



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2022

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



Vision

To become synonymous with Savings

Mission

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

Core Values

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



CONTENTS

01	MCB DCF Income Fund	03
02	Pakistan Income Fund	56
03	MCB Pakistan Sovereign Fund	113
04	Pakistan Income Enhancement Fund	163
05	Pakistan Cash Management Optimizer	215
06	MCB Cash Management Fund	263
07	MCB Pakistan Stock Market Fund	312
08	ALHAMRA Islamic Stock Fund	364
09	MCB Pakistan Asset Allocation Fund	418
10	Pakistan Capital Market Fund	479
11	ALHAMRA Islamic Asset Allocation Fund	531
12	ALHAMRA Islamic Income Fund	585
13	ALHAMRA Islamic Active Allocation Fund	639
14	MCB Pakistan Frequent Payout Fund	695
15	ALHAMRA Daily Dividend Fund	756
16	ALHAMRA Wada Fund	811
17	MCB Pakistan Fixed Return Fund	851
18	MCB Pakistan Opportunity Fund	891

MCB DCF INCOME FUND

TABLE OF CONTENTS

1	Fund's Information	05
2	Report of the Director of the Management Company	06
3	Report of the Fund Manager	19
4	Trustee Report to the Unit Holders	21
5	Independent Auditor's Report to the Unit Holders	22
6	Statement of Assets and Liabilities	23
7	Income Statement	24
8	Statement of Other Comprehensive Income	25
9	Statement of Movement in Unit Holder's Fund	26
10	Cash Flow Statement	27
11	Notes to and Forming Part of the Financial Statements	28
12	Pattern of Units Holding by Size	54
13	Performance Table	55

FUND'S INFORMATION

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

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB DCF Income Fund accounts** review for the 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

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 9.02% as against its benchmark return of 11.41%. The WAM of the fund increased to 1.6 years because of interest rate outlook which was on a rising trend. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was invested 67.6% in Cash and 11.8% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 4,617 million as compared to Rs. 3,646 million as at June 30, 2021 registering an increase of 26.63%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs.107.3596 as compared to opening NAV of Rs. 107.0518 per unit as at June 30, 2021 registering an increase of Rs. 0.3078 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

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. No 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

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. 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 ذریعہ سال کے دوران فنڈ کے پونٹس میں کوئی تجارت نہیں کی گئی۔

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، سکیورٹیز 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۔

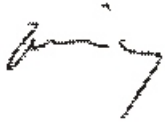
منجانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 اگست 2022ء



نسیم بیگ

ڈائریکٹر / وائس چیئرمین

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 مینٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کردی گئی ہیں۔ سال مختتمہ 30 جون 2022ء کے دوران ہونے والی کمیٹی مینٹنگ کی تفصیلات درج ذیل ہیں:

۱۔ آڈٹ کمیٹی کی مینٹنگ

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

مینٹنگ کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	مینٹنگ 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 میکال حسین

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی مینٹنگ

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

مینٹنگ کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	مینٹنگ 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 میکال 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؛
- فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛
- کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛
- 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 inet اثاثہ جات مالی سال 2022ء کے دوران تقریباً 19.2 فیصد بڑھ کر 1,214 بلین روپے ہو گئے۔ Money مارکیٹ کی مجموعی فنڈ میں جون 2021ء سے اب تک تقریباً 43.8 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈ حاوی رہے کیونکہ تقریباً 56.4 فیصد بڑھ کر 446 بلین روپے ہو گئے، جبکہ اسلامک فنڈ 24.1 فیصد بڑھ کر 225 بلین روپے ہو گئے۔ مزید برآں، مجموعی فلسفہ 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۔ ایکویٹی اور متعلقہ فنڈ 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 فنڈ تقریباً 55.3 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈ تھے جن کا 24.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی فنڈ اور متعلقہ فنڈ 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۔ فلسفہ 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 تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کار ان پرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز پلار کاوٹ 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)۔

پیمائش شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بقاء ترقی کے لیے معاشی پالیسیوں پر ارتکاؤ توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زریعی، 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 براں 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 سکوجائیں 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 شرح سود برقرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمپیوٹل 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 ہے۔ اسی طرح، خطرات کے پرمیئم 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۔

حاصلین 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

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 زیرِ 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 قابلِ 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 دورانِ مدت بالترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 9.02 فیصد تھا، جبکہ مقررہ معیار کا منافع 11.41 فیصد تھا۔ فنڈ کی پالوزن اوسط میچورٹی بڑھ کر 1.6 سال ہو گئی جس کا سبب سود کی شرح میں کمی کا رجحان تھا۔ زیرِ جائزہ مدت کے اختتام پر فنڈ کا زیادہ تر اختصاص نقد اور ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں تھا۔ اختتامِ مدت پر فنڈ کی سرمایہ کاری، نقد میں 67.6 فیصد اور ٹی ایف سی میں 11.8 فیصد تھی۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر منافع بخش شرحیں تھیں۔

30 جون 2022ء کو فنڈ کے net اثاثہ جات 4,617 ملین روپے تھے جو 30 جون 2021ء کی سطح 3,646 ملین روپے کے مقابلے میں 26.63 فیصد اضافہ ہے۔

30 جون 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 107.3596 روپے تھی جو 30 جون 2021ء کو ابتدائی این اے وی 107.0518 روپے فی یونٹ کے مقابلے میں 0.3078 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

بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی ڈی سی ایف انکم فنڈ 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 والے 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 کوسلے 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 والے 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 DCF Income Fund (MCB DCFIF) is an open-end Income scheme, which falls under the category of Income Scheme.

Fund Benchmark

The benchmark for MCB DCFIF is Six (6) months KIBOR rates.

Investment Objective

To deliver superior fixed income returns by investing in an optimal mix of authorized debt instruments while taking into account capital security and liquidity consideration.

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in medium to long term assets. The fund may also invest a portion of the Fund in money market and short term instruments in order to provide liquidity to Unit Holders at the same time.

Manager's Review

During the period under review, the fund generated an annualized return of 9.02% as against its benchmark return of 11.41%. The WAM of the fund increased to 1.6 years. The fund allocation remained notably in cash, PIBs and TFCs at the end of the period under review. At period-end, the fund was 18.1% invested in PIBs, 67.6% in Cash and 11.8% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 4,617 million as compared to Rs. 3,646 million as at June 30, 2021 registering a increase of 26.6%.

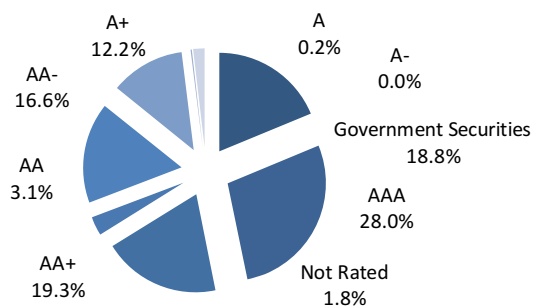
The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs.107.3596 as compared to opening NAV of Rs. 107.0518 per unit as at June 30, 2021 registering an increase of Rs. 0.3078 per unit.

