



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2022

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



PAKISTAN CASH MANAGEMENT FUND

TABLE OF CONTENTS

1	Fund's Information	265
2	Report of the Director of the Management Company	266
3	Report of the Fund Manager	279
4	Trustee Report to the Unit Holders	281
5	Independent Auditor's Report to the Unit Holders	282
6	Statement of Assets and Liabilities	283
7	Income Statement	284
8	Statement of Other Comprehensive Income	285
9	Statement of Movement in Unit Holder's Fund	286
10	Cash Flow Statement	287
11	Notes to and Forming Part of the Financial Statements	288
12	Pattern of Units Holding by Size	308
13	Performance Table	309

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	Digital Custodian Company Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.digitalcustodian.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited Habib Bank Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) Sate Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Cash Management Fund's** 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 10.87% as against its benchmark return of 9.28%.

The fund's exposure remained majorly tilted towards Cash at the quarter-end due to attractive rates offered by the commercial banks.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 5,705 million as compared to Rs. 3,119 million as at June 30, 2021 registering an increase of 82.91%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 50.4678 which is same as of opening NAV of Rs. 50.4678 per unit as at June 30, 2021.

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.
- 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.

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

- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2022:

1. Meeting of the Audit Committee.

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

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

2. Meeting of the Human Resource and Remuneration Committee.

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

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

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

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Mobin Ahmed Siddiqui	Chief Internal Auditor	14.024	14.004	Nil

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 sPakistan 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 and Vice Chairman

ڈائریکٹرز رپورٹ

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	14.024	14.004	—

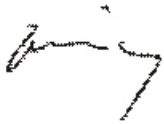
خارجی آڈیٹرز

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



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
15 اگست 2022ء

ڈائریکٹرز رپورٹ

i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2022ء تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کوڈ کے ضابطہ نمبر 19 میں موجود ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ 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 کر دی 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:

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

۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی مینٹنگ

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

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

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 میاں 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 (چیرمین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیرمین)
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 رمیو نیشن

منجمنٹ 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 منجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

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

- مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت 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 (اسٹیلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینسٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر 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 چار جز اور ڈیوٹیز (اگر کوئی ہیں تو) کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے دوران تقریباً 19.2 فیصد بڑھ کر 1,214 بلین روپے ہو گئے۔ Money مارکیٹ کی مجموعی فنڈز میں جون 2021ء سے اب تک تقریباً 43.8 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے کیونکہ تقریباً 56.4 فیصد بڑھ کر 446 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 24.1 فیصد بڑھ کر 225 بلین روپے ہو گئے۔ مزید برآں، مجموعی فلسڈ اکٹم فنڈز میں جون 2021ء سے اب تک تقریباً 21.9 فیصد اضافہ ہوا کیونکہ روایتی اکٹم فنڈز 27.9 فیصد بڑھ کر 161 بلین روپے ہو گئے۔ ایکوٹی اور متعلقہ فنڈز 23.1 فیصد کم ہو گئے جس کی وجہ مالی سال 2022ء میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانظامیہ میں کمی ہے کیونکہ مجموعی معاشی وجہ افیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔ شعبہ جاتی اعتبار سے مالی سال 2022ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.3 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر اکٹم فنڈز تھے جن کا 24.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکوٹی فنڈز اور متعلقہ فنڈز تھے جن کا 18.9 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فائننس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوچل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ فلسڈ اکٹم 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 رکھول دی ہیں اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکوٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف آٹھ (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)۔

مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

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

آئی ایم ایف پروگرام کی کامیابی بحالی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں گے۔ ڈالر اور روپے کی تجارت 230-225 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 قدر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

سی پی آئی پری مین 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۔

کمپیٹل مارکیٹ، خصوصاً ایکویٹی، 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 پریمیم 8.3 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 9.5 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زیر جائزہ مالی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر ٹھیکس 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 منافعے میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا چکر شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دوران مدت پالتربتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 10.87 فیصد تھا، جبکہ مقررہ معیار کا منافع 9.28 فیصد تھا۔ فنڈ کی زیادہ تر شمولیت نقد میں رہی جس کی وجہ کمرشل بینکوں کی پیش کردہ پُرکشش شرحیں تھیں۔

30 جون 2022ء کو فنڈ کے net اثاثہ جات 5,705 ملین روپے تھے جو 30 جون 2021ء کی سطح 3,119 ملین روپے کے مقابلے میں 82.91 فیصد اضافہ ہے۔

30 جون 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 50.4678 روپے تھی جو 30 جون 2021ء کو ابتدائی این اے وی 50.4678 روپے فی یونٹ ہی تھی۔

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 پلا رکاوٹ مالیاتی نظم و ضبط اور پیمائش شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بقاء ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے پالتربتیب 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 کمی کی آگے گی۔

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان کیش مینجمنٹ فنڈ کے گوشواروں کا جائزہ برائے سال منہ ختمہ 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 مائل 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 تنزل 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 مائل 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 کونکے کی تاریخی بلند قیمتیں اور اس کے ساتھ ساتھ یکبارہ یکسین 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 تشویش کا 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 لاگوٹوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور تھا 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

Pakistan Cash Management Fund (PCF) is an open-end Fund.

Fund Benchmark

The benchmark for Pakistan Cash Management Fund is 70% three (3) months PKRV rates + 30% three (3) months average deposit rates of three (3) AA rated scheduled Banks selected by MUFAP.

Investment Objective

The objective of PCF is to provide Unit Holders competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

Investment Strategy

The Fund will invest in government securities; mainly Treasury bills and short maturity reverse repurchase transactions against Government Securities. The un-invested funds are kept in deposits with minimum AA rated commercial banks. The overall maturity of the portfolio is kept below 45 days, in order to keep interest rate risk at a relatively low and manageable level and provide high liquidity to investors comparable to current bank deposits. PCF is a long only Fund.

Manager's Review

During the period under review, the fund generated an annualized return of 10.87% as against its benchmark return of 9.28%. At the end of June 2022, the fund's investment in T-bills decreased to 0.0% and entire exposure was shifted to cash.

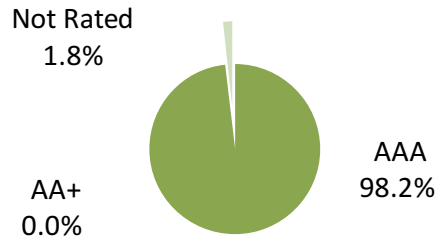
The Net Assets of the Fund as at June 30, 2022 stood at Rs. 5,705 million as compared to Rs. 3,119 million as at June 30, 2021 registering a increase of 82.9%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 50.4678

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

Asset Allocation (%age of Total Assets)	Jun-22
Cash	98.2%
Term Deposit Receipt	0.0%
T-Bills	0.0%
Others including receivables	1.8%

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

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



Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

PAKISTAN CASH MANAGEMENT FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Pakistan Cash Management Fund, an open-end Scheme established under a Trust Deed initially executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by Securities & Exchange Commission of Pakistan (SECP) on February 01, 2008 and was executed on February 08, 2008. The Trust Deed was subsequently amended through a supplemental Trust Deed dated July 21, 2014 according to which Habib Metropolitan Bank Limited stands retired and MCB Financial Services Limited is appointed as the Trustee of the Fund. The effective date of change of trustee is August 20, 2014.

Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL had been changed to MCB Arif Habib Savings and Investments Limited effective from June 27, 2011.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Pakistan Cash Management Fund has, in all material respects, managed Pakistan Cash Management Fund for the year ended 30th June 2022 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Authorize Signatory

Karachi: August 18, 2022

ONLINE

+923-111-322-228

digitalcustodian.co

digitalcustodian

LAHORE

LSE Plaza, 508

Kashmir Egerton Road

+92 42 3630 4406

KARACHI

Perdesi House

Old Queens Road

+92 21 3241 9770

ISLAMABAD

ISE Towers, LG

Jinnah Avenue

+92 51 2726 543

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Cash Management Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pakistan Cash Management 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 note 4 to the annexed financial statements) Balances with banks constitute the most significant component of the NAV. Balances with banks of the Fund as at June 30, 2022 aggregated to Rs 5,628.553 million. The existence of balances with banks 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 balances with banks as at June 30, 2022 and traced them to the books and records of the Fund; andObtained bank reconciliation statements and tested reconciling items on a sample basis.

A.F. & CO.

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.

AFC

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: AR202210061K1lgaF4h

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
ASSETS			
Balances with banks	4	5,628,554	3,141,821
Investments	5	-	-
Advances, prepayments and profit receivable	6	100,896	11,320
Total assets		<u>5,729,450</u>	<u>3,153,141</u>
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	2,906	305
Payable to Digital Custodian Company Limited - Trustee	8	271	82
Payable to the Securities and Exchange Commission of Pakistan	9	1,341	478
Accrued and other liabilities	10	19,666	33,660
Total liabilities		<u>24,184</u>	<u>34,525</u>
NET ASSETS		<u>5,705,266</u>	<u>3,118,616</u>
Unit holders' fund (as per statement attached)		<u>5,705,266</u>	<u>3,118,616</u>
Contingencies and commitments	11		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		<u>113,047,650</u>	<u>61,794,223</u>
----- (Rupees) -----			
NET ASSET VALUE PER UNIT	3.6	<u>50.4678</u>	<u>50.4678</u>

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

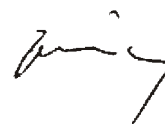
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	For the year ended	
		June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
INCOME			
Profit on bank deposits		500,118	70,579
Capital gain / (loss) on sale of investments - net		10,297	(924)
Income from government securities		192,903	103,380
Profit on term deposits receipts		9,912	-
Total income		713,230	173,035
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	13,642	3,254
Sales tax on remuneration of the Management Company	7.2	1,773	423
Allocated expenses	7.3	22	1,164
Remuneration of Digital Custodian Company Limited - Trustee	8.1	2,810	900
Sales tax on remuneration of the Trustee	8.2	365	117
Annual fee to Securities and Exchange Commission of Pakistan	9	1,341	478
Auditors' remuneration	12	556	640
Selling and marketing expense	7.4	2,219	-
Brokerage, settlement and bank charges		838	182
Legal and other professional charges		146	137
Fee and subscription		711	229
Printing and stationery		82	19
Total expenses		24,505	7,543
Net income for the year from operating activities		688,725	165,492
Reversal of provision / (provision) for Sindh Workers' Welfare Fund (SWWF)	10.1	12,614	(3,310)
Net income for the year before taxation		701,339	162,182
Taxation	13	-	-
Net income for the year after taxation		701,339	162,182
Earnings per unit	3.12		
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		701,339	162,182
Income already paid on units redeemed		(14,849)	(29,987)
		686,490	132,195
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		9,725	-
- Excluding capital gains		676,765	132,195
		686,490	132,195

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

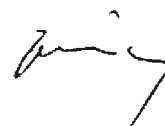
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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	701,339	162,182
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>701,339</u>	<u>162,182</u>

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

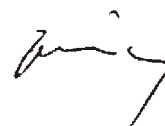
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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
Note	----- (Rupees in '000) -----					
Net assets at beginning of the year	3,101,753	16,863	3,118,616	3,680,763	12,512	3,693,275
Issuance of 929,521,276 (2021: 181,322,788) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	46,910,894	-	46,910,894	9,135,822	-	9,135,822
- Element of income	54,237	-	54,237	152,299	-	152,299
	46,965,131	-	46,965,131	9,288,121	-	9,288,121
Redemption of 878,267,849 (2021: 192,830,714) units						
- Capital value (at ex-net assets value per unit at beginning of the year)	44,324,246	-	44,324,246	9,715,641	-	9,715,641
- Element of loss - net	2,492	14,849	17,341	84,110	29,987	114,097
	44,326,738	14,849	44,341,587	9,799,751	29,987	9,829,738
Total comprehensive income for the year	-	701,339	701,339	-	162,182	162,182
Total distribution during for the year ended June 30, 2022	20	-	(686,490)	-	-	-
Interim distribution for the year ended June 30, 2021 @ Re 0.1882 per unit declared on July 22, 2020	-	-	-	-	(13,845)	(13,845)
Interim distribution for the year ended June 30, 2021 @ Rs 1.8741 per unit on February 09, 2021	-	-	-	-	(77,701)	(77,701)
Interim distribution for the year ended June 30, 2021 @ Re 0.3194 per unit on March 15, 2021	-	-	-	-	(18,438)	(18,438)
Final distribution for the year ended June 30, 2021 @ Re 0.9788 per unit on June 22, 2021	-	-	-	-	(17,860)	(17,860)
Refund of capital for the year ended June 30, 2022	(51,743)	-	(51,743)	-	-	-
Refund of capital for the year ended June 30, 2021	-	-	-	(67,380)	-	(67,380)
Total distributions during the year	(51,743)	(686,490)	(738,233)	(67,380)	(127,844)	(195,224)
Net assets at end of the year	5,688,403	16,863	5,705,266	3,101,753	16,863	3,118,616
Undistributed income brought forward						
- Realised		16,863			12,512	
- Unrealised		-			-	
		16,863			12,512	
Accounting income available for distribution:						
- Relating to capital gains		9,725			-	
- Excluding capital gains		676,765			132,195	
		686,490			132,195	
Distributions during the year		(686,490)			(127,844)	
Undistributed income carried forward		16,863			16,863	
Undistributed income carried forward:						
- Realised		16,863			16,863	
- Unrealised		-			-	
		16,863			16,863	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		50.4678			50.3843	
Net assets value per unit at end of the year		50.4678			50.4678	

