



MCB-ARIF HABIB  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2021**  
(UNAUDITED)

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



# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	Bank Alfalah Limited Habib Metropolitan Bank Limited MCB Bank Limited United Bank limited Zarai Taraqiati Bank Limited JS Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance Bank Limited U Microfinance Bank Limited Khushali Microfinance Bank Limited Tameer Microfinance Bank Limited Finca Microfinance Bank Limited First Microfinance Bank Limited National Bank of Pakistan Allied Bank Limited Faysal Bank Limited Bank Al Habib Limited Habib Bank Limited Silk Bank Limited Soneri Bank Limited	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

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## Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Asset Allocation Fund** accounts review for the nine months ended March 31, 2021.

## Economy and Money Market Review

The first nine months of fiscal year 2021 have been relatively stronger as economic activities resumed to a large extent though challenges from Covid continue to pose risks in the near term. The economic recovery has been better than expectations as stable interest rates and supportive financing schemes from SBP, amnesty to encourage construction sector, resumption in demand and continued strong inflow of remittances have supported economic growth. We therefore expect economic growth to be higher than estimates shared by multilateral agencies. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would also be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of about 18% over last year in the first nine months of FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of near 17% over last year in the first eight months of FY21 reflecting on the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 9.5% and 17% respectively over last year during the first nine months indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 7.9% in first seven months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 881 million in the first eight months of fiscal year compared to a deficit of USD 2,741 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances which grew at a stupendous rate of about 24% during the first eight months of this fiscal year. Foreign exchange reserves of central bank saw an increase of about USD 2.2 billion during the first eight months due to improved balance of payment position. Subsequently, the PKR/USD appreciated by about 9% during the period.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.4% over last year during the first nine months, with food inflation averaging about 13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.1% for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 10% during the first nine months of the fiscal year which exceeded the target by PKR 100 bn. Fiscal deficit for the first seven months of the period clocked in at 2.9% of GDP, compared to 3.2% of GDP last year. Primary balance was even better at a surplus of 0.9% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 182 bps, 175 bps and 173 bps respectively during the period.

## Equity Market Review

After showing strong positive momentum during the first half of this fiscal year, market performance could not display the same riveting momentum and remained dull during the third quarter of this fiscal year. The index posted a return of 1.9% during the third quarter of this fiscal year, taking the cumulative return of nine months to 29.5%. Local investors absorbed foreign investors selling of about USD 290mn. Trading activity at the bourse increased on a YoY basis as the average volumes and value traded amounted to near 483 Million shares (up 149%) and about PKR 19 Billion (up 165%) respectively.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

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Tech, Refineries and Steel were the major outperformers as they posted returns of 326%/145%/97% respectively during the nine months of the fiscal year. Tech companies saw a massive re-rating in their valuations as investor cherished the changing landscape of tech companies post Covid. Steel sector gained traction during period after a sharp increase in construction demand and prices sent their stocks soaring. Moreover, rumors of a guaranteed rate of return for refineries drove sector returns during the period. On the flip side, Fertilizer remained the major underperformer posting nominal returns of 8% only.

### FUND PERFORMANCE

The fund posted a return of 20.40% during the period under review against the benchmark return of 22.41%. The fund has gradually decreased exposure in equities which reached to 84.1% by the end of March, 2021 and at the same time it increased the exposure in cash to 14.0% at the end of March, 2021.

On the equity side, the fund was mainly invested in Commercial Banks and Cement.

The Net Assets of the Fund as at March 31, 2021 stood at Rs. 1,019 million as compared to Rs. 1,299 million as at June 30, 2020 registering an decrease of 21.56%. The Net Asset Value (NAV) per unit as at March 31, 2021 was Rs. 82.6885 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 14.0088 per unit.

### Economy & Market – Future Outlook

GDP growth for FY21 is now projected at around 3% by central bank. We expect GDP growth to be better than general consensus of government and institutions as industrial growth has revived much earlier than our anticipation. Generally, economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc.

Balance of Payment worries are at bay for the near term with current account deficit expected to be about USD 1.1 bn for this fiscal year. We expect Current Account Deficit to settle near 0.4% of GDP in FY21 which could be easily financed from foreign investments and debt flows. However, the recent surge in commodity prices and growth momentum would require better financial management to fund the current account deficit over next year. Any reversal in trend of remittances would also be a concern for Balance of Payment management next year. With Real Effective Rate for Feb-2021 at 97.1 any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. Continuation of the IMF program is a good omen which would allow better financial flows from various institutions allowing better financial management. We expect foreign exchange reserves to further increase by about USD 2.7 bn from current levels by year end.

Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 9.1%. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring more certainty in investor expectations. The central authority vowed to keep the existing accommodative monetary policy stance to support recovery while keeping inflation expectations well anchored. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

From capital market perspective, particularly equities, markets are watchful of the 3rd wave of Covid cases which do pose risks in the near term. As growth momentum continues, the valuations are catching up with historical norms. Barring any external shock, we think equities have potential to provide decent returns to investors. Given that low interest rate environment is likely to continue for the short to medium term, we believe equities will continue to attract flows. Risk premiums vis a vis 10-year bonds is right now at 3.3%, compared to historical average of 1.3% suggesting some upside due to re-rating would be possible. Alongside, earnings growth will be a key driver for the next few years as they have lagged behind nominal GDP growth during the last couple of years. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

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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 28.6% to PKR 954 billion at the end of the first nine months of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 33% during the period to PKR 418 billion. Within the money market sphere, the conventional funds dominated as they grew by about 31% to PKR 271 billion. Equity and related funds surged rapidly by 27% from PKR 224 billion to PKR 284 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up ~29% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 26% as at the end of the calendar year.

### Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### ACKNOWLEDGMENT

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

On behalf of Directors,



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Muhammad Saqib Saleem  
Chief Executive Officer  
April 16, 2021



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Nasim Beg  
Director/Vice Chairman

## ڈائریکٹرز رپورٹ

میو چل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہمیں اُمید ہے کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر

16 اپریل 2021



## ڈائریکٹر رپورٹ

فروری 2021ء کاربنل افسیکٹو ریٹ 97.1 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پروگرام کا جاری رہنا اچھا شگون ہے جس کی بدولت متعدد اداروں سے بہتر مالیاتی آمدات ممکن ہوگی اور اس کے نتیجے میں بہتر مالیاتی انتظام ممکن ہوگا۔ غیر ملکی زرمبادلہ کے ذخائر میں اختتام مدت تک موجودہ سطحوں کے مقابلے میں تقریباً 2.7 بلین ڈالر کا مزید اضافہ متوقع ہے۔

افراط زر ہماری سابقہ توقعات سے آگے نکل گئی ہے کیونکہ اشیاء خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 9.1 فیصد متوقع ہے۔ مرکزی بینک نے پہلی مرتبہ قریب المیاد میں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے گنجائش پیدا کرنے والی موجودہ مالیاتی پالیسی کا موقف برقرار رکھنے کا عزم کیا تاکہ وصولی کے لیے معاونت فراہم ہو، جبکہ افراط زر کی توقعات کو قابو میں رکھا۔ مرکزی بینک کی راہنمائی کے پیش نظر اب ہمیں اُمید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، مارکیٹس کو ڈی تیسری لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں کیونکہ اس سے قریبی مدت میں خطرات لاحق ہیں۔ ترقی کی رفتار تیز تر ہونے کے ساتھ valuations بتدریج چرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ ہمارے مطابق کوئی خارجی دھچکہ نہ لگے تو ایکویٹیز میں سرمایہ کاروں کو اچھا منافع دینے کی استعداد موجود ہے۔ اگر سود کی پست شرحوں کا ماحول مختصر اور درمیانی مدت کے دوران قائم رہے تو ہم سمجھتے ہیں کہ ایکویٹیز آمدات کو مائل کرنے کا سلسلہ جاری رکھیں گی۔ دس سالہ بانڈز سے متعلق خطرات کے پریمنیم فی الوقت 3.3 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ ری ریٹنگ کی بدولت کچھ فائدہ متوقع ہے۔ ساتھ ساتھ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا کیونکہ گزشتہ کچھ برسوں کے دوران آمدنیاں جی ڈی پی کی معمولی ترقی سے بھی پیچھے رہی ہیں۔ ہم سمجھتے ہیں کہ شعبہ جات اور اسٹاک کی خورد و تصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

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

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2021ء کے ابتدائی نو ماہ کے اختتام پر تقریباً 28.6 فیصد بڑھ کر 954 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 33 فیصد بڑھ کر 418 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 31 فیصد بڑھ کر 271 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سہ ماہی 27 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 284 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 29 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 26 فیصد کے حامل تھے۔

## ایکویٹی مارکیٹ کا جائزہ

موجودہ مالی سال کی تیسری سہ ماہی کے دوران مارکیٹ کی کارکردگی وہ مستحکم اور مثبت رفتار جاری نہیں رکھ سکی جس کا مظاہرہ مالی سال کے نصف اول کے دوران ہوا تھا۔ انڈیکس نے تیسری سہ ماہی کے دوران 1.9 فیصد منافع پوسٹ کیا جس کے بعد نو ماہ کا مجموعی منافع 29.5 فیصد تک پہنچ گیا۔ مقامی سرمایہ کاروں نے غیر ملکی سرمایہ کاروں کی تقریباً 290 ملین ڈالر کی فروخت کو جذب کر لیا۔ اسٹاک مارکیٹ کی تجارتی سرگرمی میں سال در سال (YoY) بنیاد پر اضافہ ہوا کیونکہ تجارت کردہ اوسط حجم تقریباً 483 ملین حصص (149 فیصد زیادہ) اور تجارت کردہ اوسط قدر تقریباً 19 بلین روپے (165 فیصد زیادہ) تھی۔