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

Asset Allocation (%age of Total Assets)	Jun-22
Cash	67.6%
TFCs/Sukuks	11.8%
Government Backed / Guaranteed Securities	0.0%
GOPIjara Sukuk	0.7%
PIBS	18.1%
T-Bills	0.0%
Spread Transactions	0.0%
Others including receivables	1.8%
Margin Trading	0.0%

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

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



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 DCF INCOME FUND

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 DCF Income Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 DCF Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB DCF Income Fund (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	Net Asset Value (NAV) (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 3,780.064 million and Investments amounted to Rs 1,563.944 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">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;Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andObtained bank reconciliation statements and tested reconciling items on a sample basis.

A.F.C.

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



A.F. FERGUSON & CO.

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.

Affco

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

3



A.F. FERGUSON & CO.

- 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. F. Ferguson & Co.

A. F. Ferguson & Co.
Chartered Accountants

Dated: September 22, 2022

Karachi

UDIN: AR202210061V3yMIHYLv

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	3,780,064	3,014,318
Investments	5	1,563,944	2,278,357
Mark-up, dividend and other receivables	6	79,685	34,325
Receivable against margin trading system		-	49,596
Receivable against sale of investments		-	386,229
Advances, deposits and prepayments	7	166,522	47,070
Total assets		5,590,215	5,809,895
LIABILITIES			
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	8	12,172	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee	9	316	280
Payable to the Securities and Exchange Commission of Pakistan	10	866	807
Payable against purchase of investments		821,364	1,965,915
Accrued and other liabilities	11	138,182	186,879
Total liabilities		972,900	2,163,945
NET ASSETS		<u>4,617,315</u>	<u>3,645,950</u>
Unit holders' fund (as per statement attached)		<u>4,617,315</u>	<u>3,645,950</u>
Contingencies and commitments	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>43,007,935</u>	<u>34,057,826</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	3.7	<u>107.3596</u>	<u>107.0518</u>

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

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

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) -----	
INCOME			
Profit on bank deposits and term deposit receipts		180,962	88,124
Income from government securities		190,033	82,303
Income from term finance certificates and sukuk certificates		64,533	79,129
Dividend income		24,530	34,279
Income from spread transactions - net	5.1.2.1	19,687	35,017
Net (loss) / gain on sale of investments		(44,433)	33,545
Profit on margin trading system		4,510	12,479
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss' - net	5.1.8	6,815	16,335
Other income		2,529	6,330
Total income		449,166	387,541
EXPENSES			
Remuneration of MCB-Arif Habib Savings & Investments Limited - Management Company	8.1	64,050	60,510
Sindh sales tax on remuneration of the Management Company	8.2	8,324	7,866
Allocated expenses	8.3	4,330	4,034
Selling and marketing expenses	8.4	17,612	15,732
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,247	3,026
Sindh sales tax on remuneration of the Trustee	9.2	422	393
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	866	807
Auditors' remuneration	13	733	816
Brokerage, settlement and bank charges		8,402	28,951
Legal and professional charges		1,170	936
Fees and subscription		527	771
Printing and related costs		37	36
Total expenses		(109,720)	(123,878)
Net income from operating activities		339,446	263,663
Reversal of provision / (provision) for Sindh Workers' Welfare Fund (SWWF)	11.1	42,902	(5,273)
Net income for the year before taxation		382,348	258,390
Taxation	14	-	-
Net income for the year after taxation		382,348	258,390
Earnings per unit	3.13	-	-
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		382,348	258,390
Income already paid on units redeemed		(97,855)	(67,853)
		284,493	190,537
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	35,874
- Excluding capital gains		284,493	154,663
		284,493	190,537

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	382,348	258,390
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>382,348</u>	<u>258,390</u>

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

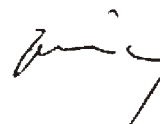
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2022			June 30, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	3,234,571	411,379	3,645,950	3,623,649	409,126	4,032,775
Issuance of 28,799,547 units (2021: 127,150,311 units)						
- Capital value (at ex-net assets value per unit at the beginning of the year)	3,083,042	-	3,083,042	13,600,620	-	13,600,620
- Element of income	93,364	-	93,364	214,613	-	214,613
	3,176,406	-	3,176,406	13,815,233	-	13,815,233
Redemption of 19,849,438 units (2021: 130,794,332 units)						
- Capital value (at ex-net assets value per unit at the beginning of the year)	2,124,917	-	2,124,917	13,990,403	-	13,990,403
- Element of loss	21,792	97,855	119,647	180,944	67,853	248,797
	2,146,709	97,855	2,244,564	14,171,347	67,853	14,239,200
Total comprehensive income for the year	-	382,348	382,348	-	258,390	258,390
Interim distribution for the year ended June 30, 2022 @ Rs 9.3394 per unit on June 25, 2022	-	(275,787)	(275,787)	-	-	-
Refund of capital for the year ended June 30, 2022	(67,038)	-	(67,038)	-	-	-
Final distribution for the year ended June 30, 2021 @ Rs 7.0333 per unit on June 25, 2021	-	-	-	-	(188,284)	(188,284)
Refund of capital for the year ended June 30, 2021	-	-	-	(32,964)	-	(32,964)
Total distributions during the year	(67,038)	(275,787)	(342,825)	(32,964)	(188,284)	(221,248)
Net assets at end of the year	4,197,230	420,085	4,617,315	3,234,571	411,379	3,645,950
Undistributed income brought forward comprising of:						
- Realised	395,044			420,055		
- Unrealised	16,335			(10,929)		
Undistributed income brought forward	411,379			409,126		
Accounting income available for distribution:						
- Relating to capital gains	-			35,874		
- Excluding capital gains	284,493			154,663		
	284,493			190,537		
Distributions during the year	(275,787)			(188,284)		
Undistributed income carried forward	420,085			411,379		
Undistributed income carried forward comprising of:						
- Realised	413,270			395,044		
- Unrealised	6,815			16,335		
	420,085			411,379		
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the year	107.0518			106.9649		
Net asset value per unit at the end of the year	107.3596			107.0518		