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

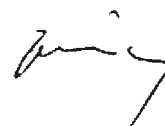
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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	701,339	162,182
Adjustments for:		
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	(12,614)	3,310
	688,725	165,492
(Increase) / decrease in assets		
Advances, prepayments and profit receivable	(89,576)	4,972
	(89,576)	4,972
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	2,601	(388)
Payable to Digital Custodian Company Limited - Trustee	189	(76)
Payable to the Securities and Exchange Commission of Pakistan	863	(121)
Accrued and other liabilities	(1,380)	5,160
	2,273	4,575
Net cash generated from operating activities	601,422	175,039
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units - net of refund of capital	46,913,388	9,220,741
Payments on redemption of units	(44,341,587)	(9,829,738)
Dividend paid	(686,490)	(127,844)
Net cash generated from / (used in) financing activities	1,885,311	(736,841)
Net increase / (decrease) in cash and cash equivalents during the year	2,486,733	(561,802)
Cash and cash equivalents at beginning of the year	3,141,821	3,703,623
Cash and cash equivalents at end of the year	5,628,554	3,141,821

14

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

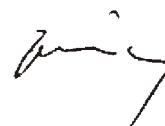
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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 Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated February 01, 2008 consequent to which the Trust Deed was executed on February 08, 2008. MCB Financial Services Limited has been appointed as trustee of the fund with effect from July 21, 2014.
- 1.2 The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). 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 "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in market treasury bills, short term Government instruments and reverse repurchase transactions against government securities.
- 1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2021 to the Management Company and has assigned 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 MCB Financial Services Limited as Trustee of the Fund.
- 1.7 During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and 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 the 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 certain investments which have been marked to market and carried 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 accounting and reporting standards that are not yet effective

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

2.5 Critical accounting estimates and judgments

The preparation of 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 area where various assumption and estimates are significant to Fund's financial statements or where judgement was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for Federal Excise Duty (note 10.2) and provision for taxation (notes 3.11 and 13).

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

3.1 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.

3.2 Financial assets

3.2.1 Classification and subsequent measurement

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 recognized 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

3.2.2 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.

3.2.2.1 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 the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

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

3.2.3 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.

3.2.4 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.

3.2.5 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.

3.2.6 Derivatives

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

3.3 Financial liabilities

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

3.4 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.

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

3.5 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.

3.6 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.

3.7 Issue and redemption of units

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

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

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

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

3.9 Revenue recognition

- Capital gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on an accrual basis using effective yield method.
- Income from government securities is recognised on an accrual basis using effective yield method.
- Unrealised gains / (losses) arising on remeasurement of investments classified as financial asset at fair value through profit or loss are included in the Income Statement in the year in which they arise.

3.10 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.

3.11 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.

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

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

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

3.12 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.

3.13 Distribution to units holders fund

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

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

3.14 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
		----- (Rupees in '000) -----	
4 BALANCES WITH BANKS			
In current account		19	20
In deposit accounts	4.1	5,628,535	3,141,801
		<u>5,628,554</u>	<u>3,141,821</u>

- 4.1** These include a balance of Rs. 5.565 million (2021: Rs. 2.747 million) maintained with MCB Bank Limited (a related party) that carries a profit at the rate of 12.25% per annum (2021: 5.5% per annum). Other deposit accounts of the Fund carry profit rates ranging from 5.5% to 21.00% per annum (2021: 5.5% to 7.85% per annum).

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000) ----	

5 INVESTMENTS

5.1 Investments at fair value through profit or loss

Government securities - Market treasury bills	5.1.1	-	-
		<u>-</u>	<u>-</u>

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

5.1.1 Market treasury bills

Name of security	Issue date	Face value				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	Unrealized gain	Net assets	Total investments

(Rupees in '000) %

Market treasury bills

- 3 months	May 6, 2021	-	550,000	550,000	-	-	-	-	-	-
- 3 months	July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	July 15, 2021	-	1,300,000	1,300,000	-	-	-	-	-	-
- 3 months	July 29, 2021	-	2,500,000	2,500,000	-	-	-	-	-	-
- 3 months	August 12, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
- 3 months	August 26, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	September 23, 2021	-	1,000,000	1,000,000	-	-	-	-	-	-
- 3 months	October 7, 2021	-	7,000,000	7,000,000	-	-	-	-	-	-
- 3 months	November 4, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	December 2, 2021	-	10,500,000	10,500,000	-	-	-	-	-	-
- 3 months	December 16, 2021	-	8,000,000	8,000,000	-	-	-	-	-	-
- 3 months	December 30, 2021	-	6,500,000	6,500,000	-	-	-	-	-	-
- 3 months	January 13, 2022	-	385,000	385,000	-	-	-	-	-	-
- 3 months	January 27, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	February 24, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
- 3 months	April 7, 2022	-	3,000,000	3,000,000	-	-	-	-	-	-
- 3 months	April 21, 2022	-	3,500,000	3,500,000	-	-	-	-	-	-
- 3 months	April 28, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-

Market treasury bills

- 6 months	February 25, 2021	-	200,000	200,000	-	-	-	-	-	-
- 6 months	March 25, 2021	-	250,000	250,000	-	-	-	-	-	-
- 6 months	April 22, 2021	-	1,400,000	1,400,000	-	-	-	-	-	-
- 6 months	May 6, 2021	-	1,500,000	1,500,000	-	-	-	-	-	-
- 6 months	May 20, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
- 6 months	June 3, 2021	-	3,800,000	3,800,000	-	-	-	-	-	-
- 6 months	June 17, 2021	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months	July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	July 15, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	July 29, 2021	-	1,500,000	1,500,000	-	-	-	-	-	-
- 6 months	August 12, 2021	-	2,500,000	2,500,000	-	-	-	-	-	-
- 6 months	August 26, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	September 9, 2021	-	2,500,000	2,500,000	-	-	-	-	-	-
- 6 months	December 30, 2021	-	1,700,000	1,700,000	-	-	-	-	-	-
- 6 months	January 27, 2022	-	3,275,000	3,275,000	-	-	-	-	-	-
- 6 months	March 10, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months	April 7, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months	April 21, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
- 6 months	April 28, 2022	-	500,000	500,000	-	-	-	-	-	-

Total as at June 30, 2022

-

Total as at June 30, 2021

-

Note June 30, 2022 June 30, 2021
----- (Rupees in '000) -----

6 ADVANCES, PREPAYMENTS & PROFIT RECEIVABLE

Profit on bank deposits		100,264	10,934
Advance tax	6.1	386	386
Prepayments		246	-
		<u>100,896</u>	<u>11,320</u>

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

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151 of the ordinance. However, withholding tax on profit on bank deposits to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on bank deposits amounts to Rs. 0.386 million (2021: Rs.0.386 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the 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 bank deposits has been shown as advance tax under 'Advances, prepayments and profit receivables' 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
		----- (Rupees in '000) -----	
7	PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED		
	Remuneration payable	7.1	2,507
	Sales tax on remuneration payable	7.2	326
	Payable against allocated expenses	7.3	-
	Sale load payable	-	25
	Selling and marketing payable	7.4	73
		<u>2,906</u>	<u>305</u>

- 7.1** The Management Company has charged management fee at the rate of upto 10% of the gross earnings of the scheme, calculated on a daily basis.

