



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

MARCH
2022
(UNAUDITED)

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



Vision

To become synonymous with Savings

Mission

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

Core Values

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

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MCB DCF INCOME FUND

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FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB DCF Income Fund accounts** review for the nine months & quarter ended March 31, 2022.

Economy and Money Market Review

Political turmoil in the country has taken the central stage in past few weeks where we witnessed ruling party coalition government lost majority in the National Assembly and overthrown by opposition led coalition. In the backdrop of weak economic environment, the transition resulted in significant volatility in equity, fixed income and exchange rate markets. In heightened political environment, markets will increasingly focus on efforts of the new government on policies and measures taken to stabilize the economy.

The fiscal year (July – June) started on strong note with government's renewed focus on reviving growth through several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing 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. The start of Russia Ukraine conflict inflicted additional misery as international commodities prices spiked up further to multi-year high.

The country posted a current account deficit of USD 12.1bn in 8MFY22 compared to a surplus of USD 1.0bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 10.6bn in first eight months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 49.1% in 8MFY22 compared to export growth of 28.1%. Trade Deficit increased by 70.2% to USD 27.3bn compared to USD 16.0bn 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 a decrease of USD 5.3bn on account of higher current account deficit and debt repayments. Pakistan was also unable to timely roll over commercial loan of USD 2.2bn from China which put further pressure on reserves. In addition, a USD 900mn penalty payment to settle Reko Dik case further dragged the reserves to 22 months' low of USD 11.3bn, implying an import cover of hardly a couple of months. These outflows coupled with widening current account deficit led PKR to lost ground against USD by 14.1% since start of the fiscal year.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 10.7% in 9MFY22 compared to 8.4% in 9MFY21. 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 9.5% in March 2022 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 525bps to 12.75% in the fiscal year to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 29.1% in 9MFY22 to PKR 4,382bn compared to PKR 3,394bn during same period last year. This exceeded the target of 4,134bn by 248bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected on import stage.

Secondary markets yields have increased significantly in 9MFY22 as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 2.4%, 2.1% and 1.4%, respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 8.64% as against its benchmark return of 9.91%. The WAM of the fund increased to 1.5 years because of interest rate outlook which was on a rising trend. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was invested 65.7% in Cash and 10.8% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at March 31, 2022 stood at Rs. 4,546 million as compared to Rs. 3,646 million as at June 30, 2021 registering an increase of 24.68%.

The Net Asset Value (NAV) per unit as at March 31, 2022 was Rs.113.9944 as compared to opening NAV of Rs. 107.0518 per unit as at June 30, 2021 registering an increase of Rs. 6.9426 per unit.

Economy & Market – Future Outlook

The ongoing Russia – Ukraine war has kept international commodity prices at elevated levels which have exacerbated fears about the import bill and external outlook going forward. In addition, due to political pressure the government resorted to the populist move to absorb the hike in international energy prices and keep petroleum prices unchanged. This have undermined the structural reform process and put the IMF program on hold. Going forward the new government will have to engage with the IMF and find the right balance of growth and external account sustainability.

We estimate GDP to grow by 4.5% this year, slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services sectors to grow by 4.5%, 4.1% and 4.5% respectively. Industrial sector growth is likely to remain robust but below government's target due to demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to growth in 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, 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 19.0bn (5.7% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2bn (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 192 against a dollar.

Successful resumption 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.

We expect Average FY22 and FY23 inflation to clock at 11.6% and 13.8% respectively assuming international oil stays above USD 100/bbl. The recent hike in commodity prices and the resultant currency depreciation is likely to keep inflation numbers elevated in near term. In the recent monetary policy held in April-22 SBP increased policy rate by 250bps to 12.25% due to significant uncertainty around outlook for international commodities and global financial condition as result

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

of Russia Ukraine war. As per the SBP the recent rate hike increased forward looking interest rates to mildly positive territory. Thus we may be at the end of monetary tightening cycle.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 13.4%, a discount of 69% from its historical average. Similarly, risk premiums are close to 6.0%, compared to historical average of 1.9% signifying deep discount at which market is trading. 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 5.7x, while offering a dividend yield of 8.3%.

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 inflationary pressure. 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 7.4% during the nine months to PKR 1,093bn. Total money market funds grew by about 11.9% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 19.6% to PKR 341bn while Islamic funds declined by 0.2% to PKR 181bn. In addition, the total fixed Income funds increased by about 17.7% since June 2021, as the conventional income funds rose by 21.5% to PKR 153bn. Equity and related funds declined by 11.3% as market witnessed a decline in 9MFY22 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 47.8%, followed by Income funds with a share of 26.4% and Equity and Equity related funds having a share of 24.3% as at the end of 9MFY22.

Mutual Fund Industry Outlook

The recent increase in interest rates 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
April 20, 2022



Nasim Beg
Director/Vice Chairman
April 20, 2022

ڈائریکٹرز رپورٹ

تصحیح سے valuations کھل گئی ہیں اور طویل المیعاد سرمایہ کاران پرکشش سطحوں پر ایکوٹی میں سرمایہ کاری کرنا 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 دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین
20 اپریل 2022ء



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
20 اپریل 2022ء

باعث بین الاقوامی اشیائی قیمتوں اور عالمی مالی حالات میں غیر یقینی صورتحال پیدا ہو گئی ہے۔ ایس بی پی کے مطابق شرح میں حالیہ اضافے کے نتیجے میں forward looking شرح سود بڑھ کر معتدل حد تک مثبت محل وقوع میں آ گئی ہیں۔ چنانچہ مالیاتی سختی کے دور کا اختتام متوقع ہے۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز کے تناظر سے، اسٹاک کی قیمتوں میں حالیہ تصحیح سے valuation کھل گئی ہے۔ مارکیٹ نے سود کی شرح میں اضافے اور روپے کی قدر میں کمی سے فائدہ اٹھایا ہے۔ مارکیٹ cap کا مجموعی ملکی پیداوار (جی ڈی پی) کے ساتھ تناسب کم ہو کر 13.4 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 69 فیصد کی ہے۔ اسی طرح، ریسک پریمیم 6.0 فیصد کے قریب ہیں جو اپنے قدیم اوسط 1.9 فیصد کے مقابلے میں مارکیٹ میں جاری تجارت میں گہری رعایت کی نشاندہی کرتے ہیں۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد تصویر اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ فی الوقت مارکیٹ میں 5.7 گنا PER پر تجارت ہو رہی ہے جبکہ 8.3 فیصد ڈیویڈنڈ منافع پیش کیا جا رہا 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 کے منافع جات افراط زر کے دباؤ کے باعث بلند سطحوں پر برقرار رہیں گے۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