ٹیکنالوجی، اسٹیل اور ریفرنسز ہدف سے بہتر کارکردگی کا مظاہرہ کرنے والے بڑے شعبے تھے جنہوں نے مالی سال کے نو ماہ کے دوران بالترتیب 326 فیصد، 145 فیصد اور 97 فیصد منافع پوسٹ کیا۔ ٹیکنالوجی کمپنیوں کی قدر کی بڑے پیمانے پر تشکیل نسو ہوئی کیونکہ سرمایہ کاروں نے ٹیکنالوجی کمپنیوں کی بعد از کووڈ بدلتی ہوئی صورتحال کا خیر مقدم کیا۔ اسٹیل کے شعبے نے رفتار پکڑی کیونکہ تعمیراتی مانگ اور قیمتوں میں تیزی سے اضافے کے بعد ان کے اسٹاکس نے بھرپور ترقی کی۔ علاوہ ازیں، ریفرنسز کے لیے یقینی شرح منافع کی افواہوں نے دوران مدت اس شعبے کے منافع کو محرک فراہم کیا۔ دوسری جانب، کھاد کا شعبہ ہدف سے کم کارکردگی کا مظاہرہ کرنے والا بڑا شعبہ تھا جس نے صرف 8 فیصد منافع پوسٹ کیا۔

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 20.40 فیصد منافع حاصل کیا جبکہ اس کے بالمقابل مقررہ معیار 22.41 فیصد تھا۔ فنڈ کی ایکویٹیز میں شمولیت میں بتدریج کمی کی گئی جو مارچ 2021ء کے اختتام تک 84.1 فیصد تھی، جبکہ نقد میں شمولیت میں اضافہ کیا گیا جو مارچ 2021ء کے اختتام تک 14.0 فیصد تھی۔

ایکویٹی کی جہت میں فنڈ کی اکثر سرمایہ کاری کمرشل بینکوں اور سیمنٹ کے شعبے میں تھی۔

31 مارچ 2021ء کو فنڈ کے net اثاثہ جات 1,109 ملین روپے تھے جبکہ 30 جون 2020ء کو 1,299 ملین روپے تھے (یعنی net اثاثہ جات میں 21.56 فیصد کمی ہوئی)۔

31 مارچ 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 82.6885 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی، جو کہ 68.6797 روپے فی یونٹ تھی، کے مقابلے میں 14.0088 روپے فی یونٹ اضافہ ہے۔

## معیشت اور بازار - مستقبل کے امکانات

مرکزی بینک کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 3 فیصد ترقی متوقع ہے۔ ہمیں اُمید ہے کہ جی ڈی پی کی ترقی حکومت اور اداروں کے عمومی اتفاق رائے سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری توقعات سے کافی قبل بحال ہوگئی ہے۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں کے قریب سرگرم عمل ہے جس کا اندازہ ایل ایس ایم کی ترقی اور سیمنٹ اور آٹو موٹو بائیل کے شعبے کی فروخت کے ذریعے لگایا جاسکتا ہے۔

ادائیگیوں کے توازن کی پریشانیوں قریب المیہ ختم ہوگئی ہیں کیونکہ موجودہ مالی سال کے لیے کرنٹ اکاؤنٹ کا متوقع خسارہ تقریباً 1.1 بلین ڈالر ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 0.4 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم اشیاء کی قیمتوں اور ترقی کی رفتار میں حالیہ اضافے کے باعث اگلے سال کے دوران کرنٹ اکاؤنٹ خسارے کے لیے مالیات کی فراہمی کے لیے بہتر مالیاتی انتظام درکار ہے۔ ترسیلات زر کے رجحان میں ذرا بھی واپسی کے باعث اگلے سال ادائیگی کے توازن کے انتظام میں رکاوٹ حائل ہو سکتی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان ایسیٹ ایلوکیشن فنڈ کے اکاؤنٹس کا جائزہ برائے نو ماہ مختتمہ 31 مارچ 2021ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2021ء کے ابتدائی نو ماہ مستحکم رہے کیونکہ معاشی سرگرمیاں کافی حد تک بحال ہوئیں اگرچہ قریب المیاد میں کووڈ کے باعث پیدا ہونے والی مشکلات کے باعث خطرات ابھی بھی لاحق ہیں۔ معاشی بحالی توقعات سے بہتر رہی کیونکہ سود کی مستحکم شرحوں اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیموں، تعمیرات کے شعبے کی حوصلہ افزائی کے لیے رعایات، مانگ میں بحالی، اور ترسیلات زر کی مسلسل آمد سے معاشی ترقی کو سہارا ملا ہے۔ چنانچہ ہمیں اُمید ہے کہ معاشی ترقی کثیر الجہتی ایجنسیوں کے پیش کردہ تخمینوں سے بلند تر ہوگی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کووڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردش شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

سیمنٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو مالی سال 2021ء کے ابتدائی نو ماہ میں سال گزشتہ سے 18 فیصد زیادہ تھی۔ 2 اور 3 پھپھوں والے پینٹس کی فروخت میں بھی مزید متاثر کن ترقی ہوئی جو مالی سال 2021ء کے ابتدائی آٹھ ماہ میں سال گزشتہ سے تقریباً 17 فیصد زیادہ تھی جس سے معیشت کی لچک کی عکاسی ہوتی ہے۔ اسی طرح ابتدائی نو ماہ کے دوران پٹرول اور ڈیزل کی طلب میں بھی سال گزشتہ کے مقابلے میں بالترتیب تقریباً 9.5 فیصد اور 17 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) میں موجودہ مالی سال کے ابتدائی سات ماہ میں 7.9 فیصد ترقی ہوئی ہے جس میں گردش شعبے سب سے آگے رہے ہیں۔

مالی سال کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ میں 881 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,741 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات زر میں اضافہ تھا جن میں مالی سال کے ابتدائی آٹھ ماہ کے دوران 24 فیصد کی زبردست شرح سے ترقی ہوئی۔ مرکزی بینک کے زیرِ مبادلہ کے ذخائر میں ابتدائی آٹھ ماہ کے دوران تقریباً 2.2 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔ بعد ازاں، پاکستانی روپے / امریکی ڈالر میں دورانِ مدت تقریباً 9 فیصد ترقی ہوئی۔

افراط زر حکومت کی دیکھتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط ابتدائی نو ماہ کے دوران 8.4 فیصد تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دورانِ مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.1 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے درپے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کووڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے ابتدائی نو ماہ کے دوران 10 فیصد اضافہ ہوا جو ہدف سے 100 بلین روپے زیادہ تھا۔ ابتدائی سات ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 2.9 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 3.2 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.9 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

مہنگائی کے بعد سرمایہ کاروں کو مایوس کرنے کے بعد پیداوار کی قیمت میں اضافی ہونا شروع ہوا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ ایم پی سی کے مینٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا نجلی سطح میں آنا متوقع تھا۔ دورانِ مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 182، 175 اور 173 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021

	Note	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2020
<b>ASSETS</b>			
Bank balances	4	150,502	198,319
Investments	5	905,199	1,290,075
Dividend and profit receivable		9,028	10,374
Receivable against sale of investments		5,708	12,868
Receivable from National Clearing Company of Pakistan Limited		1,134	3,737
Advances, deposits, prepayments and other receivables		4,259	3,117
<b>Total assets</b>		<b>1,075,830</b>	<b>1,518,490</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	5,157	6,738
Payable to Central Depository Company of Pakistan Limited - Trustee		192	212
Payable to Securities and Exchange Commission of Pakistan		199	300
Payable against redemption of units		31	31
Payable against purchase of investments		-	165,692
Accrued expenses and other liabilities	7	51,217	46,037
<b>Total liabilities</b>		<b>56,796</b>	<b>219,010</b>
<b>NET ASSETS</b>		<b>1,019,034</b>	<b>1,299,480</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,019,034</b>	<b>1,299,480</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>12,323,768</b>	<b>18,920,867</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>82.6885</b>	<b>68.6797</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

		Nine Months Ended		Quarter ended	
		March 31,		March 31,	
Note		2021	2020	2021	2020
		----- (Rupees in '000) -----			
<b>INCOME</b>					
Income from government securities		7,449	18,570	2,002	5,714
Capital gain on sale of investments - net		274,007	9,344	151,790	(74,198)
Income from term finance certificates		574	21,529	(1)	4,626
Income from commercial papers		-	1,589	-	-
Dividend income		34,603	43,990	17,699	11,682
Profit on bank deposits		4,650	17,724	1,369	2,128
Unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss' - net		8,914	(249,627)	(134,787)	(285,016)
Other income		867	241	613	77
<b>Total income</b>		<b>331,064</b>	<b>(136,641)</b>	<b>38,685</b>	<b>(334,988)</b>
<b>EXPENSES</b>					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company		21,777	23,772	7,544	7,117
Sindh Sales Tax on remuneration of Management Company		2,831	3,090	981	925
Allocated expenses		996	1,189	284	356
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,745	1,940	529	605
Sindh Sales Tax on remuneration of Trustee		227	252	69	78
Annual fee to Securities and Exchange Commission of Pakistan		199	238	57	71
Selling and marketing expenses		11,084	11,697	1,833	4,627
Brokerage and settlement charges		9,783	6,879	4,064	2,453
Legal and professional charges		101	43	33	(49)
Auditors' remuneration		569	622	207	209
Other expenses		559	514	60	205
<b>Total expenses</b>		<b>49,871</b>	<b>50,235</b>	<b>15,661</b>	<b>16,596</b>
<b>Net income from operating expenses</b>		<b>281,193</b>	<b>(186,876)</b>	<b>23,024</b>	<b>(351,583)</b>
Provision against Sindh Workers' Welfare Fund	7.1	5,624	-	460	(3,294)
<b>Net Income for the period before taxation</b>		<b>275,569</b>	<b>(186,876)</b>	<b>22,563</b>	<b>(348,289)</b>
Taxation	9.	-	-	-	-
<b>Net income/(loss) for the period after taxation</b>		<b>275,569</b>	<b>(186,876)</b>	<b>22,563</b>	<b>(348,289)</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		275,569	-		
Income already paid on units redeemed		(137,491)	-		
		<b>138,078</b>	<b>-</b>		
<b>Accounting income available for distribution</b>					
Relating to capital gains		138,078			
Excluding capital gains		-			
		<b>138,078</b>	<b>-</b>		

