



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2022

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



# **MCB CASH MANAGEMENT OPTIMIZER**

## TABLE OF CONTENTS

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<b>1</b>	<b>Fund's Information</b>	<b>217</b>
<b>2</b>	<b>Report of the Director of the Management Company</b>	<b>218</b>
<b>3</b>	<b>Report of the Fund Manager</b>	<b>231</b>
<b>4</b>	<b>Trustee Report to the Unit Holders</b>	<b>233</b>
<b>5</b>	<b>Independent Auditor's Report to the Unit Holders</b>	<b>234</b>
<b>6</b>	<b>Statement of Assets and Liabilities</b>	<b>235</b>
<b>7</b>	<b>Income Statement</b>	<b>236</b>
<b>8</b>	<b>Statement of Other Comprehensive Income</b>	<b>237</b>
<b>9</b>	<b>Statement of Movement in Unit Holder's Fund</b>	<b>238</b>
<b>10</b>	<b>Cash Flow Statement</b>	<b>239</b>
<b>11</b>	<b>Notes to and Forming Part of the Financial Statements</b>	<b>240</b>
<b>12</b>	<b>Pattern of Units Holding by Size</b>	<b>261</b>
<b>13</b>	<b>Performance Table</b>	<b>262</b>

## FUND'S INFORMATION

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

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Cash Management Optimizer** accounts review for year ended June 30, 2022.

## **Economy and Money Market Review**

Fiscal year 2022 (FY22) remained a difficult year for Pakistan as the country faced multiple challenges on macroeconomic front along with political uncertainty. While the economy weathered the Covid challenge relatively well, reopening of global economies and supply chain disruptions stimulated a spike in global commodity prices increasing pressure on trade deficit. Russia- Ukraine war pushed the commodity prices even further, exacerbating the already widening trade deficit with highest ever import bill during the year. A spike in energy and food prices coupled with a weak exchange rate led to a sharp pickup in domestic inflation. Commodity price led Inflationary trends were also visible in global economies particularly US and Eurozone and consequent tightening has raised fears of a broader recession.

Pakistan's economy was already coping with macroeconomic challenges and the political upheaval further aggravated the situation. The elevated political noise led to populist measures like fuel and power subsidies undermining the much needed fiscal adjustments. In addition, an unscheduled change of country's leadership and ensuring political uncertainty led to delay in policy actions and adjustments needed for IMF program.

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the 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.

Foreign exchange reserves of central bank declined by USD 7.4bn in FY22 on account of higher current account deficit and debt repayments. In addition, delay in IMF program led to slowdown in other foreign inflows which dragged the reserves to USD 9.8bn, implying an import cover of 1.7 months. These outflows coupled with widening current account deficit led PKR to weaken by 23.0% against USD since start of the fiscal year.

Inflation remained highly concerning as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 12.1% in FY22 compared to 8.9% in FY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which kept the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upwards trend with an increase of 12.3% in June 2022 compared to 6.9% in June 2021. Expectations of above 20% in the next fiscal year along with weak fiscal framework, led SBP to increase policy rate by a cumulative 625bps to 13.75% in the fiscal year to counter inflationary pressures and slowdown the overall aggregate demand. It further increased policy rate by 125 basis points to 15% in July-22.

On the fiscal side, FBR tax collection increased by 29.1% in FY22 to PKR 6,125bn compared to PKR 4,744bn during the same period last year. This exceeded the target by 25bn. The improved tax collection was primarily on the back of higher customs duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in FY22 as SBP started the monetary tightening cycle. The depreciation in the rupee along with persistently high energy prices will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 4.5%, 3.4% and 3.0%, respectively during the period.

### FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 10.83% as against its benchmark return of 9.28%, a difference of 1.55%. WAM of the fund was 01 day at June end.

The fund was 90.9% in cash as of June end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2022 increased by 88.52% to Rs. 64,153 million as compared to Rs. 34,030 million as at June 30, 2021.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 101.3454 as compared to opening NAV of Rs. 100.9800 per unit as at June 30, 2021 registering an increase of Rs. 0.3654 per unit.

### Economy & Market – Future Outlook

The government has taken several harsh steps including increasing petroleum, electricity and gas prices to meet the IMF prior conditions. It has also increased interest rate to 15% and made changes in the FY23 Budget to targets primary fiscal surplus in FY23. These steps have led to a successful staff level agreement with IMF and should pave the way for the disbursement of USD 1.2bn from the fund under the combined 7th and 8th review of the Extended Fund Facility (EFF). The government was also able to convince IMF to increase funding by USD 1 billion to USD 7 billion and extend the duration till June 2023 compared to September 2022 earlier. IMF program shall provide stability to the external account and provide a window to policy makers requiring continued fiscal discipline and measured trade account policies in the short term while focus on the economic policies that can support sustainable growth in the long term.

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector grew by 4.4%, 7.2% and 6.2% respectively. However, we expect GDP growth to sharply decline to a range of 2.5-3.0% in FY23. The monetary tightening and rupee devaluation would lead to slowdown in economy and would impact industrial growth. The government is also focusing on controlling imports to curtail current account deficit which would affect services sector growth.

The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 14% YoY to USD 63bn as we will witness volumetric compression in several segments of the economy. Thus we expect the current account deficit to ease to USD 7.6bn (2.0% of GDP) in FY23 compared to expected current account deficit of USD 16.5bn (4.2% of GDP) in FY22.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone as we await funding commitment from friendly countries. Sustaining remittances along with bilateral and multilateral flows would also be crucial in managing our external position. USD/PKR is trading in a range of 225-230 due to ensuing political uncertainty and delay in IMF tranche. We expect Rupee to recover post disbursement of IMF tranche along with receipts from friendly countries. We expect however USD/PKR to depreciate by the close of fiscal year to 235.

CPI based inflation for June 2022 clocked at 21.3% on the back of increase in petroleum and electricity prices as the relief measures announced by the previous government were reversed. We will witness the second round impact of currency devaluation and petroleum price increase which will keep inflation elevated for the remainder of the year. We expect FY23 average inflation to clock at 21.8%. SBP increased the policy rate to 15% to slowdown aggregate demand and ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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fiscal position and does little to tame cost push inflation. We thus SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% 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 4.7x, while offering a dividend yield of 9.5%.

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 19.2% during FY22 to PKR 1,214bn. Total money market funds grew by about 43.8% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 56.4% to PKR 446bn while Islamic funds increased by 24.1% to PKR 225bn. In addition, the total fixed Income funds increased by about 21.9% since June 2021, as the conventional income funds rose by 27.9% to PKR 161bn. Equity and related funds declined by 23.1% as market witnessed a decline in FY22 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 55.3%, followed by Income funds with a share of 24.6% and Equity and Equity related funds having a share of 18.9% as at the end of FY22.

### **Mutual Fund Industry Outlook**

Increase in interest rates would encourage higher flows in the money market funds. Recent changes in Finance Act 2023 also incentivize investors to save and invest through Mutual funds. Prevailing yields of near 15% in fixed income funds are ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices has opened up valuations and long term investors would look to add equity exposure at these highly 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.

### **Corporate Governance**

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees	
1.	Mr. Haroun Rashid	Non-Executive Director		None
2.	Mr. Nasim Beg	Non-Executive Director	(i)	Audit Committee; and
			(ii)	HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i)	Audit Committee; and
			(ii)	HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i)	Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	(i)	Audit Committee
			(ii)	HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i)	Audit Committee (Chairman); and
			(ii)	HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i)	HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i)	HR&R* Committee

\* HR&R stands for Human Resource and Remuneration.

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

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.



## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

- j. As at June 30, 2022, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2022:

### 1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	8	1
4. Mr. Kashif A. Habib	9	9	6	3
5. Syed Savail Meekal Hussain	9	9	9	-

### 2. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (chairman)	5	5	5	-
2. Mr. Ahmed Jahangir	5	5	2	3
3. Mr. Nasim Beg	5	5	2	3
4. Ms. Mavra Adil Khan	5	5	5	-
5. Syed Savail Meekal Hussain	5	5	2	3
6. Mr. Muhammad Saqib Saleem (CEO)	5	5	5	-

- n. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Asif Mehdi Rizvi	Chief Operating & Financial Officer	4,401	845	1
2	Mobin Ahmed Siddiqui	Chief Internal Auditor	90,056	91,771	1,716

## External Auditors

The fund's external auditors, **M/s A.F. Ferguson & Co. Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2023. The audit committee of the Board has recommended reappointment of **M/s A.F. Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee.

## 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  
August 15, 2022



**Nasim Beg**  
Director/Vice Chairman

## ڈائریکٹرز رپورٹ

n. فنڈ کے یونٹس میں تجارت دوران سال ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، اور مینجمنٹ کمپنی کے چیف انٹرنل آڈیٹر اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کی گئی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فنانشل آفیسر	4,401	845	1
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	90,056	91,771	1,716

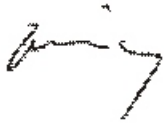
### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2023ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2023ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔ اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

### اظہار تشکر

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

منجانب ڈائریکٹرز



نسیم بیگ  
ڈائریکٹر/وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
15 اگست 2022ء

## ڈائریکٹرز رپورٹ

- i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔
- j. 30 جون 2022ء تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کوڈ کے ضابطہ نمبر 19 میں موجود ہے۔
- k. این بی ایف سی ریگولیشنز کے مطابق مطلوب پونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔
- l. بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کے سالانہ جائزے کے لیے ایک باضابطہ اور موثر طریقہ کار وضع کیا جاتا ہے۔
- m. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کردی گئی ہیں۔ سال مختتمہ 30 جون 2022ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

### ۱۔ آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	9	9	9	۱۔ مرزا محمد قمر بیگ (چیئرمین)
-	9	9	9	۲۔ جناب نسیم بیگ
1	8	9	9	۳۔ جناب احمد جہانگیر
3	6	9	9	۴۔ جناب کاشف اے حبیب
-	9	9	9	۵۔ سید ساویل میکان حسین

### ۲۔ ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریویژن کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	5	5	5	۱۔ جناب مرزا قمر بیگ (چیئرمین)
3	2	5	5	۲۔ جناب احمد جہانگیر
3	2	5	5	۳۔ جناب نسیم بیگ
-	5	5	5	۴۔ محترمہ ماوراء عادل خان
3	2	5	5	۵۔ سید ساویل میکان حسین
-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)

## ڈائریکٹرز رپورٹ

مندرجہ بالا تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون رشید	Non ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	Non ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	Non ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	Non ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید ساویل میکان حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریوژنیشن

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

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

- مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمدورفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛
- مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیٹری ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الاداء ٹیکس، قانونی چارہ جزی اور ڈیوٹیز (اگر کوئی ہیں تو) کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔



### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے دوران تقریباً 19.2 فیصد بڑھ کر 1,214 بلین روپے ہو گئے۔ Money مارکیٹ کی مجموعی فنڈز میں جون 2021ء سے اب تک تقریباً 43.8 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے کیونکہ تقریباً 56.4 فیصد بڑھ کر 446 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 24.1 فیصد بڑھ کر 225 بلین روپے ہو گئے۔ مزید برآں، مجموعی فیکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 21.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈز 27.9 فیصد بڑھ کر 161 بلین روپے ہو گئے۔ ایکوٹی اور متعلقہ فنڈز 23.1 فیصد کم ہو گئے جس کی وجہ مالی سال 2022ء میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانظامیہ میں کمی ہے کیونکہ مجموعی معاشی و جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.3 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکوٹی فنڈز اور متعلقہ فنڈز تھے جن کا 18.9 فیصد حصہ تھا۔

### میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فائننس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوچل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ فیکسڈ انکم فنڈز میں رائج الوقت تقریباً 15 فیصد منافع جات ایسے سرمایہ کاروں کے لیے موزوں ترین ہیں جو مختصر میعاد میں رہنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعیناتی قدر کھول دی ہیں اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکوٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلاک وٹ 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۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف (8) اراکین پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (CEO) شامل ہیں اور اس میں صنف اور علم کا متنوع امتزاج ہے۔ بورڈ 1 خاتون اور 7 مرد ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

4• غیر-ایگزیکٹو ڈائریکٹرز؛

3• آزاد ڈائریکٹرز؛ اور

1• ایگزیکٹو ڈائریکٹر (CEO)۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

بین الاقوامی اشیاء اپنی حالیہ بلندی سے نیچے آگئی ہیں لیکن توانائی کی قیمتیں بلندی پر ڈٹی ہوئی ہیں۔ ہم اُمید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام دے کر رکھے گی اور ڈالر کے غیر ضروری خارجی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 14 فیصد YoY کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ ہم دیکھیں گے کہ معیشت کے متعدد شعبوں کے حجم سکڑ جائیں گے۔ چنانچہ ہمیں اُمید ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ 7.6 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) کم ہوگا جبکہ اس کے بالمقابل مالی سال 2022ء میں متوقع کرنٹ اکاؤنٹ خسارہ 16.5 بلین ڈالر (جی ڈی پی کا 4.2 فیصد) تھا۔

آئی ایم ایف پروگرام کی کامیابی بحالی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں گے۔ ڈالر/روپے کی تجارت 225-230 کی حدود میں ہو رہی ہے جس کی وجہ متوقع سیاسی غیر یقینی حالات اور آئی ایم ایف کی قسط میں تاخیر ہے۔ ہم سمجھتے ہیں کہ آئی ایم ایف کی قسط کے اجراء اور دوست ممالک سے حصول کے بعد روپیہ کی قدر بحال ہوگی۔ تاہم مالی سال کے اختتام تک روپے کی ڈالر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

سی پی آئی پر مبنی مہنگائی جون 2022ء کے لیے 21.3 فیصد کی سطح پر تھی جس کی وجہ پٹرول اور بجلی کی قیمتوں میں اضافہ تھا کیونکہ سابقہ حکومت کے اعلان کردہ امدادی اقدامات روک دیئے گئے۔ ہم روپے کی قدر میں کمی کے اثر کا دوسرا دور دیکھیں گے اور پٹرول کی قیمت میں اضافہ بھی ہوگا جس کے باعث سال کے بقیہ حصے میں مہنگائی بلند رہے گی۔ مالی سال 2023ء میں مہنگائی کا اوسط 21.8 فیصد متوقع ہے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 15 فیصد کر دیا تاکہ مجموعی مانگ کی رفتار اور مہنگائی کے دباؤ میں کمی لائی جاسکے۔ سود کی شرحوں میں غیر ضروری بلند سطح تک اضافے سے مالیاتی صورتحال متاثر ہوتی ہے اور cost-push مہنگائی کو قابو کرنے میں کوئی قابل ذکر مدد نہیں ملتی۔ چنانچہ ہم اُمید کرتے ہیں کہ ایس بی پی منفی شروع سود برقرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 10.1 فیصد ہو گیا ہے جو اس کے تاریخی اوسط سے 52 فیصد کی کمی ہے۔ اسی طرح، خطرات کے پریمیم 8.3 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 9.5 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم 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۔

## ڈائریکٹر رپورٹ

نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زیر جائزہ مالی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر کل مانگ کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی مالی سال 2022ء میں 29.1 فیصد بڑھ کر 6,125 بلین روپے ہو گئی جبکہ گزشتہ سال مماثل مدت کے دوران 4,744 بلین روپے تھی۔ یہ ہدف سے 25 بلین زائد تھا۔ ٹیکس وصولی میں بہتری کی بنیادی وجہ درآمدات میں اضافے کی بدولت کسٹمز ڈیوٹی میں اضافہ اور زیادہ سیلز ٹیکس کی وصولی ہے۔

