

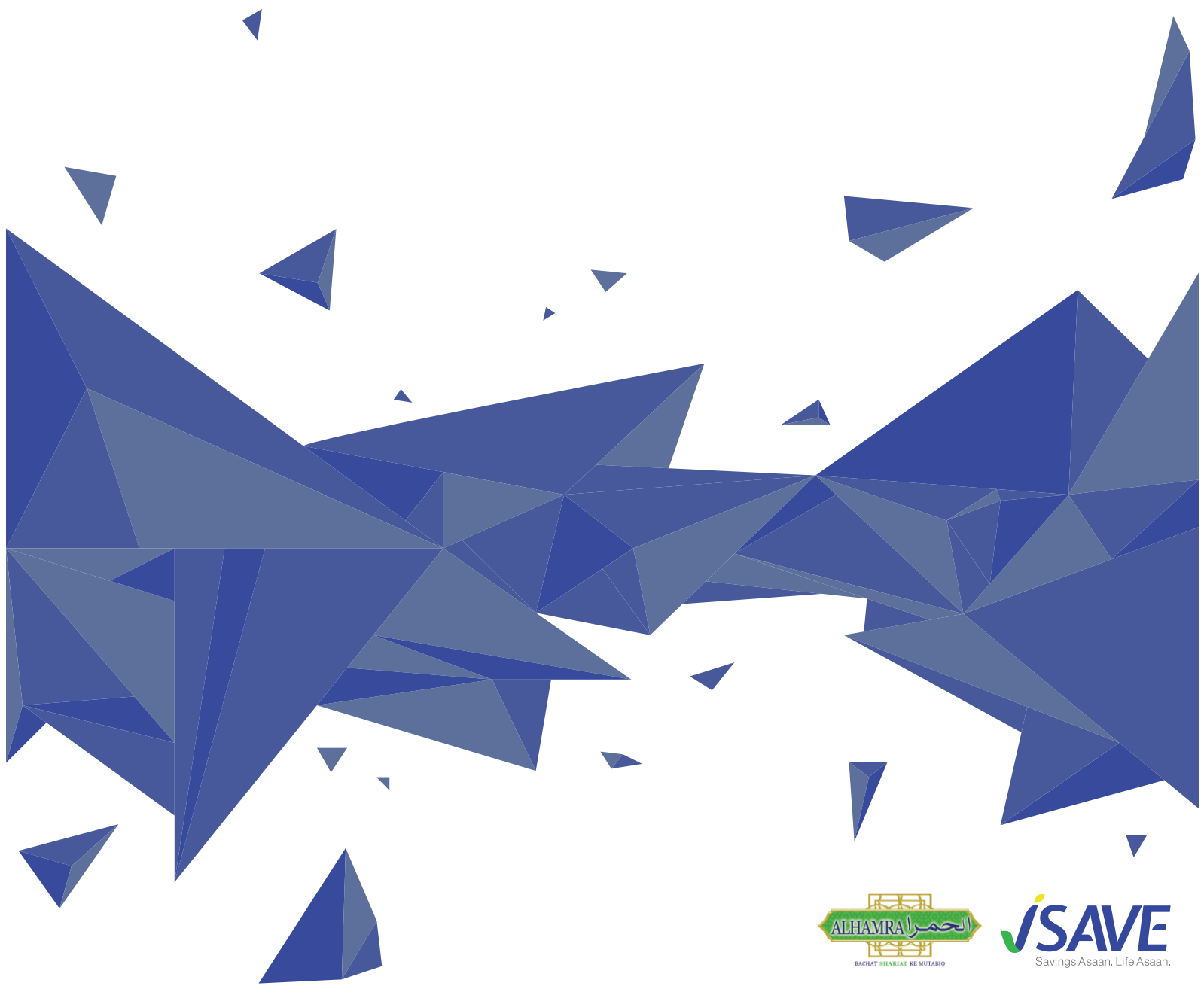


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

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



PAKISTAN INCOME ENHANCEMENT 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 Taraqati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State 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 **Pakistan Income Enhancement 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 10.24% against its benchmark return of 9.46%.