مالی سال 2022ء کے ابتدائی نو ماہ کے دوران اوپن end میوچل فنڈ صنعت کے inet اثاثہ جات تقریباً 7.4 فیصد بڑھ کر 1,093 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2021ء کے بعد سے تقریباً 11.9 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے جو تقریباً 19.6 فیصد بڑھ کر 341 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 0.2 فیصد کم ہو کر 181 بلین روپے ہو گئے۔ مزید براں، مجموعی فیکسڈ انکم فنڈز میں جون 2021ء سے تقریباً 17.7 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈز 21.5 فیصد بڑھ کر 153 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں 17.7 فیصد کمی ہوئی کیونکہ مالی سال 2022ء کے ابتدائی نو ماہ کے دوران مارکیٹ تنزل کا شکار رہی جس کے نتیجے میں مجموعی معاشی اور جغرافیائی۔ سیاسی عوامل پر تشویش کے باعث سرمایہ کاروں کی حوصلہ شکنی اثاثہ جات تحت الانظامیہ (AUMs) میں انحطاط کا سبب بنی۔

شعبہ جاتی اعتبار سے منی مارکیٹ فنڈز تقریباً 47.8 فیصد حصے کے ساتھ سب سے آگے رہے، جبکہ انکم فنڈز 26.4 فیصد حصے اور ایکویٹی اور ایکویٹی سے متعلقہ فنڈز 24.3 فیصد حصے کے ساتھ بالترتیب دوسرے اور تیسرے نمبر پر رہے۔

میوچل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں حالیہ اضافے سے منی مارکیٹ فنڈز میں آمدات میں اضافہ ہوگا۔ منی مارکیٹ فنڈز اپنی مختصر میعاد کی بدولت ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر مدت کے لیے کم خطرات کے ساتھ چلنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں حالیہ

معیشت اور بازار - مستقبل کے امکانات

روس اور یوکرین کے مابین جاری جنگ نے بین الاقوامی اشیائی قیمتوں کو بلند سطحوں پر رکھا ہوا ہے جس کے باعث درآمداتی بل اور خارجی جہت کے امکانات سے متعلق اندیشوں میں اضافہ ہوا ہے۔ مزید برآں، حکومت نے سیاسی دباؤ کے باعث populist (یعنی عوام کی مملکت کا) قدم اٹھایا تاکہ توانائی کی بین الاقوامی قیمتوں کو جذب کیا جاسکے اور پٹرولیم کی قیمتوں کو غیر تبدیل شدہ رکھا جاسکے۔ اس کے نتیجے میں بنیادی ڈھانچے سے متعلق اصلاح کے عمل میں رکاوٹ پیدا ہوئی اور آئی ایم ایف پروگرام التواء کا شکار ہو گیا ہے۔ مستقبل میں نئی حکومت کو آئی ایم ایف کے ساتھ مربوط ہو کر ترقی اور خارجی اکاؤنٹ کے استحکام کے مابین درست توازن تلاش کرنا ہوگا۔

ہمارے اندازے کے مطابق مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.5 فیصد اضافہ ہوگا، جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ زراعت، صنعت اور خدمات کے شعبوں میں پالترتیب 4.5 فیصد، 4.1 فیصد اور 4.5 فیصد ترقی متوقع ہے۔ صنعتی شعبے کی ترقی تیز رفتار ہو سکتی لیکن حکومتی ہدف سے کم رہے گی کیونکہ مالیاتی سختی کے نتیجے میں طلب مسکڑ گئی ہے۔ البتہ گندم اور کپاس کی بہتر فصل کی بدولت زراعت کے شعبے کی ترقی حکومتی تخمینوں سے سبقت لے جاسکتی ہے۔ کووڈ ویکسینیشن کا دور کافی کامیاب رہا جس کے نتیجے میں خدمات کے شعبے میں بحالی متوقع ہے کیونکہ یہ شعبہ واء سے سب سے زیادہ متاثر ہوا تھا۔

مسلسل بڑھی ہوئی بین الاقوامی اشیائی قیمتوں، خصوصاً پٹرولیم، پام تیل، کھاد اور اسٹیل، کے نتیجے میں درآمدات میں بھرپور بحالی اور کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا ہے جو اختتام سال پر ہمارے اندازے کے مطابق تقریباً 19.0 بلین ڈالر (جی ڈی پی کا 5.7 فیصد) ہوگا۔ یہ مالی سال 2018ء میں ہونے والے 19.2 بلین ڈالر خسارے (جی ڈی پی کا 6.1 فیصد) کے بعد تاحال سب سے بڑا خسارہ ہوگا۔ اس بلند خسارے کے رد عمل میں ہم سمجھتے ہیں کہ روپے کی قدر میں مزید کمی ہوگی اور مالی سال کے اختتام پر یہ تقریباً 192 روپے بالمقابل ایک ڈالر ہوگا۔

آئی ایم ایف پروگرام کی کامیابی بحالی مالیاتی اکاؤنٹ کو مثبت محل وقوع میں رکھنے کے لیے کلیدی شرط ہوگی۔ اسٹیٹ بینک آف پاکستان متوقع طور پر غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ سے تعین کردہ چکدار شرح مبادلہ اور موزوں مالیاتی پالیسی کے ذریعے خارجی اکاؤنٹ کے استحکام کو یقینی بنائے گا۔ ترسیلاتِ زرمع دو جہتی اور کثیر الجہتی آمدات بھی خارجی اکاؤنٹ کو سنبھالنے میں اہم عوامل ثابت ہوں گے۔