دوسری بات یہ کہ بازاروں کے منافع میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا چکر شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دوران مدت بالترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 10.83 فیصد تھا، جو مقررہ معیار کے منافع 9.28 فیصد کے مقابلے میں 1.55 فیصد زیادہ ہے۔ فنڈ کی پالوزن اوسط میچورٹی اختتام مدت پر 1 دن ہے۔ جون کے اختتام پر فنڈ 90.9 فیصد نقد میں تھا۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شرحیں تھیں۔ 30 جون 2022ء کو فنڈ کے net اثاثہ جات 64,153 ملین روپے تھے جو 30 جون 2021ء کی سطح 34,030 ملین روپے کے مقابلے میں 88.52 فیصد اضافہ ہے۔

30 جون 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 101.3454 روپے تھی جو 30 جون 2021ء کو ابتدائی این اے وی 100.9800 روپے فی یونٹ کے مقابلے میں 0.3654 روپے فی یونٹ اضافہ ہے۔

## معیشت اور مارکیٹ - مستقبل کا منظر نامہ

حکومت نے متعدد سخت فیصلے کیے ہیں بشمول پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ، تاکہ آئی ایم ایف کی شرائط پوری کی جاسکیں۔ علاوہ ازیں، سود کی شرح کو بڑھا کر 15 فیصد کیا ہے اور مالی سال 2023ء کے بجٹ میں تبدیلیاں کی ہیں تاکہ مالی سال 2023ء میں بنیادی مالیاتی surplus کو ہدف بنایا جاسکے۔ ان اقدامات کے نتیجے میں آئی ایم ایف کے ساتھ اسٹاف سطح کا ایک کامیاب معاہدہ ہو گیا ہے جس کے بعد ایکسٹینڈڈ فنڈ فیسلٹی (ای ایف ایف) کے مشترکہ ساتویں اور آٹھویں جائزے کے تحت فنڈ سے 1.2 بلین ڈالر کے اجراء کی راہیں ہموار ہوں گی۔ مزید برآں، حکومت آئی ایم ایف کو اس بات کے لیے قائل کرنے میں کامیاب ہوئی ہے کہ فنڈنگ کو 1 بلین ڈالر سے 7 بلین ڈالر کیا جائے اور ستمبر 2022ء کی بجائے جون 2023ء تک مدت کی توسیع کی جائے۔ آئی ایم ایف پروگرام سے خارجی اکاؤنٹ مستحکم ہوگا اور پالیسی سازوں کو درکار مختصر مدت میں بلا رکاوٹ مالیاتی نظم و ضبط اور پیمائش شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بقاء ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔



بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی کیش مینجمنٹ آپٹیمائزر کے گوشواروں کا جائزہ برائے سال مختتمہ 30 جون 2022ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2022ء پاکستان کے لیے مشکل سال رہا کیونکہ ملک کو مجموعی معاشیاتی جہت میں متعدد چیلنج درپیش رہے اور ساتھ ساتھ سیاسی صورتحال بھی غیر یقینی رہی۔ اگرچہ معیشت نے کووڈ چیلنج کا بہتر انداز میں مقابلہ کیا لیکن عالمی معیشتوں کی بحالی اور زنجیر رسد میں رکاوٹوں کے باعث عالمی سطح پر اشیاء کی قیمتوں میں اضافہ ہوا جس سے تجارتی خسارے پر دباؤ میں بھی اضافہ ہوا۔ روس یوکرین جنگ کے نتیجے میں اشیاء کی قیمتیں مزید بڑھ گئیں جس کے باعث دوران سال اب تک کے سب سے بڑے درآمداتی بل نے پہلے سے پھیلنے لگے تجارتی خسارے کو مزید متاثر کیا۔ توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ زرمبادلہ کی کمزور شرح کے نتیجے میں مقامی سطح پر مہنگائی میں تیزی سے اضافہ ہوا۔ اشیاء کی قیمتوں سے ہونے والی مہنگائی کے رجحانات بھی عالمی معیشتوں میں واضح نظر آئے، خصوصاً امریکا اور یورپی خطے میں، اور اس کے نتیجے میں ہونے والی مالیاتی سختی کے باعث وسیع تر کساد بازاری کا خوف پیدا ہو گیا ہے۔

پاکستان کی معیشت پہلے ہی مجموعی معاشیاتی چیلنجوں سے نبرد آزما ہو رہی تھی اور سیاسی افراتفری نے حالات میں مزید بگاڑ پیدا کر دیا۔ بڑھتی ہوئی سیاسی ہلچل کے نتیجے میں عوامی سطح کے اقدامات کیے گئے، مثلاً ایندھن اور بجلی کی سبسڈیز جس سے مطلوبہ مالیاتی ترامیم کرنا مشکل ہو گیا۔ علاوہ ازیں، ملکی قیادت میں غیر متوقع تبدیلی اور اس سے پیدا ہونے والی سیاسی غیر یقینی صورتحال کے نتیجے میں آئی ایم ایف پروگرام کے لیے درکار پالیسی اقدامات اور ترامیم میں تاخیر ہوئی۔

مالی سال 2022ء کے ابتدائی گیارہ ماہ میں ملک کا CAD یعنی کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر تھا جبکہ گزشتہ سال مماثل مدت میں 1.1 بلین ڈالر تھا۔ یہ مالی سال 2018ء کے ابتدائی گیارہ ماہ میں ہونے والے 15.9 CAD بلین ڈالر کے بعد اب تک کا سب سے بڑا خسارہ تھا۔ اس تنازل کی بنیادی وجہ مالی سال 2022ء کے ابتدائی گیارہ ماہ میں درآمدات میں 36.5 فیصد اضافہ تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 26.7 فیصد تھا۔ تجارتی خسارہ 45.5 فیصد بڑھ کر 36.1 بلین ڈالر ہو گیا جبکہ گزشتہ سال مماثل مدت میں 24.8 بلین ڈالر تھا۔ درآمدات میں اس بے قابو اضافے کی بنیادی وجہ ہماری اشیاء کے دائرہ کار بشمول خام تیل، پام تیل اور کونسل کی تاریخی بلند قیمتیں اور اس کے ساتھ ساتھ یکبارہ ویکسین درآمدات تھی۔

مالی سال 2022ء میں مرکزی بینک کے زرمبادلہ کے ذخائر میں 7.4 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ خسارہ اور قرضوں کی ادائیگیوں میں اضافہ ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام میں تاخیر کے نتیجے میں دیگر غیر ملکی آمدات سست رفتاری کا شکار ہو گئیں اور اس کے باعث زرمبادلہ کے ذخائر کم ہو کر 9.8 بلین ڈالر ہو گئے جس کا مطلب 1.7 ماہ کا درآمداتی cover بنتا ہے۔ اس اخراجی بہاؤ اور اس کے ساتھ ساتھ پھیلنے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور تھیں، جس کے باعث درآمد شدہ اشیاء کی قیمتیں بلند رہیں۔ بنیادی مہنگائی، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

### Fund Type and Category

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

### Fund Benchmark

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

### Investment Objective

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

### Investment Strategy

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

### Manager's Review

During the period under review, the fund generated an annualized return of 10.83% as against its benchmark return of 9.28%, an outperformance of 1.55%. WAM of the fund was 1 day at June end. The fund was 90.9% invested in cash as of June end. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2022 increased by 88.5% to Rs. 64,153 million as compared to Rs. 34,030 million as at June 31, 2021. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 101.3454 as compared to opening NAV of Rs. 100.9800 per unit as at June 30, 2021 registering an increase of Rs. 0.3654 per unit.