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) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	382,348	258,390
Adjustments for:		
Dividend income	(24,530)	(34,279)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	(42,902)	5,273
Income from spread transactions - net	(19,687)	(35,017)
Unrealised appreciation on re-measurement of investments 'financial assets at fair value through profit or loss' - net	(6,815)	(16,335)
	288,414	178,032
Decrease / (increase) in assets		
Investments - net	(256,543)	1,210,716
Mark-up, dividend and other receivables	(45,360)	483
Receivable against margin trading system	49,596	(49,596)
Receivable against sale of investments	386,229	(386,229)
Advances, deposits and prepayments	(119,452)	98,136
	14,470	873,510
(Decrease) / increase in liabilities		
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	2,108	(1,429)
Payable to Central Depository Company of Pakistan Limited - Trustee	36	(37)
Payable to the Securities and Exchange Commission of Pakistan (SECP)	59	(80)
Payable against purchase of investments	(1,144,551)	919,893
Accrued and other liabilities	(5,795)	12,825
	(1,148,143)	931,172
Dividends received	24,530	33,363
Net cash (used in) / generated from operating activities	(820,729)	2,016,078
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units - net of refund of capital	3,109,368	13,782,269
Net payments on redemption of units	(2,244,564)	(14,239,200)
Dividend paid	(275,787)	(188,284)
Net cash generated from / (used in) financing activities	589,017	(645,215)
Net (decrease) / increase in cash and cash equivalents during the year	(231,712)	1,370,863
Cash and cash equivalents at beginning of the year	4,011,776	2,640,913
Cash and cash equivalents at end of the year	3,780,064	4,011,776

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

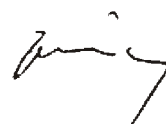
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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

2 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. The accounting and reporting standards applicable in Pakistan 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), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

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

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 approved accounting 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.

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is 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 estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5), provision for FED (note 11.2) and provision for taxation (notes 3.12 and 14).

2.5 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 Rupee, 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 in savings and current accounts 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

3.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVTPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

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.

3.3.2.1 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 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.

3.3.3 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. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.3.4 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.

3.3.5 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.

3.3.6 Derivatives

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

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

3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

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.

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed on 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 distributors during business hours of the day when the application is received. The offer price represents the Net Asset Value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributors and the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redemption price represents the NAV per unit as on the close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.9 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 asset 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.

3.10 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 the effective yield rate method.
- Income on government securities is recognised on an accrual basis using the effective yield rate method.
- Income on debt securities (including term finance certificates and sukuks) is recognised on an accrual basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the income is recorded on cash basis.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on margin trading system is recognised on an accrual basis using the effective yield rate method.
- Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Other income is recognised on an accrual basis using the effective yield rate method.

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

3.11 Expenses

All expenses including management fee, trustee fee, the Securities and Exchange Commission of Pakistan fee and allocated expenses are recognised in the Income Statement on accrual basis.

3.12 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.

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 utilised. Deferred tax is calculated at the rates that are expected to apply to the year 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 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

3.13 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.

3.14 Distribution to units holders

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.

3.15 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
4. BALANCES WITH BANKS		----- (Rupees in '000) -----	
Current accounts		5	39
Savings accounts	4.1	3,780,059	3,014,279
	4.2	<u>3,780,064</u>	<u>3,014,318</u>

4.1 These carry profit at the rates ranging from 5.5% to 17.5% per annum (2021: 5.5% to 8.5% per annum).

4.2 This includes balances with related parties of Rs. 0.124 million (2021: Rs. 0.602 million) maintained with MCB Bank Limited and Rs. 0.011 million (2021:Rs. 0.010 million) maintained with MCB Islamic Bank Limited.

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

5.	INVESTMENTS	Note	June 30, 2022	June 30, 2021
5.1	Investments at fair value through profit or loss		----- (Rupees in '000) -----	
	Government securities	5.1.1	1,049,684	1,677,862
	Listed equity securities	5.1.2	-	43,725
	Listed debt securities	5.1.3	-	-
	Unlisted debt securities	5.1.4	514,260	555,267
	Future stock contracts		-	1,503
			<u>1,563,944</u>	<u>2,278,357</u>
5.1.1	Government securities			
	Market Treasury Bills	5.1.1.1	-	997,458
	Pakistan Investment Bonds	5.1.1.2	1,012,304	642,679
	Government Debt securities	5.1.1.3	37,380	37,725
			<u>1,049,684</u>	<u>1,677,862</u>

5.1.1.1 Market Treasury Bills

Name of security	Note	Date of issue	Face Value			As at June 30, 2022				Market value as a percentage of	
			As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying Value	Market value	Unrealised gain	Net assets	Total investments
----- (Rupees in '000) -----											
Market Treasury Bills											
- 3 months		April 22, 2021	1,000,000		1,000,000	-	-	-	-	-	-
- 3 months		May 6, 2021		100,000	100,000	-	-	-	-	-	-
- 3 months		May 20, 2021	-	1,750,000	1,750,000	-	-	-	-	-	-
- 3 months		June 17, 2021	-	1,018,000	1,018,000	-	-	-	-	-	-
- 3 months		July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months		July 15, 2021	-	3,750,000	3,750,000	-	-	-	-	-	-
- 3 months		July 29, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months		August 12, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months		August 26, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months		September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months		October 7, 2021	-	2,425,000	2,425,000	-	-	-	-	-	-
- 3 months		November 4, 2021	-	650,000	650,000	-	-	-	-	-	-
- 3 months		December 16, 2021	-	250,000	250,000	-	-	-	-	-	-
- 3 months		December 30, 2021		2,000,000	2,000,000	-	-	-	-	-	-
- 3 months		January 13, 2022	-	350,000	350,000	-	-	-	-	-	-
- 3 months		January 27, 2022	-	2,000,000	2,000,000	-	-	-	-	-	-
- 3 months		February 24, 2022	-	300,000	300,000	-	-	-	-	-	-
- 3 months		April 7, 2022	-	3,250,000	3,250,000	-	-	-	-	-	-
- 3 months		April 21, 2022	-	1,500,000	1,500,000	-	-	-	-	-	-
- 3 months		April 28, 2022	-	700,000	700,000	-	-	-	-	-	-
Market Treasury Bills											
- 6 months		March 11, 2021	-	966,000	966,000	-	-	-	-	-	-
- 6 months		March 25, 2021	-	250,000	250,000	-	-	-	-	-	-
- 6 months		April 22, 2021	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months		May 6, 2021	-	1,400,000	1,400,000	-	-	-	-	-	-
- 6 months		June 3, 2021	-	4,400,000	4,400,000	-	-	-	-	-	-
- 6 months		July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months		July 15, 2021	-	3,273,000	3,273,000	-	-	-	-	-	-
- 6 months		July 29, 2021	-	3,500,000	3,500,000	-	-	-	-	-	-
- 6 months		August 12, 2021	-	2,150,000	2,150,000	-	-	-	-	-	-
- 6 months		August 26, 2021	-	3,402,500	3,402,500	-	-	-	-	-	-
- 6 months		September 9, 2021	-	10,200,000	10,200,000	-	-	-	-	-	-
- 6 months		December 2, 2021	-	800,000	800,000	-	-	-	-	-	-
- 6 months		December 16, 2021	-	6,200,000	6,200,000	-	-	-	-	-	-
- 6 months		January 27, 2022	-	4,400,000	4,400,000	-	-	-	-	-	-
- 6 months		April 21, 2022	-	1,400,000	1,400,000	-	-	-	-	-	-
- 6 months		April 28, 2022	-	2,000,000	2,000,000	-	-	-	-	-	-
Market Treasury Bills											
-12 months		December 16, 2021		750,000	750,000	-	-	-	-	-	-
-12 months		December 30, 2021		1,000,000	1,000,000	-	-	-	-	-	-
Total as at June 30, 2022							-	-	-	-	-
Total as at June 30, 2021							997,444	997,458	14	-	-