افراط زر کا اوسط مالی سال 2022ء میں 11.6 فیصد اور مالی سال 2023ء میں 13.8 فیصد متوقع ہے بشرطیکہ تیل کی بین الاقوامی قیمت 100 ڈالر فی بیرل برقرار رہے۔ اشیائی قیمتوں میں حالیہ اضافہ اور اس کے نتیجے میں ہونے والی روپے کی قدر میں کمی کے باعث افراط زر کے قریب المیاد میں بلند رہنے کا امکان ہے۔ حالیہ مانیٹری پالیسی منعقدہ اپریل 2022ء میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں 250 بی پی ایس اضافہ کر کے اسے 12.25 فیصد کر دیا کیونکہ روس اور یوکرین کے مابین جنگ کے

ڈائریکٹر ز رپورٹ

افراط زر باعث تشویش بنی رہی کیونکہ بڑھتی ہوئی اشیائی قیمتوں کی وجہ سے پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط مالی سال 2022ء کے ابتدائی نو ماہ میں 10.7 فیصد تھا، جبکہ مالی سال 2021ء کے ابتدائی نو ماہ میں 8.4 فیصد تھا۔ اس اضافے کی بنیادی وجوہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتیں، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور پاکستانی روپے کی قدر میں کمی کے دوسرے مرحلے کا اثر تھیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔ بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان رہا اور مارچ 2022ء میں 9.5 فیصد تک جا پہنچی، جبکہ جون 2021ء میں 6.9 فیصد تھی۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) پالیسی شرح میں مجموعی طور پر 525 بیس پوائنٹس (بی پی ایس) کا اضافہ کر کے اسے 12.75 فیصد تک لے گیا تاکہ افراط زر کے دباؤ اور مجموعی طلب میں سست روی کا مقابل کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے ابتدائی نو ماہ میں 29.1 فیصد بڑھ کر 4,382 بلین روپے تک پہنچ گئی جو 4,134 بلین روپے کے ہدف سے 248 بلین روپے زیادہ تھی، جبکہ گزشتہ سال مماثل مدت کے دوران 3,394 بلین روپے تھی۔ اس بہتر کارکردگی کی بنیادی وجہ درآمد کے مرحلے پر پہلے سے زیادہ کسٹم ڈیوٹی اور سیلز ٹیکس کی وصولی ہے۔

ثانوی مارکیٹوں کے منافع جات میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کے دور کا آغاز کر دیا۔ روپے کی قدر میں حالیہ کمی کے ساتھ ساتھ مسلسل بڑھی ہوئی اشیائی قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور افراط زر کا اوسط درمیانی مدت میں متوقع طور پر بلند رہے گا۔ تین، پانچ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 2.4، 2.1 اور 1.4 فیصد اضافہ ہوا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 9.91 فیصد کے مقررہ منافع کے مقابلے میں 8.64 فیصد سالانہ منافع حاصل کیا۔ شرح سود کے بڑھتے ہوئے رجحان کی وجہ سے فنڈ کا ڈیلیو اے ایم بڑھ کر 1.5 سال ہو گیا۔ زیر جائزہ مدت کے اختتام پر فنڈ مختص خاص طور پر نقد اور ٹی ایف سی میں رہا۔ مدت کے اختتام پر فنڈ کی نقد رقم میں 65.7 فیصد اور ٹی ایف سی میں 10.8 فیصد سرمایہ کاری کی گئی۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شریعت تھی۔

31 مارچ 2022ء کو فنڈ کے خالص اثاثے 4,546 ملین روپے رہے جبکہ 30 جون 2021ء کو فنڈ کے اثاثے 3,646 ملین روپے تھے، یعنی 24.68 فیصد کا اضافہ ہوا۔

31 مارچ 2022ء کو خالص اثاثہ قدر (این اے وی) فی یونٹ 113.9944 روپے رہی جبکہ 30 جون 2021ء کو این اے وی 107.0518 روپے فی یونٹ تھی جو کہ 6.9426 روپے فی یونٹ کا اضافہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف انکم فنڈ کے گوشواروں کا جائزہ برائے نومبر اور سہ ماہی مختتمہ 31 مارچ 2022ء پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

گزشتہ کچھ ہفتوں کے دوران ملک میں سیاسی افراتفری توجہ کا مرکز بنی رہی۔ حکمران جماعت نے قومی اسمبلی میں اکثریت کھودی اور حزب اختلاف کی قیادت میں بننے والے اتحاد کے ہاتھوں حکومت کا تختہ الٹ گیا۔ یہ تبدیلی پہلے سے ہی کمزور معاشی ماحول کے پس منظر میں ایکوٹی، مقررہ آمدنی اور شرح مبادلہ کی مارکیٹوں میں عدم استحکام کا باعث بنی۔ اس مضطرب سیاسی ماحول میں مارکیٹیں نئی حکومت کی معیشت کو مستحکم کرنے کی پالیسیوں اور اقدام کی منتظر ہیں۔

مالی سال (جولائی-جون) کا آغاز مضبوط نوٹ کے ساتھ ہوا جس میں حکومت کی جانب سے مالی سال 2022 (FY22) کے بجٹ میں کئی مراعات کے ذریعے ترقی کی بحالی پر نئی توجہ مرکوز کی گئی۔ یہ مالیاتی تسہیل کے تاخیری اثر اور کم شرحوں (TERF) پر سرمایہ کاری کی ترغیبات پر مستزاد تھا جس سے ترقی کو مزید معاونت حاصل ہوئی۔ تاہم مقامی طلب میں تیز رفتار بحالی اور اس کے ساتھ ساتھ بڑھتی ہوئی بین الاقوامی اشیائی قیمتوں کے نتیجے میں درآمدات میں بھی بھرپور بحالی ہوئی اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ روس اور یوکرین کے مابین تنازعے کے باعث مشکلات میں اضافہ ہوا کیونکہ بین الاقوامی اشیائی قیمتیں کئی برسوں کی بلند ترین سطح پر پہنچ گئیں۔

