



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

MARCH
2021
(UNAUDITED)

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



PAKISTAN INCOME ENHANCEMENT FUND

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FUND'S INFORMATION

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

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Income Enhancement 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 deficit 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.35% against its benchmark return of 7.88%.

WAM of fund stood at 1.4 years. The fund was mainly invested in Cash & TFCs.

At period-end, the fund was 50.0% invested in Cash, 21.5% in TFCs. The Net Assets of the fund as at March 31, 2021 stood at Rs. 652 million as compared to Rs. 707 million as at June 30, 2020 registering a decrease of 7.78%.

The Net Asset Value (NAV) per unit as at March 31, 2021 was Rs. 56.8694 as compared to opening NAV of Rs. 53.8942 per unit as at June 30, 2020 registering an increase of Rs. 2.9752 per unit.

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

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.

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 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.

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

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
April 16, 2021



Nasim Beg
Director/Vice Chairman

ڈائریکٹر رپورٹ

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 فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دورانِ 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 دورانِ 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۔


میوچل 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 سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے۔

اظہارِ تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابلِ 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 خراجِ تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر

16 اپریل 2021

ڈائریکٹر رپورٹ

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۔

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 7.35 فیصد تھا جبکہ اس کے بالمقابل مقررہ معیار 7.88 فیصد تھا۔ فنڈ کی بالوزن اوسط میچورٹی 1.4 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں تھی۔ اختتامِ مدت پر فنڈ کی سرمایہ کاری 50.0 فیصد نقد میں اور 21.5 فیصد ٹی ایف سی میں تھی۔

31 مارچ 2021ء کو فنڈ کے net اثاثہ جات 652 ملین روپے تھے جبکہ 30 جون 2020ء کو 707 ملین روپے تھے (یعنی net اثاثہ جات میں 7.78 فیصد کمی ہوئی)۔

31 مارچ 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 56.8694 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی، جو کہ 53.8942 روپے فی یونٹ تھی، کے مقابلے میں 2.9752 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 المیاد میں 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 بٹھرے گا، اور اس کے لیے مالیات کی فراہمی باآسانی غیر ملکی سرمایہ کاریوں 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۔

فروری 2021ء کا ریٹیل ایفیکٹو 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 اختتامِ 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 اشیائے 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 کاریوں 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 تا کہ 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۔

قرض حاملین 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

ڈائریکٹر زریورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم انہینسمنٹ فنڈ کے اکاؤنٹس کا جائزہ برائے نومبر 31 مارچ 2021ء پیش خدمت ہے۔

معیشت اور بازار زر 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 تمہینوں 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 گزشتہ شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

سینٹ 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 پہیوں والے یونٹس 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 گزشتہ 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 زرمبادلہ 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 دھکتی 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 در پے 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 منٹس 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 چلنی سطح

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

		March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	343,390	78,377
Investments	5	272,784	644,656
Mark-up, dividend and other receivables		5,227	12,666
Advances, deposits and prepayments		43,031	3,285
Receivable from National Clearing Company of Pakistan Limited		22,941	2,021
Total assets		687,373	741,005
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	1,649	640
Payable to Central Depository Company of Pakistan Limited - Trustee		49	53
Payable to the Securities and Exchange Commission of Pakistan (SECP)		104	150
Payable against redemption of units		2,079	2,079
Accrued and other liabilities	7	31,641	31,248
Total liabilities		35,522	34,170
NET ASSETS		651,851	706,835
Unit holders' fund (as per statement attached)		651,851	706,835
Contingencies and commitments	8		
(Number of units)			
NUMBER OF UNITS IN ISSUE		11,462,238	13,115,233
----- (Rupees) -----			
NET ASSET VALUE PER UNIT		56.8694	53.8942