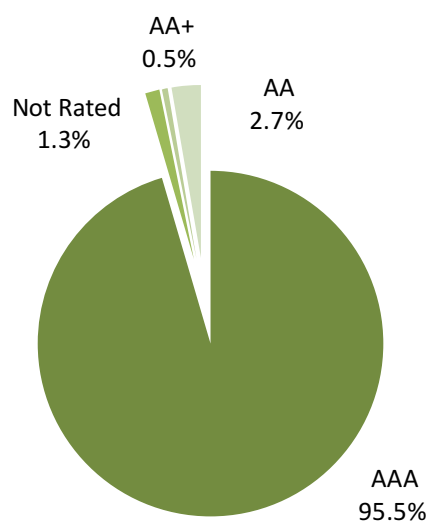
### Asset Allocation as on June 30, 2022 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-22
Cash	90.9%
T-Bills	0.0%
Others including receivables	1.3%
PIBs	0.0%
Term Deposits with Banks	7.8%
Placements with Banks and DFIs	0.0%

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

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Asset Quality as of June 30, 2022 (% of total assets)



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**Saad Ahmed**  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main 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



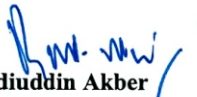
## TRUSTEE REPORT TO THE UNIT HOLDERS

### MCB CASH MANAGEMENT OPTIMIZER

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Cash Management Optimizer (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi: September 19, 2022





# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Cash Management Optimizer

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MCB Cash Management Optimizer (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value (NAV)</b> (Refer notes 4 and 5 to the annexed financial statements)  Balances with banks and Investments constitute the most significant components of the NAV. Balances with banks of the Fund as at June 30, 2022 aggregated to Rs 58,423.943 million and Investments amounted to Rs 5,000 million.  The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A.F. FERGUSON & CO.

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



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## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

3



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

*A. Ferguson & Co.*

A. F. Ferguson & Co.  
Chartered Accountants

Dated: September 22, 2022

Karachi

UDIN: AR202210061CpvbaGo08

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
<b>ASSETS</b>			
Balances with banks	4	58,423,943	34,046,358
Investments	5	5,000,000	-
Advances, deposits, prepayments and other receivable	6	863,814	193,427
<b>Total assets</b>		<b>64,287,757</b>	<b>34,239,785</b>
<b>LIABILITIES</b>			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	7	28,973	10,199
Payable to Central Depository Company of Pakistan Limited - Trustee	8	2,854	2,015
Payable to the Securities and Exchange Commission of Pakistan	9	7,018	6,427
Accrued and other liabilities	10	95,744	191,481
<b>Total liabilities</b>		<b>134,589</b>	<b>210,122</b>
<b>NET ASSETS</b>		<b>64,153,168</b>	<b>34,029,663</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>64,153,168</b>	<b>34,029,663</b>
<b>Contingencies and Commitments</b>	11		
		<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>633,015,098</b>	<b>336,994,243</b>
		<b>(Rupees)</b>	
<b>NET ASSET VALUE PER UNIT</b>	3.7	<b>101.3454</b>	<b>100.9800</b>

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

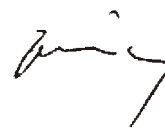
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

		For the year ended	
	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
<b>INCOME</b>			
Capital gain on sale of investments - net		135,330	14,641
Profit on term deposits receipts		98,270	625
Profit on bank deposits		2,526,616	1,232,126
Income from government securities		1,022,740	1,139,752
Income from letter of placement		34,108	1,985
<b>Total income</b>		<b>3,817,064</b>	<b>2,389,129</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	102,878	100,808
Sindh Sales tax on remuneration of Management Company	7.2	13,376	13,104
Allocated expenses	7.3	29,913	23,728
Selling and marketing expenses	7.4	31,631	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	20,101	20,892
Sindh Sales tax on remuneration of Trustee	8.2	2,613	2,716
Annual fee to Securities and Exchange Commission of Pakistan	9.1	7,018	6,427
Legal and professional		208	136
Brokerage, settlement and bank charges		3,701	1,227
Auditors' remuneration	12	1,013	1,098
Fees and subscription		456	415
Printing and related costs		39	42
<b>Total operating expenses</b>		<b>212,947</b>	<b>170,593</b>
<b>Net income from operating activities</b>		<b>3,604,118</b>	<b>2,218,536</b>
Reversal of provision / (provision) for Sindh Workers' Welfare Fund (SWWF)	10.1	134,276	(44,371)
<b>Net income before taxation</b>		<b>3,738,393</b>	<b>2,174,165</b>
Taxation	13	-	-
<b>Net income after taxation</b>		<b>3,738,393</b>	<b>2,174,165</b>
<b>Allocation of net income:</b>			
Net income		3,738,393	2,174,165
Income already paid on units redeemed		(788,103)	(116,025)
		<b>2,950,290</b>	<b>2,058,140</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		100,733	14,641
- Excluding capital gains		2,849,557	2,043,499
		<b>2,950,290</b>	<b>2,058,140</b>
<b>Earnings per unit</b>	3.14	-	-

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

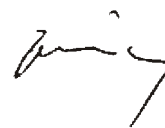
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	For the year ended	
	June 30, 2022	June 30, 2021
	(Rupees in '000)	
Net income for the year after taxation	3,738,393	2,174,165
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>3,738,393</b>	<b>2,174,165</b>

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

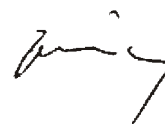
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2022

Note	Year ended June 30, 2022			Year ended June 30, 2021		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
----- (Rupees in '000) -----						
<b>Net assets at beginning of the year</b>	33,870,518	159,145	34,029,663	27,987,813	117,973	28,105,786
Issuance of 2,065,333,242 units (2021: 913,524,789 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	208,557,255	-	208,557,255	92,134,547	-	92,134,547
- Element of income	801,154	-	801,154	112,895	-	112,895
	209,358,409	-	209,358,409	92,247,442	-	92,247,442
Redemption of 1,769,312,387 units (2021: 855,202,606 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	178,665,083	-	178,665,083	86,252,400	-	86,252,400
- Element of loss - net	94,355	788,103	882,458	17,469	116,025	133,494
	178,759,438	788,103	179,547,541	86,269,869	116,025	86,385,894
Total comprehensive income for the year	-	3,738,393	3,738,393	-	2,174,165	2,174,165
Interim distributions for the year ended June 30, 2022	25	-	(2,736,209)	-	-	-
Refund of capital for the year ended June 30, 2022	25	(689,547)	-	-	-	-
Final distributions for the year ended June 30, 2021		-	-	-	(2,016,968)	(2,016,968)
Refund of capital for the year ended June 30, 2021		-	-	(94,868)	-	(94,868)
Total distributions during the year		(689,547)	(2,736,209)	(94,868)	(2,016,968)	(2,111,836)
<b>Net assets at end of the year</b>	<b>63,779,942</b>	<b>373,226</b>	<b>64,153,168</b>	<b>33,870,518</b>	<b>159,145</b>	<b>34,029,663</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised		159,145			117,891	
- Unrealised		-			82	
		159,145			117,973	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		100,733			14,641	
- Excluding capital gains		2,849,557			2,043,499	
		2,950,290			2,058,140	
Distributions during the year		(2,736,209)			(2,016,968)	
Undistributed income carried forward		373,226			159,145	
<b>Undistributed income carried forward comprising of:</b>						
- Realised		373,226			159,145	
- Unrealised		-			-	
		373,226			159,145	
		(Rupees)			(Rupees)	
<b>Net asset value per unit at beginning of the year</b>		100.9800			100.8561	
<b>Net asset value per unit at end of the year</b>		101.3454			100.9800	

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

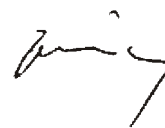
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

Note	For the year ended	
	June 30, 2022	June 30, 2021
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	3,738,393	2,174,165
<b>Adjustments for non cash and other items:</b>		
Provision for Sindh Worker's Welfare Fund (SWWF)	(134,275)	44,371
<b>(Increase) / decrease in assets</b>		
Investments	-	33,582
Advances, deposits, prepayments and other receivable	(670,387)	17,073
Receivable against sale of investments	-	3,360,717
	(670,387)	3,411,372
<b>Increase / (decrease) in liabilities</b>		
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	18,774	(7,106)
Payable to Central Depository Company of Pakistan Limited - Trustee	839	408
Payable to the Securities and Exchange Commission of Pakistan	591	2,553
Payable against purchase of investments	-	(3,352,541)
Accrued and other liabilities	38,539	(198)
	58,743	(3,356,884)
<b>Net cash flow (used in) / generated from operating activities</b>	2,992,473	2,273,024
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issuance of units - net of refund of capital	208,668,862	92,152,574
Payment against redemption of units	(179,547,541)	(86,385,894)
Distributions during the year	(2,736,209)	(2,016,968)
<b>Net cash generated from financing activities</b>	26,385,112	3,749,712
<b>Net increase in cash and cash equivalents</b>	29,377,585	6,022,736
Cash and cash equivalents at beginning of the year	34,046,358	28,023,622
<b>Cash and cash equivalents at end of the year</b>	63,423,943	34,046,358