- 7.2** During the year, an amount of Rs. 1.773 million (2021: Rs.0.423 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. 1.472 million (2021: Rs.0.459 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

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

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

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

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

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

8	PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED (FORMERLY: MCB FINANCIAL SERVICES LIMITED) - TRUSTEE	Note	June 30, 2022	June 30, 2021
			----- (Rupees in '000) -----	
	Remuneration payable	8.1	240	73
	Sales tax on remuneration payable	8.2	31	9
			<u>271</u>	<u>82</u>

- 8.1 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 according to the following tariff:

	-----Rupees in '000-----					
Particular	Net assets up to					Net assets exceeding
	100,000	1,500,000	4,000,000	6,000,000	10,000,000	10,000,000
Trustee Fee on a monthly basis	50	50	75	150	300	500

- 8.2 During the year, an amount of Rs. 0.365 million (2021: Rs. 0.117 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. 0.343 million (2021: Rs.0.126 million) was paid to the Trustee which acts as a collecting agent.

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	Note	June 30, 2022	June 30, 2021
			----- (Rupees in '000) -----	
	Annual fee	9.1	<u>1,341</u>	<u>478</u>

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

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

10	ACCRUED AND OTHER LIABILITIES	Note	June 30, 2022	June 30, 2021
			----- (Rupees in '000) -----	
	Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	-	12,614
	Provision for Federal Excise Duty payable on remuneration of the Management Company	10.2	11,933	11,933
	Withholding tax payable		10	8,575
	Brokerage payable		22	24
	Auditors' remuneration payable		466	463
	Dividend payable		7,132	-
	Payable to legal advisor		34	31
	Other payables		69	20
			<u>19,666</u>	<u>33,660</u>

- 10.1 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 the financial statements of the Fund.

- 10.2** 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 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 11.93 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 Re 0.11 (2021: Re 0.19) per unit.

11 CONTINGENCIES AND COMMITMENTS

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

12 AUDITORS' REMUNERATION

	For the year ended	
	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
Annual audit fee	250	250
Half yearly review fee	131	131
Other certification and services	50	50
Out of pocket expenses and other taxes	125	209
	556	640

13 TAXATION

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

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

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

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
14 CASH AND CASH EQUIVALENTS			
Deposit accounts	4	5,628,534	3,141,801
Current account	4	19	20
		<u>5,628,553</u>	<u>3,141,821</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 0.36% which includes 0.05% representing government levies on the Fund such as provision for sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 2% under the NBFC Regulations for a collective investment scheme categorised as money market scheme.

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

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

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

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

16.1 Details of transactions with connected persons are as follows:

	For the year ended	
	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
MCB Arif Habib Savings and Investment Limited - Management Company		
Remuneration (including indirect taxes)	15,415	3,677
Allocated expenses	22	1,164
Group / associated companies		
MCB Bank Limited		
Mark-up on bank deposits	439	423
Bank charges	21	11
Digital Custodian Company Limited - Trustee		
Remuneration (including indirect taxes)	3,175	1,017
Arif Habib Limited - Brokerage House*		
Brokerage and Settlement Charges	71	-

* 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

16.2 Amounts outstanding at year end

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
MCB Arif Habib Savings and Investments Limited		
Remuneration payable	2,507	193
Sales tax on remuneration payable	326	25
Payable against allocated expenses	-	62
Sale load payable	-	25
Selling and marketing payable	73	-
Group / associated companies		
MCB Bank Limited		
Balances with bank	5,565	2,747
Digital Custodian Company Limited - Trustee		
Remuneration payable	240	73
Sales tax on remuneration payable	31	9

16.3 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) -----			
Associated company								
MCB Arif Habib savings and investments Limited	-	8,673,063	8,673,063	-	-	437,710	437,710	-
Security General Insurance Company Limited	-	14,032,705	14,021,590	11,115	-	708,200	707,639	561
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	-	670,977	670,977	-	-	33,863	33,863	-
Adamjee Insurance Co.Ltd Employees Provident Fund	-	1,337,966	1,337,966	-	-	67,524	67,524	-
Nishat Paper Products Company Limited Staff Provident Fund Trust	-	372,390	372,390	-	-	18,794	18,794	-
Security General Insurance Co. Ltd.				-				
Employees Provident Fund Trust	-	179,320	-	179,320		9,050	-	9,050
Adamjee Insurance Co. Ltd.	-	21,884,840	21,884,840	-		1,104,480	1,104,480	-
Key management personnel *	-	417,047	417,047	-	-	21,060	21,063	-
Mandate under discretionary portfolio services*	-	11,203,412	7,770,073	3,433,339	4,960	565,785	392,938	173,273
Unit holders holding 10% or more units*	-	67,326,510	52,365,495	14,961,015	-	3,397,821	2,642,771	755,050

* This reflects the position of related party / connected person 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) -----			
Associated company								
MCB Arif Habib savings and investments Limited	-	2	2	-	-	-	-	-
Hyundai Nishat Motors Private Limited Employees provident fund	44,239	2,109	46,348	-	2,229	106	2,378	-
Key management personnel *	-	12,999	12,999	-	-	4,921	4,954	-
Mandate under discretionary portfolio services	-	38,971,347	38,873,068	98,279	2,229	2,017,965	2,016,264	4,960
Unit holders holding 10% or more units *	-	48,291,277	28,963,985	19,327,292	-	2,438,838	1,481,818	975,406

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

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

17. FINANCIAL INSTRUMENTS BY CATEGORY

Assets

Balances with banks
Profit on bank deposits

June 30, 2022		
At Amortised cost	Asset classified at fair value through profit or loss	Total
(Rupees in '000)		
5,628,554	-	5,628,554
100,264	-	100,264
<u>5,728,818</u>	<u>-</u>	<u>5,728,818</u>

Liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Digital Custodian Company Limited- Trustee
Accrued and other liabilities

June 30, 2022		
At fair value through profit or loss	At Amortised cost	Total
(Rupees in '000)		
-	2,906	2,906
-	271	271
-	<u>7,723</u>	<u>7,723</u>
-	<u>10,900</u>	<u>10,900</u>

Assets

Balances with banks
Profit on bank deposits

June 30, 2021		
At Amortised cost	Asset classified at fair value through profit or loss	Total
(Rupees in '000)		
3,141,821	-	3,141,821
10,934	-	10,934
<u>3,152,755</u>	<u>-</u>	<u>3,152,755</u>

Liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Digital Custodian Company Limited - Trustee
Accrued and other liabilities

June 30, 2021		
At fair value through profit or loss	At Amortised cost	Total
(Rupees in '000)		
-	305	305
-	82	82
-	<u>538</u>	<u>538</u>
-	<u>925</u>	<u>925</u>

18. FINANCIAL RISK MANAGEMENT

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

18.1 Market risk

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

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines provided by the Board of Directors and regulations laid down by the Securities and Exchange Commission of Pakistan and the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the Rules).

