282	(3,579)			
Pharmaceuticals											
Abbot Laboratories (Pakistan) Limited	41,600	-	-	41,600	-	-	-	-	-	-	-
Glaxosmithkline Consumer Healthcare Pakistan Limited -	90,000	90,000	-	-	90,000	23,348	21,695	(1,652)	1.84%	2.07%	0.07%
Highnoon Laboratories Limited	65,900	10,000	-	22,900	53,000	31,725	33,276	1,551	2.82%	3.17%	0.14%
AGP Limited	-	19,000	-	19,000	-	-	-	-	-	-	-
The Searle Company Limited	350	102,580	105	-	103,035	15,366	14,808	(558)	1.26%	1.410%	0.03%
						70,439	69,780	(659)			
Power Generation and Distribution											
Hub Power Company Limited	2,256	-	-	-	2,256	180	161	(19)	0.01%	0.02%	0.00%
Lalpur Power Limited*	705,000	-	-	705,000	-	-	-	-	-	-	-
						180	161	(19)			
Real Estate Investment Trust											
Dolmen City REIT	1,092,500	-	-	1,092,500	-	-	-	-	-	-	-
Refinery											
Pakistan Refinery Limited	358,000	-	-	358,000	-	-	-	-	-	-	-
						-	-	-			
Technology and Communication											
Air Link Communication Ltd	-	160,000	-	-	160,000	10,234	9,290	(945)	0.79%	0.88%	0.04%
Octopus Digital Limited	-	208,773	-	30,500	178,273	11,701	13,863	2,162	1.18%	1.32%	0.10%
Systems Limited	-	15,000	-	-	15,000	12,061	11,398	(663)	0.97%	1.09%	0.01%
						33,996	34,550	554			

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

Name of investee company	As at July 1, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	As at December 31, 2021			Market value as percentage of net assets	Market value as percentage of total Investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Rupees in '000)											
<b>Textile Composite</b>											
Nishat (Chunian) Limited	-	420,000	-	-	420,000	18,704	19,131	427	1.62%	1.82%	0.07%
Gul Ahmed Textile Mills Limited	-	37,000	-	-	37,000	1,683	1,741	59	0.15%	0.17%	0.01%
Interloop Limited	330,000	173,000	13,950	143,000	373,950	25,797	27,182	1,386	2.30%	2.59%	0.04%
						46,183	48,055	1,871			
<b>Leather &amp; Tanneries</b>											
Bata Pakistan Limited	11,200	1,020	-	-	12,220	21,087	26,531	5,445	2.25%	2.53%	0.18%
Service Industries Limited	1	17,250	-	17,250	1	0	0	0	0.00%	0.00%	0.00%
						21,087	26,532	5,445			
<b>Chemicals</b>											
Archroma Pakistan Limited	49,050	2,000	-	41,950	9,100	5,216	4,734	(482)	0.40%	0.45%	0.03%
						5,216	4,734	(482)			
<b>Miscellaneous</b>											
Shifa International Hospital Limited	101,000	108,000	2,020	-	211,020	41,348	39,974	(1,374)	3.39%	3.81%	0.35%
Tri-Pak Films	-	2,500	-	2,500	-	-	-	-	-	-	-
						41,348	39,974	(1,374)			
						1,051,987	1,027,785	(24,201)			
<b>Total as at December 31, 2021</b>						703,680	742,095	38,235			
Total as at June 30, 2021											

\* These denote related parties / connected persons.  
 \*\* This has a face value of Rs 3.5 per share.  
 \*\*\* This has a face value of Rs 5 per share.

**6.1.1.1** Investments include shares with market value aggregating to Rs 51,077 million (June 2021: Rs 58.8 million) which have been pledged with the National Clearing Company of Pakistan Limited for guarantying settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**6.1.1.2** There is no change in the status of matter related to bonus shares as reported in note 5.1.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. The bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares having market value as at December 31, 2021 amounted to Rs. 1,0744 million (June 30, 2021: Rs 1,7038 million).