Earnings per unit

10

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

	Nine Months Ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	(Rupees in '000)			
Net income for the period after taxation	275,569	(186,876)	22,563	(348,289)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>275,569</b>	<b>(186,876)</b>	<b>22,563</b>	<b>(348,289)</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine Months Ended					
	2021			2020		
	(Rupees in '000)					
	Capital Value	Accumulated Losses	Total	Capital Value	Accumulated Losses	Total
Net assets at beginning of the period	2,506,806	(1,207,326)	1,299,480	3,214,410	(1,166,565)	2,047,845
Issue of 3,410,574units (2020: 713,614 units)						
- Capital value (at net asset value per unit at the beginning of the period)	234,237	-	234,237	50,830	-	50,830
- Element of income	38,849	-	38,849	1,628	-	1,628
	273,086	-	273,086	52,458	-	52,458
Redemption of 10,007,673 units (2020: 11,471,754 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(687,324)	-	(687,324)	(817,127)	-	(817,127)
- Element of income	(4,286)	(137,491)	(141,777)	(4,367)	-	(4,367)
	(691,610)	(137,491)	(829,101)	(821,493)	-	(821,493)
Total comprehensive income for the period	-	275,569	275,569	-	(186,876)	(186,876)
Net assets at end of the period	2,088,282	(1,069,248)	1,019,034	2,445,375	(1,353,441)	1,091,934
Undistributed loss brought forward						
- Realised		(1,136,554)			(853,369)	
- Unrealised		(70,772)			(313,196)	
		(1,207,326)			(1,166,565)	
Accounting income available for distribution						
- Relating to capital gains	138,078			(186,876)		
- Excluding capital gains	-			-		
	138,078			(186,876)		
Undistributed loss carried forward		(1,069,248)			(1,353,441)	
Undistributed loss carried forward						
- Realised		(1,078,162)			(1,103,814)	
- Unrealised		8,914			(249,627)	
		(1,069,248)			(1,353,441)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		68.6797			71.2294	
Net assets value per unit at end of the period		82.6885			60.6905	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine Months ended March 31,	
	2021	2020
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the period before taxation	275,569	(186,876)
<b>Adjustments for non cash and other items:</b>		
Unrealised (appreciation) in fair value of investments classified as 'at fair value through profit or loss' - net	(8,914)	249,627
Provision against Sindh Workers' Welfare Fund	5,624	-
Dividend Income	(34,603)	-
	<u>237,676</u>	<u>62,751</u>
<b>(Increase) / decrease in assets</b>		
Investments	393,790	295,494
Dividend and profit receivable	2,006	12,538
Receivable against sale of investments	7,160	130,769
Receivable from National Clearing Company of Pakistan Limited	2,603	-
Advances, deposits, prepayments and other receivables	(1,142)	(12,964)
	<u>404,417</u>	<u>425,837</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(1,581)	279
Payable to Central Depository Company of Pakistan Limited - Trustee	(20)	(97)
Payable to Securities and Exchange Commission of Pakistan	(101)	(2,527)
Payable on redemption of units	-	(32,339)
Payable against purchase of investments	(165,692)	7,300
Accrued expenses and other liabilities	(444)	38
	<u>(167,838)</u>	<u>(27,347)</u>
Dividend received	33,943	-
<b>Net cash generated from (used in) operating activities</b>	<u>508,198</u>	<u>461,242</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	273,086	52,458
Payments against redemption of units	(829,101)	(821,493)
<b>Net cash used in financing activities</b>	<u>(556,015)</u>	<u>(769,035)</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<u>(47,817)</u>	<u>(307,794)</u>
Cash and cash equivalents at beginning of the period	198,319	416,769
<b>Cash and cash equivalents at end of the period</b>	<u>150,502</u>	<u>108,975</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management has been changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 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).
- 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 located at Adamjee House, MCB-AH Savings, 2nd Floor, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorized as an "Asset Allocation" 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 100 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 Pakistan Credit Rating Agency Limited (PACRA) has assigned the asset manager a rating of "AM1" on October 06, 2020.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6 During the current period, the Trust Act, 1882 has been repealed and provincial trust acts have been issued in consequence to the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirements under the relevant trust acts have been introduced. The Management Company in consultation with the MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

**2.1.2** 'This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2020. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2021 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2020, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2020.

