



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2022

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



PAKISTAN INCOME FUND

TABLE OF CONTENTS

| | | |
|----|---|-----|
| 1 | Fund's Information | 58 |
| 2 | Report of the Director of the Management Company | 59 |
| 3 | Report of the Fund Manager | 72 |
| 4 | Trustee Report to the Unit Holders | 74 |
| 5 | Independent Auditor's Report to the Unit Holders | 75 |
| 6 | Statement of Assets and Liabilities | 76 |
| 7 | Income Statement | 77 |
| 8 | Statement of Other Comprehensive Income | 78 |
| 9 | Statement of Movement in Unit Holder's Fund | 79 |
| 10 | Cash Flow Statement | 80 |
| 11 | Notes to and Forming Part of the Financial Statements | 81 |
| 12 | Pattern of Units Holding by Size | 111 |
| 13 | Performance Table | 112 |

FUND'S INFORMATION

| | | |
|--|---|--|
| Management Company | MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi. | |
| Board of Directors | Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan | Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain | Chairman Member Member Member Member |
| Human Resource & Remuneration Committee | Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem | Chairman Member Member Member Member Member |
| Chief Executive Officer | Mr. Muhammad Saqib Saleem | |
| Chief Operating Officer & Chief Financial Officer | Mr. Muhammad Asif Mehdi Rizvi | |
| Company Secretary | Mr. Altaf Ahmad Faisal | |
| Trustee | Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com | |
| Bankers | MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Tameer Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited HBL Mirco Finance Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber | |
| Auditors | Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550. | |
| 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 Income Fund** accounts review for the year ended June 30, 2022.

Economy and Money Market Review

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

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

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports.

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

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

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

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

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

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

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 9.57% as against its benchmark return of 11.41%.

At period end, the fund was 14.6% in TFCs and 45.1% in Cash. Weighted average maturity of the fund stood at 2.8 years.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 3,210 million as compared to Rs. 9,595 million as at June 30, 2021 registering a decrease of 66.55%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 54.3657 as compared to opening NAV of Rs. 54.2828 per unit as at June 30, 2021 registering an increase of Rs. 0.0829 per unit.

Economy & Market – Future Outlook

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

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

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

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

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

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

ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts fiscal position and does little to tame cost push inflation. We thus SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 9.5%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 19.2% during FY22 to PKR 1,214bn. Total money market funds grew by about 43.8% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 56.4% to PKR 446bn while Islamic funds increased by 24.1% to PKR 225bn. In addition, the total fixed Income funds increased by about 21.9% since June 2021, as the conventional income funds rose by 27.9% to PKR 161bn. Equity and related funds declined by 23.1% as market witnessed a decline in FY22 eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 55.3%, followed by Income funds with a share of 24.6% and Equity and Equity related funds having a share of 18.9% as at the end of FY22.

Mutual Fund Industry Outlook

Increase in interest rates would encourage higher flows in the money market funds. Recent changes in Finance Act 2023 also incentivize investors to save and invest through Mutual funds. Prevailing yields of near 15% in fixed income funds are ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices has opened up valuations and long term investors would look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

Corporate Governance

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

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

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

The details of above are as under:

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

* HR&R stands for Human Resource and Remuneration.

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

The Board of Directors is pleased to report that:

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

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

- j. As at June 30, 2022, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2022:

1. Meeting of the Audit Committee.

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

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

2. Meeting of the Human Resource and Remuneration Committee.

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

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

- n. No trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

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

External Auditors

The fund's external auditors, **M/s Yousuf Adil 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 Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
August 15, 2022



Nasim Beg
Director and Vice Chairman

ڈائریکٹرز رپورٹ

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

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز M/s یوسف عادل 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 M/s یوسف عادل چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2023ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔ اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

اظہار تشکر

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

منجانب ڈائریکٹرز



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 اگست 2022ء

ڈائریکٹرز رپورٹ

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

۱۔ آڈٹ کمیٹی کی مینٹنگ

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

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

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی مینٹنگ

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

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

ڈائریکٹرز رپورٹ

مندرجہ بالا تفصیلات درج ذیل ہیں:

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

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونریشن

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

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

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

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

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

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

میوچل فنڈ صنعت کا جائزہ

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

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

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فائننس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوچل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ فیکسڈ انکم فنڈز میں رائج الوقت تقریباً 15 فیصد منافع جات ایسے سرمایہ کاروں کے لیے موزوں ترین ہیں جو مختصر میعاد میں رہنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعیناتی قدر کھول دی ہیں اور طویل المیعاد سرمایہ کار ان پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلاک وٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

کارپوریٹ گورننس

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

فیسداور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

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

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

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

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

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اُٹھایا 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 کل مانگ کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

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

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 9.57 فیصد تھا، جبکہ مقررہ معیار کا منافع 11.41 فیصد تھا۔ اختتام مدت پر فنڈ ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں 14.6 فیصد، اور نقد میں 45.1 فیصد تھا۔ فنڈ کی پالوزن اوسط میچورٹی 2.8 سالوں کی سطح پر تھی۔ 30 جون 2022ء کو فنڈ کے net اثاثہ جات 3,210 ملین روپے تھے جو 30 جون 2021ء کی سطح 9,595 ملین روپے کے مقابلے میں 66.55 فیصد کمی ہے۔

30 جون 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 54.3657 روپے تھی جو 30 جون 2021ء کو ابتدائی این اے وی 54.2828 روپے فی یونٹ کے مقابلے میں 0.0829 روپے فی یونٹ اضافہ ہے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

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

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان انکم فنڈ کے گوشواروں کا جائزہ برائے سال مختتمہ 30 جون 2022ء پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

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

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

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

مالی سال 2022ء میں مرکزی بینک کے زیر مبادلہ 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 زیر مبادلہ 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 پھلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور 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 Income Fund — (PIF) is an open end mutual fund and comes under income scheme. The fund primarily invests in money market and other short term instruments which includes short term corporate debt and government securities. The fund may also invest in medium term assets in order to provide higher returns to unit holders.

Fund Benchmark

The benchmark for the fund is Six (6) months KIBOR rates.

Investment Objective

The objective of the Fund is to deliver returns primarily from debt and fixed income investments without taking excessive risk.

Manager's Review

During the period under review, the fund generated an annualized return of 9.57% as against its benchmark return of 11.41%. At period end, the fund was 45.1% invested in Cash, 14.6% in Corporate TFCs/Sukuks and 38.6% in PIBs. WAM of the fund stood at 2.8 Years.

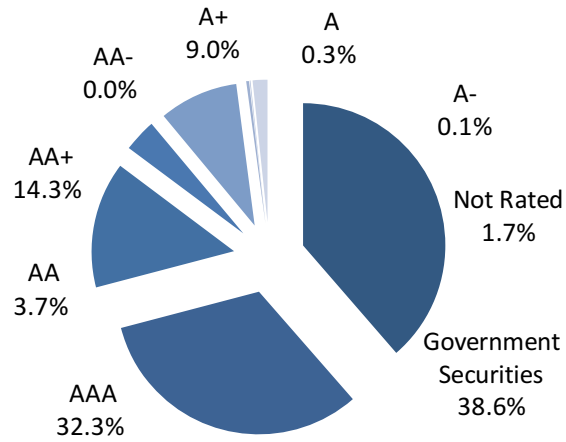
The Net Assets of the Fund as at June 30, 2022 stood at Rs. 3,210 million as compared to Rs. 9,595 million as at June 30, 2021 registering a decrease of 66.5%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 54.3657 as compared to opening NAV of Rs. 54.2828 per unit as at June 30, 2021 registering an increase of Rs. 0.0829 per unit.

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

| Asset Allocation (%age of Total Assets) | Jun-22 |
|---|--------|
| Cash | 45.1% |
| TFCs/Sukuks | 14.6% |
| T-Bills | 0.0% |
| Commercial Papers | 0.0% |
| PIBs | 38.6% |
| Others including receivables | 1.7% |
| Margin Trading | 0.0% |
| GoP Ijara Sukuk | 0.0% |
| Spread Transactions | 0.0% |

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

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



Usama Iqbal
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME FUND

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

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

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 23, 2022



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21-3454 1314
www.yousufadil.com

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Pakistan Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Pakistan Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows 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 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 and Management Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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 year. This matter was 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 this matter.

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|---|--|
| 1 | <p>Valuation and existence of investments</p> <p>As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss amounted to Rs. 2,869 million as at June 30, 2022, consisting of government securities, term finance certificates and sukuks certificates which represent significant item on the statement of assets and liabilities of the Fund.</p> <p>We have identified the existence and valuation as the significant areas during our audit of investment.</p> | <p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none">evaluated design and implementation of controls in place related to purchases and sales of investments;independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;independently matched the number of term finance certificates and sukuk certificates held by the Fund with the Central Deposit Company's account statement; |



Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|------------------|--|
| | | <ul style="list-style-type: none">independently matched government securities held by the Fund with the securities appearing in the Investors' Portfolio Securities account statement;tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities. |

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company 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 Company and Those Charged with Governance for the Financial Statements

Management Company 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 the Management Company 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 Company 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 Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are 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.

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

- 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company'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 Those Charged with Governance 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 Those Charged with Governance 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 Those Charged with Governance 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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: September 16, 2022

UDIN: AR2022100570U5QT7uEt

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

| | | June 30, 2022 | June 30, 2021 |
|--|------|-------------------------------|--------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Bank balances | 4 | 2,432,713 | 4,557,894 |
| Investments | 5 | 2,869,367 | 5,983,085 |
| Receivable against margin trading system | | - | 135,777 |
| Receivable against sale of investment | | - | 11,652 |
| Profit receivable | 6 | 81,610 | 68,418 |
| Advances, deposits, prepayments and other receivables | 7 | 13,103 | 49,871 |
| Total Assets | | 5,396,793 | 10,806,697 |
| LIABILITIES | | | |
| Payable to MCB-Arif Habib Savings and Investments Limited - Management Company | 8 | 6,676 | 8,847 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 9 | 281 | 723 |
| Payable to the Securities and Exchange Commission of Pakistan | 10 | 1,415 | 1,062 |
| Payable against redemption of units | | 47 | 47 |
| Payable against purchase of investment | | 2,125,509 | 1,155,947 |
| Accrued expenses and other liabilities | 11 | 52,840 | 44,716 |
| Total liabilities | | 2,186,768 | 1,211,342 |
| NET ASSETS | | 3,210,025 | 9,595,355 |
| UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED) | | 3,210,025 | 9,595,355 |
| CONTINGENCIES AND COMMITMENTS | 12 | | |
| | | ----- (Number of units) ----- | |
| NUMBER OF UNITS IN ISSUE | | 59,045,019 | 176,766,181 |
| | | ----- (Rupees in '000) ----- | |
| NET ASSETS VALUE PER UNIT | | 54.3657 | 54.2828 |

The annexed notes 1 to 26 form an integral part of these financial statements.