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

18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances with banks.

a) Sensitivity analysis for variable rate instruments

As of June 30, 2022, the Fund held interest based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in interest rate on the last repricing date of these balances, with all other variables held constant, net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 56.285 million (2021: Rs. 31.418 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund does not hold any fixed rate investment which expose the fund to interest rate risk.

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

June 30, 2022					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest 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 21%	5,628,535	-	-	19	5,628,554
Profit on bank deposits		-	-	-	100,264	100,264
		5,628,535	-	-	100,283	5,728,818

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	2,906	2,906
Payable to Digital Custodian Company Limited - Trustee		-	-	-	271	271
Accrued and other liabilities		-	-	-	7,723	7,723
		-	-	-	10,900	10,900

On-balance sheet gap (a)

5,628,535	-	-	89,383	5,717,918
-----------	---	---	--------	-----------

Off-balance sheet financial instruments

-	-	-	-	-
---	---	---	---	---

Off-balance sheet gap (b)

-	-	-	-	-
---	---	---	---	---

Total profit rate sensitivity gap (a+b)

5,628,535	-	-
-----------	---	---

Cumulative profit rate sensitivity gap

5,628,535	5,628,535	5,628,535
-----------	-----------	-----------

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

June 30, 2021					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest 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 7.85%	3,141,801	-	-	20	3,141,821
Profit on bank deposits		-	-	-	10,934	10,934
		3,141,801	-	-	10,954	3,152,755

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	305	305
Payable to Digital Custodian Company Limited - Trustee		-	-	-	82	82
Accrued and other liabilities		-	-	-	538	538
		-	-	-	925	925

On-balance sheet gap (a)		3,141,801	-	-	10,029	3,151,830
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		3,141,801	-	-		
Cumulative profit rate sensitivity gap		3,141,801	3,141,801	3,141,801		

18.1.3 Price risk

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

18.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in market treasury bills 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 of the Management Company. 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
Balances with banks	5,628,554	5,628,554	3,141,821	3,141,821
Profit on bank deposits	100,264	100,264	10,934	10,934
	5,728,818	5,728,818	3,152,755	3,152,755

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

Details of credit rating of balances with banks as at June 30, are as follows:

	2022	2021
	-----%	-----%
Bank balances by rating category		
AAA	99.96	99.92
AA+	0.04	0.08
	<u>100.00</u>	<u>100.00</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

All of the Fund's concentration of credit risk at the end of financial year 2022 and 2021 are with commercial banks.

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 an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

18.3 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed 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 in issue. The Fund did not withhold any redemptions during the year.

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

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						
2,906	-	-	-	-	-	2,906
271	-	-	-	-	-	271
7,723	-	-	-	-	-	7,723
10,900	-	-	-	-	-	10,900

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Digital Custodian Company Limited - Trustee
Accrued and other liabilities

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

Financial liabilities

Payable to MCB-Arif Habib Savings and
Investments Limited - Management Company
Payable to Digital Custodian Company Limited - Trustee
Accrued and other liabilities

----- 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 -----						
305	-	-	-	-	-	305
82	-	-	-	-	-	82
538	-	-	-	-	-	538
925	-	-	-	-	-	925

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

19.1 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).

As at June 30, 2022, the Fund does not hold any financial instruments measured at fair values.

20. TOTAL DISTRIBUTION

During the year ended June 30, 2022, the Management Company on behalf of the Fund, has distributed Rs. 91.916 million and Rs. 60.713 million as dividend on September 14, 2021 and October 12, 2021, respectively. Subsequently, in accordance with an amendment in clause 5.1 of the Offering Document, The Fund has distributed and re-invested dividend on a daily basis. The amendment was made effective from October 13, 2021.

----- June 30, 2022 -----				
Declaration date	Rate per unit	Refund of capital	Distribution from income	Total distribution
----- (Rupees in '000) -----				
September 14, 2021	1.0029	45,851	46,065	91,916
October 12, 2021	0.3133	5,892	54,821	60,713
From October 13, 2021 to June 30, 2022 ***	3.9100	-	585,604	585,604
		<u>51,743</u>	<u>686,490</u>	<u>738,233</u>

The fund is required to distribute dividend on a daily basis on each business day, after aforementioned amendment. The cumulative distribution on per unit for the period from October ,13 2021 to June 30, 2022 amounted to Rs: 3,9031 per unit.