**2.1.3** 'The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

**2.1.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.

**2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

**3.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2020.

		(Un-audited) March 31, 2021 --- (Rupees in '000) ---	(Audited) June 30, 2020
<b>4 BANK BALANCES</b>	<b>Note</b>		
Savings accounts	4.1	148,109	191,479
Current accounts	4.2	2,393	6,840
		<u>150,502</u>	<u>198,319</u>

**4.1** These carry profit at the rates ranging between 5.50% to 7.60% (June 30, 2020: 5.50% to 7.83% ) per annum. It includes bank balance of 0.031 (June 30, 2020: Rs 0.226 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.50% (June 30, 2020: 5.50%) per annum.

**4.2** This represents bank balance maintained with MCB Bank Limited, (a related party).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>5 INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Listed equity securities - Ordinary Shares	5.1.1	<b>882,999</b>	897,535
Listed equity securities - Preference Shares	5.1.1.3	<b>22,200</b>	-
Sukuk Certificates - listed	5.1.2	-	36,819
Government securities - Market Treasury Bills	5.1.3	-	149,592
Government securities - Pakistan Investment Bonds	5.1.4	-	105,229
Government securities - Pakistan Investment Bonds - Floating Rate Bond	5.1.5	-	100,900
Government of Pakistan (GoP) Ijara sukuks	5.1.6	-	-
		<b>905,199</b>	1,290,075

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

**5.1 Financial assets 'at fair value through profit or loss'**

**5.1.1 Listed equity securities - Ordinary Shares**

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

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at March 31, 2021	As at March 31, 2021			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 appreciation / (diminution)			
(Rupees in '000)											
Automobile Assembler											
Indus Motors Company Limited	-	51,000	-	3,200	47,800	57,215	55,259	(1,956)	0.05	6.10	0.06
Mililat Tractors Limited	-	1,160	-	1,160	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	18,000	-	18,000	-	-	-	-	-	-	-
Sazgar Engineering Works	-	38,500	-	38,500	-	-	-	-	-	-	-
						57,215	55,259	(1,956)			
Automobile Parts and Accessories											
Agriauto Industries Limited	-	150,000	-	-	150,000	35,611	32,150	(3,461)	0.03	3.55	0.52
Panther Tyres Limited	-	213,630	-	-	213,630	14,057	13,768	(288)	0.01	1.52	0.15
Thal Limited	98,900	-	-	33,500	65,400	21,251	24,072	2,821	0.02	2.66	0.08
						70,919	69,990	(928)			
Cable and Electrical Goods											
Pak Elektron Limited	-	970,000	-	970,000	-	-	-	-	-	-	-
Cement											
Cherat Cement Company Limited	-	280,000	-	280,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	-	800,170	-	638,000	162,170	19,131	19,543	412	0.02	2.16	0.04
Fauji Cement Company Limited	1,500,000	1,825,000	-	2,585,000	740,000	17,072	16,887	(185)	0.02	1.87	0.05
Lucky Cement Limited	172,409	213,189	-	283,232	102,366	64,913	83,693	18,780	0.08	9.25	0.03
Maple Leaf Cement Factory Limited	500,000	2,631,000	-	2,128,000	1,003,000	44,553	44,934	381	0.04	4.96	0.09
Pioneer Cement Limited	-	686,500	-	686,500	-	-	-	-	-	-	-
Power Cement Limited*	-	1,375,000	-	475,000	900,000	10,003	8,289	(1,714)	0.01	0.92	0.08
						155,673	173,347	17,673			
CHEMICALS											
Archroma Pakistan Limited	-	5,000	-	-	5,000	3,200	2,860	(340)	0.00	0.32	0.01
Engro Polymer and Chemicals Limited	994,036	674,000	-	1,668,000	36	1	2	1	0.00	0.00	-
ICI Pakistan Limited	-	18,000	-	18,000	-	-	-	-	-	-	-
						3,201	2,862	(339)			
Commercial Banks											
Allied Bank Limited	467,800	-	-	467,800	-	-	-	-	-	-	-
Bank Alfalah Limited	-	3,250,000	-	2,020,000	1,230,000	45,261	37,490	(7,770)	0.04	4.14	0.07
Bank AlHabib Limited	854,409	791,300	-	954,000	691,709	45,095	44,989	(106)	0.04	4.97	0.06
Bank Of Punjab	-	3,113,500	-	3,113,500	-	-	-	-	-	-	-
Faysal Bank Limited	34,100	350,000	-	384,100	-	-	-	-	-	-	-
Habib Bank Limited	414,900	840,000	-	804,502	450,398	55,291	52,327	(2,964)	0.05	5.78	0.03
Habib Metropolitan Bank Limited	827,000	-	-	825,500	1,500	42	54	12	0.00	0.01	-
MCB Bank Limited*	264,205	365,000	-	628,519	686	118	118	(0)	0.00	0.01	-
Meezan Bank Limited	-	200,000	-	-	200,000	22,940	22,636	(304)	0.02	2.50	0.01
Samba Bank Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
United Bank Limited	652,640	868,250	-	886,613	634,277	77,237	75,441	(1,796)	0.07	8.33	0.05
						245,984	233,055	(12,928)			