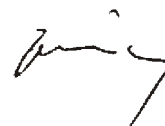
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 | June 30, 2021 |
|--|------------------------------|------------------|
| Note | ----- (Rupees in '000) ----- | |
| INCOME | | |
| Investment Income: | | |
| Markup / return on investments | 13 381,287 | 163,155 |
| (Loss) / gain on sale of investments - net | (67,430) | 55,095 |
| Markup on deposits with banks | 194,656 | 142,439 |
| Dividend income | 55,699 | 56,521 |
| Income / (loss) from spread transactions - net | 5.6.1 121,435 | (32,059) |
| Unrealised gain on re-measurement of investments at fair value through profit or loss - net | 5.7 12,614 | 77,217 |
| Income on margin trading system transactions | 5,794 | 25,980 |
| Other income | 10,545 | 2,689 |
| Total income | 714,600 | 491,037 |
| EXPENSES | | |
| Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company | 8.1 67,618 | 44,850 |
| Sindh sales tax on remuneration of the Management Company | 8.2 8,790 | 5,830 |
| Allocated expenses | 8.3 7,076 | 5,309 |
| Marketing and selling expenses | 8.4 2,479 | 2,592 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 9.1 5,306 | 3,982 |
| Sindh sales tax on remuneration of Trustee | 9.2 690 | 517 |
| Annual fee of Securities and Exchange Commission of Pakistan | 10.1 1,415 | 1,062 |
| Brokerage expense | 21,696 | 39,191 |
| Legal, professional and other charges | 1 | 136 |
| Settlement and bank charges | 5,189 | 5,719 |
| Fees and subscription | 932 | 628 |
| Auditors' remuneration | 14 638 | 637 |
| Printing and related costs | 38 | 42 |
| Total operating expenses | 121,868 | 110,495 |
| Reversal / (Provision) of provision against Workers' Welfare Fund | 11.1 18,571 | (7,611) |
| Net income for the year before taxation | 611,303 | 372,931 |
| Taxation | 16 - | - |
| Net income for the year after taxation | 611,303 | 372,931 |
| Allocation of net income for the year | | |
| Net income for the year after taxation | 611,303 | 372,931 |
| Income already paid on units redeemed | (360,941) | (152,813) |
| | 250,362 | 220,118 |
| Accounting income available for distribution | | |
| Relating to capital gains | - | 79,159 |
| Excluding capital gains | 250,362 | 140,959 |
| | 250,362 | 220,118 |

The annexed notes 1 to 26 form an integral part of these financial statements.

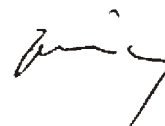
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

| | June 30, 2022 | June 30, 2021 |
|--|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Net income for the year after taxation | 611,303 | 372,931 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 611,303 | 372,931 |

The annexed notes 1 to 26 form an integral part of these financial statements.

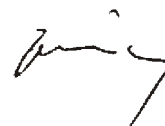
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

| | For year ended June 30, | | | | | |
|--|-------------------------|----------------------|--------------|---------------|----------------------|--------------|
| | 2022 | | | 2021 | | |
| | (Rupees in '000) | | | | | |
| | Capital Value | Undistributed Income | Total | Capital Value | Undistributed Income | Total |
| Net assets at beginning of the year | 9,456,517 | 138,838 | 9,595,355 | 1,944,178 | 132,017 | 2,076,195 |
| Issue of 294,688,964 units (2021: 346,094,481 units) | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the year) | 15,996,542 | - | 15,996,542 | 18,889,083 | - | 18,889,083 |
| - Element of income | 614,464 | - | 614,464 | 874,684 | - | 874,684 |
| | 16,611,006 | - | 16,611,006 | 19,763,767 | - | 19,763,767 |
| Redemption of 412,410,126 units (2021: 207,629,558 units) | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the year) | (22,386,776) | - | (22,386,776) | (11,383,319) | - | (11,383,319) |
| - Amount paid out of element of income | (546,285) | (360,941) | (907,226) | (487,009) | (152,813) | (639,822) |
| - Relating to 'Net income for the year after taxation' | (22,933,061) | (360,941) | (23,294,002) | (11,870,328) | (152,813) | (12,023,141) |
| Interim distributions for the year ended June 30, 2021 (including additional units) at the rate of Rs. 3.9065 per unit (Declared on June 25, 2021) | - | - | - | (381,100) | (213,297) | (594,397) |
| Total comprehensive income for the year | - | 611,303 | 611,303 | - | 372,931 | 372,931 |
| Interim distributions for the year ended June 30, 2022 (including additional units) at the rate of Rs. 5.1073 per unit (Declared on June 24, 2022) | (47,365) | (266,272) | (313,637) | - | - | - |
| Net (loss) / income for the year less distribution | (47,365) | 345,031 | 297,666 | (381,100) | 159,634 | (221,466) |
| Net assets at end of the year | 3,087,097 | 122,928 | 3,210,025 | 9,456,517 | 138,838 | 9,595,355 |
| Undistributed income brought forward | | | | | | |
| - Realised | | 61,621 | | | 138,584 | |
| - Unrealised | | 77,217 | | | (6,567) | |
| | | 138,838 | | | 132,017 | |
| Accounting income available for distribution | | | | | | |
| - Relating to capital gains | | - | | | 79,159 | |
| - Excluding capital gains | | 250,362 | | | 140,959 | |
| | | 250,362 | | | 220,118 | |
| Distributions during the year | | (266,272) | | | (213,297) | |
| Undistributed income carried forward | | 122,928 | | | 138,838 | |
| Undistributed income carried forward | | | | | | |
| - Realised | | 110,314 | | | 61,621 | |
| - Unrealised | | 12,614 | | | 77,217 | |
| | | 122,928 | | | 138,838 | |
| | (Rupees) | | | (Rupees) | | |
| Net assets value per unit at beginning of the year | 54.2828 | | | 54.2070 | | |
| Net assets value per unit at end of the year | 54.3657 | | | 54.2828 | | |

The annexed notes 1 to 26 form an integral part of these financial statements.

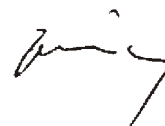
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 | June 30, 2021 |
|--|------------------------------|--------------------|
| | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the year before taxation | 611,303 | 372,931 |
| Adjustments for: | | |
| Unrealised gain on re-measurement of investments at fair value through profit or loss - net | (12,614) | (77,217) |
| (Reversal) / Provision against Sindh Workers' Welfare Fund | (18,571) | 7,611 |
| | <u>580,118</u> | <u>303,325</u> |
| Decrease / (increase) in assets | | |
| Investments - net | 3,126,332 | (4,815,394) |
| Profit receivable | (13,192) | (42,305) |
| Receivable against sale of investment | 11,652 | (11,652) |
| Receivable against margin trading system | 135,777 | (135,777) |
| Advances, deposits, prepayments and other receivables | 36,768 | (33,356) |
| | <u>3,297,337</u> | <u>(5,038,484)</u> |
| Increase / (decrease) in liabilities | | |
| Payable to MCB-Arif Habib Savings and Investments Limited - Management Company | (2,171) | 5,946 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (442) | 574 |
| Payable to the Securities and Exchange Commission of Pakistan | 353 | 735 |
| Payable against purchase of investment | 969,562 | 1,155,947 |
| Accrued expenses and other liabilities | 26,695 | 13,376 |
| | <u>993,997</u> | <u>1,176,578</u> |
| Net cash generated / (used) in operating activities | <u>4,871,452</u> | <u>(3,558,581)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Amount received against issuance of units | 16,563,641 | 19,763,767 |
| Amount paid against redemption of units | (23,294,002) | (12,404,241) |
| Distributions made during the year | (266,272) | (213,297) |
| Net cash (used) / generated from financing activities | <u>(6,996,633)</u> | <u>7,146,229</u> |
| Net (decrease) / increase in cash and cash equivalents during the year | <u>(2,125,181)</u> | <u>3,587,648</u> |
| Cash and cash equivalents at the beginning of the year | 4,557,894 | 970,246 |
| Cash and cash equivalents at the end of the year | <u>2,432,713</u> | <u>4,557,894</u> |

The annexed notes 1 to 26 form an integral part of these financial statements.

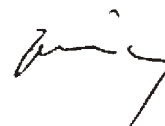
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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 Income Fund (the Fund) was established under a Trust Deed executed between MCB - Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Trust Act, 1882 has been 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.

- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorised as an "Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other short-term placements / instruments which include short-term corporate debt, government securities, margin trading system transactions and spread transactions. The Fund may also invest a portion of its assets under management in medium term assets in order to provide higher return to the unit holders.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of "AM1" dated October 06, 2021, to the Management Company and the stability rating of AA-(f) to the Fund dated March 03, 2022.
- 1.6 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and 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 requirements of the Trust Deed differ from the IFRS Standards, 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.

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

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

| | Effective from Accounting period beginning on or after |
|--|---|
| Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions beyond 30 June 2021 | April 01, 2021 |
| Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform | January 01, 2021 |

Certain annual improvements have also been made to a number of IFRSs.