WAM of fund stood at 1.4 years. The fund was mainly invested in Cash & TFCs.

At period-end, the fund was 45.9% invested in Cash, 12.0% in TFCs. The Net Assets of the fund as at December 31, 2021 stood at Rs. 1,212 million as compared to Rs. 630 million as at June 30, 2021 registering an increase of 92.38%.

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

The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs. 56.6848 as compared to opening NAV of Rs. 53.9015 per unit as at June 30, 2021 registering an increase of Rs. 2.7833 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

ڈائریکٹرز رپورٹ

چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کاران پُرکشش 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



نیم بیگ

ڈائریکٹر / وائس چیئرمین

08 فروری 2022ء

ڈائریکٹر رپورٹ

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، ریسک پر پیمائش 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 باند ز 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 اوّل 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 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 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 اوّل 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

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

کرنٹ اکاؤنٹ خسارے اور افراط زر میں اضافے کے پیش نظر پالیسی سازوں نے اپنی توجہ کامرکز 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۔ کوڈ 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، 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 کثیر الجہتی 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۔

ڈائریکٹر ز رپورٹ

اسباب اشیائے خورد و نوش 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 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 9.46 فیصد کے مقررہ منافع کے مقابلے میں 10.24 فیصد سالانہ منافع حاصل کیا۔

فنڈ کا ڈبلیو اے ایم 1.4 سال رہا۔ فنڈ بنیادی طور پر نقد اور ٹی ایف سی میں سرمایہ کاری کی گئی تھی۔

مدت کے اختتام پر فنڈ میں 45.9 فیصد نقد، 12.0 فیصد ٹی ایف سی میں سرمایہ کاری کی گئی۔

31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 1,212 ملین روپے رہے جبکہ 30 جون 2021ء کو 630 ملین روپے تھے، یعنی 92.38

فیصد کا اضافہ درج کیا گیا۔

31 دسمبر 2021ء کو خالص اثاثہ قدر (این اے وی) فی یونٹ 56.6848 روپے رہی جبکہ 30 جون 2021ء کو (این اے

وی) 53.9015 روپے فی یونٹ تھی، جو کہ 2.7833 روپے فی یونٹ کا اضافہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم انہینسمنٹ فنڈ کے اکاؤنٹس برائے نصف اول مختتمہ 31 دسمبر 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

ترقی کی بحالی پر حکومت کی تجدید 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 بمع 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 1.3 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:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME ENHANCEMENT 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 Pakistan Income Enhancement 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 **Pakistan Income Enhancement 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

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

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

		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
Balances with banks	4	835,639	156,989
Investments	5	788,080	475,217
Mark-up, dividend and other receivables		11,439	5,290
Receivable against Margin Trading System (MTS)		-	2,257
Receivable against sale of investments		117,422	4,699
Advances, deposits and prepayments	6	63,043	3,416
Receivable from National Clearing Company of Pakistan Limited		5,845	17,470
Total assets		1,821,468	665,338
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	1,513	1,263
Payable to Central Depository Company of Pakistan Limited - Trustee	8	108	48
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	108	137
Payable against redemption of units		2,079	2,079
Payable against purchase of investments		582,390	-
Accrued and other liabilities	10	23,137	32,215
Total liabilities		609,335	35,742
NET ASSETS		1,212,133	629,596
Unit holders' fund (as per statement attached)		1,212,133	629,596
Contingencies and commitments	11		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		21,383,749	11,680,502
		------(Rupees)-----	
NET ASSET VALUE PER UNIT		56.6848	53.9015