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

5.1.1.2 Pakistan Investment Bonds

Name of security	Note	Date of issue	Face Value				As at June 30, 2022			Market value as a percentage of	
			As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying Value	Market value	(Diminution)/ appreciation	Net assets	Total investments
----- (Rupees in '000) -----										----- % -----	
Pakistan Investment Bonds											
- 02 years		November 5, 2020	100,000	300,000	300,000	100,000	99,855	99,850	(5)	2.16	6.38
- 02 years		August 26, 2021	-	3,367,000	2,892,000	475,000	472,862	471,723	(1,139)	10.22	30.16
Pakistan Investment Bonds											
- 03 years		July 12, 2018	11,000	-	11,000	-	-	-	-	-	-
- 03 years		June 18, 2020	200,000	200,000	400,000	-	-	-	-	-	-
- 03 years		August 20, 2020	-	550,000	550,000	-	-	-	-	-	-
- 03 years		April 7, 2022	-	350,000	100,000	250,000	244,685	243,975	(710)	5.28	15.60
Pakistan Investment Bonds											
- 05 years		July 12, 2018	300,000	800,000	1,100,000	-	-	-	-	-	-
- 05 years		October 15, 2020	-	250,000	250,000	-	-	-	-	-	-
- 05 years		April 29, 2022	-	400,000	200,000	200,000	162,313	161,756	(557)	3.50	10.34
Pakistan Investment Bonds											
-10 years		August 22, 2019	35,000	140,000	140,000	35,000	35,014	35,000	(14)	0.76	2.24
Total as at June 30, 2022	5.1.1.2.1						1,014,729	1,012,304	(2,425)		
Total as at June 30, 2021							642,142	642,679	537		

5.1.1.2.1 These will mature latest by August 22, 2029 (2021: August 22, 2029) and carries effective yield at the rates ranging from 7.50% to 11.75% per annum (2021: 7.13% to 8.72%).

5.1.1.3 Government Debt securities

Particulars	Profit rate	Number of certificates				Balance as at June 30, 2022			Market value as a percentage of	
		As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
GOP Ijara - 5 years (June-24, 2020 - June 24, 2025)	7.38%	37,500	37,500	37,500	37,500	37,378	37,380	2	0.81	2.39
GOP Ijara - 5 years (December 15, 2021 - December 15, 2026)	11.40%	-	100,000	100,000	-	-	-	-	-	-
Total as at June 30, 2022						37,378	37,380	2		
Total as at June 30, 2021						37,744	37,725	(19)		

5.1.2 Listed equity securities

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

Name of investee company	Number of shares				Balance as at June 30, 2022			Market Value as a percentage of		Percentage in relation to paid- up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at June 30, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- % -----										
Automobile Assembler										
Pak Suzuki Motors Company Limited	-	26,000	26,000	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	67,000	67,000	-	-	-	-	-	-	-
-										
Automobile Parts & Accessories										
Loads Limited	-	20,000	20,000	-	-	-	-	-	-	-
-										
Cable & electrical goods										
Pak Elektron Limited*	-	1,853,500	1,853,500	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	3,688,000	3,688,000	-	-	-	-	-	-	-
-										
Balance carried forward										
-										

* These transactions relate to shares of related parties

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

Name of investee company	Number of shares				Balance as at June 30, 2022			Market Value as a percentage of		Percentage in relation to paid- up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at June 30, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- % -----										
Balance brought forward					-	-	-			
Cement										
D.G. Khan Cement Company Limited*	-	684,000	684,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	115,500	115,500	-	-	-	-	-	-	-
Lucky Cement Limited	-	6,500	6,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	1,095,000	1,095,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	192,000	192,000	-	-	-	-	-	-	-
Power Cement Limited*	-	3,500	3,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Chemicals										
Engro Polymer and Chemicals Limited	-	528,000	528,000	-	-	-	-	-	-	-
Ghani Global Holdings Limited	-	5,480,000	5,480,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	532,000	532,000	-	-	-	-	-	-	-
Nimir Resins Limited	-	9,000	9,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Engineering										
Aisha Steel Mills Limited*	-	1,277,500	1,277,500	-	-	-	-	-	-	-
Amreli Steels Limited	-	107,000	107,000	-	-	-	-	-	-	-
International Industries Limited	-	323,500	323,500	-	-	-	-	-	-	-
International Steels Limited	-	287,500	287,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	218,000	218,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Food & Personal Care Products										
Fauji Foods Limited	-	362,000	362,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	59,000	59,000	-	-	-	-	-	-	-
Treet Corporation Limited	-	1,313,000	1,313,000	-	-	-	-	-	-	-
Unity Foods Limited	-	9,156,000	9,156,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Fertilizer										
Engro Corporation Limited	-	19,000	19,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	203,500	203,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	4,500	4,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Glass & Ceramics										
Shabbir Tiles & Ceramics Limited	-	2,000	2,000	-	-	-	-	-	-	-
Tariq Glass Industries	-	120,500	120,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Miscellaneous										
Pace (Pakistan) Limited	-	50,000	50,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited*	-	1,723,000	1,723,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited	-	1,736,000	1,736,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	284,000	284,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	-	224,500	224,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	6,619,500	6,619,500	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	37,000	37,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	-	91,000	91,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Balance carried forward										
					-	-	-			

* These transactions relate to shares of related parties

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

Name of investee company	Number of shares				Balance as at June 30, 2022			Market Value as a percentage of		Percentage in relation to paid- up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at June 30, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- % -----										
Balance brought forward					-	-	-			
Power Generation & Distribution										
The Hub Power Company Limited*	-	655,000	655,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited	-	630,500	630,500	-	-	-	-	-	-	-
K-Electric Limited	-	1,652,500	1,652,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Refinery										
Attock Refinery Limited	170,500	1,309,000	1,479,500	-	-	-	-	-	-	-
Byco Petroleum Pakistan Limited	-	22,815,000	22,815,000	-	-	-	-	-	-	-
National Refinery Limited	-	397,000	397,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	823,500	823,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Technology & Communications										
Avanceon Limited	-	2,402,000	2,402,000	-	-	-	-	-	-	-
Hum Network Limited	-	5,811,500	5,811,500	-	-	-	-	-	-	-
Netsol Technologies	-	1,423,500	1,423,500	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	75,000	75,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	3,121,500	3,121,500	-	-	-	-	-	-	-
Worldcall Telecom Limited	-	2,116,500	2,116,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Textile Composite										
Gul Ahmed Textile Mills Limited	-	293,000	293,000	-	-	-	-	-	-	-
Nishat (Chunian) Limited*	-	845,500	845,500	-	-	-	-	-	-	-
Nishat Mills Limited*	-	57,500	57,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Transport										
Pakistan Interntional Bulk Terminal Limited	-	17,937,000	17,937,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Total as at June 30, 2022										
					-	-	-	-	-	-
Total as at June 30, 2021										
					44,113	43,725	(388)			