2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

| | Effective from accounting period beginning on or after: |
|---|--|
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | January 01, 2022 |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use | January 01, 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract | January 01, 2022 |
| Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41) | January 01, 2022 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2023 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies | January 01, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates | January 01, 2023 |
| Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. | January 01, 2023 |
| Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred indefinitely |

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

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

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 3.1.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and measurements of financial liabilities (note 3.1.2)

The 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.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

3.1.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

3.1.1.3 Impairment of financial assets

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 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 amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.4 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

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.

3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on 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.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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

3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

Element of income represents the difference between net assets 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.

3.7 Net asset value per unit

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

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income / profit from investments in term finance certificates / sukuks, MTS transactions and government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.9 Expenses

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

3.10 Earnings per unit

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

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

3.11 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25 percent exposure is automatically released at expiry of every 15th day from the date of contract.

| | | June 30, 2022 | June 30, 2021 |
|-------------------------|------|------------------------------|------------------|
| | Note | ----- (Rupees in '000) ----- | ----- |
| 4. BANK BALANCES | | | |
| In savings accounts | 4.1 | 2,422,745 | 4,545,560 |
| In current accounts | 4.2 | 9,968 | 12,334 |
| | | 2,432,713 | 4,557,894 |

4.1 These carry profit at the rates ranging between 5.50% to 17.05% (2021: 5.50% to 9.75%) per annum and include Rs 0.012 million (2021: Rs 2.83 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 12.25% (2021: 5.50%) per annum.

4.2 This include Rs 9.96 million (2021: Rs 12.32 million) maintained with MCB Bank Limited (a related party).

| | | June 30, 2022 | June 30, 2021 |
|--|-------|------------------------------|------------------|
| | Note | ----- (Rupees in '000) ----- | ----- |
| 5. INVESTMENTS | | | |
| Financial assets 'at fair value through profit or loss' - net | | | |
| Government securities | 5.1 | 2,083,927 | 2,282,147 |
| Term finance certificates - listed debt securities | 5.2 | - | - |
| Term finance certificates - unlisted debt securities | 5.3 | 772,305 | 204,992 |
| Sukuks certificates - unlisted | 5.4 | 13,135 | 40,218 |
| Listed equity securities | 5.6 | - | 3,377,757 |
| Future stock contracts | 5.6.1 | - | 77,971 |
| | | 2,869,367 | 5,983,085 |

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

5.1 Government securities

Market treasury bills
Pakistan investment bonds
Pakistan investment bonds - Floating Rate Bonds (FRB)
Government of Pakistan (GoP) Jara sukuk

| Note | June 30, 2022 | June 30, 2021 |
|-------|------------------|------------------|
| | (Rupees in '000) | |
| 5.1.1 | - | - |
| 5.1.2 | 121,317 | 786,142 |
| 5.1.3 | 1,962,610 | 1,496,005 |
| 5.1.4 | - | - |
| | <u>2,083,927</u> | <u>2,282,147</u> |

5.1.1 Market treasury bills

| Particulars | Issue Date | Face value | | | As at June 30, 2022 (Rupees in '000) | As at June 30, 2022 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|----------------------------|------------|--------------------|---------------------------|--------------------------------|---|---------------------|--------------|--------------------------|--|---|
| | | As at July 1, 2021 | Purchased during the year | Sold / matured during the year | | Carrying value | Market value | Unrealised gain / (loss) | | |
| | | | | | | | | | | |
| Treasury bills - 3 months | 06-May-21 | - | 350,000 | 350,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 20-May-21 | - | 600,000 | 600,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 03-Jun-21 | - | 425,000 | 425,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 17-Jun-21 | - | 3,000,000 | 3,000,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 02-Jul-21 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 15-Jul-21 | - | 4,400,000 | 4,400,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 29-Jul-21 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 12-Aug-21 | - | 4,500,000 | 4,500,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 26-Aug-21 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 09-Sep-21 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 07-Oct-21 | - | 2,750,000 | 2,750,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 04-Nov-21 | - | 1,500,000 | 1,500,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 30-Dec-21 | - | 750,000 | 750,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 13-Jan-22 | - | 960,000 | 960,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 27-Jan-22 | - | 2,200,000 | 2,200,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 07-Apr-22 | - | 1,250,000 | 1,250,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 21-Apr-22 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Treasury bills - 3 months | 28-Apr-22 | - | 600,000 | 600,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 25-Feb-21 | - | 1,600,000 | 1,600,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 25-Mar-21 | - | 1,250,000 | 1,250,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 22-Apr-21 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 06-May-21 | - | 2,050,000 | 2,050,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 03-Jun-21 | - | 4,000,850 | 4,000,850 | - | - | - | - | - | - |
| Treasury bills - 6 months | 02-Jul-21 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 15-Jul-21 | - | 5,000,000 | 5,000,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 29-Jul-21 | - | 5,500,000 | 5,500,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 12-Aug-21 | - | 2,500,000 | 2,500,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 26-Aug-21 | - | 3,676,500 | 3,676,500 | - | - | - | - | - | - |
| Treasury bills - 6 months | 09-Sep-21 | - | 11,300,000 | 11,300,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 02-Dec-21 | - | 700,000 | 700,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 16-Dec-21 | - | 4,500,000 | 4,500,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 27-Jan-22 | - | 2,200,000 | 2,200,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 21-Apr-22 | - | 800,000 | 800,000 | - | - | - | - | - | - |
| Treasury bills - 6 months | 28-Apr-22 | - | 900,000 | 900,000 | - | - | - | - | - | - |
| Treasury bills - 12 months | 16-Dec-21 | - | 750,000 | 750,000 | - | - | - | - | - | - |
| Treasury bills - 12 months | 30-Dec-21 | - | 1,400,000 | 1,400,000 | - | - | - | - | - | - |
| Treasury bills - 12 months | 02-Jun-22 | - | 8,000,000 | 8,000,000 | - | - | - | - | - | - |
| Total as at June 30, 2022 | | | | | | - | - | - | - | - |
| Total as at June 30, 2021 | | | | | | - | - | - | - | - |

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

5.1.2 Pakistan investment bonds

| Particulars | Issue Date | Face value | | | | As at June 30, 2022 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|--------------------------------------|------------|--------------------|---------------------------|----------------------|---------------------|---------------------|--------------|--------------------------|--|---|
| | | As at July 1, 2021 | Purchased during the year | Sold during the year | As at June 30, 2022 | Carrying value | Market value | Unrealised (loss) / gain | | |
| | | | | | | | | | | |
| (Rupees in '000) | | | | | | | | | | |
| Pakistan Investment Bond - 3 years | 20-Aug-20 | 100,000 | 350,000 | 450,000 | - | - | - | - | - | - |
| Pakistan Investment Bond - 5 years | 12-Jul-18 | 650,000 | 250,000 | 900,000 | - | - | - | - | - | - |
| Pakistan Investment Bond - 5 years | 15-Oct-20 | 50,000 | 450,000 | 500,000 | - | - | - | - | - | - |
| Pakistan Investment Bond - 5 years * | 29-Apr-22 | - | 300,000 | 150,000 | 150,000 | 121,735 | 121,317 | (418) | 3.78 | 4.23 |
| Total as at June 30, 2022 | | | | | | 121,735 | 121,317 | (418) | | |
| | | | | | | | | | | |
| Total as at June 30, 2021 | | | | | | 784,815 | 786,142 | 1,327 | | |

* These carry effective yield of ranging between 7% to 8% (2021: 7% to 8%) per annum and will mature by April 29, 2027 (2021: July 12, 2023 to October 15, 2025).

5.1.3 Pakistan investment bonds - Floating Rate Bonds (FRB)

| Particulars | Issue Date | Face value | | | | | As at June 30, 2022 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|------------------|------------|--------------------|---------------------------|----------------------|---------------------|----------------|---------------------|--------------------------|--|--|---|
| | | As at July 1, 2021 | Purchased during the year | Sold during the year | As at June 30, 2022 | Carrying value | Market value | Unrealised (loss) / gain | | | |
| | | | | | | | | | | | |
| (Rupees in '000) | | | | | | | | | | | |
| | | | | | | | | | | | (%) |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

* These carry effective yield of ranging between 7.24% to 15.20% (2020: 7.14% to 7.62%) per annum and will mature by November 05, 2022 to May 06, 2026 (2021: November 05, 2022 to October 22, 2023).

5.1.4 Government of Pakistan (GoP) Ijara sukuks

| Name of investee company | Face Value | | | As at June 30, 2022 | | | Market value as a percentage of net assets | Market value as a percentage of total investments (%) | Investment as a percentage of total issue size |
|----------------------------------|--------------------|---------------------------|--------------------------------|---------------------|----------------|--------------|--|---|--|
| | As at July 1, 2021 | Purchased during the year | Sold / matured during the year | As at June 30, 2022 | Carrying value | Market value | | | |
| (Rupees in '000) | | | | | | | | | |
| GoP Ijarah Sukuks (15-Dec-2021) | - | 50,000 | 50,000 | - | - | - | - | - | - |
| Total as at June 30, 2022 | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

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

5.2 Term finance certificates - listed debt securities

| | Note | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|---------------------------------|-------|--|---------------------------|
| Carrying Value as at June 30 | 5.2.1 | 93,553 | 99,771 |
| Less: Provision as at July 1 | | | |
| - Pace Pakistan Limited | | (49,940) | (49,940) |
| - Telecard Limited | | (24,870) | (31,088) |
| - Trust Investment Bank Limited | | (18,743) | (18,743) |
| | | (93,553) | (99,771) |
| | | - | - |