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

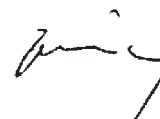
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
INCOME					
Income from government securities		11,738	5,185	10,333	1,631
Income from term finance certificates		7,998	12,556	4,518	3,814
Capital loss on sale of investments - net		(13,939)	(2,270)	(13,091)	(363)
Mark-up on bank deposits		17,463	8,823	12,502	5,121
Dividend income		7,114	5,247	1,277	4,907
Income from Margin Trading System (MTS) - net		1	1,811	-	508
Income / (loss) from spread transactions		16,930	(10,389)	2,882	(11,779)
Net unrealised (loss) / gain on derivatives		-	-	(5,585)	-
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.7	4,208	12,748	19,892	12,363
Other income		511	99	237	75
Total income		52,024	33,810	32,965	16,277
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	6.1	5,183	2,513	3,190	1,141
Sindh sales tax on remuneration of the Management Company	6.2	674	326	415	148
Allocated expenses	6.3	539	356	350	180
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7	405	266	263	135
Sindh sales tax on remuneration of the Trustee		53	35	34	18
Selling and marketing expenses	6.4	165	2,663	-	1,349
Annual fee to the Securities and Exchange Commission of Pakistan	8	108	71	70	36
Brokerage, settlement charges and bank charges		2,099	2,098	692	1,549
Fees and subscription		678	555	464	384
Auditors' remuneration		331	373	186	228
Legal and professional charges		472	69	37	35
Other expenses		15	16	(13)	15
Total expenses		10,722	9,341	5,688	5,218
Net income from operating activities		41,302	24,469	27,277	11,059
Reversal of Provision / (Provision) for Sindh Workers' Welfare Fund (SWWF)	9.1	9,434	(489)	-	(221)
Net income for the period before taxation		50,736	23,980	27,277	10,838
Taxation	11	-	-	-	-
Net income for the period after taxation		50,736	23,980	27,277	10,838
Allocation of net income for the period:					
Net income for the period after taxation		50,736	23,980		
Income already paid on units redeemed		(14,026)	(2,760)		
		36,710	21,220		
Accounting income available for distribution					
- Relating to capital gains		-	9,605		
- Excluding capital gains		36,710	11,615		
		36,710	21,220		

Earnings per unit

13

The annexed notes from 1 to 20 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**

	Six months period ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	------(Rupees in '000)-----			
Net income for the period after taxation	50,736	23,980	27,277	10,838
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>50,736</u>	<u>23,980</u>	<u>27,277</u>	<u>10,838</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

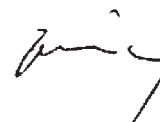
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	526,749	102,847	629,596	604,007	102,828	706,835
Issue of 34,019,256 units (2020: 9,126,665 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,833,687	-	1,833,687	491,941	-	491,941
- Element of income	64,255	-	64,255	7,690	-	7,690
	1,897,942	-	1,897,942	499,631	-	499,631
Redemption of 24,316,009 units (2020:10,275,647 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,310,668	-	1,310,668	553,798	-	553,798
- Element of loss	41,447	14,026	55,473	6,374	2,760	9,134
	1,352,115	14,026	1,366,141	560,172	2,760	562,932
Total comprehensive income for the period	-	50,736	50,736	-	23,980	23,980
Net assets at the end of the period	<u>1,072,576</u>	<u>139,557</u>	<u>1,212,133</u>	<u>543,466</u>	<u>124,048</u>	<u>667,514</u>
Undistributed income brought forward comprising of:						
- Realised income		95,758			103,123	
- Unrealised income / (loss)		7,089			(295)	
		<u>102,847</u>			<u>102,828</u>	
Accounting income available for distribution						
- Relating to capital gains	-			9,605		
- Excluding capital gains	36,710			11,615		
	<u>36,710</u>			<u>21,220</u>		
Undistributed income carried forward		<u>139,557</u>			<u>124,048</u>	
Undistributed income carried forward comprising of:						
- Realised income		135,349			111,300	
- Unrealised income		4,208			12,748	
		<u>139,557</u>			<u>124,048</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>53.9015</u>			<u>53.8942</u>	
Net asset value per unit at the end of the period		<u>56.6848</u>			<u>55.7831</u>	

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

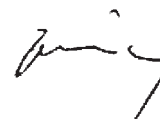
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