مالی سال 2022ء کے ابتدائی آٹھ ماہ میں ملک کا کرنٹ اکاؤنٹ خسارہ 12.1 بلین ڈالر تھا، جبکہ گزشتہ سال کی مماثل مدت میں 1.0 بلین ڈالر فاضل (منافع) تھا۔ یہ مالی سال 2018ء کے ابتدائی آٹھ ماہ میں ہونے والے 10.6 بلین ڈالر خسارے سے تاحال سب سے زیادہ خسارہ تھا۔ اس کی بنیادی وجہ ابتدائی آٹھ ماہ درآمدات میں 49.1 فیصد اضافہ تھی، جبکہ برآمدات میں اضافہ 28.1 فیصد تھا۔ تجارتی خسارہ 70.2 فیصد بڑھ کر 27.3 بلین ڈالر ہو گیا، جبکہ گزشتہ سال کی مماثل مدت میں 16.0 بلین ڈالر تھا۔ درآمدات میں یہ فقید المثال اضافہ ہماری اشیائی basket کی قدیم بلند قیمتوں کی بدولت ہوا، بشمول خام تیل، پام تیل، کونڈہ اور اس کے ساتھ ساتھ ویکسین کی یکبار درآمد۔ ہمارے اندازے کے مطابق درآمداتی بل میں قیمتوں کا دو تہائی حصہ تھا۔

مرکزی بینک کے زیر مبادلہ کے ذخائر میں 5.3 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ کا بلند تر خسارہ اور ادائیگی و قرض میں اضافہ تھا۔ علاوہ ازیں، پاکستان چین سے 2.2 بلین ڈالر کے تجارتی قرض کی بروقت تجدید نہیں کر سکا جس کے باعث ذخائر پر مزید باؤ پڑا۔ مزید برآں، ریکوڈک معاملے کو نمٹانے کے لیے 900 ملین ڈالر جرمانے کی ادائیگی کے باعث ذخائر گزشتہ 22 ماہ کی پست ترین سطح 11.3 بلین ڈالر پر پہنچ گئے، یعنی بمشکل کچھ ماہ کا درآمداتی cover۔ یہ اخراجات بمع پھیلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں روپے کی ڈالر کے مقابلے میں قدر مالی سال کے آغاز سے 14.1 فیصد کم ہو گئی۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

		March 31, 2022 (Un-Audited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	4,056,911	3,014,318
Investments	5	1,901,867	2,278,357
Mark-up, dividend and other receivables		46,641	34,325
Receivable against sale of investments		-	386,229
Receivable against margin trading system (MTS)		-	49,596
Advances, deposits and prepayments		167,462	47,070
Total assets		6,172,881	5,809,895
LIABILITIES			
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	6	13,048	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee		329	280
Payable to the Securities and Exchange Commission of Pakistan		641	807
Payable against purchase of investments		1,301,068	1,965,915
Accrued and other liabilities	7	311,843	186,879
Total liabilities		1,626,930	2,163,945
NET ASSETS		4,545,951	3,645,950
Unit holders' fund (as per statement attached)		4,545,951	3,645,950
Contingencies and commitments	8		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		39,878,716	34,057,826
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		113.9944	107.0518

The annexed notes from 1 to 15 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

		Nine months period ended March 31,		Quarter ended March 31,		
		2022	2021	2022	2021	
Note		(Rupees in '000)				
INCOME						
		(33,047)	14,410	(6,614)	15,830	
	Net (loss) / gain on sale of investments					
	Profit on bank deposits and term deposit receipts	111,859	64,291	49,851	23,115	
	Income from government securities	127,217	52,255	58,310	17,972	
	Income from term finance certificates and sukuk certificates	43,262	75,756	18,070	13,802	
	Dividend income	24,530	22,434	0	889	
	Income / (Loss) from spread transactions - net	19,687	24,005	0	47,568	
	Profit on margin trading system	4,488	11,218	3	3,169	
	Unrealised diminution on re-measurement of investments classified as					
	' financial assets at fair value through profit or loss' - net	11,868	19,549	2,044	(32,526)	
	Other income	2,173	5,760	656	2003	
	Total income	312,037	289,678	122,320	91,822	
EXPENSES						
	Remuneration of the Management Company	47,185	45,438	15,677	14,133	
	Sindh Sales tax on remuneration of the Management Company	6,132	5,907	2,038	1,837	
	Expenses allocated by the Management Company	3,205	3,029	1,105	942	
	Remuneration of the Trustee	2,404	2,272	829	707	
	Sindh Sales Tax on trustee fee	313	295	108	91	
	Selling and marketing expenses	13,226	11,813	4,309	3,674	
	Annual fee to Securities and Exchange Commission of Pakistan	641	606	221	189	
	Brokerage, settlement and bank charges	7,641	22,973	15	8,727	
	Auditors' remuneration	559	627	202	185	
	Legal and professional charges	1,113	412	41	321	
	Others	828	1,632	562	1,063	
	Total operating expenses	83,246	95,005	25,106	31,870	
	Net income from operating activities	228,791	194,673	97,214	59,952	
	(Reversal) / Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	42,902	(3,893)	-	(1,199)
	Net income for the period before taxation	271,693	190,780	97,214	58,753	
	Taxation	9	-	-	-	-
	Net income for the period after taxation	271,693	190,780	97,214	58,753	
<i>Allocation of net income for the period:</i>						
	Net income for the period after taxation	271,693	190,780			
	Income already paid on units redeemed	(32,934)	(25,550)			
		238,759	165,230			
<i>Accounting income available for distribution:</i>						
	- Relating to capital gains	-	27,747			
	- Excluding capital gains	238,759	137,483			
		238,759	165,230			