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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 period ended March 31,		Quarter ended March 31,		
		2021	2020	2021	2020	
Note		(Rupees in '000)				
INCOME						
		6,061	32,146	876	10,940	
		16,120	25,608	3,564	9,346	
		(2,493)	16,388	(223)	11,508	
		12,805	18,692	3,982	4,707	
		7,091	-	1,844	-	
		1,827	-	16	-	
		3,797	-	14,186	-	
		4,151	-	4,151	-	
				-		
	5.6	2,133	512	(10,615)	545	
		514	130	415	37	
	Total income	52,006	93,476	18,196	37,083	
EXPENSES						
		4,581	9,005	2,068	4,261	
		595	1,171	269	554	
		520	555	164	185	
					-	
		390	417	124	140	
		51	55	16	19	
		3,195	2,687	532	434	
		104	111	33	37	
		3,731	672	1,633	240	
		562	392	7	69	
		561	580	188	143	
		103	41	34	(52)	
		-	45	(16)	30	
	Total expenses	14,393	15,731	5,052	6,060	
	Net income from operating activities	37,613	77,745	13,144	31,023	
	Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	(752)	(1,555)	(263)	(621)
	Net income for the period before taxation	36,861	76,190	12,881	30,402	
	Taxation	9	-	-	-	-
	Net income for the period after taxation	36,861	76,190	12,881	30,402	
Allocation of net income for the period:						
		36,861	76,190			
		(4,988)	(8,886)			
		31,874	67,304			
Accounting income available for distribution						
	- Relating to capital gains	-	15,866			
	- Excluding capital gains	31,874	51,438			
		31,874	67,304			

Earnings per unit

10

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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 period ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	------(Rupees in '000)-----			
Net income for the period after taxation	36,861	76,190	12,881	30,402
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>36,861</u>	<u>76,190</u>	<u>12,881</u>	<u>30,402</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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 period ended March 31, 2021			Nine months period ended March 31, 2020		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at the beginning of the period	604,007	102,828	706,835	602,553	95,207	697,760
Issue of 11,339,764 units (2020: 11,523,608 units)						
- Capital value (at net asset value per unit at the beginning of the period)	611,148	-	611,148	612,494	-	612,494
- Element of income	13,539	-	13,539	30,307	-	30,307
	624,687	-	624,687	642,801	-	642,801
Redemption of 12,992,759 units (2020: 11,544,151 units)						
- Capital value (at net asset value per unit at the beginning of the period)	700,234	-	700,234	613,585	-	613,585
- Element of income	11,310	4,988	16,298	22,012	8,886	22,012
	711,544	4,988	716,532	635,597	8,886	644,483
Total comprehensive income for the period	-	36,861	36,861	-	76,190	76,190
Net assets at the end of the period	517,150	134,702	651,851	609,757	162,511	772,268
Undistributed income brought forward comprising of:						
- Realised		103,123			98,350	
- Unrealised loss		(295)			(3,143)	
		102,828			95,207	
Accounting income available for distribution						
- Relating to capital gains	-			15,866		
- Excluding capital gains	31,874			51,438		
	31,874			67,304		
Undistributed income carried forward		134,702			162,511	
Undistributed income carried forward comprising of:						
- Realised		132,568			161,999	
- Unrealised income / (loss)		2,133			512	
		134,702			162,511	
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	53.8942			53.1512		
Net asset value per unit at the end of the period	56.8694			58.9191		

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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 period ended	
	March 31, 2021	March 31, 2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	36,861	76,190
Adjustments for non cash and other items:		
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(2,133)	(512)
Provision for Sindh Workers' Welfare Fund (SWWF)	752	-
	<u>35,480</u>	<u>75,678</u>
Decrease / (increase) in assets		
Investments - net	374,005	344,557
Mark-up, dividend and other receivables	7,439	2,108
Advances, deposits and prepayments	(39,746)	(22,326)
Receivable from National Clearing Company of Pakistan Limited	(20,920)	-
	<u>320,778</u>	<u>324,339</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,009	2,226
Payable to Central Depository Company of Pakistan Limited - Trustee	(4)	(61)
Payable to the Securities and Exchange Commission of Pakistan	(46)	(547)
Payable against purchase of investments	-	(369,326)
Accrued and other liabilities	(359)	(5,305)
	<u>600</u>	<u>(373,013)</u>
Net cash generated from / (used in) operating activities	<u>356,858</u>	<u>27,004</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	624,687	642,801
Payments on redemption of units	(716,532)	(644,483)
Net cash (used in) / generated from financing activities	<u>(91,845)</u>	<u>(1,682)</u>
Net increase in cash and cash equivalents during the period	<u>265,013</u>	<u>25,322</u>
Cash and cash equivalents at the beginning of the period	78,377	473,804
Cash and cash equivalents at the end of the period	<u>343,390</u>	<u>499,126</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations)
- 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 SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2020 to the Management Company and "A+(f)" as stability rating dated March 09, 2021 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 During the 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