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

-----From October 13, 2021 to June 30, 2022-----							
Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees		Rupees
October 13, 2021	0.0101	December 17, 2021	0.0200	February 20, 2022	-	April 27, 2022	0.0145
October 14, 2021	0.0105	December 18, 2021	0.0200	February 21, 2022	0.0128	April 28, 2022	0.0049
October 15, 2021	0.0080	December 19, 2021	0.0200	February 22, 2022	0.0138	April 29, 2022	0.0110
October 16, 2021	0.0104	December 20, 2021	0.0200	February 23, 2022	0.0133	April 30, 2022	0.0182
October 17, 2021	0.0104	December 21, 2021	0.0200	February 24, 2022	0.0084	May 1, 2022	0.0187
October 18, 2021	0.0082	December 22, 2021	0.0200	February 25, 2022	0.0131	May 2, 2022	0.0187
October 19, 2021	0.0087	December 23, 2021	0.0200	February 26, 2022	0.0138	May 3, 2022	0.0186
October 20, 2021	0.0088	December 24, 2021	0.0200	February 27, 2022	0.0138	May 4, 2022	0.0186
October 21, 2021	0.0029	December 25, 2021	0.0200	February 28, 2022	0.0123	May 5, 2022	0.0186
October 22, 2021	0.0100	December 26, 2021	0.0200	March 1, 2022	0.0141	May 6, 2022	0.0146
October 23, 2021	0.0110	December 27, 2021	0.0200	March 2, 2022	0.0125	May 7, 2022	0.0189
October 24, 2021	0.0109	December 28, 2021	0.0200	March 3, 2022	0.0116	May 8, 2022	0.0188
October 25, 2021	0.0086	December 29, 2021	0.0200	March 4, 2022	0.0133	May 9, 2022	0.0173
October 26, 2021	0.0101	December 30, 2021	0.0200	March 5, 2022	0.0138	May 10, 2022	0.0163
October 27, 2021	0.0108	December 31, 2021	0.0200	March 6, 2022	0.0138	May 11, 2022	0.0160
October 28, 2021	0.0106	January 1, 2022	0.0200	March 8, 2022	0.0127	May 12, 2022	0.0163
October 29, 2021	0.0081	January 2, 2022	0.0200	March 9, 2022	0.0150	May 13, 2022	0.0177
October 30, 2021	0.0106	January 3, 2022	0.0200	March 10, 2022	0.0159	May 14, 2022	0.0187
October 31, 2021	0.0106	January 4, 2022	0.0200	March 11, 2022	0.0157	May 15, 2022	0.0186
November 1, 2021	0.0105	January 5, 2022	0.0100	March 12, 2022	0.0158	May 16, 2022	0.0127
November 2, 2021	0.0105	January 6, 2022	0.0100	March 13, 2022	0.0158	May 17, 2022	0.0187
November 3, 2021	0.0106	January 7, 2022	0.0200	March 14, 2022	0.0158	May 18, 2022	0.0174
November 4, 2021	0.0105	January 8, 2022	0.0100	March 15, 2022	0.0158	May 19, 2022	0.0248
November 5, 2021	0.0105	January 9, 2022	0.0100	March 16, 2022	0.0158	May 20, 2022	0.0177
November 6, 2021	0.0104	January 10, 2022	0.0200	March 17, 2022	0.0161	May 21, 2022	0.0182
November 7, 2021	0.0104	January 11, 2022	0.0200	March 18, 2022	0.0161	May 22, 2022	0.0181
November 8, 2021	0.0109	January 12, 2022	0.0200	March 19, 2022	0.0161	May 23, 2022	0.0136
November 9, 2021	0.0103	January 13, 2022	0.0200	March 20, 2022	0.0161	May 24, 2022	0.0169
November 10, 2021	0.0104	January 14, 2022	0.0100	March 21, 2022	0.0161	May 25, 2022	0.0187
November 11, 2021	0.0104	January 15, 2022	0.0100	March 22, 2022	0.0161	May 26, 2022	0.0194
November 12, 2021	0.0105	January 16, 2022	0.0100	March 23, 2022	0.0161	May 27, 2022	0.0192
November 13, 2021	0.0104	January 17, 2022	0.0200	March 24, 2022	0.0163	May 28, 2022	0.0192
November 14, 2021	0.0104	January 18, 2022	0.0200	March 25, 2022	0.0173	May 29, 2022	0.0194
November 15, 2021	0.0102	January 19, 2022	0.0100	March 26, 2022	0.0173	May 30, 2022	0.0194
November 16, 2021	0.0104	January 20, 2022	0.0100	March 27, 2022	0.0213	May 31, 2022	0.0194
November 17, 2021	0.0100	January 21, 2022	0.0100	March 28, 2022	0.0167	June 1, 2022	0.0194
November 18, 2021	0.0102	January 22, 2022	0.0100	March 29, 2022	0.0167	June 2, 2022	0.0195
November 19, 2021	0.0098	January 23, 2022	0.0100	March 30, 2022	0.0168	June 3, 2022	0.0195
November 20, 2021	0.0107	January 24, 2022	0.0100	March 31, 2022	0.0183	June 4, 2022	0.0195
November 21, 2021	0.0106	January 25, 2022	0.0200	April 1, 2022	0.0132	June 5, 2022	0.0195
November 22, 2021	0.0087	January 26, 2022	0.0100	April 2, 2022	0.0132	June 6, 2022	0.0194
November 23, 2021	0.0123	January 27, 2022	0.0200	April 3, 2022	0.0132	June 7, 2022	0.0195
November 24, 2021	0.0124	January 28, 2022	0.0100	April 4, 2022	0.0132	June 8, 2022	0.0195
November 25, 2021	0.0125	January 29, 2022	0.0100	April 5, 2022	0.0136	June 9, 2022	0.0194
November 26, 2021	0.0123	January 30, 2022	0.0100	April 6, 2022	0.0135	June 10, 2022	0.0193
November 27, 2021	0.0124	January 31, 2022	0.0100	April 7, 2022	0.0141	June 11, 2022	0.0194
November 28, 2021	0.0124	February 1, 2022	0.0100	April 8, 2022	0.0208	June 12, 2022	0.0194
November 29, 2021	0.0124	February 2, 2022	0.0100	April 9, 2022	0.0166	June 13, 2022	0.0194
November 30, 2021	0.0124	February 3, 2022	0.0200	April 10, 2022	0.0166	June 14, 2022	0.0194
December 1, 2021	0.0124	February 4, 2022	0.0200	April 11, 2022	0.0168	June 15, 2022	0.0194
December 2, 2021	0.0125	February 5, 2022	0.0100	April 12, 2022	0.0155	June 16, 2022	0.0194
December 3, 2021	0.0125	February 6, 2022	0.0100	April 13, 2022	0.0148	June 17, 2022	0.0194
December 4, 2021	0.0124	February 7, 2022	0.0100	April 14, 2022	0.0111	June 18, 2022	0.0194
December 5, 2021	0.0124	February 8, 2022	0.0100	April 15, 2022	0.0160	June 19, 2022	0.0194
December 6, 2021	0.0117	February 9, 2022	0.0100	April 16, 2022	0.0161	June 20, 2022	0.0227
December 7, 2021	0.0126	February 10, 2022	0.0100	April 17, 2022	0.0174	June 21, 2022	0.0227
December 8, 2021	0.0127	February 11, 2022	0.0100	April 18, 2022	0.0171	June 22, 2022	0.0227
December 9, 2021	0.0127	February 12, 2022	0.0100	April 19, 2022	0.0172	June 23, 2022	0.0227
December 10, 2021	0.0126	February 13, 2022	0.0100	April 20, 2022	0.0172	June 24, 2022	0.0228
December 11, 2021	0.0126	February 14, 2022	0.0100	April 21, 2022	-	June 25, 2022	0.0227
December 12, 2021	0.0126	February 15, 2022	0.0100	April 22, 2022	0.0140	June 26, 2022	0.0227
December 13, 2021	0.0141	February 16, 2022	0.0100	April 23, 2022	0.0166	June 27, 2022	0.0229
December 14, 2021	0.0139	February 17, 2022	0.0100	April 24, 2022	0.0160	June 28, 2022	0.0227
December 15, 2021	0.0155	February 18, 2022	0.0100	April 25, 2022	0.0186	June 29, 2022	0.0227
December 16, 2021	0.0156	February 19, 2022	0.0100	April 26, 2022	0.0157	June 30, 2022	0.0742
	<u>0.7145</u>		<u>0.9500</u>		<u>0.9602</u>		<u>1.2784</u>