Earnings per unit

The annexed notes from 1 to 15 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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022**

	Nine months period ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	271,693	190,780	97,214	58,753
Other comprehensive (loss) for the period:	-	-	-	-
Total comprehensive income for the period	<u>271,693</u>	<u>190,780</u>	<u>97,214</u>	<u>58,753</u>

The annexed notes from 1 to 15 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 NINE MONTHS ENDED MARCH 31, 2022

	Nine Months ended March 31, 2022			Nine Months ended March 31, 2021		
	(Rupees in '000)					
	Capital value	Undistri-buted income	Total	Capital value	Undistri-buted income	Total
Net assets at beginning of the period	3,234,571	411,379	3,645,950	3,623,649	409,126	4,032,775
Issuance of 17,058,333 units (2021: 121,264,398 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,826,124	-	1,826,124	12,971,034	-	12,971,034
- Element of income	52,120	-	52,120	195,502	-	195,502
	1,878,245	-	1,878,245	13,166,536	-	13,166,536
Redemption of 11,237,444 units (2021: 123,610,488 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,202,989)	-	(1,202,989)	(13,221,983)	-	(13,221,983)
-Element of income	(14,015)	(32,934)	(46,949)	(174,833)	(25,550)	(200,383)
	(1,217,004)	(32,934)	(1,249,937)	(13,396,816)	(25,550)	(13,422,366)
Total comprehensive income for the period	-	271,693	271,693	-	190,779	190,779
Distribution During the period	-	-	-	-	-	-
	-	271,693	271,693	-	190,779	190,779
Net assets at end of the period	3,895,812	650,138	4,545,951	3,393,369	574,355	3,967,725
Undistributed income brought forward comprising of:						
- Realised gain		395,044			420,055	
- Unrealised loss		16,335			(10,929)	
		411,379			409,126	
Undistributed income - restated		411,379			409,126	
Accounting income available for distribution:						
- Relating to capital gains		-			27,747	
- Excluding capital gains		238,759			137,482	
		238,759			165,229	
Cash distribution during the period		-			-	
Undistributed income carried forward		650,138			574,355	
Undistributed income carried forward comprising of:						
- Realised gain		638,270			554,806	
- Unrealised loss		11,868			19,549	
		650,138			574,355	
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period		107.0518			106.9649	
Net assets value per unit at end of the period		113.9944			112.2229	

The annexed notes from 1 to 15 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 CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months ended	
	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	271,693	190,779
Adjustments for:		
Dividend Income	(24,530)	(22,434)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	(42,902)	3,893
Net unrealised loss on revaluation of investments 'at fair value through profit or loss - held-for-trading'	(11,868)	(19,549)
	192,393	152,691
Decrease / (increase) in assets		
Investments	388,359	1,222,915
Mark-up, dividend and other receivables	(12,316)	5,591
Receivable against sale of investments	386,229	-
Receivable against Margin Trading System (MTS)	49,596	(28,553)
Advances, deposits and prepayments	(120,392)	(118,872)
	691,476	1,081,080
Increase / (Decrease) in liabilities		
Payable to MCB Arif Habib Savings and Investments Limited - Management Company	2,984	(140)
Payable to Central Depository Company of Pakistan Limited - Trustee	49	(36)
Annual fee payable to SECP	(166)	(281)
Payable against purchase of investments	(664,847)	(403,592)
Accrued and other liabilities	167,866	56,545
	(494,114)	(347,504)
Dividend Received	24,530	22,400
Net cash generated from operating activities	414,285	908,666
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units (excluding additional units)	1,878,245	13,166,536
Payments on redemption of units	(1,249,937)	(13,422,366)
Net cash generated from / (used in) from financing activities	628,307	(255,831)
Net decrease in cash and cash equivalents during the period	1,042,592	652,836
Cash and cash equivalents at beginning of the period	3,014,318	1,643,631
Cash and cash equivalents at end of the period	4,056,911	2,296,464

The annexed notes from 1 to 15 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 (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the funds in medium term assets in order to provide higher return to the unit holders.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2021 to the Management Company and a stability rating of 'AA-(f)' dated March 9, 2022 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 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- 2.1.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2021. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2022 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2021, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2021.
- 2.1.3** 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 is unaudited.
- 2.1.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
4 BALANCES WITH BANKS			
Current accounts		703	39
Savings accounts	4.1	4,056,208	3,014,279
	4.2	<u>4,056,911</u>	<u>3,014,318</u>

- 4.1** These carry profit at rates ranging from 5.5% to 12.3% per annum (June 30, 2021: 5.5% to 8.5% per annum).
- 4.2** These includes balances with related parties of Rs. 0.708 million (June 30, 2021: Rs. 0.602 million) maintained with MCB Bank Limited and Rs. 0.0107 million (June 30, 2021: Rs. 0.010 million) maintained with MCB Islamic Bank Limited.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
5 INVESTMENTS			
Investments by Category			
At fair value through profit or loss			
Government securities	5.1	1,381,950	1,677,862
Listed equity securities	5.2	-	43,725
Listed debt securities	5.3	-	-
Unlisted debt securities	5.4	519,917	555,267
Future stock contracts		-	1,503
		<u>1,901,867</u>	<u>2,278,357</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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