## 6.1.1.3 Listed equity securities - Preference Shares

Name of investee company	As at July 1, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	As at December 31, 2021 (Rupees in '000)			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
Engro Polymer and Chemicals Limited	2,000,000	-	-	-	2,000,000	22,400	22,300	(100)	1.89%	2.12%	0.04%

These shares carry dividend at the rate of 6 months KIBOR + 3.5% per annum on cumulative basis. The rate prevailing on June 30 and December 31 will be considered.

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

**6.1.1.4 Government Securities-Market Treasury Bills**

Tenor	Issue date	Face value				As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Rupees in 000)										
3 months										
3 months	July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
3 months	May 20, 2021	-	200,000	200,000	-	-	-	-	-	-
3 months	June 3, 2021	-	275,000	275,000	-	-	-	-	-	-
3 months	July 15, 2021	-	700,000	700,000	-	-	-	-	-	-
3 months	July 29, 2021	-	500,000	500,000	-	-	-	-	-	-
3 months	August 12, 2021	-	5,500,000	5,500,000	-	-	-	-	-	-
3 months	August 26, 2021	-	3,000,000	3,000,000	-	-	-	-	-	-
3 months	September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
3 months	October 7, 2021	-	900,000	900,000	-	-	-	-	-	-
6 months										
6 months	July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
6 months	July 15, 2021	-	500,000	500,000	-	-	-	-	-	-
6 months	April 22, 2021	-	5,500,000	5,500,000	-	-	-	-	-	-
6 months	July 29, 2021	-	1,500,000	1,500,000	-	-	-	-	-	-
6 months	August 12, 2021	-	500,000	500,000	-	-	-	-	-	-
6 months	August 26, 2021	-	2,500,000	2,500,000	-	-	-	-	-	-
6 months	September 9, 2021	-	9,700,000	9,700,000	-	-	-	-	-	-
6 months	March 25, 2021	-	100,000	100,000	-	-	-	-	-	-
6 months	May 6, 2021	-	200,000	200,000	-	-	-	-	-	-
12 months										
12 months	September 10, 2020	-	16,000	16,000	-	-	-	-	-	-
As at December 31, 2021										
						-	-	-	-	-
						-	-	-	-	-
						-	-	-	-	-
						-	-	-	-	-

As at June 30, 2021

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

**6.1.1.5 Government Securities-Pakistan Investment Bonds**

Particulars	Issue date	Face value			As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Unrealised appreciation / (diminution)		
									%
		(Rupees in 000)							
3 years	August 20, 2020	-	550,000	550,000	-	-	-	-	-
5 years	October 15, 2020	-	300,000	300,000	-	-	-	-	-
5 years	July 12, 2018	-	450,000	450,000	-	-	-	-	-
<b>As at December 31, 2021</b>						-	-	-	-
As at June 30, 2021						-	-	-	-

**6.1.1.6 Government securities - Pakistan Investment Bonds - Floating Rate Bond**

Tenor	Issue date	Face value			As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Unrealised appreciation / (diminution)		
									%
		(Rupees in 000)							
3 years	June 18, 2020	-	500,000	500,000	-	-	-	-	-
2 years	August 26, 2021	-	250,000	250,000	-	-	-	-	-
<b>As at December 31, 2021</b>						-	-	-	-
As at June 30, 2021						-	-	-	-

(Un-audited) (Un-audited)  
December 31, December 31,  
2021 2020  
-----  
(Rupees in '000)

**6.1.7 Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net**

Market value as at December 31, 2021	6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5 & 6.1.6	1,050,085	1,331,890
Carrying value as at December 31, 2021	6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5 & 6.1.6	(1,074,387)	(1,188,189)
		<u>(24,302)</u>	<u>143,701</u>

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

	Note	(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
<b>7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	7.1	3,267	1,916
Sindh sales tax payable on management remuneration	7.2	427	249
Sales load payable		-	17
Payable against allocated expenses	7.3	99	81
Payable against selling and marketing expenses	7.4	-	-
		<b>3,793</b>	<b>2,263</b>

**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 the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 4% per annum of the average annual Net Assets of the Fund calculated on daily basis. The remuneration is payable to the Management Company monthly in arrears.