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise 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 (UNAUDITED) 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
- 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.

4	BALANCES WITH BANKS	Note	March 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2020 (Audited)
	In current accounts		3,168	11
	In saving accounts	4.1	340,222	78,366
		4.2	<u>343,390</u>	<u>78,377</u>

- 4.1** These carry mark-up at rates ranging between 5.5% to 8.75% per annum (June 2020: 5.5% to 14.45% per annum).
- 4.2** These include balances of Rs. 4.814 million (June 30, 2020: Rs. 18.325 million) maintained with MCB Bank Limited (a related party).

5	INVESTMENTS	Note	March 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2020 (Audited)
	Investments at fair value through profit or loss			
	Government securities	5.1	44,938	351,825
	Listed equity securities	5.2	116,032	-
	Listed debt securities	5.3	-	111,005
	Unlisted debt securities	5.4	107,664	181,826
	Future stock contracts		4,150	-
			<u>272,784</u>	<u>644,656</u>

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

5.1 Government securities - 'at fair value through profit or loss'

Tenure	Issue Date	Face value				At March 31, 2021			Market value as a percentage of	
		At July 01, 2020	Purchased during the period	Sales / Matured during the period	At March 31, 2021	Carrying value	Market value	(Diminution) / appreciation	net assets	total invest-ments
----- (Rupees in '000) ----- % -----										
Treasury bills - 3 months										
Treasury Bills	08-Oct-2020	-	75,000	75,000	-	-	-	-	-	-
Treasury Bills	27-Aug-2020	-	50,000	50,000	-	-	-	-	-	-
Treasury Bills	03-Dec-2020	-	720,000	720,000	-	-	-	-	-	-
Treasury Bills	05-Nov-2020	-	250,000	250,000	-	-	-	-	-	-
Treasury Bills	02-Jul-2020	-	75,000	75,000	-	-	-	-	-	-
Treasury Bills	16-Jul-2020	-	75,000	75,000	-	-	-	-	-	-
Treasury Bills	17-Dec-2020	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills*	19-Nov-2020	-	220,000	220,000	-	-	-	-	-	-
Treasury Bills	14-Jan-2021	-	525,000	500,000	25,000	24,966	24,966	(0.28)	3.83%	9.15%
Treasury Bills	28-Jan-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	25-Feb-2021	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 6 months										
Treasury Bills	18-Jun-2020	-	250,000	250,000	-	-	-	-	-	-
Treasury Bills	02-Jul-2020	-	95,000	95,000	-	-	-	-	-	-
Treasury Bills	16-Jul-2020	-	75,000	75,000	-	-	-	-	-	-
Treasury bills - 12 months										
Treasury Bills*	16-Jan-2020	-	20,000	-	20,000	-	-	-	-	-
Treasury Bills	05-Dec-2019	-	500,000	500,000	-	-	-	-	-	-
Treasury Bills	12-Sep-2019	250,000	-	250,000	-	-	-	-	-	-
Treasury Bills	19-Dec-2019	-	60,000	60,000	-	-	-	-	-	-
Treasury Bills*	09-Apr-2020	-	20,000	-	20,000	19,977	19,973	(4)	3.06%	3.95
Pakistan Investment Bonds										
Pakistan Investment Bonds - 03 years	18-Jun-2020	-	350,000	350,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	19-Sep-2019	100,000	200,000	300,000	-	-	-	-	-	-
Ijara										
GOP Ijara Sukuk - 05 years	28-Jul-20	-	47,500	47,500	-	-	-	-	-	-
	29-Jul-20		110,000	110,000	-	-	-	-	-	-
As at March 31, 2021						44,943	44,938	(4)		
As at June 30, 2020						348,902	351,825	2,923		