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

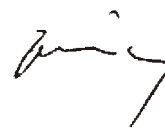
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Cash Management Optimizer (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unitholders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2021 to the Management Company and a stability rating of 'AA+(f)' dated March 09, 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

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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## 2.2 Accounting convention

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

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

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

## 2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

## 2.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (notes 3.3).

## 2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 3.2 Cash and cash equivalents

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

### 3.3 Financial assets

#### 3.3.1 Classification and subsequent measurement

##### 3.3.1.1 Debt instruments

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

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

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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## **3.3.2 Impairment**

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments as per Circular 33 of 2012) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

## **3.3.3 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

## **3.3.4 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

## **3.3.5 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

## **3.3.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

## **3.3.7 Derivatives**

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured at fair value and the resultant gain or loss is recognised in the Income Statement.

## **3.4 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortized cost using effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement. Financial liabilities include payable to the Management Company and other liabilities.

## **3.5 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **3.6 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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## 3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

## 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties, charges and transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

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

## 3.9 Distribution to unit holders fund

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

## 3.11 Revenue recognition

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

## 3.12 Expenses

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

## 3.13 Taxation

### Current

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## Deferred

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

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

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

### 3.14 Earnings per unit

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

### 3.15 Foreign currency translation

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

	Note	June 30, 2022	June 30, 2021
<b>4. BALANCES WITH BANKS</b> (Rupees in '000)			
In current accounts		2,753,875	4,223,994
In deposit accounts	4.1	55,670,068	29,822,364
	4.2	<u>58,423,943</u>	<u>34,046,358</u>

4.1 These carry mark-up at rates ranging between 5.50% to 17.05% per annum (2021: 5.50% to 7.85% per annum).

4.2 These include balances of Rs 61.716 million (2021: Rs. 30.109 million) maintained with MCB Bank Limited (a related party).

	Note	June 30, 2022	June 30, 2021
<b>5. INVESTMENTS</b> (Rupees in '000)			
<b>5.1 Investments at fair value through profit or loss</b>			
Term deposit receipt	5.1.1	5,000,000	-
Market Treasury Bills	5.1.2	-	-
Letter of placements	5.1.3	-	-
		<u>5,000,000</u>	<u>-</u>

#### 5.1.1 Term Deposit Receipts

Name of Investee Company	Issue Date	Face value				At June 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2021	Purchases during the year	Matured during the year	At June 30, 2022	Carrying value	Market value	Appreciation		
----- (Rupees in '000) ----- % -----										
Habib Bank Limited	June 14, 2022	-	5,000,000	-	5,000,000	5,000,000	5,000,000	-	7.79%	100%
As at June 30, 2022						<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>		
As at June 30, 2021						-	-	-		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 5.1.2 Market Treasury Bills

Tenure	Issue Date	Face value				At June 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2021	Purchases during the year	Sold / matured during the year	At June 30, 2022	Carrying value	Market value	Appreciation		
----- (Rupees in '000) ----- % -----										
Treasury bills - 3 months										
- 3 months	May 6, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
- 3 months	May 20, 2021	-	6,000,000	6,000,000	-	-	-	-	-	-
- 3 months	June 3, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 3 months	June 17, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
- 3 months	July 2, 2021	-	4,500,000	4,500,000	-	-	-	-	-	-
- 3 months	July 15, 2021	-	7,700,000	7,700,000	-	-	-	-	-	-
- 3 months	July 29, 2021	-	6,500,000	6,500,000	-	-	-	-	-	-
- 3 months	August 12, 2021	-	12,000,000	12,000,000	-	-	-	-	-	-
- 3 months	August 26, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
- 3 months	September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	September 23, 2021	-	3,500,000	3,500,000	-	-	-	-	-	-
- 3 months	October 7, 2021	-	5,825,000	5,825,000	-	-	-	-	-	-
- 3 months	October 21, 2021	-	5,000,000	5,000,000	-	-	-	-	-	-
- 3 months	November 4, 2021	-	400,000	400,000	-	-	-	-	-	-
- 3 months	December 2, 2021	-	44,000,000	44,000,000	-	-	-	-	-	-
- 3 months	December 16, 2021	-	19,100,000	19,100,000	-	-	-	-	-	-
- 3 months	December 30, 2021	-	14,000,000	14,000,000	-	-	-	-	-	-
- 3 months	January 13, 2022	-	5,800,000	5,800,000	-	-	-	-	-	-
- 3 months	January 27, 2022	-	13,400,000	13,400,000	-	-	-	-	-	-
- 3 months	February 24, 2022	-	3,000,000	3,000,000	-	-	-	-	-	-
- 3 months	March 10, 2022	-	4,100,000	4,100,000	-	-	-	-	-	-
- 3 months	April 7, 2022	-	15,400,000	15,400,000	-	-	-	-	-	-
- 3 months	April 21, 2022	-	7,530,000	7,530,000	-	-	-	-	-	-
- 3 months	April 28, 2022	-	3,620,000	3,620,000	-	-	-	-	-	-
- 3 months	June 2, 2022	-	2,000,000	2,000,000	-	-	-	-	-	-
Treasury bills										
- 6 months	February 25, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	March 11, 2021	-	950,000	950,000	-	-	-	-	-	-
- 6 months	March 25, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 6 months	April 22, 2021	-	13,100,000	13,100,000	-	-	-	-	-	-
- 6 months	May 6, 2021	-	2,424,390	2,424,390	-	-	-	-	-	-
- 6 months	May 20, 2021	-	7,000,000	7,000,000	-	-	-	-	-	-
- 6 months	June 3, 2021	-	24,285,000	24,285,000	-	-	-	-	-	-
- 6 months	June 17, 2021	-	26,000,000	26,000,000	-	-	-	-	-	-
- 6 months	July 2, 2021	-	4,500,000	4,500,000	-	-	-	-	-	-
- 6 months	July 15, 2021	-	20,273,000	20,273,000	-	-	-	-	-	-
- 6 months	July 29, 2021	-	15,566,500	15,566,500	-	-	-	-	-	-
- 6 months	August 12, 2021	-	5,500,000	5,500,000	-	-	-	-	-	-
- 6 months	August 26, 2021	-	8,500,000	8,500,000	-	-	-	-	-	-
- 6 months	September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	December 2, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 6 months	December 16, 2021	-	4,600,000	4,600,000	-	-	-	-	-	-
- 6 months	December 30, 2021	-	20,625,000	20,625,000	-	-	-	-	-	-
- 6 months	January 13, 2022	-	12,165,000	12,165,000	-	-	-	-	-	-
- 6 months	January 27, 2022	-	12,483,000	12,483,000	-	-	-	-	-	-
- 6 months	February 10, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months	March 10, 2022	-	10,754,630	10,754,630	-	-	-	-	-	-
- 6 months	April 7, 2022	-	5,000,000	5,000,000	-	-	-	-	-	-
- 6 months	April 21, 2022	-	5,000,000	5,000,000	-	-	-	-	-	-
- 6 months	April 28, 2022	-	12,525,000	12,525,000	-	-	-	-	-	-
As at June 30, 2022						-	-	-	-	-
As at June 30, 2021						-	-	-	-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 5.1.3 Letter of Placements