5.2.1 Listed debt securities - Term finance certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

| Name of investee company | Number of certificates | | | As at June 30, 2022 | | | | | Market value as a percentage of net assets | Market value as a percentage of total investments | Investment as a percentage of total issue size |
|--|------------------------|---------------------------|---|---------------------|----------------|-----------|-----|--------------------------|--|---|--|
| | As at July 1, 2021 | Purchased during the year | Sold / matured during the year/redeemed | As at June 30, 2022 | Carrying value | Provision | Net | Unrealised gain / (loss) | | | |
| Investment Banks / Investment Companies / Securities Companies | | | | | | | | | | | |
| Trust Investment Bank Limited | 10,000 | - | - | 10,000 | 18,743 | (18,743) | - | - | - | - | - |
| Due but not received (Note 5.3) | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | |
| Pace Pakistan Limited | 10,000 | - | - | 10,000 | 49,940 | (49,940) | - | - | - | - | - |
| Due but not received (Note 5.3) | | | | | | | | | | | |
| Technology & Communication | | | | | | | | | | | |
| Telecard Limited | 19,975 | - | 3,995 | 15,980 | 24,870 | (24,870) | - | - | - | - | - |
| Due but not received (Note 5.3) | | | | | | | | | | | |
| Total as at June 30, 2022 | | | | | | | | | | | |
| 93,553 (93,553) - - - | | | | | | | | | | | |
| Total as at June 30, 2021 | | | | | | | | | | | |
| 99,771 (99,771) - - - | | | | | | | | | | | |

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

5.3

Term finance certificates - unlisted debt securities

Certificates have a face value of Rs 5,000 each unless stated otherwise

| Name of investee company | Number of certificates | | | As at June 30, 2022 | | | Market value as a percentage of net assets | Market value as a percentage of total investments (%) | Investment as a percentage of total issue size |
|--|------------------------|---------------------------|--------------------------------|---------------------|----------------|--------------|--|---|--|
| | As at July 1, 2021 | Purchased during the year | Sold / matured during the year | As at June 30, 2022 | Carrying value | Market value | | | |
| (Rupees in) | | | | | | | | | |
| Commercial Banks | | | | | | | | | |
| Bank AL Habib Limited | - | 100,000 | - | 100,000 | 499,900 | 514,408 | 16.03 | 17.93 | 10.29 |
| The Bank of Punjab * | 880 | 850 | - | 1,730 | 172,701 | 170,630 | 5.32 | 5.95 | 3.97 |
| Askari Bank Limited | 30 | - | - | 30 | 29,694 | 30,450 | 0.95 | 1.06 | 0.51 |
| Investment Banks / Investment Companies / Securities Companies | | | | | | | | | |
| Jahangir Siddiqui & Company Limited | 22,000 | - | - | 22,000 | 54,639 | 56,817 | 1.77 | 1.98 | 1.47 |
| Total as at June 30, 2022 | | | | | | | | | |
| | | | | | 756,934 | 772,305 | | | |
| Total as at June 30, 2021 | | | | | | | | | |
| | | | | | 204,163 | 204,992 | | | |
| Face value of the certificate is Rs. 100,000. | | | | | | | | | |

5.3.1

Significant terms and conditions of term finance certificates outstanding as at June 30, 2022 are as follows:

| Name of the Issuer | Mark-up rate (per annum) | Issue date | Maturity date | Rating |
|---|--------------------------|------------|---------------|--------|
| Commercial Banks | | | | |
| The Bank of Punjab | 6 months KIBOR + 1.25% | 23-Apr-18 | 23-Apr-28 | AA |
| Bank AL Habib Limited | 6 months KIBOR + 0.75% | 30-Sep-21 | 30-Sep-2031 | AAA |
| Investment Banks / Investment Companies / Securities Companies | | | | |
| Jahangir Siddiqui & Company Limited | 6 months KIBOR + 1.40% | 6-Mar-18 | 6-Mar-23 | AA+ |
| Askari Bank Limited | 3 months KIBOR + 1.2% | 17-Mar-20 | 17-Mar-30 | AA |

5.3.1.1 The rating of the term finance certificates have been obtained from Pakistan Credit Rating Agency (PACRA).

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

5.4 Unlisted debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each unless stated otherwise

| Name of investee company | Number of certificates | | | As at June 30, 2022 | | | Market value as a percentage of net assets | Market value as a percentage of total investments | Investment as a percentage of total issue size |
|----------------------------------|------------------------|---------------------------|--------------------------------|---------------------|----------------|---------------|--|---|--|
| | As at July 1, 2021 | Purchased during the year | Sold / matured during the year | As at June 30, 2022 | Carrying value | Market value | | | |
| (Rupees in '000) | | | | | | | | | |
| Chemical | | | | | | | | | |
| Ghani Gases Limited | 480 | - | - | 480 | 12,196 | 12,880 | 0.40 | 0.45 | 0.04 |
| Miscellaneous | | | | | | | | | |
| International Brands Limited | 500 | - | 500 | - | - | - | - | - | - |
| Oil and Gas | | | | | | | | | |
| Energycio PK Limited | 10 | - | - | 10 | 250 | 255 | 0.01 | 0.01 | 0.00 |
| Total as at June 30, 2022 | | | | | 12,446 | 13,135 | 689 | | |
| Total as at June 30, 2021 | | | | | 39,474 | 40,218 | 744 | | |

5.4.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2022 are as follows:

| Name of the Issuer | Mark-up rate (per annum) | Issue date | Maturity date | Rating |
|--|--------------------------|------------|---------------|--------|
| Chemical | | | | |
| Ghani Gases Limited | 3 months KIBOR + 1.00% | 2-Feb-17 | 2-Feb-24 | A |
| Oil and Gas | | | | |
| Energycio PK Limited, (Formerly: Byco Petroleum Pakistan Ltd.) | 3 months KIBOR + 1.05% | 18-Jan-17 | 18-Jan-23 | AAA |

5.4.1.1 The rating of the term finance certificates have been obtained from Pakistan Credit Rating Agency (PACRA):

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

5.6 Listed equity securities

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

| Name of investee company | As at July 1, 2021 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at Jun 30, 2022 | As at Jun 30, 2022 | | | Market value as percentage of net assets | Market value as percentage of total investments (%) | Par value as percentage of issued capital of the investee company |
|--|--------------------|---------------------------|-------------------------------------|----------------------|--------------------|--------------------|--------------|--------------------------|--|---|---|
| | | | | | | Carrying value | Market value | Unrealised gain / (loss) | | | |
| | | | | | | | | | | | |
| (Rupees in '000) | | | | | | | | | | | |
| Automobile Assembler | | | | | | | | | | | |
| Ghandara Nissan Limited | - | 15,000 | - | 15,000 | - | - | - | - | - | - | - |
| Pak Suzuki Motor Company Limited | 18,000 | 28,500 | - | 46,500 | - | - | - | - | - | - | - |
| Sazgar Engineering Works Limited | 71,000 | 80,000 | - | 151,000 | - | - | - | - | - | - | - |
| Cable & Electrical Goods | | | | | | | | | | | |
| Pak Elektron Limited* | 2,192,500 | 1,813,000 | - | 4,005,500 | - | - | - | - | - | - | - |
| Waves Singer Pakistan Limited | 201,500 | 6,101,500 | - | 6,303,000 | - | - | - | - | - | - | - |
| Cement | | | | | | | | | | | |
| Cherat Cement Company Limited | 1,000,000 | 4,969,500 | - | 5,969,500 | - | - | - | - | - | - | - |
| D.G. Khan Cement Company Limited * | 341,500 | 2,506,500 | - | 2,848,000 | - | - | - | - | - | - | - |
| Fauji Cement Company Limited | 79,500 | 782,500 | - | 862,000 | - | - | - | - | - | - | - |
| Lucky Cement Limited | 102,500 | 476,500 | - | 579,000 | - | - | - | - | - | - | - |
| Maple Leaf Cement Factory Limited | 589,000 | 4,309,500 | - | 4,898,500 | - | - | - | - | - | - | - |
| Pioneer Cement Limited | 26,000 | 638,000 | - | 664,000 | - | - | - | - | - | - | - |
| Power Cement Limited* | 454,000 | 258,500 | - | 712,500 | - | - | - | - | - | - | - |
| Chemicals | | | | | | | | | | | |
| Engro Polymer and Chemicals Limited | 1,466,000 | 1,664,500 | - | 3,130,500 | - | - | - | - | - | - | - |
| Ghani Global Holdings Limited | 3,939,500 | 19,359,000 | - | 23,298,500 | - | - | - | - | - | - | - |
| Lotte Chemical Pakistan Limited | 202,000 | - | - | 202,000 | - | - | - | - | - | - | - |
| Commercial Banks | | | | | | | | | | | |
| Bank Of Punjab Limited | - | 500 | - | 500 | - | - | - | - | - | - | - |
| United Bank Limited | - | 5,000 | - | 5,000 | - | - | - | - | - | - | - |
| Engineering | | | | | | | | | | | |
| Aisha Steel Mills Limited * | 4,971,000 | 27,299,500 | - | 32,270,500 | - | - | - | - | - | - | - |
| Amreli Steels Limited. | 267,500 | 303,000 | - | 570,500 | - | - | - | - | - | - | - |
| International Industries Limited | 828,000 | 4,168,000 | - | 4,996,000 | - | - | - | - | - | - | - |
| International Steels Limited | 1,181,500 | 4,779,000 | - | 5,960,500 | - | - | - | - | - | - | - |
| Mughal Iron and Steel Industries Limited | 604,500 | 3,982,000 | - | 4,586,500 | - | - | - | - | - | - | - |
| Fertilizer | | | | | | | | | | | |
| Engro Corporation Limited | 1,000 | 73,000 | - | 74,000 | - | - | - | - | - | - | - |
| Engro Fertilizers Limited | - | 131,000 | - | 131,000 | - | - | - | - | - | - | - |
| Fauji Fertilizer Bin Qasim Limited | 2,200,500 | 470,000 | - | 2,670,500 | - | - | - | - | - | - | - |
| Food & Personal Care Products | | | | | | | | | | | |
| Treet Corporation Limited | - | 13,000 | - | 13,000 | - | - | - | - | - | - | - |
| Glass & Ceramics | | | | | | | | | | | |
| Shabbir Tiles and Ceramics Limited **** | - | 500 | - | 500 | - | - | - | - | - | - | - |
| Tariq Glass Industries Limited | 3,000 | 89,500 | - | 92,500 | - | - | - | - | - | - | - |
| Miscellaneous | | | | | | | | | | | |
| Siddiqsons Tin Plate Limited* | - | 2,545,000 | - | 2,545,000 | - | - | - | - | - | - | - |