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

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 requirements 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 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

22 PATTERN OF UNITHOLDING

Details of pattern of unitholding

June 30, 2022				
	Number of unit holders	Number of units held	Investment amount	Percentage of total investments
	(Rupees in '000)			
Individual	290	6,833,460	344,870	6.04%
Insurance Companies	3	518,762	26,181	0.46%
Retirement Fund	27	20,539,901	1,036,604	18.17%
Associated Company	2	190,435	9,611	0.17%
Others	116	84,965,092	4,288,000	75.16%
	438	113,047,650	5,705,266	100%

June 30, 2021				
	Number of unit holders	Number of units held	Investment amount	Percentage of total investments
	(Rupees in '000)			
Individuals	309	21,835,294	1,101,979	35.34%
Insurance companies	1	8,579	433	0.01%
Retirement funds	7	1,474,441	74,412	2.39%
Others	18	38,475,909	1,941,792	62.26%
	335	61,794,223	3,118,616	100.00%

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID*

	June 30, 2022 Percentage
1 Icon Management Private Ltd	20.78%
2 Continental Exchange Pvt.	20.69%
3 Invest One Markets Private	19.28%
4 Arif Habib Limited	17.56%
5 Paramount Capital Pvt Limited	6.23%
6 C And M Management Private	5.17%
7 Bipl Securities Limited	3.11%
8 Summit Capital Private Limited	2.81%
9 Icon Securitites Private Ltd	2.72%
10 Currency Market Associate	1.41%

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

* The top 10 brokers are listed for the year ended June 30, 2022 and the fund has only used five brokers during the year ended June 30, 2021.

	June 30, 2021 Percentage
1 BIPL Securities Limited	38.06%
2 C And M Management Private limited	20.95%
3 Pearl Securities Limited	20.36%
4 Invest One Markets Limited	18.63%
5 Optimus Market Private Limited	2.00%

24 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th and 176th meeting of the Board of Directors were held on August 9, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 3, 2022, February 08, 2022, March 10, 2022, April 13, 2022, May 04, 2022 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below

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. Saqib Saleem	Chief Executive Officer	9	9	9	-	-
Mr. Ahmed Jahangir	Director	9	9	8	1	170th
Mr. Mirza Qamar Beg	Director	9	9	9	-	-
Syed Savail Meekal Hussain	Director	9	9	8	1	169th
Mr. Kashif A. Habib	Director	9	9	7	2	169th and 176th
Ms. Mavra Adil Khan	Director	9	9	7	2	168th and 170th

25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of investment committee of the Fund are as follows:

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

Mr. Saad Ahmed is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

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

26 DATE OF AUTHORISATION FOR ISSUE

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

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

27 GENERAL

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

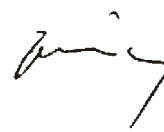
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit holdings	Total units held
224	A. 001-10,000	9,557
53	B. 10,001 – 100,000	33,237
69	C. 100,001 – 1000,000	575,452
91	D. 1000,001 & Above	112,429,403
<u>437</u>		<u>113,047,650</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

Performance Information	2022	2021	2020	2019	2018
Total Net Assets Value – Rs. in million	5,705.2660	3,118.6164	3,693.2747	189.5840	889.0000
Net Assets value per unit – Rupees	50.4678	50.4678	50.3843	50.3639	52.6287
Closing Offer Price	51.0381	51.0381	50.9536	50.3639	52.6287
Closing Repurchase Price	50.4678	50.4678	50.8343	50.3639	52.6287
Highest offer price per unit	52.0410	52.8395	54.7626	54.5424	52.6287
Lowest offer price per unit	51.0370	50.4091	50.3777	50.3119	50.2859
Highest Redemption price per unit	51.4595	52.2491	54.1507	53.9811	52.6287
Lowest Redemption price per unit	50.4667	50.4091	50.3639	50.3119	50.2859
Distribution per unit – Rs. *	9.1293	3.3605	2.0664	5.8718	
Average Annual Return - %					
One year	10.87	6.98	12.02	7.48	4.67
Two year	8.93	9.50	9.75	6.08	6.51
Three year	9.96	8.83	8.06	6.83	6.30
Net Income for the year – Rs. in million	686.4900	162.1820	344.0410	20.3020	32.9496
Distribution made during the year – Rs. in million	701.3390	157.8310	332.1450	30.1040	-
Accumulated Capital Growth – Rs. in million	(14.8490)	4.3510	11.8960	(32.0210)	32.9496
Weighted average Portfolio Duration (days)	1.00	1.00	1.00	41.00	1.00

* Date of Distribution

2022		2020	
Date	Rate	Date	Rate
14-Sep-21	1.0029	7-Feb-20	3.8058
12-Oct-21	0.3133	26-Jun-20	2.0664
From October 13, 2021 to June 30, 2022	3.9100		
2019		2018	
Date	Rate	Date	Rate
		30-Jun-19	3.7038
		4-Jul-18	2.1680
2021		2018	
Date	Rate	Date	Rate
22-Jul-20	0.1882		
9-Feb-21	1.8741		
15-Mar-21	0.3194		
22-Jun-21	0.9788		
			Nil

2021			
Date	Rate	Date	Rate
13-Oct-21	0.0101	1-Mar-22	0.0141
14-Oct-21	0.0105	2-Mar-22	0.0125
15-Oct-21	0.008	3-Mar-22	0.0116
16-Oct-21	0.0104	4-Mar-22	0.0133
17-Oct-21	0.0104	5-Mar-22	0.0138
18-Oct-21	0.0082	6-Mar-22	0.0138
19-Oct-21	0.0087	8-Mar-22	0.0127
20-Oct-21	0.0088	9-Mar-22	0.015
21-Oct-21	0.0029	10-Mar-22	0.0159
22-Oct-21	0.01	11-Mar-22	0.0157
23-Oct-21	0.011	12-Mar-22	0.0158
24-Oct-21	0.0109	13-Mar-22	0.0158
25-Oct-21	0.0086	14-Mar-22	0.0158
26-Oct-21	0.0101	15-Mar-22	0.0158
27-Oct-21	0.0108	16-Mar-22	0.0158
28-Oct-21	0.0106	17-Mar-22	0.0161
29-Oct-21	0.0081	18-Mar-22	0.0161
30-Oct-21	0.0106	19-Mar-22	0.0161
31-Oct-21	0.0106	20-Mar-22	0.0161
1-Nov-21	0.0105	21-Mar-22	0.0161
2-Nov-21	0.0105	22-Mar-22	0.0161
3-Nov-21	0.0106	23-Mar-22	0.0161
4-Nov-21	0.0105	24-Mar-22	0.0163
5-Nov-21	0.0105	25-Mar-22	0.0173
6-Nov-21	0.0104	26-Mar-22	0.0173
7-Nov-21	0.0104	27-Mar-22	0.0213
8-Nov-21	0.0109	28-Mar-22	0.0167
9-Nov-21	0.0103	29-Mar-22	0.0167