Name of security	Note	Date of issue	Face value -----				Balance as at March 31, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2021	Purchased during the period	Disposed/ matured during the period	As at March 31, 2022	Carrying value	Market value	Unrealised gain / (loss)		
----- (Rupees in '000) -----											
----- % -----											
Treasury Bills - 3 months											
Treasury Bills		16-Dec-21	-	250,000	250,000	-	-	-	-	0.00%	0.00%
Treasury Bills		2-Jul-21	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		15-Jul-21	-	3,750,000	3,750,000	-	-	-	-	0.00%	0.00%
Treasury Bills		27-Jan-22	-	800,000	800,000	-	-	-	-	0.00%	0.00%
Treasury Bills		4-Nov-21	-	650,000	650,000	-	-	-	-	0.00%	0.00%
Treasury Bills		7-Oct-21	-	2,425,000	2,425,000	-	-	-	-	0.00%	0.00%
Treasury Bills		30-Dec-21	-	2,000,000	2,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills		17-Jun-21	-	1,018,000	1,018,000	-	-	-	-	0.00%	0.00%
Treasury Bills		6-May-21	-	100,000	100,000	-	-	-	-	0.00%	0.00%
Treasury Bills		20-May-21	-	1,750,000	1,750,000	-	-	-	-	0.00%	0.00%
Treasury Bills		22-Apr-21	1,000,000		1,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills		13-Jan-22	-	350,000	350,000	-	-	-	-	0.00%	0.00%
Treasury Bills		12-Aug-21	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		26-Aug-21	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		9-Sep-21	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		29-Jul-21	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 6 months											
Treasury Bills		2-Dec-21	-	800,000	800,000	-	-	-	-	0.00%	0.00%
Treasury Bills		2-Jul-21	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		22-Apr-21	-	1,000,000	1,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills		11-Mar-21	-	966,000	966,000	-	-	-	-	0.00%	0.00%
Treasury Bills		12-Aug-21	-	2,150,000	2,150,000	-	-	-	-	0.00%	0.00%
Treasury Bills		29-Jul-21	-	3,500,000	3,500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		16-Dec-21	-	6,200,000	6,200,000	-	-	-	-	0.00%	0.00%
Treasury Bills		25-Mar-21	-	250,000	250,000	-	-	-	-	0.00%	0.00%
Treasury Bills		26-Aug-21	-	3,402,500	3,402,500	-	-	-	-	0.00%	0.00%
Treasury Bills		9-Sep-21	-	10,200,000	10,200,000	-	-	-	-	0.00%	0.00%
Treasury Bills		15-Jul-21	-	3,273,000	3,273,000	-	-	-	-	0.00%	0.00%
Treasury Bills		6-May-21	-	1,400,000	1,400,000	-	-	-	-	0.00%	0.00%
Treasury Bills		27-Jan-22	-	1,750,000	1,750,000	-	-	-	-	0.00%	0.00%
Treasury Bills		3-Jun-21	-	4,400,000	4,400,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 12 months											
Treasury Bills		16-Dec-21	-	750,000	500,000	250,000	229,839	229,834	(5)	0.05	0.12
Treasury Bills		30-Dec-21	-	1,000,000	500,000	500,000	457,643	457,641	(2)	0.10	0.24
Pakistan Investment Bonds											
Pakistan Investment Bonds											
- 02 years		5-Nov-20	100,000	400,000	400,000	100,000	99,713	99,760	47	0.02	5.25%
- 02 years		26-Aug-21	-	2,892,000	2,417,000	475,000	471,946	471,818	(128)	0.10	24.81%
Pakistan Investment Bonds											
- 03 years		12-Jul-18	11,000	-	11,000	-	-	-	-	0.00%	0.00%
- 03 years		18-Jun-20	200,000	400,000	-	-	-	-	-	0.00%	0.00%
- 03 years		20-Aug-20	-	550,000	550,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds											
- 05 years		12-Jul-18	300,000	800,000	1,100,000	-	-	-	-	0.00%	0.00%
- 05 years		15-Oct-20	-	250,000	250,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds											
- 10 years		22-Aug-19	35,000	105,000	105,000	35,000	35,147	35,144	(3)	0.77%	1.85%
GOP Ijara Sukuk											
- 05 years		24-Jun-20	37,500	-	-	37,500	37,683	37,519	(164)	0.83%	1.97%
- 05 years		15-Dec-21	-	100,000	50,000	50,000	51,154	50,235	(919)	1.11%	2.64%
Total as at March 31, 2022							1,383,125	1,381,951	(1,174)		
Total as at June 30, 2021							1,677,330	1,677,862	532		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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 March 31, 2022			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 March 31, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total investments	
					(Rupees in '000)			%		
Automobile Assembler										
Pak Suzuki Motors Company Limited	-	26,000	26,000	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	67,000	67,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Automobile Parts & Accessories										
Loads Limited	-	20,000	20,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Cable & electrical goods										
Pak Elektron Limited	-	1,853,500	1,853,500	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	3,688,000	3,688,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Cement										
D.G. Khan Cement Company Limited*	-	684,000	684,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	115,500	115,500	-	-	-	-	-	-	-
Lucky Cement Limited	-	6,500	6,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	1,095,000	1,095,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	192,000	192,000	-	-	-	-	-	-	-
Power Cement Limited*	-	3,500	3,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Chemicals										
Engro Polymer and Chemicals Limited	-	528,000	528,000	-	-	-	-	-	-	-
Ghani Global Holdings Limited	-	5,480,000	5,480,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	532,000	532,000	-	-	-	-	-	-	-
Nimir Resins Limited	-	9,000	9,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Engineering										
Aisha Steel Mills Limited*	-	1,277,500	1,277,500	-	-	-	-	-	-	-
Amreli Steels Limited	-	107,000	107,000	-	-	-	-	-	-	-
International Industries Limited	-	323,500	323,500	-	-	-	-	-	-	-
International Steels Limited	-	287,500	287,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	218,000	218,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Food & Personal Care Products										
Fauji Foods Limited	-	362,000	362,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	59,000	59,000	-	-	-	-	-	-	-
Treet Corporation Limited	-	1,313,000	1,313,000	-	-	-	-	-	-	-
Unity Foods Limited	-	9,156,000	9,156,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Fertilizer										
Engro Corporation Limited	-	19,000	19,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	203,500	203,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	4,500	4,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Glass & Ceramics										
Shabbir Tiles & Ceramics Limited	-	2,000	2,000	-	-	-	-	-	-	-
Tariq Glass Industries	-	120,500	120,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Miscellaneous										
Pace (Pakistan) Limited	-	50,000	50,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	1,723,000	1,723,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited	-	1,736,000	1,736,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	284,000	284,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Balance carried forward					-	-	-	-	-	-