		Six months period ended	
		December 31, 2021	December 31, 2020
		------(Rupees in '000)-----	
		Note	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		50,736	23,980
Adjustments for non cash and other items:			
Unrealised appreciation on re-measurement of investments			
classified as 'financial assets at fair value through profit or loss' - net	5.7	(4,208)	(12,748)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	10.1	(9,434)	489
		37,094	11,721
(Increase) / decrease in assets			
Investments - net		(383,450)	225,006
Mark-up, dividend and other receivables		(6,149)	6,678
Receivable against Margin Trading System (MTS)		2,257	(4,871)
Receivable against sale of investments		(112,723)	-
Advances, deposits and prepayments		(59,627)	249
Receivable from National Clearing Company of Pakistan Limited		11,625	(27,562)
		(548,067)	199,500
Increase in liabilities			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		250	1,230
Payable to Central Depository Company of Pakistan Limited - Trustee		60	(3)
Payable to the Securities and Exchange Commission of Pakistan		(29)	(79)
Payable against purchase of investments		582,390	-
Accrued and other liabilities		356	963
		583,027	2,111
Net cash generated from operating activities		72,054	213,332
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		1,897,942	499,631
Payments on redemption of units		(1,366,141)	(562,932)
Net cash generated from / (used in) financing activities		531,801	(63,301)
Net increase in cash and cash equivalents during the period		603,855	150,031
Cash and cash equivalents at the beginning of the period		231,784	78,377
Cash and cash equivalents at the end of the period	13	835,639	228,408

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

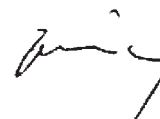
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 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 Non Banking Finance Companies (Establishment and Regulations) Rules 2003 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 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2021 (2020: 'AM1' dated October 6, 2020) to the Management Company and "A+(f)" as stability rating dated September 9, 2021 (2020: 'A+(f)' dated October 19, 2020) to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 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 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

2.1 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;
- 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 Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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.

4	BALANCES WITH BANKS	Note	December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
	In current accounts		16,575	7,610
	In saving accounts	4.1	819,064	149,379
		4.2	<u>835,639</u>	<u>156,989</u>

4.1 These carry mark-up at rates ranging between 7.75% to 12.3% per annum (June 2021: 5.5% to 9.75% per annum).

4.2 These include balances of Rs. 17.032 million (June 30, 2021: Rs. 7.683 million) maintained with MCB Bank Limited (a related party).

5	INVESTMENTS	Note	December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
	Investments at fair value through profit or loss			
	Government securities	5.1	629,990	74,795
	Listed equity securities	5.2	-	236,537
	Unlisted debt securities	5.4	158,090	156,233
	Future stock contracts		-	7,652
			<u>788,080</u>	<u>475,217</u>

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

5.1 Government securities - 'at fair value through profit or loss'

Tenure	Issue Date	Face value				At December 31, 2021			Market value as a percentage of	
		At July 01, 2021	Purchased during the period	Sales / Matured during the period	At December 31, 2021	Carrying value	Market value	(Diminution) / appreciation	net assets	total investments

(Rupees in '000)

% -----

Treasury bills - 3 months

Treasury Bills	03-Jun-2021	-	30,000	30,000	-	-	-	-	-	-
Treasury Bills	29-Jul-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	26-Aug-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	09-Sep-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	12-Aug-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	02-Jul-2021	-	535,000	535,000	-	-	-	-	-	-
Treasury Bills	04-Nov-2021	-	350,000	350,000	-	-	-	-	-	-
Treasury Bills	15-Jul-2021	-	530,000	530,000	-	-	-	-	-	-
Treasury Bills	07-Oct-2021	-	750,000	750,000	-	-	-	-	-	-
Treasury Bills	22-Apr-2021	75,000	-	75,000	-	-	-	-	-	-

Treasury bills - 6 months

Treasury Bills	03-Jun-2021	-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury Bills	02-Jul-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	15-Jul-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	29-Jul-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	22-Apr-2021	-	35,000	35,000	-	-	-	-	-	-
Treasury Bills	20-May-2021	-	35,000	35,000	-	-	-	-	-	-
Treasury Bills	26-Aug-2021	-	725,000	725,000	-	-	-	-	-	-
Treasury Bills	09-Sep-2021	-	2,150,000	2,150,000	-	-	-	-	-	-
Treasury Bills	12-Aug-2021	-	850,000	850,000	-	-	-	-	-	-
Treasury Bills	16-Dec-2021	-	750,000	500,000	250,000	238,041	238,134	93	19.65%	30.22%
Treasury Bills	25-Mar-2021	-	165,000	165,000	-	-	-	-	-	-
Treasury Bills	02-Dec-2021	-	300,000	150,000	150,000	143,554	143,531	(23)	11.84%	18.21%