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

| Name of investee company | As at July 1, 2021 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2022 | As at June 30, 2022 | | | Market value as percentage of net assets | Market value as percentage of total investments (%) | Par value as percentage of issued capital of the investee company |
|--|--------------------|---------------------------|-------------------------------------|----------------------|---------------------|---------------------|--------------|--------------------------|--|---|---|
| | | | | | | Carrying value | Market value | Unrealised gain / (loss) | | | |
| | | | | | | (Rupees in '000) | | | | | |
| Oil & Gas Exploration Companies | | | | | | | | | | | |
| Oil and Gas Development Company Limited | 665,000 | 2,281,000 | - | 2,946,000 | - | - | - | - | - | - | - |
| Pakistan Petroleum Limited | 151,500 | 654,000 | - | 805,500 | - | - | - | - | - | - | - |
| Oil & Gas Marketing Companies | | | | | | | | | | | |
| Pakistan State Oil Company Limited | 258,500 | 686,500 | - | 945,000 | - | - | - | - | - | - | - |
| Sui Northern Gas Pipelines Limited | 1,233,500 | 2,818,500 | - | 4,052,000 | - | - | - | - | - | - | - |
| Sui Southern Gas Company Limited | 40,500 | - | - | 40,500 | - | - | - | - | - | - | - |
| Pharmaceuticals | | | | | | | | | | | |
| The Searle Company Limited | 36,000 | 87,000 | - | 123,000 | - | - | - | - | - | - | - |
| Power Generation & Distribution | | | | | | | | | | | |
| Hub Power Company Limited | 173,500 | 840,000 | - | 1,013,500 | - | - | - | - | - | - | - |
| K-Electric Limited *** | 3,905,500 | 483,500 | - | 4,389,000 | - | - | - | - | - | - | - |
| Kot Addu Power Company Limited | 405,500 | 954,000 | - | 1,359,500 | - | - | - | - | - | - | - |
| Refinery | | | | | | | | | | | |
| Attock Refinery Limited | 1,170,500 | 1,838,500 | - | 3,009,000 | - | - | - | - | - | - | - |
| Energyco PK Limited | 11,563,500 | - | - | 11,563,500 | - | - | - | - | - | - | - |
| National Refinery Limited | 350,000 | 931,000 | - | 1,281,000 | - | - | - | - | - | - | - |
| Pakistan Refinery Limited | - | 1,688,500 | - | 1,688,500 | - | - | - | - | - | - | - |
| Technology & Communications | | | | | | | | | | | |
| Avancon Limited | 485,000 | 6,296,000 | - | 6,781,000 | - | - | - | - | - | - | - |
| Hum Network Limited ** | 31,160,000 | 16,620,500 | - | 47,780,500 | - | - | - | - | - | - | - |
| NetSol Technologies Limited | 854,500 | 1,949,500 | - | 2,804,000 | - | - | - | - | - | - | - |
| Pakistan Telecommunication Company Limited | 338,500 | 3,917,000 | - | 4,255,500 | - | - | - | - | - | - | - |
| TRG Pakistan Limited | 1,633,000 | 11,404,000 | - | 13,037,000 | - | - | - | - | - | - | - |
| Textile Composite | | | | | | | | | | | |
| Gul Ahmed Textile Mills Limited | 133,000 | 1,945,500 | - | 2,078,500 | - | - | - | - | - | - | - |
| Nishat (Chunian) Limited * | 3,500 | 1,256,000 | - | 1,259,500 | - | - | - | - | - | - | - |
| Nishat Mills Limited * | 39,000 | 644,000 | - | 683,000 | - | - | - | - | - | - | - |
| Transport | | | | | | | | | | | |
| Pakistan International Bulk Terminal Limited | 4,684,500 | 3,666,500 | - | 8,351,000 | - | - | - | - | - | - | - |
| Vanaspoti & Allied Industries | | | | | | | | | | | |
| Unity Foods Limited | 10,670,000 | 32,046,500 | - | 42,716,500 | - | - | - | - | - | - | - |
| Total as at June 30, 2022 | | | | | | | | | | | |
| | | | | | | 3,381,434 | 3,377,757 | (3,677) | | | |
| | | | | | | | | | | | |

* These transactions relating to shares of related parties

** These have a face value of Rs. 1 per share

*** These have a face value of Rs. 3.5 per share

**** These have a face value of Rs. 5 per share

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

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

| | Note | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|---|------------------------------------|--|---------------------------|
| 5.7 Net unrealised diminution in value of investments at fair value through profit or loss | | | |
| Market value as at June 30 - net of provision | 5, 5.1, 5.2, 5.3, 5.4, 5.6 & 5.6.1 | 2,869,367 | 5,983,085 |
| Carrying value as at June 30 - net of provision | 5, 5.1, 5.2, 5.3, 5.4, 5.6 & 5.6.1 | (2,856,753) | (5,905,868) |
| | | 12,614 | 77,217 |

5.8 Status of non compliance as per circular 16 of 2010 issued by the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

| Name of non-compliant investments | Note | Type of Instrument | Value of Investment before provision | Provision held if any | Value of Investment after provision | % of net assets | % of gross assets |
|-----------------------------------|-------|--------------------|--------------------------------------|-----------------------|-------------------------------------|-----------------|-------------------|
| Trust Investment Bank Limited | 5.2.1 | TFC | - | (18,743) | (18,743) | - | - |
| Telecard Limited * | 5.2.1 | TFC | - | (24,870) | (24,870) | - | - |
| Pace Pakistan Limited | 5.2.1 | TFC | - | (49,940) | (49,940) | - | - |

Owing to continuous default on repayment of coupon by the issuer, the Fund had classified the said investment as non-performing. The Fund has recognised full provision against outstanding principal in accordance with applicable provisioning circular issued by the Securities and Exchange Commission of Pakistan and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of mark-up there against.

* During the year, the issuer with the consent of TFC holders restructured the issue. The restructuring term spreads over a period of 8 years with the first payment of principal starting from March 2022 and thereafter in equal quarterly instalments, with maturity in December 2028. the fund has received 4 installments amounting to 6.2 million.

| | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|--|--|---------------------------|
| 6. PROFIT RECEIVABLE | | |
| Profit receivable on: | | |
| Deposits with banks | 18,879 | 22,478 |
| Pakistan Investment Bond | 38,140 | 40,395 |
| Term finance certificates and sukuk certificates | 24,577 | 4,567 |
| Margin trading system (MTS) | 14 | 978 |
| | 81,610 | 68,418 |

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | | |
|--|---------------|--------|
| Advance tax | 4,454 | 4,228 |
| Security deposit with National Clearing Company of Pakistan Limited | 2,500 | 2,500 |
| Security deposit with Central Depository Company of Pakistan Limited | 200 | 200 |
| Receivable from National Clearing Company of Pakistan Limited | 5,610 | 42,127 |
| Prepayments | 294 | 462 |
| Others | 45 | 354 |
| | 13,103 | 49,871 |

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

| | Note | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- (Rupees in '000) ----- |
|--|------|--|--|
| 8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY | | | |
| Management remuneration payable | 8.1 | 5,433 | 6,772 |
| Sindh sales tax payable on management remuneration | 8.2 | 706 | 880 |
| Sales load payable | | 55 | 343 |
| Payable against allocated expenses | 8.3 | 332 | 852 |
| Payable against marketing and selling expenses | 8.4 | 150 | - |
| | | 6,676 | 8,847 |

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject into the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 10% of the gross earnings of the fund, calculated on daily basis. The remuneration is payable to the Management Company monthly in arrears.

During the year, with effect from January 07, 2022, the minimum fee of 0.25% had been removed through supplement to the offering document dated December 20, 2021.

The Management Company has charged management fee at the rate of 0.96% of the net assets.

- 8.2** Sindh Sales Tax on management fee has been charged at 13% (2021: 13%).

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

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense.

- 8.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average daily net assets of the Fund or actual expenses whichever is lower.

In the financial year 2019-20, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company can charge selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

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

| | Note | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- (Rupees in '000) ----- |
|---|------|--|--|
| 9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE | | | |
| Trustee remuneration payable | 9.1 | 249 | 640 |
| Sindh sales tax on remuneration of the Trustee | 9.2 | 32 | 83 |
| | | 281 | 723 |

- 9.1** From July 01, 2019, the Trustee is entitled to a remuneration at the rate of 0.075% per annum of the net assets to be paid monthly in arrears.

- 9.2** Sindh Sales Tax at 13% (2021: 13%) is charged on Trustee fee.

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

| | Note | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|--|---|--|---------------------------|
| 10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN | | | |
| Annual fee payable to the SECP | 10.1 | 1,415 | 1,062 |
| 10.1 | Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs, Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets. | | |

| | Note | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|--|------|--|---------------------------|
| 11. ACCRUED EXPENSES AND OTHER LIABILITIES | | | |
| Provision against Sindh Workers' Welfare Fund | 11.1 | - | 18,571 |
| Provision for Federal Excise Duty and related tax on | | | |
| - Management fee | 11.2 | 9,210 | 9,210 |
| - Sales load | | 239 | 239 |
| Legal and professional charges | | 34 | 31 |
| Withholding tax on capital gains | | 2,671 | 6,779 |
| Auditors' remuneration | | 409 | 409 |
| Brokerage | | 9 | 8,812 |
| Others | | 40,268 | 665 |
| | | 52,840 | 44,716 |

11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

During the year, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. Accordingly all Asset Management Companies reversed the cumulative provision for SWWF, on August 13, 2021.

11.2 Federal Excise Duty and related tax payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, 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.

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.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2022 aggregates to Rs. 9.45 million (2021: Rs. 9.45 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2022 would have been higher by Re. 0.16 (2021: Re. 0.054) per unit.