* These transactions relate to shares of related parties

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

Name of investee company	Number of shares				Balance as at March 31, 2022			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 March 31, 2022	Carrying value	Market value	Unrealised (loss)/ gain	net assets	total invest-ments	
					----- (Rupees in '000) -----			----- % -----		
Balance brought forward					-	-	-			
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	-	224,500	224,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	6,619,500	6,619,500	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	37,000	37,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	-	91,000	91,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Power Generation & Distribution										
The Hub Power Company Limited*	-	655,000	655,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited	-	630,500	630,500	-	-	-	-	-	-	-
K-Electric Limited	-	1,652,500	1,652,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Refinery										
Attock Refinery Limited	170,500	1,309,000	1,479,500	-	-	-	-	-	-	-
Byco Petroleum Pakistan Limited	-	22,815,000	22,815,000	-	-	-	-	-	-	-
National Refinery Limited	-	397,000	397,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	823,500	823,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Technology & Communications										
Avanceon Limited	-	2,402,000	2,402,000	-	-	-	-	-	-	-
Hum Network Limited	-	5,811,500	5,811,500	-	-	-	-	-	-	-
Netsol Technologies	-	1,423,500	1,423,500	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	75,000	75,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	3,121,500	3,121,500	-	-	-	-	-	-	-
Worldcall Telecom Limited	-	2,116,500	2,116,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Textile Composite										
Gul Ahmed Textile Mills Limited	-	293,000	293,000	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	845,500	845,500	-	-	-	-	-	-	-
Nishat Mills Limited*	-	57,500	57,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Transport										
Pakistan Interntional Bulk Terminal Limited	-	17,937,000	17,937,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Total as at March 31, 2022					-	-	-	-	-	-
Total as at June 30, 2021					44,113	43,725	(388)			

* These transactions relate to shares of related parties

***These Shares has been pledged with National Clearing Company of Pakistan Limited as security against exposure margin / MTM losses as per Circular no. 11 dated October 23, 2007 issued by the SECP.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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

Name of investee company	Number of certificates				Balance as at March 31, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2021	Purchased during the period	Disposed during the period	As at March 31, 2022	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----									
Financial Services									
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.4.1)	10,000	-	-	10,000	27,548	-	-	-	-
Less: Provision for impairment					(27,548)	-	-	-	-
As at March 31, 2022					-	-	-		
As at June 30, 2021					-	-	-		

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

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

Name of investee company	Number of certificates				Balance as at March 31, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2021	Purchased during the period	Disposed/ Matured during the period	As at March 31, 2022	Carrying value	Market value	Unrealised (loss) / gain		
(Rupees in '000) %									
Commercial banks									
Askari Bank Limited VII - TFC (March 17, 2020)**	50	-	-	50	49,489	50,750	1,261	1.12%	2.67%
Samba bank limited (March 1, 2021)*	1,850	-	1,000	850	84,966	85,641	675	1.88%	4.50%
The Bank of Punjab Limited - TFC II * (April 23, 2018)	850	-	850	-	-	-	-	0.00%	0.00%
The Bank of Punjab Limited TFC-I * (December 23, 2016)	1,200	-	-	1,200	120,958	125,029	4,072	2.75%	6.57%
Bank Al Habib Ltd.(September 30, 2021)	-	35,000	-	35,000	174,965	179,689	4,724	3.95%	9.45%
					430,378	441,110	10,732	9.70%	23.19%
Chemicals									
Ghani Gases Limited - Sukuk *(February 02, 2017)	500	-	-	500	14,519	15,333	814	0.34%	0.81%
					14,519	15,333	814	0.34%	0.81%
Investment Bank									
Jahangir Siddiqui and Company Limited- TFC-III- July 18, 2017	10,000	-	-	10,000	17,260	17,746	487	0.39%	0.93%
Jahangir Siddiqui & Co. Ltd. - TFC (March 06, 2018)	18,000	-	-	18,000	44,705	45,727	1,023	1.01%	2.40%
					61,964	63,474	1,509	1.40%	3.34%
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.4.1)	10,400	-	-	10,400	21,983	-	-	-	-
Less: Provision for impairment					(21,983)	-	-	-	-
New Allied Electronics Industries (Private) Limited Sukuk (July 25, 2007) (refer note 5.4.1)	112,000	-	-	112,000	35,063	-	-	-	-
Less: Provision for impairment					(35,063)	-	-	-	-
As at March 31, 2022					506,861	519,917	13,056	11%	27%
As at June 30, 2021					540,579	555,267	14,688		

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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

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

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of total investments
Listed debt securities						
Saudi Pak Leasing Company Limited	TFC	27,548	(27,548)	-	0.00%	0.00%
Unlisted debt securities						
New Allied Electronics Industries (Private) Limited	TFC	21,983	(21,983)	-	0.00%	0.00%
New Allied Electronics Industries (Private) Limited	Sukuk	35,063	(35,063)	-	0.00%	0.00%

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
6 PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		
Remuneration payable	5,804	4,960
Sindh sales tax on management fee	754	647
Sale load Payable	1,796	209
Allocated expenses payable	386	330
Selling and marketing expenses payable	4,308	3,918
	<u>13,048</u>	<u>10,064</u>

	March 31, 2022 (Un-Audited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
7 ACCRUED AND OTHER LIABILITIES		
	Note	
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	-
Federal Excise Duty on remuneration to the Management Company	7.2	42,902
Federal Excise Duty and related taxes payable on sales load		99,060
Auditors' remuneration		27,933
Withholding tax payable		374
Brokerage payable		549
Dividend payable		425
Others		2,014
		39
		1,037
		3
		3
		184,009
		<u>311,843</u>
		<u>13,381</u>
		<u>186,879</u>

7.1 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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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 the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF. The Fund has also reversed provision for SWWF amounting to Rs. 42.902 million in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

7.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2021. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2022 would have been higher by Rs. 3.18 per unit (June 30, 2021: Re. 2.91 per unit).