* These transactions relate to shares of related parties

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

5.1.3 Listed debt securities - Term Finance Certificates (TFCs) and Sukuks
(face value of Rs.5,000 each unless otherwise stated)

Particulars	Number of certificates				Balance as at June 30, 2022			Market value as a percentage of	
	As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----									
Financial services									
Saudi Pak Leasing Company Limited (March 13, 2010)	10,000	-	-	10,000	27,548				
Less: Provision for impairment (see note 5.1.7)					(27,548)				
Total as at June 30, 2022									
Total as at June 30, 2021									

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

5.1.4 Unlisted debt securities - Term Finance Certificates (TFCs) and Sukuks (face value of Rs.5,000 each unless otherwise stated)

Particulars	Number of certificates				Balance as at June 30, 2022			Market value as a percentage of	
	As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
----- (Rupees in '000) ----- % -----									
Commercial banks									
Askari Bank Limited VII - TFC ** (March 17, 2020)	50	-	-	50	49,489	50,750	1,261	1.10	3.25
The Bank of Punjab Limited - TFC I * (December 23, 2016)	1,200	-	-	1,200	120,933	120,215	(718)	2.60	7.69
The Bank of Punjab Limited - TFC II * (April 23, 2018) (see note 5.1.5)	850	-	850	-	-	-	-	-	-
Samba bank limited (March 1, 2021)*	1,850	-	1,000	850	84,966	85,303	337	1.85	5.45
Bank Al Habib Limited - TFC II (September 30, 2021)	-	35,000	-	35,000	174,965	180,043	5,078	3.90	11.51
					430,353	436,311	5,958	9.45	27.90
Chemical									
Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk*** (February 02, 2017)	500	-	-	500	12,704	13,416	712	-	0.01
Investment bank									
Jahangir Siddiqui & Company Limited - TFC (July 18, 2017)***	10,000	-	-	10,000	17,260	18,046	786	-	0.01
Jahangir Siddiqui & Company Limited - TFC (March 06, 2018)	18,000	-	-	18,000	44,705	46,487	1,782	0.01	0.03
					61,965	64,533	2,568	0.01	0.04
Household goods									
New Allied Electronics Industries (Private) Limited - TFC (May 15, 2007)	10,400	-	-	10,400	21,983				
Less: Provision for impairment (see note 5.1.7)					(21,983)				
					-				
New Allied Electronics Industries (Private) Limited - Sukuk (July 25, 2007)	112,000	-	-	112,000	35,063				
Less: Provision for impairment (see note 5.1.7)					(35,063)				
					-				
Total as at June 30, 2022					505,022	514,260	9,238		
Total as at June 30, 2021					633,484	614,897	(18,587)		

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

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

***These represent nil values due to rounding off

5.1.5 Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned term finance certificates of The Bank Of Punjab has been valued at a discretionary rate of 102.8422 when the reported market rate on MUFAP valuation sheet as at June 30, 2022 was 100.4000.

5.1.6 Significant terms and conditions of term finance certificates and sukuk outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
Unlisted debt securities							
Jahangir Siddiqui and Company Limited 6-Mar-18	18,000	5,000	2,500	6M KIBOR+1.4%	March 6, 2023	Secured	AA+
Jahangir Siddiqui And Company Limited 18-Jul-17	10,000	5,000	1,750	6M KIBOR+1.4%	July 18, 2022	Secured	AA+
The Bank of Punjab	1,200	100,000	99,780	6M KIBOR+1%	December 23, 2026	Unsecured	AA
Askari Bank Limited TFC VII 17 March 2020	50	1,000,000	1,000,000	6M KIBOR+1.2%	March 17, 2030	Unsecured	AA
Ghani Chemical Industries Ltd. (Formerly: Ghani Gases Ltd.) 2-Feb -17	500	100,000	29,167	3M KIBOR+1%	February 2, 2023	Unsecured	A-
Samba Bank Limited	850	5,000	99,960	6M KIBOR+1.35%	March 1, 2031	Secured	AA-
Bank Al Habib Limited TFC	35,000	5,000	4,999	6M KIBOR+0.75%	December 12, 2026	Unsecured	AA+

The term finance certificates and sukuk held by the Fund are secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

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

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

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at June 30, 2022, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer at the time of repayment of coupon due on the respective dates.

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

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
5.1.8 Net unrealised appreciation / (diminution) on re-measurement of Investments classified as financial assets 'at fair value through profit or loss'			
Market value of investments	5.1.1.1, 5.1.1.2, 5.1.1.3, 5.1.2, 5.1.3 & 5.1.4	1,563,944	2,278,357
Less: Carrying value of investments	5.1.1.1, 5.1.1.2, 5.1.1.3, 5.1.2, 5.1.3 & 5.1.4	1,557,129	2,262,022
		6,815	16,335

6 MARK-UP, DIVIDEND AND OTHER RECEIVABLES

Mark-up on:

- Pakistan investment bonds		20,649	14,495
- GOP Ijara Sukuk		153	61
- Term finance certificates		15,163	36,576
- Deposit accounts		43,709	7,669
- Margin trading system		-	328
Dividend receivable		-	916
Other receivables		25,854	123
		105,528	60,168
Less: provision for impairment	6.1	(25,843)	(25,843)
		79,685	34,325

6.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investments as non-performing debt securities as mentioned in note 5.1.7. The Fund has suspended further accrual of mark-up there against.

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
7 ADVANCES, DEPOSITS AND PREPAYMENTS			
Security deposits / margin with:			
- National Clearing Company of Pakistan Limited (NCCPL)	7.1	17,750	17,750
- Central Depository Company of Pakistan Limited		200	200
Exposure deposit with the National Clearing Company Pakistan Limited against spread transactions		1,737	27,274
Prepaid stability rating fee - PACRA		228	239
Advance Against IPO Subscription		145,000	-
Advance tax	7.2	1,607	1,607
		166,522	47,070

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

- 7.1** This includes a deposit of Rs. 2.75 million (2021: Rs. 2.75 million) and a margin of Rs. 15 million (2021: Rs. 15 million) with NCCPL in respect of trading in Margin Trading System.
- 7.2** 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 dividend, profit on bank deposits, profit on markup on margin trading system and profit on debt securities paid 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 May 12, 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 debt, profit on bank deposits and dividends amounts to Rs.1.607 million (2021: Rs.1.607 million).