Name of Investee Company		Face value				At June 30, 2022			Market value as a percentage of	
		At July 01, 2021	Purchases during the year	Matured during the year	At June 30, 2022	Face Value	Carrying Value	Appreciation	net assets	total investments
----- (Rupees in '000) ----- % -----										
Pak Kuwait Investment Company (Pvt.) Limited	January 7, 2022	-	1,500,000	1,500,000	-	-	-	-	-	-
Pak Kuwait Investment Company (Pvt.) Limited	February 25, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company (Pvt.) Limited	March 4, 2022	-	2,200,000	2,200,000	-	-	-	-	-	-
Pak Kuwait Investment Company (Pvt.) Limited	March 9, 2022	-	2,200,000	2,200,000	-	-	-	-	-	-
Pak Kuwait Investment Company (Pvt.) Limited	April 13, 2022	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company (Pvt.) Limited	April 27, 2022	-	2,600,000	2,600,000	-	-	-	-	-	-
Pak Kuwait Investment Company (Pvt.) Limited	May 11, 2022	-	2,500,000	2,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	May 11, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	March 9, 2022	-	825,000	825,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	May 19, 2022	-	850,000	850,000	-	-	-	-	-	-
<b>As at June 30, 2022</b>						<div><div></div><div>- - -</div><div></div></div>				
<b>As at June 30, 2021</b>						<div><div></div><div>- - -</div><div></div></div>				

	Note	June 30, 2022	June 30, 2021
(Rupees in '000)			
<b>6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE</b>			
Advance tax	6.1	1,411	1,411
Prepayments and security deposits		326	306
Profit receivable on savings accounts		797,495	189,691
Other receivable		19,869	2,019
Profit on term deposit receipts		44,713	-
		<b>863,814</b>	<b>193,427</b>

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposits to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on bank deposits was amounted to Rs 1.411 million (2021: Rs 1.411 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as advance tax under 'Advances, deposits, prepayments and other receivable' as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
<b>7 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management fee payable	7.1	17,262	8,147
Sindh Sales Tax payable on remuneration of the Management Company	7.2	2,244	1,057
Allocated expenses payable	7.3	4,674	995
Selling and marketing expenses payable	7.4	4,793	-
		<u>28,973</u>	<u>10,199</u>

**7.1** The management company has charged management fee at the rate upto, 7.5% of the gross earnings of scheme, calculated on a daily basis.

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

**7.2** During the year, an amount of Rs 13.376 million (2021: Rs 13.104 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs 12.189 million (2021: Rs 13.250 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

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

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

**7.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

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 BOD of the Management Company.

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
<b>8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	8.1	2,526	1,783
Sindh Sales Tax payable on trustee remuneration	8.2	328	232
		<u>2,854</u>	<u>2,015</u>

**8.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.055% (2021: 0.065%) of the average daily net assets of the Fund during the year.

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

**8.2** During the year, an amount of Rs 2.613 million (2021: Rs 2.716 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 2.517 million (2021: Rs 2.669 million) was paid on account of sales tax on remuneration of trustee was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
<b>9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee	9.1	<u>7,018</u>	<u>6,427</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

In accordance with SRO No. 685 (I) / 2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (2021: 0.02%) of average daily net assets of the Fund during the year.

	Note	June 30, 2022	June 30, 2021
<b>10. ACCRUED AND OTHER LIABILITIES</b>		<b>(Rupees in '000)</b>	
Provision for Sindh Workers' Welfare Fund	10.1	-	134,276
Provision for federal excise duty on:			
- Remuneration of the Management Company	10.2	54,267	54,267
- Sales load	10.2	19	19
Brokerage payable		-	13
Capital gain tax payable		38,706	1,689
Auditors' remuneration payable		653	651
Printing expense payable		40	40
Other payable		2,059	526
		<u>95,744</u>	<u>191,481</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 year, 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 for SWWF recognised in the financial statements of the Funds, 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 financial statements of the Fund.

## **10.2 Federal Excise Duty Payable**

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 54.286 million (2021: Rs. 54.286 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.086 per unit (June 30, 2021: Re 0.161 per unit).

## 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

## 12. AUDITORS' REMUNERATION

	June 30, 2022	June 30, 2021
	(Rupees in '000)	
Annual audit fee	500	500
Half yearly review fee	285	285
Other certifications	100	100
Out of pocket expenses and other taxes	128	213
	1,013	1,098

## 13. TAXATION

- 13.1** The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
<b>14. CASH AND CASH EQUIVALENTS</b>			
Balances with banks	4	58,423,943	34,046,358
Term deposit receipt maturing within 3 months	5.1.1	5,000,000	-
		63,423,943	34,046,358

## 15. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 0.61% (2021: 0.67%) which includes 0.07% (2021: 0.21%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 2% (2021: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

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

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

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

	For the year ended	
	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	116,254	113,912
Allocated expenses	29,913	23,728
Selling and marketing expenses	31,631	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	22,714	23,608
CDS charges	7	7
<b>MCB Bank Limited</b>		
Profit on Bank deposits	1,134	1,420
Bank charges	188	228
Sale of securities - Face value: 2,500,000,000 (2021: Rs Nil)	3,329,271	-
<b>Arif Habib Limited</b>		
Brokerage*	287	14

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

### 16.2 Amounts outstanding at year end

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>		
Management fee payable	17,261	8,147
Sales tax payable on remuneration of the Management Company	2,244	1,057
Allocated expenses payable	4,674	995
Selling and marketing expenses payable	4,793	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	2,526	1,783
Sindh Sales tax payable on trustee remuneration	328	232
<b>MCB Bank Limited</b>		
Bank balance	61,716	30,109
Profit receivable on bank deposits	390	419



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

June 30, 2022								
As at July 01, 2021	Issued	Redeemed	As at June 30, 2022	As at July 01, 2021	Issued	Redeemed	As at June 30, 2022	
Units				(Rupees in '000)				
<b>Associated Companies</b>								
Adamjee Insurance Company Limited	-	2,737,042	-	2,737,042	-	276,386	-	277,387
MCB Arif Habib Savings And Investments Limited	64,767	50,465,348	50,530,115	-	6,540	5,102,139	5,127,502	-
Asghari Beg Memorial Trust**	-	2	-	2	-	-	-	-
Adamjee Life Assurance Company Limited Conventional Business	-	3,474,011	-	3,474,011	-	350,806	-	352,075
Adamjee Life Assurance Company Limited-Nuil Fund	-	8,787,816	7,264,085	1,523,731	-	887,888	738,820	154,423
Adamjee Life Assurance Company Limited	518,776	39,391	197,811	360,356	52,386	3,978	20,000	36,520
Adamjee Life Assurance Company Limited (IMF)	-	18,394,559	17,088,625	1,305,934	-	1,859,437	1,734,641	132,350
MCB Financial Sevcies Limited	862,617	34,057	878,466	18,208	87,107	3,439	89,000	1,845
Adamjee Life Assurance Company Limited (ISF)	-	68,023,456	55,003,738	13,019,718	-	6,875,127	5,586,159	1,319,489
Adamjee Life Assurance Company Limited Isf II	-	77,691,365	71,943,477	5,747,888	-	7,851,171	7,296,743	582,522
D.G. Khan Cement Company Limited**	2	1	-	3	-	-	-	-
Nishat Power Limited Employees Provident Fund Trust	111,102	11,588	-	122,690	11,219	1,170	-	12,434
Security General Insurance Company Limited	10,276	2,021,850	10,398	2,021,728	1,038	204,166	1,051	204,893
Adamjee Life Assurance Company Limited-Employees Gratuity Fund	-	259,792	-	259,792	-	26,234	-	26,329
Adamjee Insurance Company Limited - Employees Gratuity Fund	68,133	651,932	386,210	333,855	6,880	65,832	39,057	33,835
Adamjee Insurance Company Limited - Employees Provident Fund	196,013	1,300,290	830,600	665,703	19,793	131,303	83,987	67,466
Security General Insurance Company Ltd Employees Provident Fund Trust	-	239,023	147,288	91,735	-	24,179	15,000	9,297
Sayed Engineers Limited	5,981	527	-	6,508	604	53	-	660
IT Minds Limited	-	99,030	99,030	-	-	10,000	10,042	-
Adamjee Life Assurance Company Limited - DSF	-	68,173	45,267	22,906	-	6,884	4,603	2,321
Nishat Paper Products Company Limited Staff Provident Fund Trust	-	187,536	14,848	172,688	-	18,937	1,500	17,501
<b>Total associated Companies</b>	<b>1,837,667</b>	<b>234,486,789</b>	<b>204,439,958</b>	<b>31,884,498</b>	<b>185,567</b>	<b>23,699,130</b>	<b>20,748,105</b>	<b>3,231,347</b>
<b>Key management personnel*</b>	<b>23,011,248</b>	<b>14,800,988</b>	<b>1,107,483</b>	<b>36,704,753</b>	<b>2,323,676</b>	<b>1,494,859</b>	<b>112,303</b>	<b>3,719,858</b>
<b>Mandate Under Discretionary Portfolio Services*</b>	<b>1,863,152</b>	<b>76,250,789</b>	<b>68,458,991</b>	<b>9,654,950</b>	<b>188,141</b>	<b>7,702,264</b>	<b>6,949,207</b>	<b>978,485</b>
<b>Unit holders holding 10% or more units *</b>	<b>82,168,723</b>	<b>784,169,834</b>	<b>727,749,518</b>	<b>138,589,039</b>	<b>8,297,398</b>	<b>75,918,097</b>	<b>47,436,143</b>	<b>14,045,361</b>