**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

Tenor	Issue date	Face value				As at March 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at March 31, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Rupees in 000)										
12 months										
12 months	September 12, 2019	-	100,000	-	-	-	-	-	-	-
12 months	September 26, 2019	-	1,825,000	-	-	-	-	-	-	-
12 months	October 10, 2019	-	2,150,000	-	-	-	-	-	-	-
12 months	November 21, 2019	-	150,000	-	-	-	-	-	-	-
12 months	August 16, 2019	-	200,000	-	-	-	-	-	-	-
12 months	December 19, 2019	-	7,250,000	-	-	-	-	-	-	-
12 months	December 5, 2019	-	1,500,000	-	-	-	-	-	-	-
12 months	November 7, 2019	-	50,000	-	-	-	-	-	-	-
12 months	October 24, 2019	-	688,915	-	-	-	-	-	-	-
As at March 31, 2021										
						-	-	-		
						149,547	149,592	45		
As at June 30, 2020										

**5.1.4 Government securities - Pakistan Investment Bonds**

Particulars	Issue date	Face value				As at March 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at March 31, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Rupees in 000)										
3 years	September 19, 2019	-	150,000	-	-	-	-	-	-	-
5 years	July 12, 2018	-	100,000	-	-	-	-	-	-	-
5 years	October 15, 2020	-	350,000	-	-	-	-	-	-	-
5 years	September 19, 2019	100,000	1,000,000	-	-	-	-	-	-	-
As at March 31, 2021						-	-	-		
As at June 30, 2020						105,146	105,229	83		



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

**5.1.5 Government securities - Pakistan Investment Bonds - Floating Rate Bond**

Tenor	Issue date	Face value			As at March 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at March 31, 2021	Carrying value	Unrealised appreciation / (diminution)		
(Rupees in 000)									
10 years	July 25, 2019	100,000	100,000	200,000	-	-	-	-	
3 years	June 18, 2020	-	375,000	375,000	-	-	-	-	
As at March 31, 2021								-	-
As at June 30, 2020								101,996	100,900 (1,096)

**5.1.6 Government of Pakistan (GoP) Ijara sukuks**

Tenor	Issue date	Face Value			As at March 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at March 31, 2021	Carrying value	Unrealised appreciation / (diminution)		
5 years	July 29, 2020	-	62,500		62,500	-	-	-	-
<b>Total As at March 31, 2021</b>									
						-	-	-	-
<b>Total as at June 30, 2020</b>									
						-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

		(Un-audited) March 31, 2021	(Audited) 30 June 2020
		(Rupees in '000)	
<b>6. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable		2,794	2,084
Sindh sales tax payable on management remuneration		363	271
Sales load payable		82	246
Payable against allocated expenses		85	104
Payable against selling and marketing expenses		1,833	4,033
		<b>5,157</b>	<b>6,738</b>
		(Un-audited) March 31, 2021	(Audited) June 30, 2020
		(Rupees in '000)	
	Note		
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	7.1	14,697	9,073
Provision for Federal Excise Duty and related tax on	7.2		
- Management fee		19,027	19,027
- Sales load		16,173	16,173
Auditors' remuneration payable		347	558
Brokerage payable		665	946
Capital gain tax		59	2
Others		249	258
		<b>51,217</b>	<b>46,037</b>

**7.1 Provision for Sindh Workers' Welfare Fund (SWWF)**

There is no change in the status of the SWWF as reported in the audited annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2021 would have been higher by Re. 1.1926 per unit (June 30, 2020 Re. 0.4796 per unit).

**7.2 Federal Excise Duty on remuneration to the Management Company**

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual audited financial statements of the Fund for the year ended June 30, 2020. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2021 would have been higher by Rs. 1.5439 per unit (June 30, 2020: Re. 1.0056 per unit).

**8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at March 31, 2021 (June 30, 2020: Nil).

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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### 9. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 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 intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial information.

### 10. EARNINGS PER UNIT

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

### 11. EXPENSE RATIO

The total annualised expense ratio of the Fund from July 1, 2020 to March 31, 2021 is 5.57% (March 31, 2020 4.22%) and this includes 0.89% (March 31, 2020 0.3%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc.