For this purpose, 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 Funds 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 dividend, profit on bank deposits, profit on margin trading system and profit on debt securities has been shown as advance tax under 'Advances, deposits and prepayments' as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2022	June 30, 2021
8 PAYABLE TO MCB-ARIF HABIB SAVINGS & INVESTMENTS LIMITED - MANAGEMENT COMPANY		----- (Rupees in '000) -----	
Management remuneration payable	8.1	5,596	4,960
Sindh Sales Tax payable on remuneration of the Management Company	8.2	727	647
Allocated expenses payable	8.3	373	330
Selling and marketing expenses payable	8.4	4,385	3,918
Sales load payable		1,091	208
		<u>12,172</u>	<u>10,064</u>
8.1	As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. The Management Company has charged its remuneration at the rate of 1.5% per annum (2021: 1.5% per annum) of the average daily net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.		
8.2	During the year, an amount of Rs. 8.324 million (2021: Rs. 7.866 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. 8.244 million (2021: Rs. 7.949 million) has been paid to the Management Company which acts as a collecting agent.		
8.3	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. These expenses have also been approved by the Board of Directors of the Management Company.		
8.4	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.		

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

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, 2021	June 30, 2021
		----- (Rupees in '000) -----	
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration payable	280	248
	Sindh Sales Tax on remuneration payable	36	32
		<u>316</u>	<u>280</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (June 30, 2021: 0.075%) of average daily net assets of the Fund during the year.

9.2 During the year, an amount of Rs.0.422 million (2021: Rs.0.393 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. 0.418 million (2021: Rs. 0.397 million) was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
	Annual fee	866	807

10.1 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 the SRO No. 685 (I) / 2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (June 30, 2021: 0.02%) of average daily net assets of the Fund during the year.

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
11	ACCRUED AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund (SWWF)	-	42,902
	Provision for Federal Excise Duty payable on remuneration of the Management Company	99,060	99,060
	Federal Excise Duty payable on sales load	27,933	27,933
	Auditors' remuneration payable	548	549
	Withholding tax payable	3,666	2,014
	Brokerage payable	35	1,037
	Dividend payable	5	3
	Other payables	6,935	13,381
		<u>138,182</u>	<u>186,879</u>

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

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

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.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and FED on sales load with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 126.993 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Rs.2.95 (2021: Rs.2.91) per unit.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

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

On March 31, 2022, a favorable Appellate Order was passed by Commissioner Appeals whereby it was directed that the benefit of Element of Loss should be allowed to the Company; accordingly, the case was decided in favor of the Fund.

On June 14, 2022, FBR being aggrieved with said Order, filed Appeal with Appellate Tribunal Inland Revenue. Management Company, in consultation with its advisor, anticipates a favorable outcome of the case.

- 12.2** There were no other material contingencies outstanding as at June 30, 2022 and June 30, 2021

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

		June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
12.2	Commitments		
	Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at year end	-	45,728
13	AUDITORS' REMUNERATION		
	Annual audit fee	350	350
	Half yearly review fee	189	189
	Other certifications and services	100	100
	Out of pocket expenses	94	177
		<u>733</u>	<u>816</u>
14	TAXATION		
	<p>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, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.</p> <p>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.</p>		
15	CASH AND CASH EQUIVALENTS	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
	Balances with banks	3,780,064	3,014,318
	Treasury bills maturing within 3 months	-	997,458
		<u>3,780,064</u>	<u>4,011,776</u>
16	TOTAL EXPENSE RATIO		
	<p>The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 2.53% (2021: 3.20%) which includes 0.22% (2021: 0.35%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, annual fee to SECP etc. The prescribed limit for the ratio is 2.5% (2021: 2.5%) under the NBFC Regulations for a collective investment scheme categorised as a "income scheme". However, collective investment scheme categorised as a "income scheme" which invest in Margin Trading System (MTS) and / or ready future spread transaction, may charge additional MTS and / or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme. Accordingly, the enhanced prescribed limit for the ratio after incorporating the aforementioned additional expenses is 3% (2021: 3%).</p>		
17	TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES		
	<p>Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.</p> <p>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.</p> <p>Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Trust Deed.</p>		

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

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:

	For the year ended June 30, 2022	For the year ended June 30, 2021
	----- (Rupees in '000) -----	
17.1 Details of transactions with connected persons are as follows:		
MCB-Arif Habib Savings and Investment Limited - Management Company		
Remuneration (including indirect taxes)	72,374	68,376
Selling and marketing expenses	17,612	15,732
Allocated expenses	4,330	4,034
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	3,669	3,419
Settlement charges	652	1,271
Group / associated companies		
MCB Bank Limited		
Mark-up on deposit accounts	41	87
Bank charges	42	34
Sale of Securities having Face Value of Rs 1,496,000,000 (2021: 1,065,000,000)	1,461,647	1,034,327
Arif Habib Limited - Brokerage House		
Brokerage and settlement charges*	28	10
Nishat (Chunian) Limited		
Purchase of 845,500 (2021: 619,000) shares	43,826	26,233
Sale of 845,500 (2021: 619,000) shares	44,162	26,542
D.G. Khan Cement Company Limited		
Purchase of 684,000 (2021: 3,731,000) shares	75,264	38,833
Sale of 684,000 (2021: 4,245,500) shares	75,851	416,842
Nishat Mills Limited		
Purchase of 57,500 (2021: 1,639,000) shares	5,500	162,649
Sale of 57,500 (2021: 1,703,000) shares	5,548	161,200
Dividend income		2,792
Power Cement Limited		
Purchase of 3,500 (2021: 3,036,500) shares	29	30,700
Sale of 3,500 (2021: 3,036,500) shares	29	30,977
Aisha Steel		
Purchase of 1,277,500 (2021: Nil) shares	30,816	-
Sale of 1,277,500 (2021: Nil) shares	31,055	-
17.2 Amounts outstanding at year end	June 30,	June 30,
	2022	2021
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	5,596	4,960
Sindh sales tax payable on remuneration of the management company	727	647
Allocated expenses payable	373	330
Selling and marketing expenses payable	4,385	3,918
Sales load payable	1,091	184
Sales tax payable on sales load	-	24

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

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

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	316	281
Security deposit	200	200
Group / associated companies		
MCB Bank Limited		
Balances with banks	126	602
MCB Islamic Bank Limited		
Balances with banks	11	10
Arif Habib - Brokerage House		
Brokerage and settlement charges payable*	-	3

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

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

	June 30, 2022							
	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022
	Units				(Rupees in '000)			
Group / associated companies								
MCB Employees' Provident Fund	1,677,093	146,083	-	1,823,176	179,536	15,663	-	195,736
MCB Employees' Pension Fund	1,677,093	146,083	-	1,823,176	179,536	15,663	-	195,736
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	5,044	439	-	5,483	540	47	-	589
Mandate under discretionary portfolio services*	2	825	822	5	0	90	90	1

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

	June 30, 2021							
	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	Units				(Rupees in '000)			
Group / associated companies								
MCB-Arif Habib Savings & Investment Limited	-	9,344	9,344	-	-	1,015	1,015	-
MCB Employees' Provident Fund	1,573,656	103,437	-	1,677,093	168,326	11,068	-	179,536
MCB Employees' Pension Fund	1,573,656	103,437	-	1,677,093	168,326	11,068	-	179,536
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	4,733	311	-	5,044	506	33	-	540
Mandate under discretionary portfolio services	10,284	-	-	10,284	1,101	-	-	1,101