\* This reflects the position of related party / connected persons status as at June 30, 2022

\*\* Nil figure due to rounding off

\* This reflects the position of related party / connected persons status as at June 30, 2022

\*\* Nil figure due to rounding off

Nil figure due to rounding off

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

\* This reflects the position of related party / connected persons status as at June 30, 2021

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL INSTRUMENTS BY CATEGORY			
		2022	
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	58,423,943	-	58,423,943
Investments	-	5,000,000	5,000,000
Deposits and profit receivable	862,177	-	862,177
	59,286,120	5,000,000	64,286,120



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued and other liabilities

2022		
At fair value through profit or loss	At amortised cost	Total

Rupees in '000

-	28,973	28,973
-	2,854	2,854
-	2,752	2,752
-	34,579	34,579

## Financial assets

Balances with banks  
Deposits and profit receivable

2021		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

34,046,358	-	34,046,358
191,810	-	191,810
34,238,168	-	34,238,168

## Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued and other liabilities

2021		
At fair value through profit or loss	At amortised cost	Total

Rupees in '000

-	10,199	10,199
-	2,015	2,015
-	1,230	1,230
-	13,444	13,444

## 18. FINANCIAL RISK MANAGEMENT

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

### 18.1 Market risk

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

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

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

#### 18.1.1 Currency risk

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

## 18.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

### a) Sensitivity analysis for variable rate instruments

As at June 30, 2022, the Fund holds KIBOR based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 583.701 million (2021: Rs 298.22 million).

### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund holds Term Deposit Receipt which are classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association of Pakistan (FMAP) on June 30, 2022, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 50 million (2021: Rs Nil ).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan (FMAP) are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

June 30, 2022					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total

Rupees in '000

#### On-balance sheet financial instruments

##### Financial Assets

Balances with banks	5.50% to 17.05%	55,670,068	-	-	2,753,875	58,423,943
Investments	19.20%	5,000,000	-	-	-	5,000,000
Deposits & profit receivable		-	-	-	862,177	862,177
		<u>60,670,068</u>	<u>-</u>	<u>-</u>	<u>3,616,052</u>	<u>64,286,120</u>

##### Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	28,973	28,973
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,854	2,854
Accrued and other liabilities		-	-	-	2,752	2,752
		<u>-</u>	<u>-</u>	<u>-</u>	<u>34,579</u>	<u>34,579</u>

<b>On-balance sheet gap (a)</b>		<u>60,670,068</u>	<u>-</u>	<u>-</u>	<u>3,581,473</u>	<u>64,251,541</u>
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#### Off-balance sheet financial instruments

<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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<b>Total profit rate sensitivity gap (a+b)</b>		<u>60,670,068</u>	<u>-</u>	<u>-</u>		
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<b>Cumulative profit rate sensitivity gap</b>		<u>60,670,068</u>	<u>60,670,068</u>	<u>60,670,068</u>		
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Rupees in '000

## On-balance sheet financial instruments

### Financial Assets

Balances with banks	5.50% to 7.85%	29,822,364	-	-	4,223,994	34,046,358
Deposits & profit receivable		-	-	-	191,810	191,810
		<u>29,822,364</u>	<u>-</u>	<u>-</u>	<u>4,415,804</u>	<u>34,238,168</u>

### Financial Liabilities

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

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

<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
----------------------------------	--	----------	----------	----------	----------	----------

<b>Total profit rate sensitivity gap (a+b)</b>		<u>29,822,364</u>	<u>-</u>	<u>-</u>		
--	--	-------------------	----------	----------	--	--

<b>Cumulative profit rate sensitivity gap</b>		<u>29,822,364</u>	<u>29,822,364</u>	<u>29,822,364</u>		
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## 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not hold any financial instruments that exposes it to price risk.

## 18.2 Credit risk

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

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

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

The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Balances with banks	58,423,943	58,423,943	34,046,358	34,046,358
Investments	5,000,000	5,000,000	-	-
Deposits and profit receivable	862,177	862,177	191,810	191,810
	<u>64,286,120</u>	<u>64,286,120</u>	<u>34,238,168</u>	<u>34,238,168</u>

Rupees in '000

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	2022	2021
	----- % -----	
<b>Bank balances by rating category</b>		
AAA	96.53	99.71
AA+	0.56	0.26
AA*	2.91	-
AA-	-	0.03
	100	100

\* Nil figures due to rounding off

The analysis below summaries the credit quality of the Fund's investments as at June 30, 2022 and June 30, 2021:

	June 30, 2022	June 30, 2021
	----- % -----	
<b>Investments by rating category</b>		
AAA	100	-

### Concentration of credit risk

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

### Settlement risk

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

### 18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial liabilities

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

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued and other liabilities

28,973	-	-	-	-	-	28,973
2,854	-	-	-	-	-	2,854
2,752	-	-	-	-	-	2,752
<b>34,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,579</b>

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

Rupees in '000

### Financial liabilities

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

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued and other liabilities

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

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

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

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

June 30, 2022			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>Financial assets at fair value through profit or loss</b>			
Term deposit receipt	-	5,000,000	-
	-	5,000,000	-
			5,000,000

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

### 20. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of their proportionate share of the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unitholders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

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

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

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCCA, FCA	24.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA, CFA	19
3	Mr. Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	11
4	Mr. Jawad Naeem	Head of Islamic Equity	MBA Finance & CFA Level 1	14
5	Mr. Saad Ahmed	Head Of Fixed Income	MBA	16
6	Mr. Syed Abid Ali	Head Of Equities	MBA	14
7	Mr. Usama Iqbal	Fund Manager	Graduate	18

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	2022 (Percentage)
1 Continental Exchange Pvt.	27.09
2 Invest One Markets Private	20.49
3 Icon Management Private Lt	12.27
4 Arif Habib Limited	12.00
5 Paramount Capital Pvt Limited	5.44
6 C And M Management Private	4.77
7 Bipl Securities Limited	3.45
8 Currency Market Associate	2.90
9 Pearl Securities Limited	2.69
10 Magenta Capital Ltd	2.38
	2021 (Percentage)
1 Invest One Markets Limited	29.21
2 Continental Exchange Pvt Limited	23.78
3 C And M Management Private	10.75
4 Icon Securities Private Ltd	7.02
5 Bright Capital Pvt Ltd	6.18
6 Magenta Capital Ltd	5.44
7 Bipl Securities Limited	4.38
8 Pearl Securities Limited	3.15
9 Arif Habib Limited	2.73
10 Currency Market Associates Pvt Limited	2.14