Pakistan Investment Bonds

Pakistan Investment Bonds - 02 years	26-Aug-2021	-	825,000	575,000	250,000	248,492	248,325	(167)	20.49%	31.51%
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As at December 31, 2021

630,087 629,990 (97)

As at June 30, 2021

74,793 74,795 2

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 investments	

(Rupees in '000)

% -----

Automobile Assembler

Sazgar Engineering Works Limited	5,500	25,000	30,500	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	1,000	53,500	54,500	-	-	-	-	-	-	-

Cable & electrical goods

Pak Elektron Limited*	263,500	991,000	1,254,500	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	452,500	452,500	-	-	-	-	-	-	-

Balance carried forward

- - -

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

Balance carried forward

- - -

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 investments	

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

Balance carried forward

- - -

Cement

D.G. Khan Cement Company Limited*	37,500	149,000	186,500	-	-	-	-	-	-	-
Fauji Cement Company Limited	35,500	79,500	115,000	-	-	-	-	-	-	-
Lucky Cement Limited	-	23,500	23,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	127,500	259,000	386,500	-	-	-	-	-	-	-
Pioneer Cement Limited	25,500	50,500	76,000	-	-	-	-	-	-	-
Power Cement Limited*	-	207,500	207,500	-	-	-	-	-	-	-

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Chemicals

Engro Polymer and Chemicals Limited	34,500	389,000	423,500	-	-	-	-	-	-	-
Ghani Global Holdings Limited	650,000	201,000	851,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	178,000	830,500	1,008,500	-	-	-	-	-	-	-

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Engineering

Amreli Steels Limited	14,000	12,000	26,000	-	-	-	-	-	-	-
Aisha Steel Mills Limited*	524,000	536,500	1,060,500	-	-	-	-	-	-	-
International Industries Limited	9,500	390,000	399,500	-	-	-	-	-	-	-
International Steels Limited	196,000	302,000	498,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	2,000	515,000	517,000	-	-	-	-	-	-	-

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Fertilizer

Engro Corporation Limited	1,500	7,000	8,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	96,000	223,500	319,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	1,000	1,000	-	-	-	-	-	-	-

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Food & Personal Care Products

Fauji Foods Limited	-	420,000	420,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	404,500	404,500	-	-	-	-	-	-	-
Treet Corporation Limited	-	939,500	939,500	-	-	-	-	-	-	-

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Glass & Ceramics

Tariq Glass Industries	-	2,500	2,500	-	-	-	-	-	-	-
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Oil and Gas Exploration Companies

Oil & Gas Development Company Limited	26,000	528,000	554,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	8,500	108,000	116,500	-	-	-	-	-	-	-

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Oil and Gas Marketing Companies

Pakistan State Oil Company Limited	6,500	40,500	47,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	93,500	440,000	533,500	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	3,000	-	3,000	-	-	-	-	-	-	-

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Pharmaceuticals

The Searle Company Limited	-	25,500	25,500	-	-	-	-	-	-	-
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Power Generation & Distribution

The Hub Power Company Limited	10,500	365,000	375,500	-	-	-	-	-	-	-
Kot Addu Power Company Limited	181,000	11,500	192,500	-	-	-	-	-	-	-
K-Electric Limited**	202,000	22,500	224,500	-	-	-	-	-	-	-