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

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

Balances with banks	3,780,064	-	3,780,064
Investments	-	1,563,944	1,563,944
Mark-up, dividend and other receivables	79,685	-	79,685
Deposits and others	19,687	-	19,687
	<u>3,879,436</u>	<u>1,563,944</u>	<u>5,443,380</u>

Financial Liabilities

Payable to MCB-Arif Habib Savings & Investments Limited			
- Management Company	12,172	-	12,172
Payable to Central Depository Company of Pakistan Limited -			
Trustee	316	-	316
Payable against purchase of investments	821,364	-	821,364
Accrued and other liabilities	1,363	-	1,363
	<u>835,215</u>	<u>-</u>	<u>835,215</u>

Financial Assets

Balances with banks	3,014,318	-	3,014,318
Investments	-	2,278,357	2,278,357
Mark-up, dividend and other receivables	34,325	-	34,325
Receivable against margin trading system	49,596	-	49,596
Receivable against sale of investments	386,229	-	386,229
Deposits and others	45,224	-	45,224
	<u>3,529,692</u>	<u>2,278,357</u>	<u>5,808,049</u>

Financial Liabilities

Payable to MCB-Arif Habib Savings & Investments Limited			
- Management Company	10,064	-	10,064
Payable to Central Depository Company of Pakistan Limited -			
Trustee	280	-	280
Payable against purchase of investments	1,965,915	-	1,965,915
Accrued and other liabilities	2,261	-	2,261
	<u>1,978,520</u>	<u>-</u>	<u>1,978,520</u>

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

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

19.1 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, interest rate risk and other price risk.

(i) Currency risk

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks, investments in sukuk certificates, term finance certificates, market treasury bills and Pakistan Investment Bonds. 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 interest bearing term finance, Pakistan Investment bonds and sukuk certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR 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.13.684 million (2021: Rs.8.904 million).

The Fund holds Term Finance Certificates, Pakistan Investment Bonds and Sukuks classified as 'fair value through profit or loss' exposing the Fund to interest rate fair value risk. In case of a 5% increase / decrease in rates determined by MUFAP as on June 30, 2022, the net assets value of the Fund and the net income for the year would increase / decrease by Rs. 68.24 million (2021: Rs.44.52 million), as a result of reduction / increase in unrealised gains / (losses) respectively.

The Fund also holds KIBOR based bank deposits exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets value of the Fund and the net income for the year would be higher / lower by Rs 37.80 million (2021: Rs 30.14 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund holds Market treasury bills, Government of Pakistan Sukuks and Pakistan investment bonds which are classified '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 the 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 be lower / higher by Rs.1.991 million (2021: Rs.13.050 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by FMAP is 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 and June 30, 2021 can be determined as follows:

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

June 30, 2022						
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	8.50% to 17.50%	3,780,059	-	-	5	3,780,064
Investments						
- Pakistan Investment Bonds	7.50% to 11.75%	-	99,850	912,454	-	1,012,304
- Government Debt Securities	14.85%	-	-	37,380	-	37,380
- Unlisted debt securities	3M Kibor+1% to 6M Kibor 1.4%	64,166	450,094	-	-	514,260
		64,166	549,944	949,834	-	1,563,944
Mark-up, dividend and other receivables		-	-	-	79,685	79,685
Deposits and others		-	-	-	19,687	19,687
		3,844,225	549,944	949,834	99,377	5,443,380
Financial Liabilities						
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company		-	-	-	12,172	12,172
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	316	316
Payable against of purchase of investment		-	-	-	821,364	821,364
Accrued and other liabilities		-	-	-	1,363	1,363
		-	-	-	835,215	835,215
On-balance sheet gap (a)		3,844,225	549,944	949,834	(735,838)	4,608,165
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		3,844,225	549,944	949,834		
Cumulative profit rate sensitivity gap		3,844,225	4,394,169	5,344,003		

June 30, 2021						
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	5.50% to 8.50%	3,014,279	-	-	39	3,014,318
Investments						
- Market Treasury Bills	7.19%	997,458	-	-	-	997,458
- Pakistan Investment Bonds	7.13% to 8.72%	-	11,000	631,679	-	642,679
- Government Debit Securities	7.38%	-	-	37,725	-	37,725
- Listed debt securities		-	-	-	-	-
- Unlisted debt securities	3M KIBOR+1% to 6M KIBOR+1.4%	69,453	485,814	-	-	555,267
- Listed equity securities		-	-	-	43,725	43,725
- Future stock contracts		-	-	-	1,503	1,503
		1,066,911	496,814	669,404	45,228	2,278,357
Mark-up, dividend and other receivables		-	-	-	34,325	34,325
Receivable against margin trading system		-	-	-	49,596	49,596
Receivable against sale of investments		-	-	-	386,229	386,229
Deposits and others		-	-	-	45,224	45,224
		4,081,190	496,814	669,404	560,641	5,808,049
Financial Liabilities						
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company		-	-	-	10,064	10,064
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	280	280
Payable against purchase of investments		-	-	-	1,965,915	1,965,915
Accrued and other liabilities		-	-	-	2,261	2,261
		-	-	-	1,978,520	1,978,520
On-balance sheet gap (a)		4,081,190	496,814	669,404	(1,417,879)	3,829,529
Off-balance sheet financial instruments		-	-	-	(45,728)	-
Off-balance sheet gap (b)		-	-	-	(45,728)	-
Total profit rate sensitivity gap (a+b)		4,081,190	496,814	669,404		
Cumulative profit rate sensitivity gap		4,081,190	4,578,004	5,247,408		

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

(iii) 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 profit rate 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 has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 5.1.2.

The following table illustrates the sensitivity of the net assets value of the Fund and the net income for the year to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date, with all other variables held constant.

	June 30, 2022	June 30, 2021
	---- (Rupees in '000) ----	
Investments	-	2,186
Income statement	-	2,186

19.2 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.

The Fund is exposed to counter party credit risks on investments (other than treasury bills and PIBs), balances with banks and other receivables. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Treasury bills and Pakistan Investment Bonds are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed by financial department in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

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
	----- (Rupees in '000) -----			
Balances with banks	3,780,064	3,780,064	3,014,318	3,014,318
Investments in government securities	1,049,684	-	1,677,862	-
Investments in debt securities	514,260	514,260	555,267	555,267
Investments in equity securities	-	-	43,725	-
Investments in future stock contracts	-	-	1,503	-
Mark-up, dividend and other receivables	79,685	79,685	34,325	19,769
Receivable against margin trading system	-	-	49,596	49,596
Receivable against sale of investments	-	-	386,229	386,229
Deposits and others	19,687	19,687	45,224	45,224
	<u>5,443,380</u>	<u>4,393,696</u>	<u>5,808,049</u>	<u>4,070,403</u>

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

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities, equity securities, future stock contracts and profit receivable from government securities amounting to Rs. 1,049.684 (2021: Rs 1,677.862) million, Rs. Nil (2021: Rs 43.725) million, Rs. Nil {2021: Rs (1.503)} million and Rs 20.802 (2021: 14.556) million respectively is not exposed to credit risk.