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

2021			
Date	Rate	Date	Rate
10-Nov-21	0.0104	30-Mar-22	0.0168
11-Nov-21	0.0104	31-Mar-22	0.0183
12-Nov-21	0.0105	1-Apr-22	0.0132
13-Nov-21	0.0104	2-Apr-22	0.0132
14-Nov-21	0.0104	3-Apr-22	0.0132
15-Nov-21	0.0102	4-Apr-22	0.0132
16-Nov-21	0.0104	5-Apr-22	0.0136
17-Nov-21	0.01	6-Apr-22	0.0135
18-Nov-21	0.0102	7-Apr-22	0.0141
19-Nov-21	0.0098	8-Apr-22	0.0208
20-Nov-21	0.0107	9-Apr-22	0.0166
21-Nov-21	0.0106	10-Apr-22	0.0166
22-Nov-21	0.0087	11-Apr-22	0.0168
23-Nov-21	0.0123	12-Apr-22	0.0155
24-Nov-21	0.0124	13-Apr-22	0.0148
25-Nov-21	0.0125	14-Apr-22	0.0111
26-Nov-21	0.0123	15-Apr-22	0.016
27-Nov-21	0.0124	16-Apr-22	0.0161
28-Nov-21	0.0124	17-Apr-22	0.0174
29-Nov-21	0.0124	18-Apr-22	0.0171
30-Nov-21	0.0124	19-Apr-22	0.0172
1-Dec-21	0.0124	20-Apr-22	0.0172
2-Dec-21	0.0125	21-Apr-22	0
3-Dec-21	0.0125	22-Apr-22	0.014
4-Dec-21	0.0124	23-Apr-22	0.0166
5-Dec-21	0.0124	24-Apr-22	0.016
6-Dec-21	0.0117	25-Apr-22	0.0186
7-Dec-21	0.0126	26-Apr-22	0.0157
8-Dec-21	0.0127	27-Apr-22	0.0145
9-Dec-21	0.0127	28-Apr-22	0.0049
10-Dec-21	0.0126	29-Apr-22	0.011
11-Dec-21	0.0126	30-Apr-22	0.0182
12-Dec-21	0.0126	1-May-22	0.0187
13-Dec-21	0.0141	2-May-22	0.0187
14-Dec-21	0.0139	3-May-22	0.0186
15-Dec-21	0.0155	4-May-22	0.0186
16-Dec-21	0.0156	5-May-22	0.0186
17-Dec-21	0.0200	6-May-22	0.0146
18-Dec-21	0.0200	7-May-22	0.0189
19-Dec-21	0.0200	8-May-22	0.0188
20-Dec-21	0.0200	9-May-22	0.0173
21-Dec-21	0.0200	10-May-22	0.0163
22-Dec-21	0.0200	11-May-22	0.016
23-Dec-21	0.0200	12-May-22	0.0163
24-Dec-21	0.0200	13-May-22	0.0177
25-Dec-21	0.0200	14-May-22	0.0187
26-Dec-21	0.0200	15-May-22	0.0186
27-Dec-21	0.0200	16-May-22	0.0127
28-Dec-21	0.0200	17-May-22	0.0187
29-Dec-21	0.0200	18-May-22	0.0174
30-Dec-21	0.0200	19-May-22	0.0248
31-Dec-21	0.0200	20-May-22	0.0177
1-Jan-22	0.0200	21-May-22	0.0182
2-Jan-22	0.0200	22-May-22	0.0181
3-Jan-22	0.0200	23-May-22	0.0136
4-Jan-22	0.0200	24-May-22	0.0169
5-Jan-22	0.0100	25-May-22	0.0187
6-Jan-22	0.0100	26-May-22	0.0194
7-Jan-22	0.0200	27-May-22	0.0192
8-Jan-22	0.0100	28-May-22	0.0192
9-Jan-22	0.0100	29-May-22	0.0194
10-Jan-22	0.0200	30-May-22	0.0194
11-Jan-22	0.0200	31-May-22	0.0194
12-Jan-22	0.0200	1-Jun-22	0.0194
13-Jan-22	0.0200	2-Jun-22	0.0195
14-Jan-22	0.0100	3-Jun-22	0.0195
15-Jan-22	0.0100	4-Jun-22	0.0195
16-Jan-22	0.0100	5-Jun-22	0.0195
17-Jan-22	0.0200	6-Jun-22	0.0194

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

2021			
Date	Rate	Date	Rate
18-Jan-22	0.0200	7-Jun-22	0.0195
19-Jan-22	0.0100	8-Jun-22	0.0195
20-Jan-22	0.0100	9-Jun-22	0.0194
21-Jan-22	0.0100	10-Jun-22	0.0193
22-Jan-22	0.0100	11-Jun-22	0.0194
23-Jan-22	0.0100	12-Jun-22	0.0194
24-Jan-22	0.0100	13-Jun-22	0.0194
25-Jan-22	0.0200	14-Jun-22	0.0194
26-Jan-22	0.0100	15-Jun-22	0.0194
27-Jan-22	0.0200	16-Jun-22	0.0194
28-Jan-22	0.0100	17-Jun-22	0.0194
29-Jan-22	0.0100	18-Jun-22	0.0194
30-Jan-22	0.0100	19-Jun-22	0.0194
31-Jan-22	0.0100	20-Jun-22	0.0227
1-Feb-22	0.0100	21-Jun-22	0.0227
2-Feb-22	0.0100	22-Jun-22	0.0227
3-Feb-22	0.0200	23-Jun-22	0.0227
4-Feb-22	0.0200	24-Jun-22	0.0228
5-Feb-22	0.0100	25-Jun-22	0.0227
6-Feb-22	0.0100	26-Jun-22	0.0227
7-Feb-22	0.0100	27-Jun-22	0.0229
8-Feb-22	0.0100	28-Jun-22	0.0227
9-Feb-22	0.0100	29-Jun-22	0.0227
10-Feb-22	0.0100	30-Jun-22	0.0742
11-Feb-22	0.0100		
12-Feb-22	0.0100		
13-Feb-22	0.0100		
14-Feb-22	0.0100		
15-Feb-22	0.0100		
16-Feb-22	0.0100		
17-Feb-22	0.0100		
18-Feb-22	0.0100		
19-Feb-22	0.0100		
20-Feb-22	0		
21-Feb-22	0.0128		
22-Feb-22	0.0138		
23-Feb-22	0.0133		
24-Feb-22	0.0084		
25-Feb-22	0.0131		
26-Feb-22	0.0138		
27-Feb-22	0.0138		
28-Feb-22	0.0123		

Disclaimer

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

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