**7.2** During the year, Sindh Sales Tax on management fee has been charged at 13% (June 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).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

Management Company has charged fee at a rate of 0.1% per annum of the average annual net assets of the Fund.

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense.

**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.

In the financial year 2019-20, 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 can charge selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	8.1	-	15,700
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		19,027	19,027
- Sales load		16,173	16,173
Withholding Tax Payable		9	378
Auditors' remuneration payable		422	497
Brokerage payable		288	662
Others		659	264
		<b>36,578</b>	<b>52,701</b>

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

### 8.1 Provision for Sindh Workers' Welfare Fund (SWWF)

During the period, SRB through its letter dated August 12, 2021 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. Accordingly all Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF, on August 13, 2021.

### 8.2 Federal Excise Duty on remuneration to the Management Company

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual audited financial statements of the Fund for the year ended June 30, 2021. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2021 would have been higher by Rs. 2.52 per unit (June 30, 2021: Re. 3.34 per unit).

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021 (June 30, 2021: Nil).

## 10. 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information.

## 11. EARNINGS PER UNIT

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

## 12. EXPENSE RATIO

The total annualised expense ratio of the Fund from July 1, 2021 to December 31, 2021 is 4.78% and this includes 0.48% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc.

## 13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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



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

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

For the half year ended December 31, 2021						
	As at July 1, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 1, 2021	Issued for cash
	Units					
	(Rupees in '000)					
MCB-Arif Habib Savings and Investments Limited - Management Company	-	1,572,494	-	1,572,494	-	135,000
						132,939
<b>Associated companies / undertakings</b>						
Adamjee Life Assurance Company Limited (NUJIL Fund)	51,887	308	52,195	-	4,496	26
Adamjee Life Assurance Company Limited. IMF	1,036,747	3,361,879	520,349	3,878,276	89,834	285,529
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	244	-	35,272	2,406	21
						2,982
<b>Mandate Under Discretionary Portfolio Services</b>	499,824	295,078	329,094	465,808	3,035	25,200
						39,380
<b>Key management personnel</b>	22,573	142	8	22,706	1,550	12
						1,920
For the half year ended December 31, 2020						
	As at July 1, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 1, 2020	Issued for cash
	Units					
	(Rupees in '000)					
MCB-Arif Habib Savings and Investments Limited - Management Company	-	-	-	-	-	-
<b>Associated companies / undertakings</b>						
Adamjee Life Assurance Company Limited (NUJIL Fund)	551,649	-	-	551,649	37,887	-
						45,510
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	28,189	1,936	-
						2,325
Adamjee Life Assurance Company Limited. IMF	5,453,035	-	-	5,453,035	374,513	-
						449,861
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	35,028	2,406	-
						2,890
<b>Mandate Under Discretionary Portfolio Services</b>	430,757	380,749	256,244	555,262	29,584	31,414
						21,139
<b>Directors and Key management personnel</b>	-	6,449	6,449	-	-	532,061
						-

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

## 13.2 Details of transactions with the related parties / connected persons during the period are as follows:

	(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	20,455	16,083
Allocated expenses	548	712
Selling and marketing expenses	-	9,251
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	1,178	1,374
CDC settlement charges	94	84
<b>MCB Bank Limited - holding company of the Management Company</b>		
Purchase of shares 120,446 (2020: 365,000)	18,358	62,870
Sale of shares 34,203 (2020: 432,619)	5,269	77,661
Profit on bank balances	27	5
Bank charges	5	4
<b>D. G. Khan Cement Company Limited</b>		
Purchase of shares 125,000 (2020: 620,000 )	9,403	66,164
Sale of shares 75,670 (2020: 620,000 )	6,681	65,507
<b>Adamjee Insurance Company Limited</b>		
Sale of shares 14,000 (2020: 75,000)	522	2,166
Dividend income	21	879
<b>Arif Habib Limited</b>		
Brokerage expense *	74	264
<b>Power Cement Limited</b>		
Sale of shares 186,000 (2020: NIL)	1,711	-
<b>Aisha Steel Mills Limited</b>		
Purchase of shares 1,050,000 (2020: NIL)	14,977	-
<b>Lalpir Power Limited</b>		
Sale of shares 705,000 (2020: NIL)	11,047	-
Dividend income	705	-
<b>Nishat (Chunian) Limited</b>		
Purchase of shares 420,000 (2020: NIL )	18,704	-