12. CONTINGENCIES AND COMMITMENTS

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

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

| | June 30, 2022 | June 30, 2021 |
|---|------------------------|------------------|
| | ---(Rupees in '000)--- | |
| 12.1 COMMITMENTS | | |
| Future transactions of equity securities entered into by the Fund in respect of which the following transactions have not been settled as at year end | | |
| - Future sale transaction | - | 3,505,610 |
| - Future buy transaction | - | 11,696 |
| Margin Trading Systems (MTS) transaction entered into by the Fund which have not been settled as at year end: | | |
| - Sale transactions | - | 39,276 |
| 13. MARKUP / RETURN ON INVESTMENTS | | |
| Government securities | 310,033 | 118,821 |
| Term finance certificates and sukuk certificates | 71,254 | 42,472 |
| Commercial papers | - | 1,862 |
| | 381,287 | 163,155 |
| 14. AUDITORS' REMUNERATION | | |
| Annual audit fee | 294 | 294 |
| Half yearly review fee | 168 | 168 |
| Other certification and services | 50 | 50 |
| Out of pocket expenses | 79 | 78 |
| | 591 | 590 |
| Sales tax | 47 | 47 |
| | 638 | 637 |
| 15. TOTAL EXPENSE RATIO | | |
| The total expense ratio of the Fund for the year is 1.72% and this includes 0.15% representing government levy, and SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorized as Income. | | |
| Provided that in addition to the above prescribed limit Income and Aggressive Income Schemes which invest in Margin Trading System (MTS) and/or ready future spread transaction, may charge additional MTS and/or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme. | | |
| 16. 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, Regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the Management Company has distributed the income earned by the Fund to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements. | | |

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

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CIs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

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

| | For the year ended June 30, 2022 | | | | | | For the year ended June 30, 2021 | | | | | |
|---|----------------------------------|--------------------|------------|------------------------|------------------------|--------------------|----------------------------------|--------------------|-----------|------------------------|------------------------|--------------------|
| | Units | | | (Rupees in '000) | | | Units | | | (Rupees in '000) | | |
| | As at July 01, 2021 | Issued for cash | Redeemed | As at June 30, 2022 | As at July 01, 2021 | Issued for cash | As at July 01, 2020 | Issued for cash | Redeemed | As at June 30, 2021 | As at July 01, 2020 | Issued for cash |
| Adamjee Life Assurance Company Limited | - | 2,940,965 | - | 2,940,965 | - | 159,665 | - | - | - | - | - | 159,888 |
| MCB - Arif Habib Savings And Investments Limited | 7,152,428 | 8,753,800 | 15,906,228 | - | 388,254 | 486,000 | - | - | 881,428 | - | - | - |
| Adamjee Insurance Company Limited - Employees Gratuity Fund | 264,275 | 33,280 | 297,555 | - | 14,346 | 1,820 | - | - | 16,486 | - | - | - |
| D.G Khan Cement Company Limited - Employees Provident Fund Trust | - | 476,145 | - | 476,145 | - | 25,856 | - | - | - | 25,886 | - | - |
| Security General Insurance Company Limited | 8,700,207 | 7,195,642 | 15,895,849 | - | 472,272 | 400,000 | - | - | 883,252 | - | - | - |
| Security General Insurance Company Limited - Employees Provident Fund and Trust | - | 110,576 | - | 110,576 | - | 6,006 | - | - | - | 6,012 | - | - |
| Directors and key management personnel of the Management Company | 55 | 70,394 | 70,442 | 7 | 3 | 3,958 | - | - | 3,965 | - | - | - |
| Mandate under discretionary portfolio services | 26,422,955 | 48,821,803 | 75,144,239 | 100,519 | 1,434,312 | 2,767,470 | - | - | 4,238,912 | - | - | 5,465 |
| | 97,032 | - | 97,032 | - | 5,260 | - | - | - | 5,642 | - | - | - |
| Adamjee Life Assurance Company Limited - Employees Gratuity Fund | - | 16,123,878 | 8,971,450 | 7,152,428 | - | 895,292 | - | - | 512,318 | 388,254 | - | - |
| MCB - Arif Habib Savings And Investments Limited | - | 11,700,398 | 11,700,397 | 1 | - | 662,193 | - | - | 678,368 | - | - | - |
| Nishat Mills Limited | - | 283,082 | 18,807 | 264,275 | - | 15,395 | - | - | 1,066 | 14,346 | - | - |
| Adamjee Insurance Company Limited - Employees Gratuity Fund | - | 530,657 | 530,657 | - | - | 30,000 | - | - | 30,113 | - | - | - |
| Adamjee Insurance Company Limited - Employees Provident Fund | - | 1,037,336 | 1,037,336 | - | - | 59,672 | - | - | 59,751 | - | - | - |
| Directors and key management personnel of the Management Company | 5,540,636 | 11,372,592 | 8,213,021 | 8,700,207 | 300,341 | 620,779 | - | - | 454,000 | 472,272 | - | - |
| Security General Insurance Company Limited | 27,245 | 50,529,143 | 22,683,097 | 27,873,291 | 1,476 | 2,799,798 | - | - | 1,303,827 | 1,513,040 | - | - |
| Mandate under discretionary portfolio services | - | - | - | - | - | - | - | - | - | - | - | - |

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

17.2 Details of transactions other than units of the Fund with related parties / connected persons during the year

| | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|--|--|---------------------------|
| MCB-Arif Habib Savings and Investments Limited - Management Company | | |
| Remuneration including indirect taxes | 76,408 | 50,680 |
| Allocated expenses | 7,076 | 5,309 |
| Marketing and selling expense | 2,479 | 2,592 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration including indirect taxes | 5,996 | 4,499 |
| CDS charges | 690 | 1,287 |
| Arif Habib Limited - Subsidiary of Associated Company | | |
| Brokerage expense * | 53 | 16 |
| MCB Bank Limited - Parent of the Management Company | | |
| Profit on bank balances | 133 | 351 |
| Bank charges | 66 | 46 |
| Purchase of securities : Face value Nil : (2021: 1000 million) | - | 983,038 |
| Adamjee Life Assurance Company Limited - Subsidiary of Associated Company | | |
| Purchase of Nil shares (2021: 6,500 shares) | - | 246 |
| Sale of Nil shares (2021: 6,500 shares) | - | 157 |
| Aisha Steel Limited - Group Company of Parent Company | | |
| Purchase of 27,299,500 shares (2021: 14,073,500 shares) | 592,440 | 351,606 |
| Sale of 32,270,500 shares (2021: 9,102,500 shares) | 716,900 | 226,035 |
| Dividend Income | 11,070 | - |
| Nishat Mills Limited - Group Company of Parent Company | | |
| Purchase of 644,000 shares (2021: 561,500 shares) | 62,132 | 55,716 |
| Sale of 683,000 shares (2021: 522,500 shares) | 66,508 | 51,661 |
| Dividend Income | 46 | - |
| Nishat Chunian Limited- Group Company of Parent Company | | |
| Purchase of 1,256,000 shares (2021: 1,538,000 shares) | 61,065 | 74,366 |
| Sale of 1,259,500 shares (2021: 1,534,500 shares) | 57,548 | 75,111 |
| Dividend Income | 4,115 | - |
| Power Cement Limited- Group Company of Parent Company | | |
| Purchase of 258,500 shares (2021: 3,980,000 shares) | 2,147 | 39,697 |
| Sale of 712,500 shares (2021: 3,526,000 shares) | 6,706 | 35,520 |
| DG Khan Cement Company Limited - Group Company of Parent Company | | |
| Purchase of 2,506,500 shares (2021: 2,897,000 shares) | 243,649 | 335,053 |
| Sale of 2,848,000 shares (2021: 2,555,500 shares) | 287,319 | 294,818 |
| Dividend Income | 1,095 | - |
| Lalpir Power Limited - Group Company of Parent Company | | |
| Purchase of Nil shares (2021: 3,500 shares) | - | 69 |
| Sale of Nil shares (2021: 3,500 shares) | - | 69 |
| Siddiqsons Tin Plate Limited - Group Company of Parent Company | | |
| Purchase of 2,545,000 shares (2021: 1,454,500 shares) | 43,343 | 23,470 |
| Sale of 2,545,000 shares (2021: 1,454,500 shares) | 43,726 | 23,680 |
| Pak Elektron Limited - Group Company of Parent Company | | |
| Purchase of 1,813,000 shares (2021: 9,975,500 shares) | 58,338 | 354,476 |
| Sell of 4,005,500 shares (2021: 7,783,000 shares) | 137,039 | 279,300 |

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

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

17.3 Details of balances with related parties / connected persons as at year end

MCB-Arif Habib Savings and Investments Limited - Management Company

| | | |
|--|-------|-------|
| Management remuneration payable | 5,433 | 6,772 |
| Sindh sales tax payable on management remuneration | 706 | 880 |
| Sales load payable | 55 | 343 |
| Payable against allocated expenses | 332 | 852 |
| Payable against marketing and selling expenses | 150 | - |

Central Depository Company of Pakistan Limited - Trustee

| | | |
|---|-----|-----|
| Trustee remuneration payable | 249 | 640 |
| Sindh sales tax payable on Trustee remuneration | 32 | 83 |
| Security deposit | 200 | 200 |

MCB Bank Limited - Parent of the Management Company

| | | |
|--------------|-------|--------|
| Bank balance | 9,973 | 15,156 |
|--------------|-------|--------|

D.G. Khan Cement Company Limited

| | | |
|-----------------------------------|---|--------|
| Nil shares (2021: 341,500 shares) | - | 40,270 |
|-----------------------------------|---|--------|

Aisha Steel Limited

| | | |
|-------------------------------------|---|---------|
| Nil shares (2021: 4,971,000 shares) | - | 123,828 |
|-------------------------------------|---|---------|

Nishat Chunian Limited

| | | |
|---------------------------------|---|-----|
| Nil shares (2021: 3,500 shares) | - | 176 |
|---------------------------------|---|-----|

Nishat Mills Limited

| | | |
|----------------------------------|---|-------|
| Nil shares (2021: 39,000 shares) | - | 3,639 |
|----------------------------------|---|-------|

Pak Elektron Limited

| | | |
|-------------------------------------|---|--------|
| Nil shares (2021: 2,192,500 shares) | - | 76,869 |
|-------------------------------------|---|--------|