- - - - -

Balance carried forward

- - -

* These transactions relate to shares of related parties

** This has a face value of Rs 3.5 per share.

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	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 carried forward					-	-	-			
Refinery										
Attock Refinery Limited	110,000	201,000	311,000	-	-	-	-	-	-	-
Cnergyico pk Limited	1,224,500	8,117,500	9,342,000	-	-	-	-	-	-	-
National Refinery Limited	3,000	130,000	133,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	505,500	505,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Technology & Communications										
Avanceon Limited	108,500	1,213,500	1,322,000	-	-	-	-	-	-	-
Hum Network Limited	3,400,000	2,106,500	5,506,500	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	16,500	316,500	333,000	-	-	-	-	-	-	-
Worldcall Telecom Limited	-	147,500	147,500	-	-	-	-	-	-	-
NetSol Technologies Limited	-	363,000	363,000	-	-	-	-	-	-	-
TRG Pakistan Limited	92,000	1,243,500	1,335,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Textile Composite										
Gul Ahmed Textile Mills Limited	26,500	57,000	83,500	-	-	-	-	-	-	-
Nishat (Chunian) Limited*	-	853,500	853,500	-	-	-	-	-	-	-
Nishat Mills Limited*	-	16,500	16,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Transport										
Pakistan Interntional Bulk Terminal Limited	39,000	693,500	732,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Vanaspati & Allied Industries										
Unity Foods Limited	453,500	1,956,000	2,409,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Miscellaneous										
Siddiqsons Tin Plate Limited	-	285,000	285,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Total as at December 31, 2021					-	-	-	-	-	-
Total as at June 30, 2021					238,683	236,537	(2,146)			

* These transactions relate to shares of related parties

The movement in equity securities represents spread transactions entered into by the Fund. The fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day resulting in spread income/(loss) due to difference in ready and future stock prices.

5.3 Listed debt securities - Term Finance Certificates

Name of investee company	Number of Certificates					December 31, 2021			Market value as a percentage of	
	At July 1, 2020	Purchased during the year	Matured during the year	Sold during the year	At June 30, 2021	Carrying value	Market value	Appreciation / (diminution)	net assets	total investment
Real Estate investment and services										
Pace Pakistan Limited (15-02-08) (note 5.6)	15,000	-	-	-	15,000	74,910	(74,910)			
Less: Provision for impairment						-	-	-	-	-
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

5.4 Unlisted debt securities - Term Finance Certificates - 'at fair value through profit or loss'

Name of investee company	Number of Certificates					As at December 31, 2021			Market value as a percentage of	
	As at July 1, 2021	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2021	Carrying value	Market value	Apprecia- tion / (diminu- tion)	Net assets	Total invest- ment
						----- Rupees in '000 -----			----- % -----	
Financial Institutions										
Askari Bank Limited VII - TFC (March 17, 2020)**	20	-	-	-	20	19,796	20,200	404	1.67%	2.56%
Samba Bank Limited-TFC -I (1 March 2021)*	400	-	-	-	400	39,992	41,252	1,260	3.40%	5.23%
The Bank of Punjab Limited TFC - I (December 23, 2016)*	550	-	-	-	550	55,439	57,168	1,729	4.72%	7.25%
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	-	-	-	17,000	37,724	38,630	906	3.19%	4.90%
Construction and Material										
Byco Petroleum Limited - Sukuk (January 18, 2017)*	20	-	-	-	20	834	840	7	0.07%	0.11%
Eden Housing Limited - Sukuk (March 31, 2008) (note 5.6)	10415	-	-	-	10415	10,251				
- Due but not received						(10,251)				
Less: Provision for impairment										
As at December 31, 2021						153,785	158,090	4,306		
As at June 30, 2021						154,652	156,233	1,581		

* Face value of this sukuk certificate is Rs.100,000 per certificate.