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

	June 30, 2022	June 30, 2021
Bank balances by rating category	----- % -----	
AAA	32.82	69.27
AA+	26.87	0.37
AA	-	0.09
AA-	22.24	12.46
A+	18.06	17.81
A*	0.01	-
	100	100.00

* The analysis below summarizes the credit quality of the Fund's investment in term finance certificates, sukuks and government securities as at June 30, 2022 and June 30, 2021:

	June 30, 2022	June 30, 2021
Investments by rating category	----- % -----	
Government securities	67.12	75.14
AAA, AA, AA-, AA+	32.02	23.97
A, A-, A+	0.86	0.89
	100.00	100.00

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 broadly 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.

19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations 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 cash redemptions, if any, 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, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed 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 also has the ability to 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.

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

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

June 30, 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 & Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued and other liabilities

12,172	-	-	-	-	-	12,172
316	-	-	-	-	-	316
821,364	-	-	-	-	-	821,364
1,363	-	-	-	-	-	1,363
835,215	-	-	-	-	-	835,215

June 30, 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 & Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued and other liabilities

10,064	-	-	-	-	-	10,064
280	-	-	-	-	-	280
1,965,915	-	-	-	-	-	1,965,915
2,261	-	-	-	-	-	2,261
1,978,520	-	-	-	-	-	1,978,520

20

FAIR VALUE MEASUREMENTS

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

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

----- June 30, 2022-----				
Fair value				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
Financial assets measured at fair value through profit or loss				
Pakistan investment bonds	-	1,012,304	-	1,012,304
Government Debt securities	-	37,380	-	37,380
Unlisted debt securities	-	514,260	-	514,260
	-	1,563,944	-	1,563,944

----- June 30, 2021-----				
Fair value				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
Financial assets measured at fair value through profit or loss				
Market treasury bills	-	997,458	-	997,458
Pakistan investment bonds	-	642,679	-	642,679
Government Debt securities	-	37,725	-	37,725
Listed equity securities	43,725	-	-	43,725
Unlisted debt securities	-	555,267	-	555,267
Future stock contracts	1,503	-	-	1,503
	45,228	2,233,129	-	2,278,357

21 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 unit holders' 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 the 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 19, 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.

22 PATTERN OF UNITHOLDINGS

----- June 30, 2022-----

	Number of unit holders	Number of units held	Investment Amount	Percentage of total investments
	(Rupees in '000)			
Individuals	2,443	35,736,802	3,836,689	83.09%
Retirement funds	21	2,182,991	234,365	5.08%
Associated companies	3	3,651,836	392,060	8.49%
Others	37	1,436,306	154,201	3.34%
	2,504	43,007,935	4,617,315	100%

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

----- June 30, 2021 -----				
	Number of unit holders	Number of units held	Investment Amount	Percentage of total investments
			(Rupees in '000)	
Individuals	2,209	24,805,882	2,655,513	72.83%
Associated companies	3	3,359,231	359,612	9.86%
Retirement funds	25	3,071,187	328,776	9.02%
Others	43	2,821,526	302,049	8.28%
	<u>2,280</u>	<u>34,057,826</u>	<u>3,645,950</u>	<u>100%</u>

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

		June 30, 2022 (Percentage)
1	Mra Securities Limited	22.34%
2	Adam Securities Pvt Ltd	22.18%
3	Top Line Securities Pvt Ltd	16.51%
4	Taurus Securities Limited	7.07%
5	Multiline Securities Pvt Ltd	6.05%
6	Continental Exchange Pvt.	4.04%
7	Bma Capital Management Ltd	3.39%
8	C And M Management Private	2.64%
9	Akd Securities Ltd	2.33%
10	Efg Hermes Pakistan Limited	2.17%
		June 30, 2021 (Percentage)
1	Adam Securities Pvt Ltd	38.31%
2	Top Line Securities Pvt Ltd	32.55%
3	Multiline Securities Pvt Ltd	7.87%
4	Mra Securities Limited	6.73%
5	Js Global Capital Limited	5.40%
6	Efg Hermes Pakistan Limited	3.74%
7	Bma Capital Management Ltd	1.00%
8	Next Capital Ltd	0.94%
9	Continental Exchange Pvt Ltd	0.69%
10	Invest One Markets Limited	0.58%

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th and 176th meeting of the Board of Directors were held on August 9, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 3, 2022, February 18, 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:

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 Savai 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

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

25 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

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

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

26 GENERAL

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

27 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.

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
782	A. 001-10,000	14,704
356	B. 10,001 – 100,000	119,542
702	C. 100,001 – 1000,000	3,098,523
664	D. 1000,001 & Above	39,775,166
<u>2,504</u>		<u>43,007,935</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

Performance Information	2022	2021	2020	2019	2018
Total Net Assets Value – Rs. in million	4,617.3150	3,645.9500	4,032.7759	3,933.4452	4,872.0000
Net Assets value per unit – Rupees	107.3596	107.0518	106.9649	106.5542	111.3412
Closing Offer Price	109.1793	108.8663	108.7780	108.3603	113.2284
Closing Repurchase Price	104.9333	104.6324	103.3388	106.5542	111.3412
Highest offer price per unit	118.5362	115.9956	121.0894	116.6078	113.3493
Lowest offer price per unit	108.8858	110.9321	108.3913	108.2969	108.2995
Highest Redemption price per unit	116.5605	114.0622	119.0711	114.6642	111.3412
Lowest Redemption price per unit	107.0709	105.3852	106.5847	106.4919	105.0384
Distribution per unit – Rs. *	9.3394	7.0333	12.0476	13.0796	-
Average Annual Return - %					
One year	9.02	6.66	11.69	7.80	4.62
Two year	7.84	9.18	9.75	6.21	5.56
Three year (inception date Mar 01, 2007)	9.12	8.72	8.04	6.31	5.78
Net Income for the year – Rs. in million	382.3485	258.3900	485.9330	292.7500	245.6301
Distribution made during the year – Rs. in million	373.6420	256.1370	471.0610	471.7150	-
Accumulated Capital Growth – Rs. in million	8.7065	2.2530	14.8720	(204.2910)	245.6301
Weighted average Portfolio Duration (years)	3.7	1.5	2.8	1.3	1.4

* Date of Distribution

2022	
Date	Rate
June 24, 2022	9.3394

2021	
Date	Rate
June 25, 2021	7.0333

2020	
Date	Rate
June 26, 2020	12.0476

2019	
Date	Rate
July 04, 2019	4.8783
June 28, 2019	8.2013

2018	
Date	Rate
Nil	

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.

MCB-Arif Habib Savings and Investments Limited

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

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)

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