Power Cement Limited

| | | |
|-----------------------------------|---|-------|
| Nil shares (2021: 454,000 shares) | - | 4,363 |
|-----------------------------------|---|-------|

* The amount disclosed represents the amount of brokerage expense or brokerage payable to connected persons and not the purchase or sale value of securities transacted through them 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

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - "Fair Value Measurement" establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value, based on:

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

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

The following table shows the carrying amounts of fair values of financial assets and financial liabilities including the levels in the fair value hierarchy:

| | June 30, 2022 | | | | |
|---|-----------------------------------|---|----------------|-----------|---|
| | Carrying amount | | Fair Value | | |
| | Fair value through profit or loss | Fair value through other comprehensive income | Amortized cost | Total | |
| | | | | | |
| Financial assets measured at fair value | | | | | |
| Government securities | 2,083,927 | - | - | 2,083,927 | - |
| Term Finance Certificates - Unlisted | 772,305 | - | - | 772,305 | - |
| Sukuku Certificates - Unlisted | 13,135 | - | - | 13,135 | - |
| | 2,869,367 | - | - | 2,869,367 | - |
| Financial assets not measured at fair value | | | | | |
| Bank balances | - | - | 2,432,713 | 2,432,713 | |
| Profit receivable | - | - | 81,610 | 81,610 | |
| Deposits and other receivables | - | - | 8,355 | 8,355 | |
| | - | - | 2,522,678 | 2,522,678 | |
| Financial liabilities not measured at fair value | | | | | |
| Payable to the Management Company | - | - | 5,970 | 5,970 | |
| Payable to the Trustee | - | - | 249 | 249 | |
| Payable against purchase of investment | - | - | 2,125,509 | 2,125,509 | |
| Payable against redemption of units | - | - | 47 | 47 | |
| Accrued expenses and other liabilities | - | - | 40,720 | 40,720 | |
| | - | - | 2,172,495 | 2,172,495 | |

103 PAKISTAN INCOME FUND

19.

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

19.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and the regulations laid down by the SECP, the NBFC regulations and the NBFC rules.

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

19.1.1 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.

19.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on bank balances, investments in term finance certificates, government securities and sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2022 details of Fund's interest bearing financial instruments were as follows:

| | Note | June 30, 2022 | June 30, 2021 |
|---|-----------|------------------|------------------|
| | | -----Rupees----- | |
| Variable rate instrument (financial asset) | | | |
| Bank balance | 4 | 2,422,745 | 4,545,560 |
| Pakistan investment bonds - Floating Rate Bonds (FRB) | 5.1.3 | 1,962,610 | 1,496,005 |
| Term finance certificates | 5.2.1&5.3 | 772,305 | 204,992 |
| Sukuks certificates | 5.4 | 13,135 | 40,218 |
| | | <u>5,170,795</u> | <u>6,286,775</u> |
| Fixed rate instruments (financial assets) | | | |
| Pakistan investment bonds | 5.1.2 | 121,317 | 786,142 |
| | | <u>121,317</u> | <u>786,142</u> |

a) Sensitivity analysis for variable rate instrument

Presently, the Fund holds KIBOR based Government securities, term finance, sukuks certificates and balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs 51.7 million (2021: Rs 62.86 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2022, the net income for the year and net assets would be lower / higher by Rs. 1.21 million (2021: Rs. 7.86 million).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

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

| Particulars | As at June 30, 2022 | | | | | Total |
|--|---------------------------------------|----------------------------------|----------------------------------|-----------------------|--|-----------|
| | Effective yield / interest rate | Exposed to yield / interest risk | | | Not exposed to yield / interest rate risk | |
| | | Upto three months | More than three months and | More than one year | | |
| %----- (Rupees in '000) ----- | | | | | | |
| On-balance sheet financial instruments | | | | | | |
| Financial assets | | | | | | |
| Bank balances | 5.5 to 17.05 | 2,422,745 | - | - | 9,968 | 2,432,713 |
| Government securities | 7.16 to 7.5 | - | 549,175 | 1,534,752 | - | 2,083,927 |
| Unlisted debt securities | 8.86 to 15.11 | - | 57,072 | 728,368 | - | 785,440 |
| Profit receivable | | - | - | - | 81,610 | 81,610 |
| Deposits and other receivables | | - | - | - | 8,355 | 8,355 |
| Sub total | | 2,422,745 | 606,247 | 2,263,120 | 99,933 | 5,392,045 |
| Financial liabilities | | | | | | |
| Payable to the Management Company | | - | - | - | 5,970 | 5,970 |
| Payable to the Trustee | | - | - | - | 249 | 249 |
| Payable against purchase of investment | | - | - | - | 2,125,509 | 2,125,509 |
| Payable against redemption of units | | - | - | - | 47 | 47 |
| Accrued expenses and other liabilities | | - | - | - | 40,720 | 40,720 |
| Sub total | | - | - | - | 2,172,495 | 2,172,495 |
| On-balance sheet gap | | 2,422,745 | 606,247 | 2,263,120 | (2,072,562) | 3,219,550 |
| Total interest rate sensitivity gap | | 2,422,745 | 606,247 | 2,263,120 | (2,072,562) | 3,219,550 |
| Cumulative interest rate sensitivity gap | | 2,422,745 | 3,028,992 | 5,292,112 | | |

| Particulars | As at June 30, 2021 | | | | | Total |
|---|---------------------------------|----------------------------------|--|--------------------|---|------------|
| | Effective yield / interest rate | Exposed to yield / interest risk | | | Not exposed to yield / interest rate risk | |
| | | 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 | | | | | | |
| Bank balances | 5.50 to 7.83 | 4,545,560 | - | - | 12,334 | 4,557,894 |
| Government securities | 7.00 to 9.50 | - | - | 2,282,147 | - | 2,282,147 |
| Unlisted debt securities | 7.71 to 14.65 | - | 20,469 | 224,741 | - | 245,210 |
| Listed equity securities | | - | - | - | 3,377,757 | 3,377,757 |
| Future stock contracts | | - | - | - | 77,971 | 77,971 |
| Profit receivable | | - | - | - | 68,418 | 68,418 |
| Receivable against margin trading system | | - | - | - | 135,777 | 135,777 |
| Receivable against sale of investment | | - | - | - | 11,652 | 11,652 |
| Deposits and other receivables | | - | - | - | 45,181 | 45,181 |
| Sub total | | 4,545,560 | 20,469 | 2,506,888 | 3,729,090 | 10,802,007 |
| Financial liabilities | | | | | | |
| Payable to the Management Company | | - | - | - | 7,967 | 7,967 |
| Payable to the Trustee | | - | - | - | 640 | 640 |
| Payable against purchase of investment | | - | - | - | 1,155,947 | 1,155,947 |
| Payable against redemption of units | | - | - | - | 47 | 47 |
| Accrued expenses and other liabilities | | - | - | - | 9,917 | 9,917 |
| Sub total | | - | - | - | 1,174,518 | 1,174,518 |
| On-balance sheet gap | | 4,545,560 | 20,469 | 2,506,888 | 2,554,572 | 9,627,489 |
| Total interest rate sensitivity gap | | 4,545,560 | 20,469 | 2,506,888 | 2,554,572 | 9,627,489 |
| Cumulative interest rate sensitivity gap | | 4,545,560 | 4,566,029 | 7,072,917 | | |

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

19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk.

19.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on investments in term finance certificates and sukuk certificates, bank balances and other financial assets at amortised cost. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties 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 in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

| | June 30, 2022 | | June 30, 2021 | |
|--|--|------------------|--|------------------|
| | Balance as per statement of assets and liabilities | Maximum exposure | Balance as per statement of assets and liabilities | Maximum exposure |
| ----- (Rupees in '000) ----- | | | | |
| Bank balances | 2,432,713 | 2,432,713 | 4,557,894 | 4,557,894 |
| Investments | 2,869,367 | 785,440 | 5,983,085 | 3,700,938 |
| Receivable against margin trading system | - | - | 135,777 | 135,777 |
| Receivable against sale of investment | - | - | 11,652 | 11,652 |
| Profit receivable | 81,610 | 43,470 | 68,418 | 28,023 |
| Advances, deposits and other receivables | 8,355 | 8,355 | 45,181 | 45,181 |
| | <u>5,392,045</u> | <u>3,269,978</u> | <u>10,802,007</u> | <u>8,479,465</u> |

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2022.

Bank Balances by rating category

| Rating | June 30, 2022 | | June 30, 2021 | |
|--------|------------------|---------------|------------------|---------------|
| | Rupees in '000 | % | Rupees in '000 | % |
| AAA | 1,230,029 | 50.57 | 2,211,567 | 48.52 |
| AA+ | 716,680 | 29.46 | 100,114 | 2.20 |
| AA- | 15 | - | 17 | - |
| AA | 490 | 0.02 | 665 | 0.01 |
| A+ | 485,403 | 19.95 | 1,350,016 | 29.62 |
| A- | 21 | - | 21 | - |
| A | 75 | - | 895,494 | 19.65 |
| | <u>2,432,713</u> | <u>100.00</u> | <u>4,557,894</u> | <u>100.00</u> |

Investments in Market Treasury Bills and Pakistan Investment Bonds do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investment.

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all deposits with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to deposits.