** Face value of this sukuk certificate is Rs.1,000,000 per certificate.

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

(Unaudited)							
Name of security	Number of certificates	Face value per unit	Face value/ redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
(Rupees)							
Unlisted debt securities							
Askari Bank Limited VII - TFC (March 17, 2020)	20	1,000,000	1,000,000	3M KIBOR+1.2%	March 17, 2030	Unsecured	AA
Samba Bank Limited-TFC -I (1 March 2021)*	400	100,000	99,980	6M Kibor + 1.35%	March 1, 2031	Secured	AA-
The Bank of Punjab Limited TFC - I (December 23, 2016)	550	100,000	99,800	6M KIBOR+1%	December 23, 2026	Unsecured	AA
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	5,000	2,250	6M KIBOR+1.4%	July 18, 2023	Secured	AA+
Byco Petroleum Limited - Sukuk (January 18, 2017)	20	100,000	41,667	3M KIBOR+1.05%	January 18, 2023	Secured	AAA

5.6 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed 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 of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investments as enumerated below:

-----Unaudited-----						
Category of non-compliant investment	Name of investee Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in '000-----			----- % -----	
Investment in debt securities	a) Pace Pakistan Limited (note 5.3)	74,910	74,910	-	-	-
	b) Eden Housing Limited (note 5.4)	10,251	10,251	-	-	-

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

		December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
5.7	Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	
	Market value of investments	5.1 & 5.3	788,080
	Carrying amount of investments	5.1 & 5.3	475,217
			<u>783,872</u>
			<u>4,208</u>
			<u>7,089</u>

6 ADVANCES, DEPOSITS AND PREPAYMENTS

- 6.1** This includes an amount of Rs.35 million and Rs.25 million paid as advance against subscription of IPO of Pak Elektron Limited and Bank Al Habib Limited respectively.

7 PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration Payable	7.1	1,144	1,052
Sindh Sales Tax payable on remuneration of the Management Company	7.2	148	136
Allocated expense payable	7.3	122	54
Sales load payable (including indirect taxes)		99	21
		<u>1,513</u>	<u>1,263</u>

- 7.1** The management company has charged management fee at the rate upto 15% of the gross earnings of scheme, calculated on daily basis subject to minimum fee of 0.25% of the average daily net assets of the Fund.
- 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).
- 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 prior period, 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% (June 30, 2021: 0.02%) of average daily net assets of the Fund during the period.

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

10	ACCRUED AND OTHER LIABILITIES	Note	December 31, 2021 (Unaudited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
	Provision for Sindh workers' welfare fund	10.1	-	9,434
	Provision for federal excise duty payable on:			
	- Remuneration of the management fee	10.2	16,590	16,590
	- Sales load	10.2	4,746	4,746
	Brokerage payable		10	443
	Capital gain tax payable		725	231
	Auditors' remuneration payable		293	396
	Printing expenses payable		30	37
	Legal advisor fee payable		436	31
	Other payable		307	307
			<u>23,137</u>	<u>32,215</u>

10.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, 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.

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 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. 9.434 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 Federal Excise Duty on remuneration of the management company and sales load

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 21.336 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Assets Value of the Fund as at December 31, 2021 would have been higher by Rs 1.00 (June 30, 2021 Rs 1.83) per unit.

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

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at December 31, 2021 and June 30, 2021.

	December 31, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
11.1 Commitments		
Future sale transactions of equity securities entered into by the Fund which have not been settled as at year end		
Sell	-	250,704
Buy	-	4,721
Margin Trading sale transactions not settled as at year end	-	2,269

12 TAXATION

The Fund's income is exempt from income tax as per 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 by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision 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 atleast 90% of income earned by the Fund in cash during the year ending June 30, 2022 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

	----- (Unaudited) ----- December 31, 2021	December 31, 2020
13 CASH AND CASH EQUIVALENTS		
Balances with banks	835,639	208,565
Treasury bills maturing within 3 months	-	19,843
	<u>835,639</u>	<u>228,408</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 TRANSACTIONS WITH CONNECTED PERSONS / 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.