*These will mature latest by April 08, 2021 and carry effective yield ranging from 6.4% to 7.12% per annum. Further, these include Treasury bill shaving face value of Rs.60 million which are pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin and marked to market losses in accordance with the requirements of circular No : 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5.2 Listed equity securities - 'at fair value through profit or loss'

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

Name of investee company	Number of shares				Balance as at March 31, 2021			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the period	Sold during the period	As at March 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- % -----										
Automobile Assembler										
Ghandhara Nissan Limited	-	500	500	-	-	-	-	0.00%	0.00%	0.00%
Ghandhara Industries Limited	-	17,000	17,000	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motors Company Limited	-	24,500	16,500	8,000	2,382	2,519	137	0.39%	0.92%	0.01%
					2,382	2,519	137	0.39%	0.92%	0.01%
Automobile Parts & Accessories										
The General Tyre & Rubber Company Limited	-	67,500	67,500	-	-	-	-	0.00%	0.00%	0.00%

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

Cable & electrical goods

Pak Elektron Limited	-	2,275,500	2,275,500	-	-	-	-	0.00%	0.00%	0.00%
					-	-	-	0.00%	0.00%	0.00%

Cement

Cherat Cement Company Limited	-	72,500	72,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	-	386,000	386,000	-	-	-	-	0.00%	0.00%	-
Fauji Cement Company Limited	-	832,000	832,000	-	-	-	-	-	-	-
Lucky Cement Limited	-	34,500	34,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	671,000	671,000	-	-	-	-	0.00%	0.00%	-
Pioneer Cement Limited	-	207,500	207,000	500	67	61	(6)	0.01%	0.02%	0.00%
Power Cement Limited	-	199,000	199,000	-	-	-	-	0.00%	0.00%	0.00%
					67	61	(6)	0.01%	0.02%	0.00%

Chemicals

Engro Polymer and Chemicals Limited	-	165,000	130,500	34,500	1,932	1,897	(35)	0.29%	0.70%	0.00%
Lotte Chemical Pakistan Limited	-	789,500	421,500	368,000	5,610	5,870	260	0.90%	2.15%	0.02%
					7,542	7,767	225	1.19%	2.85%	0.02%

Engineering

Amreli Steels Limited	-	386,500	386,500	-	-	-	-	0.00%	0.00%	0.00%
Aisha Steel Limited	-	11,500	11,500	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	-	97,000	96,500	500	107	102	(5)	0.02%	0.04%	0.00%
International Steels Limited	-	768,500	766,500	2,000	186	171	(15)	0.03%	0.06%	0.00%
Mughal Iron & Steel Industries Limited	-	62,000	62,000	-	-	-	-	-	-	0.00%
					293	273	(20)	0.04%	0.10%	0.00%

Fertilizer

Engro Corporation Limited	-	40,000	34,500	5,500	1,620	1,525	(95)	0.23%	0.56%	0.00%
Engro Fertilizer Limited	-	116,000	116,000	-	-	-	-	0.00%	-	0.00%
Fauji Fertilizer Bin Qasim Limited	-	305,000	292,500	12,500	349	343	(7)	0.05%	0.13%	0.00%
Fauji Fertilizer Company Limited	-	1,000	1,000	-	-	-	-	0.00%	-	0.00%
					1,969	1,868	(102)	0.29%	0.68%	0.00%

Food & Personal Care Products

Unity Foods Limited	-	11,171,500	10,171,500	1,000,000	30,795	29,740	(1,055)	4.56%	10.90%	0.10%
					30,795	29,740	(1,055)	4.56%	10.90%	0.10%