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

## 13.3 Amount outstanding as at period end / year end

<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	3,267	1,916
Sindh sales tax payable on management remuneration	427	249
Sales load payable	0	17
Payable against allocated expenses	99	81
Payable against selling and marketing expenses	0	-

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

	(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	184	163
Sindh Sales Tax payable on trustee remuneration	24	21
Security deposits	100	100
 <b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	7,945	8,432
Shares held by the Fund 86,243 (June 2021: NIL shares)	13,225	42,820
 <b>Aisha Steel Mills Limited</b>		
Shares held 1,050,000 (June 2021: NIL)	15,813	-
 <b>D.G. Khan Cement Company Limited</b>		
Shares held 125,000 (June 2021: 75,670)	10,368	8,923
 <b>Power Cement Limited</b>		
Shares held NIL (June 2021: 186,000)	-	1,787
 <b>Adamjee Insurance Company Limited</b>		
Shares held NIL (June 2021: 14,000)	-	581
 <b>Arif Habib Limited</b>		
Brokerage payable *	-	43
 <b>Nishat (Chunian) Limited</b>		
Shares held 420,000 (June 2021: NIL)	19,131	-
 <b>Power Cement Limited</b>		
Shares held NIL (June 2021: 186,000)	-	1,787

\* The amount disclosed represents the amount of brokerage expense or brokerage payable to related parties / 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 related parties / connected persons.

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value based on:

**Level 1:** quoted prices in active markets for identical assets or liabilities;

**Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

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

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

Half Year Ended December 31, 2021 (Un-audited)							
Carrying amount				Fair Value			
Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Government securities	-	-	-	-	-	-	-
Listed equity securities - Ordinary Shares	-	1,027,785	-	1,027,785	1,027,785	-	1,027,785
Listed equity securities - Preference Shares	-	22,300	-	22,300	22,300	-	22,300
Term Finance Certificates	-	-	-	-	-	-	-
Sukuk Certificates	-	-	-	-	-	-	-
-	1,050,085	-	1,050,085	1,050,085	-	-	1,050,085

## Financial assets not measured at fair value

Bank balances	158,867	-	-	158,867
Profit receivable	1,437	-	-	1,437
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	1,134
Other receivables	4,142	-	-	4,142
	165,580	-	-	165,580

## Financial liabilities not measured at fair value

Payable to the Management Company	3,793	-	-	3,793
Payable to the Trustee	208	-	-	208
Payable against redemption of units	31	-	-	31
Accrued expenses and other liabilities	1,369	-	-	1,369
	5,401	-	-	5,401

June 30, 2021 (Audited)							
Carrying amount				Fair Value			
Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Listed equity securities	-	742,095	-	742,095	742,095	-	742,095
Sukuk certificates - Listed	-	-	-	-	-	-	-
Market treasury bills	-	-	-	-	-	-	-
Pakistan investment bonds	-	-	-	-	-	-	-
Pakistan investment bonds - FRB	-	-	-	-	-	-	-
-	742,095	-	742,095	742,095	-	-	742,095

## Financial assets not measured at fair value

Bank balances	172,930	-	-	172,930
Dividend and profit receivable	1,544	-	-	1,544
Receivable against sale of investments	32,702	-	-	32,702
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	1,134
Deposits and other receivables	2,640	-	-	2,640
	210,950	-	-	210,950

## Financial liabilities not measured at fair value

Payable against purchase of investments	9,425	-	-	9,425
Payable to the Management Company	2,014	-	-	2,014
Payable to the Trustee	163	-	-	163
Payable against redemption of units	31	-	-	31
Accrued expenses and other liabilities	1,423	-	-	1,423
	13,056	-	-	13,056

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

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**15 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

**16. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company in the meeting held on February 08, 2022.

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



Chief Executive Officer



Chief Financial Officer



Director

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

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