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

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

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

For the six months period ended December 31, 2021 (unaudited)							
As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021

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

Associated Companies:

Security General Insurance Company Limited

Employees Provident Fund Trust

50,227 - - 50,227 2,707 - - 2,847

Key management personnel *

29,276 47,512 76,787 1 - 2,613 4,245 0

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

For the six months period ended December 31, 2020 (unaudited)							
As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020

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

Associated Companies:

Security General Insurance Company Limited

Employees Provident Fund Trust

46,809 - - 46,809 2,523 - - 2,611

Mandate Under Discretionary Portfolio

Services *

8 - 8 - - - 1 -

Unit holders holding 10% or more units

Lahore Highcourt

1,892,804 - - 1,892,804 102,011 - - 105,586

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

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

	December 31, 2021 (Unaudited) ----- (Rupees in '000) -----	December 31, 2020 (Unaudited) ----- (Rupees in '000) -----
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	5,857	2,839
Allocated expenses	539	356
Selling and marketing expenses	165	2,663
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	458	301
CDC settlement charges	171	97
MCB Bank Limited		
Profit on bank deposits	10	41
Bank charges	14	11
Purchase of securities - Face Value: NIL (2020: 250,000,000)	-	242,800
Aisha Steel Mills Limited		
Purchase of Shares 2021: 536,500 (2020: NIL)	13,026	-
Sale of Shares 2021: 1,060,500 (2020: NIL)	26,766	-
Power Cement Limited		
Purchase of Shares 2021: 207,500 (2020: NIL)	1,742	-
Sale of Shares 2021: 207,500 (2020: NIL)	1,758	-

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

	December 31, 2021 (Unaudited) ----- (Rupees in '000) -----	December 31, 2020 (Unaudited) ----- (Rupees in '000) -----
D.G. Khan Cement Company Limited		
Purchase of Shares 2021: 149,000 (2020: 349,500)	16,035	37,869
Sale of Shares 2021: 186,500 (2020: 338,000)	20,913	36,857
Nishat (Chunian) Limited		
Purchase of Shares 2021: 853,500 (2020: 23,000)	42,693	968
Sale of Shares 2021: 853,500 (2020: 23,000)	43,103	980
Nishat Mills Limited		
Purchase of Shares 2021: 16,500 (2020: 151,000)	1,590	15,085
Sale of Shares 2021: 16,500 (2020: 146,000)	1,603	14,179
Dividend Income	-	512
Pak Elektron Limited		
Purchase of Shares 2021: 991,000 (2020: NIL)	29,792	-
Sale of Shares 2021: 1,254,500 (2020: NIL)	39,470	-
	December 31, 2021 (Unaudited) ----- (Rupees in '000) -----	June 30, 2021 (Audited) ----- (Rupees in '000) -----
15.3 Amount outstanding as at period end / year end		
MCB-Arif Habib Savings & Investments Limited - Management Company		
Management remuneration payable	1,144	1,052
Sindh Sales Tax payable on remuneration of the Management Company	148	136
Allocated expenses payable	122	54
Selling and marketing expenses payable	-	-
Sales load payable (including indirect taxes)	99	21
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	95	42
Sindh Sales tax payable on remuneration of Trustee	13	6
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	17,032	7,683
Aisha Steel Mills Limited		
Shares held 2021 Nil (2021:524,000)	-	13,053
D.G. Khan Cement Company Limited		
Shares held 2021 Nil (2021:37,500)	-	4,422
Pak Elektron Limited		
Shares held NIL (2021: 263,500)	-	9,238

16 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.98% (December 31, 2020: 2.77%) which includes 0.15% (December 31, 2020: 0.26%) representing Government Levy 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 "aggressive fixed income scheme".

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.

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 tradeable in an open market are revalued at 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.

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

18 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)

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

As at December 31, 2021 and June 30, 2021, the Fund holds the following financial instruments measured at fair value:

	-----Unaudited-----			
	-----December 31, 2021-----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Investments classified at fair value through profit or loss				
Government securities	-	629,990	-	629,990
Unlisted debt securities	-	158,090	-	158,090
	-	788,080	-	788,080
	-----Audited-----			
	-----June 30, 2021-----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Investments classified at fair value through profit or loss				
Government securities	-	74,795	-	74,795
Unlisted debt securities	-	156,233	-	156,233
Listed equity securities	236,537	-	-	236,537
Future stock contracts	7,652	-	-	7,652
	244,189	231,028	-	475,217

19 GENERAL

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

20 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.

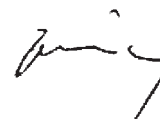
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH)

URL: www.mcbah.com, **Email:** info@mcbah.com