8 CONTINGENCIES AND COMMITMENTS

8.1 On November 03, 2020, DCF Income Fund (DCFIF) received a notice of tax demand for the tax year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR raised objection on claiming of "income already paid on units redeemed" as part of distribution and thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR is of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not "Cash Dividend". The ACIR raised a tax demand of Rs. 73.376 million on the Fund in respect of the tax year 2018. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA), Stay Order was duly granted by CIRA. On November 25, 2021 Assessment Order issued by ACIR was remanded back by CIRA. Since then, no Order has yet been issued from FBR.

8.2 On December 01, 2021, DCF Income Fund (DCFIF) had received a notice of tax demand for the Tax Year 2017 from the Additional Commissioner (Inland) Revenue (ACIR), whereby ACIR raised objections on claiming of "provision against debt securities" amounting to Rs. 7.943 million and adjustment of the "Element of loss and capital losses" amounting to Rs. 151.140 million while arriving at the declared accounting income of the Fund and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR raised a tax demand of Rs 138.821 million. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA), Stay Order was duly granted by CIRA.

On March 31, 2022, a favorable Appellate Order was passed by Commissioner Appeals whereby it was directed that the benefit of Element of Loss should be allowed to the Company; accordingly, the case has been decided in favor of the Fund. Since then there is no further development.

8.3 Commitments

Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end

March 31, 2022 (Un-Audited)	June 30, 2021 (Audited)
----- (Rupees in '000) -----	

-	45,728
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9 TAXATION

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

10 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.

11 TOTAL EXPENSE RATIO

The Annualized total expense ratio of the Fund is 2.6% as on March 31, 2022 (March 31, 2021: 3.26%) and this includes 0.23% (March 31, 2021: 0.34%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee.

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

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

12.1 Unit Holders' Fund

For the Nine Months ended March 31, 2022 (Un-Audited)								
	As at July 01, 2021	Issuance (including additional units)	Redeemed	As at March 31, 2022	As at July 01, 2021	Issuance	Redeemed	As at March 31, 2022
	Units				(Rupees in '000)			
Group / associated companies								
MCB Employees Provident Fund (Pak Staff)	1,677,094	-	-	1,677,094	179,536	-	-	191,179
MCB Employees Pension Fund	1,677,094	-	-	1,677,094	179,536	-	-	191,179
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	5,045	-	-	5,045	540			575
Mandate under discretionary portfolio services*	2	824	793	33	-	90	87	4

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

For the nine months ended March 31, 2021 (Un-Audited)								
	As at July 01, 2020	Issuance	Redeemed	As at March 31, 2021	As at July 01, 2020	Issuance	Redeemed	As at March 31, 2021
	Units				(Rupees in '000)			
Group / associated companies								
Mcb-Arif Habib Savings And Investments Limited	-	9,344	9,344	-	-	1,015	1,016	-
Mcb Employees Provident Fund (Pak Staff)	1,573,657	-	-	1,573,657	168,326	-	-	176,600
Mcb Employees Pension Fund	1,573,657	-	-	1,573,657	168,326	-	-	176,600
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	4,734	-	-	4,734	506			531
Mandate under discretionary portfolio services*	10,285	110,241,802	110,252,086	2	1,100	11,954,526	11,961,585	0

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

		(Un-Audited)	
		March 31, 2022	March 31, 2021
		----- (Rupees in '000) -----	
12.2	Transactions during the period:		
	Management Company		
	MCB Arif Habib Savings and Investments Limited		
	Remuneration (including indirect taxes)	53,317	51,345
	Marketing and Selling Expense	13,226	11,813
	Expense allocated by the Management	3,205	3,029
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration (including indirect taxes)	2,717	2,567
	Settlement charges	651	1,032
	Group / associated companies		
	MCB Bank Limited		
	Mark-up on deposit accounts	36	66
	Purchase of securities face value Rs.504,000,000(2021: Sale Rs.146,900,000)	485,378	1,034,327
	Bank charges	30	27
	Arif Habib Limited - Brokerage House		
	Brokerage and settlement charges *	28	-
	Nishat (Chunian) Limited		
	Purchase of 845,500 (2021: 609,000) shares	43,826	25,733
	Sale of 845,500 (2021: 508,000) shares	44,162	21,159
	Dividend income		-
	D.G. Khan Cement Company Limited		
	Purchase of 684,000 (2021: 3,620,000) shares	75,264	399,442
	Sale of 684,000 (2021:4,086,500) shares	75,851	438,384
	Dividend income		-
	Nishat Mills Limited		
	Purchase of 57,500 (2021: 1,571,500) shares	5,500	156,367
	Sale of 57,500 (2021: 1,626,000) shares	5,548	158,819
	Dividend income		2,792
	Power Cement Limited		
	Purchase of 3,500 (2021: 1,873,500) shares	29	19,058
	Sale of 3,500 (2021: 1,836,000) shares	29	18,885
	Aisha Steel		
	Purchase of 1,277,500 (2021: Nil) shares	30,816	-
	Sale of 1,277,500 (2021: Nil) shares	31,055	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	(Un-Audited) March 31, 2022	(Audited) June 30 2021
	----- (Rupees in '000) -----	
12.3 Balances outstanding at period end:		
Management Company		
MCB-Arif Habib Savings and Investments Limited		
Remuneration payable	5,804	4,960
Sindh sales tax payable on remuneration payable	754	647
Allocated expenses payable	386	330
Selling and marketing expenses payable	4,308	3,918
Sales load payable	1,796	209
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	200	200
Remuneration payable (including indirect taxes)	329	281
MCB Bank Limited		
Balances with Bank	710	602
MCB Islamic Bank Limited		
Balances with bank	11	10
Arif Habib - Brokerage House		
Brokerage and settlement charges payable	-	3

13. GENERAL

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

13.2. Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

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;

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

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).

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 20, 2022 by the Board of Directors of the Management Company.

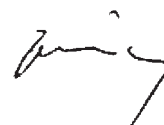
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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

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