Oil and Gas Exploration Companies

Oil & Gas Development Company Limited	-	285,000	132,500	152,500	15,772	15,496	(277)	2.38%	5.68%	0.00%
Pakistan Oilfields Limited	-	111,000	111,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	-	665,000	588,500	76,500	6,920	6,681	(240)	1.02%	2.45%	0.00%
					22,693	22,176	(516)	3.40%	8.13%	0.00%

Oil and Gas Marketing Companies

Hascol Petroleum Limited	-	6,359,000	5,989,000	370,000	4,542	3,793	(749)	0.58%	1.39%	0.04%
Pakistan State Oil Company Limited	-	109,500	109,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	109,500	109,500	-	-	-	-	0.00%	0.00%	0.00%
Sui Southern Gas Company Limited	-	170,500	170,500	-	-	-	-	-	-	-
					4,542	3,793	(749)	0.58%	1.39%	0.04%

Paper And Board

Century Paper & Board Mills Limited	-	2,500	2,500	-	-	-	-	0.00%	0.00%	0.00%
					-	-	-	-	-	-

Balance carried forward

37,105 35,937 (1,169)

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

Name of investee company	Number of shares				Balance as at March 31, 2021			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the period	Sold during the period	As at March 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- % -----										
Balance carried forward					37,105	35,937	(1,169)			
Pharmaceuticals										
The Searle Company Limited	-	157,000	157,000	-	-	-	-	0.00%	0.00%	0.00%
					-	-	-	0.00%	0.00%	-
Power Generation & Distribution										
The Hub Power Company Limited	-	273,500	207,500	66,000	5,594	5,355	(238)	0.82%	1.96%	0.01%
Kot Addu Power Company Limited	-	545,000	509,500	35,500	1,511	1,411	(101)	0.22%	0.52%	0.00%
K-Electric Limited**	-	498,000	498,000	-	-	-	-	-	-	0.00%
					7,105	6,766	(339)	1.04%	2.48%	0.01%
Refinery										
Attock Refinery Limited	-	689,000	647,000	42,000	9,613	10,726	1,113	1.65%	3.93%	0.04%
Byco Petroleum Pakistan Limited	-	89,000	14,000	75,000	814	785	(30)	0.12%	0.29%	0.00%
National Refinery Limited	-	309,500	297,500	12,000	6,196	7,070	874	1.08%	2.59%	0.02%
Pakistan Refinery Limited	-	2,624,000	2,624,000	-	-	-	-	-	-	0.00%
					16,623	18,580	1,958	2.85%	6.81%	0.05%
Technology & Communications										
Avanceon Limited	-	1,278,000	1,263,500	14,500	1,377	1,281	(96)	0.20%	0.47%	0.01%
Hum Network	-	4,500	4,500	-	-	-	-	0.00%	0.00%	0.00%
NetSol Technologies Limited	-	312,500	312,500	-	-	-	-	0.00%	0.00%	0.00%
TRG Pakistan Limited	-	1,264,500	1,125,500	139,000	18,654	20,879	2,225	3.20%	7.65%	0.03%
					20,032	22,161	2,129	3.40%	8.12%	0.03%
Textile Composite										
Gul Ahmed Textile Mills Limited	-	8,500	8,500	-	-	-	-	-	-	0.00%
Nishat (Chunian) Limited*	-	23,000	23,000	-	-	-	-	-	-	0.00%
Nishat Mills Limited*	-	154,500	151,000	3,500	340	324	(16)	0.05%	0.12%	0.00%
					340	324	(16)	0.05%	0.12%	-
Transport										
Pakistan Interntional Bulk Terminal Limited	-	3,753,000	3,752,500	500	6	5	(1)	0.00%	0.00%	0.00%
					6	5	(1)	0.00%	0.00%	0.00%
Total as at March 31, 2021					114,387	116,032	1,644	17.80%	42.54%	0.26%
Total as at June 30, 2020					-	-	-			