### 12. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

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

	For the nine months ended March 31, 2021				
	As at July 1, 2020	Issued for cash	Redeemed	As at March 31, 2021	As at March 31, 2021
	Units				
<b>Associated companies / undertakings</b>					
Adamjee Life Assurance Company Limited (NUIL Fund)	551,649	-	234,326	317,323	45,615
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	28,189	2,331
Adamjee Life Assurance Company Limited. IMF	5,453,035	959,381	4,558,881	1,853,535	450,904
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	35,028	2,896
Adamjee Life Assurance Company Limited - Dgf	-	14,358	-	14,358	-
<b>Mandate Under Discretionary Portfolio Services</b>	430,757	367,910	257,986	540,681	35,619
<b>Key management personnel</b>	0	6,449	6,449	0	0
					507
					1,187
					44,708

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

	For the nine months ended March 31, 2020				
	As at July 1, 2019	Issued for cash	Redeemed	As at March 31, 2020	As at March 31, 2020
	Units				
<b>Associated companies / undertakings</b>					
Adamjee Life Assurance Company Limited (NUIL Fund)	386,879	164,770	-	551,649	27,567
Adamjee Life Assurance Company Limited. Employees Gratuity Fund	28,189	-	-	28,189	2,008
Adamjee Life Assurance Company Limited. IMF	5,453,035	-	-	5,453,035	388,417
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	35,028	-	-	35,028	2,495
Adamjee Life Assurance Company Limited-Employees Gratuity Fund	28,189	-	-	28,189	-
<b>Mandate Under Discretionary Portfolio Services</b>	74,401	69,367	143,768	-	5,300
<b>Directors and Key management personnel</b>	7	-	7	-	0
					1
					-

\* This reflects the position of related party / connected persons status as at March 31, 2020.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

## 12.2 Details of transactions with the related parties / connected persons during the period are as follows:

	(Un-audited) March 31, 2021	(Un-Audited) March 31, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company (including indirect taxes)	24,608	26,862
Allocated expenses	996	1,189
Selling and marketing expenses	11,084	11,697
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	1,972	2,192
CDC settlement charges	175	146
<b>MCB Bank Limited - holding company of the Management Company</b>		
Purchase of shares 365,000 (2020: 414,205)	62,870	48,459
Sale of shares 628,519 (2020: 629,300)	115,177	94,699
Dividend income	10	14
Profit on bank balances	4	41
Bank charges	7	13
Sale of securities Face Value 2020: 50M (2020: 850)	106,348	282,204
<b>D. G. Khan Cement Company Limited</b>		
Purchase of shares 800,170 (2020: 685,000)	87,419	47,771
Sale of shares 638,000 (2020: 685,000)	67,595	20,179
<b>Lalpir power limited</b>		
Purchase of shares 1,800,000 (2020: Nil)	23,400	-
Sale of shares 1,095,000 (2020: Nil)	18,152	-
Dividend income	1,540	-
<b>Pakgen power limited</b>		
Purchase of shares 292,500 (2020: Nil)	4,751	-
Sale of shares 292,500 (2020: Nil)	6,081	-
<b>Adamjee Insurance Company Limited</b>		
Purchase of Shares Nil (2020: 760,000)		16,625
Sale of shares 746,000 (2020: 295,000 )	32,876	12,046
Dividend income	879	295
<b>Arif Habib Limited</b>		
Sale of shares Nil (2020: 312,000)	-	10,949
Brokerage expense *	456	395
<b>Next Capital Limited</b>		
Brokerage expense *	44	182
<b>Aisha Steel Mills</b>		
Purchase of Shares 2,446,500 (2020: Nil)	38,241	-
Sale of shares 2,446,500 (2020: Nil)	53,785	-
<b>Power Cement Limited</b>		
Purchase of Shares 1,375,000 (2020: Nil)	15,283	-
Sale of shares 475,000 (2020: Nil)	5,140	-
<b>Nishat Mills Limited</b>		
Purchase of Shares 265,000 (2020: NIL )	28,622	-
Sale of shares 265,000 (2020: 1,100)	30,589	71
<b>Nishat Chunian Limited</b>		
Sale of shares Nil (2020: 250,000 )	-	9,403

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
<b>12.3 Amount outstanding as at period end / year end</b>	<b>----- (Rupees in '000) -----</b>	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	2,794	2,084
Sindh sales tax payable on management remuneration	363	271
Sales load payable	82	246
Payable against allocated expenses	85	104
Payable against selling and marketing expenses	1,833	4,033
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	170	188
Sindh Sales Tax payable on trustee remuneration	22	24
Security deposits	100	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	2,430	7,066
Shares held by the Fund 686 (June 2020: 264,205 shares)	118	42,820
<b>Arif Habib Limited</b>		
Brokerage payable *	31	43
<b>D.G. Khan Cement Company Limited</b>		
162,170 shares held by the Fund	19,543	-
<b>Lalpir power limited</b>		
705,000 shares held by the Fund	12,084	
<b>Power Cement Limited</b>		
900,000 shares held by the Fund	8,289	-
<b>Adamjee Insurance Company Limited</b>		
14,000 shares held by the Fund	549	-

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

## 13 CORRESPONDING FIGURES

13.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

13.2 Certain prior period's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are material re-arrangements / re-classifications to report.

## 14 COVID-19

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, stay-at-home or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

### 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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).

### 16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company in the meeting held on April 16, 2021.

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



Chief Executive Officer



Chief Financial Officer



Director

**MCB-Arif Habib Savings and Investments Limited**

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