## 23. PATTERN OF UNITHOLDING

	----- As at June 30, 2022-----			
	Number of unit holders	Number of units	Investment amount (Rupees in '000')	Percentage investment %
Insurance Companies	5	32,951,898	3,339,523	5.21
Retirement Fund	88	49,574,924	5,024,190	7.83
Individual	2,384	127,952,003	12,967,347	20.20
Others	2,189	387,955,324	39,317,487	61.29
NBFC	1	228,529	23,160	0.04
Associated Company	19	31,884,498	3,231,348	5.04
Banks / DFI	1	2,467,922	250,113	0.39
	4,687	633,015,098	64,153,168	100.00

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

## 24. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th and 176th meeting of the Board of Directors were held on August 09, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 03, 2022, February 08, 2022, March 10, 2022, April 13, 2022, May 04, 2022 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroun Rashid	Chairman	9	9	8	1	176th
Mr. Nasim Beg	Vice Chairman	9	9	9	-	-
Mr. Muhammad Saqib Saleem	Chief Executive Officer	9	9	9	-	-
Mr. Ahmed Jahangir	Director	9	9	8	1	170th
Mr. Mirza Qamar Beg	Director	9	9	9	-	-
Syed Savail Meekal Hussain	Director	9	9	8	1	169th
Mr. Kashif A. Habib	Director	9	9	7	2	169th and 176th
Ms. Mavra Adil Khan	Director	9	9	7	2	168th and 170th

## 25. CASH DISTRIBUTIONS DURING THE YEAR

-----June 30, 2022-----				
Rate per unit	Declaration date	Refund of Capital	Distribution from Income	
----- Rupees in '000 -----				
For the period ended July 27, 2021	0.5378	July 28, 2021	3,437	173,670
For the period ended August 6, 2021	0.2347	August 9, 2021	603	75,805
For the period ended August 20, 2021	0.6364	August 23, 2021	833	203,422
For the period ended September 3, 2021	0.2684	September 6, 2021	4,660	70,661
For the period ended September 17, 2021	0.2955	September 20, 2021	4,695	85,301
For the period ended October 4, 2021	0.3346	October 5, 2021	8,952	104,972
For the period ended October 21, 2021	0.3685	October 22, 2021	8,270	128,937
For the period ended November 5, 2021	0.3449	November 8, 2021	2,714	103,630
For the period ended November 19, 2021	0.2783	November 22, 2021	1,946	79,036
For the period ended December 28, 2021	1.015	December 29, 2021	105,816	246,675
For the period ended January 12, 2022	0.4663	January 13, 2022	64,418	124,224
For the period ended February 25, 2022	1.2644	February 28, 2022	25,991	263,198
For the period ended March 10, 2022	0.283	March 11, 2022	33,861	63,557
For the period ended March 17, 2022	0.2224	March 18, 2022	24,958	83,053
For the period ended April 15, 2022	0.9843	April 18, 2022	25,820	239,499
For the period ended May 18, 2022	1.0325	May 19, 2022	78,341	232,277
For the period ended June 1, 2022	0.5356	June 2, 2022	55,391	136,402
For the period ended June 22, 2022	0.9534	June 23, 2022	238,841	321,890
			689,547	2,736,209

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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### 26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue On August 15 2022 by the Board of Directors of the Management Company.

### 27 GENERAL

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


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



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2022**

No. of Unit Holders	Unit holdings	Total units held
2,368	A. 001-10,000	33,601
559	B. 10,001 – 100,000	200,741
677	C. 100,001 – 1000,000	2,841,632
1,083	D. 1000,001 & Above	629,939,124
<u>4,687</u>		<u>633,015,098</u>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

Performance Information	2022	2021	2020	2019	2018
Total Net Assets Value – Rs. in million	64,153.1678	34,029.6630	28,105.7866	13,902.6160	11,993.0000
Net Assets value per unit – Rupees	101.3454	100.9800	100.8561	100.6423	105.9707
Closing Offer Price	101.3454	100.9800	100.8561	100.6423	105.9707
Closing Repurchase Price	101.3454	100.9800	100.8561	100.6423	105.9707
Highest offer price per unit	102.2173	101.5507	101.4111	101.6709	105.9707
Lowest offer price per unit	100.9800	100.8561	100.6423	100.5452	100.5790
Highest Redemption price per unit	102.2173	101.5507	101.4111	101.6709	105.9707
Lowest Redemption price per unit	100.9800	100.8561	100.6423	100.5452	100.5790
Distribution per unit – Rs. *	10.0560	6.6874	11.8563	13.9047	-
Average Annual Return - %					
One year	10.83	6.98	12.71	8.88	5.41
Two year	8.91	9.85	10.80	7.15	6.26
Three year (inception date September 30, 2009)	10.17	9.52	9.00	7.13	6.10
Net Income for the period – Rs. in million	3,738.3932	2,174.1650	2,297.7126	1,190.9620	673.4759
Distribution made during the year (Including Income already paid on units redeemed) – Rs. in million	3,524.3120	2,132.9930	2,236.3500	1,509.7750	-
Accumulated Capital Growth – Rs. in million	214.0812	41.1720	88.0197	(592.5140)	673.4759
Weighted average Portfolio Duration (months)	0.03	0.03	0.03	0.37	0.03

**\* Date of Distribution**

2022		2021		2020	
Date	Rate	Date	Rate	Date	Rate
28-Jul-21	0.5378	13-Jul-20	0.2642	22-Jul-19	0.6999
9-Aug-21	0.2347	20-Jul-20	0.14	5-Aug-19	0.4732
24-Aug-21	0.6364	12-Aug-20	0.3082	19-Aug-19	0.4808
6-Sep-21	0.2684	24-Aug-20	0.2357	11-Sep-19	0.8042
20-Sep-21	0.2955	7-Sep-20	0.229	23-Sep-19	0.4381
5-Oct-21	0.3346	21-Sep-20	0.2539	7-Oct-19	0.51
22-Oct-21	0.3685	5-Oct-20	0.2621	21-Oct-19	0.5122
8-Nov-21	0.3449	19-Oct-20	0.2752	4-Nov-19	0.495
22-Nov-21	0.2783	9-Nov-20	0.3941	18-Nov-19	0.4501
29-Dec-21	1.015	23-Nov-20	0.2524	9-Dec-19	0.6885
13-Jan-22	0.4663	7-Dec-20	0.2542	23-Dec-19	0.4998
28-Feb-22	1.2644	21-Dec-20	0.2582	6-Jan-20	0.5102
11-Mar-22	0.283	30-Dec-20	0.1747	20-Jan-20	0.5019
18-Mar-22	0.2224	22-Jan-21	0.4282	10-Feb-20	0.7188
18-Apr-22	0.9843	8-Feb-21	0.3254	24-Feb-20	0.4842
19-May-22	1.0325	22-Feb-21	0.2532	9-Mar-20	0.4939
2-Jun-22	0.5356	8-Mar-21	0.2568	24-Mar-20	0.5943
23-Jun-22	0.9534	22-Mar-21	0.271	6-Apr-20	0.4626
		5-Apr-21	0.2778	20-Apr-20	0.5675
		19-Apr-21	0.2922	4-May-20	0.4359
		27-May-21	0.7093	18-May-20	0.2786
		8-Jun-21	0.2287	8-Jun-20	0.4499
		25-Jun-21	0.3429	22-Jun-20	0.3067

2019		2018	
Date	Rate	Date	Rate
4-Jul-18	5.4255	Nil	Nil
6-Aug-18	0.6385		
20-Aug-18	0.254		
10-Sep-18	0.3899		
24-Sep-18	0.2667		
8-Oct-18	0.2837		
22-Oct-18	0.2986		
8-Nov-18	0.3276		
19-Nov-18	0.2637		
10-Dec-18	0.3782		
24-Dec-18	0.3604		
21-Jan-19	0.7131		
4-Feb-19	0.3385		
18-Feb-19	0.3868		
4-Mar-19	0.3667		
18-Mar-19	0.3718		
8-Apr-19	0.5711		
22-Apr-19	0.3738		
20-May-19	0.7377		
28-Jun-19	1.1584		

**Disclaimer**

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

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