* These transactions relate to shares of related parties

** This has a face value of Rs. 3.5 per share

*** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by SECP:

Name of security	March 31, 2021	June 30, 2020	March 31, 2021	June 30, 2020
	(Number of shares)		(Rupees in '000)	
Unity Foods Limited	800,000	-	23,792	-
TRG Pakistan Limited-Class A	136,500	-	20,504	-
Attock Refinery Limited	40,000	-	10,215	-
Lotte Chemical Pakistan Limited	100,000	-	1,595	-
Hascol Petroleum Limited	250,000	-	2,563	-

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

5.3 Listed debt securities - Term Finance Certificates / Sukuks - 'at fair value through profit or loss'

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

Name of investee company	Number of Certificates					At March 31, 2021			Market value as a percentage of	
	At July 1, 2020	Purchased during the period	Matured during the period	Disposed during the period	At March 31, 2021	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment
-----Rupees in '000----- % -----										
Financial Institutions										
Habib Bank Limited - TFC - 1 - (Febraury 19, 2016)*	500	-	500	-	-	-	-	-	0.00%	0.00%
Fertilizer										
Dawood Hercules Corporation Limited (Sukuk November 16, 2017)*	735	-	-	735	-	-	-	-	-	-
Dawood Hercules Corporation Limited (Sukuk March 1, 2018)*	125	-	-	125	-	-	-	-	-	-
Real Estate investment and services										
Pace Pakistan Limited (15-02-08) (note 5.6)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				
						-	-	-	-	-
As at March 31, 2021						-	-	-		
As at June 30, 2020						111,026	111,005	(21)		

* Face value of the investment is Rs. 100,000

5.4 Unlisted debt securities - Term Finance Certificates - 'at fair value through profit or loss'

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

Name of investee company	Number of Certificates					As At March 31, 2021			Market value as a percentage of	
	As at July 1, 2020	Purchased during the period	Matured during the period	Disposed during the period	As At March 31, 2021	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment
----- Rupees in '000 ----- % -----										
Financial Institutions										
Askari Bank Limited IV - TFC (September 30, 2014)	8,300	-	-	8,300	-	-	-	-	-	-
Askari Bank Limited VII - TFC (March 17, 2020)**	20	-	-	-	20	20,000	18,873	(1,127)	2.90%	6.92%
Bank Al Habib Limited (March 17, 2016) TFC -II	5,000	-	5,000	-	-	-	-	-	0.00%	0.00%
The Bank of Punjab Limited TFC - I (December 23, 2016)*	475	-	-	-	475	46,533	47,120	587	7.23%	17.27%
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	-	-	-	17,000	39,468	40,507	1,038	6.21%	14.85%
Construction and Material										
Byco Petroleum Limited - Sukuk (January 18, 2017)*	10	10	-	-	20	1,170	1,165	(5)	0.18%	0.43%
Eden Housing Limited - Sukuk (March 31, 2008) (note 5.6)	10,415	-	-	-	10,415	10,251				
- Due but not received						(10,251)				
Less: Provision for impairment						-	-	-	-	-
As at March 31, 2021						107,171	107,664	493		
As at June 30, 2020						185,023	181,826	(3,197)		

* Face value of this sukuk certificate is Rs.100,000 per certificate.

** Face value of this sukuk certificate is Rs.1,000,000 per certificate.

5.5 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at March 31, 2021, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investments as enumerated below:

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

Category of non-compliant investment	Name of investee Company	Unaudited			
		Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of gross assets

-----Rupees in '000'----- % -----

Investment in debt securities	a) Pace Pakistan Limited (note 5.2)	74,910	74,910	-	-
	b) Eden Housing Limited (note 5.3)	10,251	10,251	-	-

6 PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Note

**March 31, 2021
(Unaudited)
----- (Rupees in '000) -----**

**June 30, 2020
(Audited)**

Management remuneration Payable	921	179
Sindh Sales Tax payable on remuneration of the Management Company	119	23
Allocated expense payable	56	17
Selling and marketing expenses payable	531	392
Sales load payable (including indirect taxes)	22	29
	<u>1,649</u>	<u>640</u>