Concentration of credit risk

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

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

Settlement risk

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

19.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

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

| June 30, 2022 | Within 1 month | Over 1 to 3 months | Over 3 to 12 months | Over 1 to 5 years | More than 5 years | Total |
|---|---------------------------|-------------------------------|--------------------------------|------------------------------|------------------------------|--------------|
| | Rupees in '000 | | | | | |
| Financial assets | | | | | | |
| Bank balances | 2,432,713 | - | - | - | - | 2,432,713 |
| Investments | - | - | 606,247 | 1,547,632 | 715,488 | 2,869,367 |
| Profit receivable | 81,610 | - | - | - | - | 81,610 |
| Deposits and other receivables | 8,355 | - | - | - | - | 8,355 |
| | 2,522,678 | - | 606,247 | 1,547,632 | 715,488 | 5,392,045 |
| Financial liabilities | | | | | | |
| Payable to the Management Company | 5,970 | - | - | - | - | 5,970 |
| Payable to the Trustee | 249 | - | - | - | - | 249 |
| Payable against purchase of investment | 2,125,509 | - | - | - | - | 2,125,509 |
| Payable against redemption of units | 47 | - | - | - | - | 47 |
| Accrued expenses and other liabilities | 40,720 | - | - | - | - | 40,720 |
| | 2,172,495 | - | - | - | - | 2,172,495 |
| | 350,183 | - | 606,247 | 1,547,632 | 715,488 | 3,219,550 |
| June 30, 2021 | Within 1 month | Over 1 to 3 months | Over 3 to 12 months | Over 1 to 5 years | More than 5 years | Total |
| | Rupees in '000 | | | | | |
| Financial assets | | | | | | |
| Bank balances | 4,557,894 | - | - | - | - | 4,557,894 |
| Investments | 3,455,728 | - | 21,053 | 2,388,739 | 117,565 | 5,983,085 |
| Profit receivable | 68,418 | - | - | - | - | 68,418 |
| Receivable against margin trading system | 135,777 | - | - | - | - | 135,777 |
| Receivable against sale of investment | 11,652 | - | - | - | - | 11,652 |
| Deposits and other receivables | 45,181 | - | - | - | - | 45,181 |
| | 8,274,650 | - | 21,053 | 2,388,739 | 117,565 | 10,802,007 |
| Financial liabilities | | | | | | |
| Payable to the Management Company | 7,967 | - | - | - | - | 7,967 |
| Payable to the Trustee | 640 | - | - | - | - | 640 |
| Payable against purchase of investment | 1,155,947 | - | - | - | - | 1,155,947 |
| Payable against redemption of units | 47 | - | - | - | - | 47 |
| Accrued expenses and other liabilities | 9,917 | - | - | - | - | 9,917 |
| | 1,174,518 | - | - | - | - | 1,174,518 |
| | 7,100,132 | - | 21,053 | 2,388,739 | 117,565 | 9,627,489 |

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

20. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

| Name | Designation | Experience in years | Qualification |
|-----------------------|----------------------------|---------------------|---------------|
| Muhammad Saqib Saleem | Chief Executive Officer | 24.5 | FCCA, FCA |
| Muhammad Asim | Chief Investment Officer | 19 | MBA, CFA |
| Awais Abdul Sattar | Portfolio Manager Equities | 11 | MBA, CFA |
| Saad Ahmed | Head Of Fixed Income | 16 | MBA |
| Usama Iqbal | Fund Manager | 18 | B.Com |

20.1 Syed Mohammad Usama Iqbal is the Manager of the Fund. Details of the other funds being managed by him are as follows:

- Alhamra Islamic Income Fund
- Alhamra Wada Plan
- Alhamra Islamic Money Market Fund
- Alhamra Smart Portfolio (An Allocation Plan of Alhamra Islamic Active Allocation Fund)

21. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

| | June 30, 2022 (Percentage) |
|---|----------------------------------|
| 1 Top Line Securities (Private) Limited | 44.87 |
| 2 KTrade Securities Limited | 17.01 |
| 3 Adam Securities (Private) Limited | 9.12 |
| 4 MRA Securities Limited | 6.42 |
| 5 AKD Securities Limited | 6.30 |
| 6 BMA Capital Management (Private) Limited | 3.71 |
| 7 Multiline Securities (Private) Limited | 2.43 |
| 8 Taurus Securities Limited | 1.82 |
| 9 Alfalah Clsa Securities (Private) Limited | 1.79 |
| 10 Continental Exchange (Private) Limited | 1.16 |
| | June 30, 2021 (Percentage) |
| 1 Adam Securities (Private) Limited | 31.27 |
| 2 Top Line Securities (Private) Limited | 30.91 |
| 3 MRA Securities Limited | 14.29 |
| 4 Multiline Securities (Private) Limited | 7.48 |
| 5 EFG Hermes Pakistan Limited | 5.87 |
| 6 KTrade Securities Limited | 3.27 |
| 7 BMA Capital Management Limited | 1.77 |
| 8 JS Global Capital Limited | 1.73 |
| 9 Taurus Securities Limited | 1.22 |
| 10 Fortune Securities Limited | 0.44 |

22. PATTERN OF UNIT HOLDING

| | As at June 30, 2022 | | | |
|---------------------|------------------------------|--------------------|----------------------|--------------------------|
| | Number of unit holders | Number of units | Investment amount | Percentage investment |
| | | | (Rupees in '000) | % |
| Individuals | 2,109 | 35,955,745 | 1,954,760 | 60.90 |
| Retirement funds | 54 | 9,369,580 | 509,384 | 15.87 |
| Others | 22 | 1,477,098 | 80,303 | 2.50 |
| Associated Company | 1 | 2,940,965 | 159,888 | 4.98 |
| Other Corporates | 17 | 1,776,928 | 96,604 | 3.01 |
| Foreign Individual | 12 | 42,854 | 2,330 | 0.07 |
| Insurance Companies | 10 | 7,481,849 | 406,756 | 12.67 |
| | 2,225 | 59,045,019 | 3,210,025 | 100 |

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

| | As at June 30, 2021 | | | |
|--------------------------|---------------------------|--------------------|----------------------|--------------------------|
| | Number of unit holders | Number of units | Investment amount | Percentage investment |
| | | | (Rupees in '000) | % |
| Individuals | 1,979 | 69,649,983 | 3,780,793 | 39.40 |
| Retirement funds | 73 | 43,131,782 | 2,341,312 | 24.40 |
| Others | 21 | 6,289,777 | 341,426 | 3.56 |
| Associated Company | 3 | 8,964,483 | 486,617 | 5.07 |
| Other Corporates | 21 | 34,167,809 | 1,854,723 | 19.33 |
| Asset Management Company | 1 | 7,152,428 | 388,253 | 4.05 |
| Foreign Individual | 12 | 49,945 | 2,711 | 0.03 |
| Insurance Companies | 11 | 7,359,974 | 399,520 | 4.16 |
| | 2,121 | 176,766,181 | 9,595,355 | 100 |

23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th and 176th meeting of the Board of Directors were held on August 9, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 3, 2022, February 08, 2022, March 10, 2022, April 13, 2022 and April 20, 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 / Director | 9 | 9 | 9 | 0 | - |
| Mr. Ahmed Jahangir | Director | 9 | 9 | 8 | 1 | 170th |
| Mr. Mirza Qamar Beg | Director | 9 | 9 | 9 | 0 | - |
| Syed Savail Meekal Hussain | Director | 9 | 9 | 8 | 1 | 170th |
| Mr. Kashif A. Habib | Director | 9 | 9 | 7 | 2 | 169th, 176th |
| Ms. Mavra Adil Khan | Director | 9 | 9 | 7 | 2 | 168th, 170th |
| Mr. Muhammad Saqib Saleem | Chief Executive Officer | 9 | 9 | 9 | 0 | - |

24. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

25. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

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

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.


For MCB-Arif Habib Savings and Investments Limited
(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 |
|---------------------|-----------------------|-------------------|
| 996 | A. 001-10,000 | 40,372 |
| 386 | B. 10,001 – 100,000 | 260,479 |
| 443 | C. 100,001 – 1000,000 | 3,503,496 |
| 400 | D. 1000,001 & Above | 55,240,673 |
| <u>2,225</u> | | <u>59,045,019</u> |

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

| Performance Information | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------------|------------|------------|------------|------------|
| Total Net Assets Value – Rs. in million | 3,210.0250 | 9,595.3546 | 2,103.3400 | 1,391.5310 | 1,519.0000 |
| Net Assets value per unit – Rupees | 54.3657 | 54.2828 | 54.2070 | 53.8234 | 56.3297 |
| Closing Offer Price | 55.5944 | 55.5096 | 55.4321 | 55.0398 | 57.6028 |
| Closing Repurchase Price | 54.3657 | 54.2828 | 54.2070 | 53.8234 | 56.3297 |
| Highest offer price per unit | 60.7626 | 59.4913 | 62.8085 | 59.4166 | 57.6028 |
| Lowest offer price per unit | 55.5410 | 54.7855 | 55.0580 | 55.0086 | 54.9843 |
| Highest Redemption price per unit | 59.4197 | 58.1765 | 61.4204 | 58.1035 | 56.3297 |
| Lowest Redemption price per unit | 54.3135 | 54.2148 | 53.8412 | 53.7929 | 53.7691 |
| Distribution per unit – Rs. * | 5.1073 | 3.9065 | 7.1414 | 4.3249 | - |
| Average Annual Return - % | | | | | |
| One year | 9.57 | 7.35 | 13.96 | 8.13 | 4.77 |
| Two year | 8.46 | 10.66 | 11.05 | 6.45 | 5.84 |
| Three year | 10.29 | 9.81 | 8.95 | 6.60 | 5.94 |
| Net Income for the year – Rs. in million | 611.3030 | 372.9311 | 212.0180 | 116.3810 | 69.6977 |
| Distribution made during the year – Rs. in million | 627.2130 | 366.1100 | 204.7820 | 156.2080 | - |
| Accumulated Capital Growth – Rs. in million | (15.9100) | 6.8211 | 7.2360 | (56.7400) | 69.6977 |
| Weighted average Portfolio Duration (years) | 2.8 | 0.58 | 1.6 | 1.5 | 1.9 |

*** Date of Distribution**

| 2022 | |
|---------------|--------|
| Date | Rate |
| June 24, 2022 | 5.1073 |

| 2021 | |
|---------------|--------|
| Date | Rate |
| June 25, 2021 | 3.9065 |

| 2020 | |
|---------------|--------|
| Date | Rate |
| June 26, 2020 | 7.1414 |

| 2019 | |
|---------------|--------|
| Date | Rate |
| June 27, 2019 | 4.3249 |
| July 4, 2018 | 2.5511 |

| 2018 | |
|------|------|
| Date | Rate |
| Nil | |

Disclaimer

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

MCB-Arif Habib Savings and Investments Limited

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

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

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