**March 31, 2021
(Unaudited)
----- (Rupees in '000) -----**

**June 30, 2020
(Audited)**

7 ACCRUED AND OTHER LIABILITIES

Provision for Sindh workers' welfare fund	7.1	9,204	8,452
Provision for federal excise duty payable on:			
- Remuneration of the management fee	7.2	16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		369	34
Capital gain tax payable		95	651
Auditors' remuneration payable		253	396
Printing expenses payable		35	40
Legal advisor fee payable		18	20
Other payable		331	319
		<u>31,641</u>	<u>31,248</u>

7.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the 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 statements of the Fund, the net assets value of the Fund as at March 31, 2021 would have been higher by Re.0.80 (June 30, 2020: Re.0.64) per unit.

7.2 Federal Excise Duty on remuneration of the management company and sales load

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2020. Had the provision for FED not been made, the Net Assets Value of the Fund as at March 31, 2021 would have been higher by Rs 1.45 (June 30, 2020: Rs 1.26) per unit.

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at March 31, 2021 and June 30, 2020.

**March 31, 2021
(Un-audited)
----- (Rupees in '000) -----**

**June 30, 2020
(Audited)**

8.1 Commitments

Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end

120,445

-

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

9 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision 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 at least 90% of income earned by the Fund in cash during the year ending June 30, 2021 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

10 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

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

For the nine months period ended March 31, 2021 (unaudited)							
As at July 01, 2020	Issued for cash	Redeemed	As at March 31, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at March 31, 2021
Units				(Rupees in '000)			

Associated Companies:

Security General Insurance Company Limited	46,809	-	-	46,809	2,523	-	-	2,662
Employees Provident Fund Trust								

Mandate Under Discretionary Portfolio Services *

8	-	8	-	-	-	1	-
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Unit holders holding 10% or more units*	1,892,804	-	-	1,892,804	102,011	-	-	107,643
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* This reflects the position of related party / connected persons status as at March 31, 2021.

For the nine months period ended March 31, 2020 (unaudited)							
As at July 01, 2019	Issued for cash	Redeemed	As at March 31, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at March 31, 2020
Units				(Rupees in '000)			

Associated Companies:

MCB Arif Habib Savings and Investments Limited	-	5	5	-	-	1	1	0
Security General Insurance Company Limited								
Employees Provident Fund Trust	41,471	-	-	41,471	2,204	-	-	2,443

Mandate Under Discretionary Portfolio Services *

7	-	-	7	1	-	-	1
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Key management personnel*	-	106,287	106,287	-	-	5,931	5,934	-
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Unit holders holding 10% or more units*	1,676,950	-	-	1,676,950	89,132	-	-	98,804
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* 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 (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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

	March 31, 2021 (Unaudited) ----- (Rupees in '000) -----	March 31, 2020 (Unaudited) ----- (Rupees in '000) -----
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	5,176	10,176
Allocated expenses	520	555
Selling and marketing expenses	3,195	2,687
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	985	472
CDC settlement charges	112	14
MCB Bank Limited		
Profit on bank deposits	71	167
Bank charges	67	8
Sale of security having face value of Rs Nil (2020: Face value: 500 million)	-	444,029
Next Capital Limited		
Brokerage expense*	26	45
Arif Habib Limited		
Brokerage expense*	-	46
D.G. Khan Cement Company Limited		
Purchase of shares 386,000 (March 31, 2020: NIL) shares	42,676	-
Sale of shares 386,000 (March 31, 2020: NIL) shares	43,019	-
Nishat Mills Limited		
Purchase of shares 154,500 (March 31, 2020: NIL) shares	15,424	-
Sale of 154,500 (March 31, 2020: NIL) shares	15,034	-
Aisha Steel Mills Limited		
Sale of 11,500 (March 31, 2020: NIL) shares	284	-
Nishat Chunian Limited		
Purchase of shares 23,000 (March 31, 2020: NIL) shares	968	-
Sale of 23,000 (March 31, 2020: NIL) shares	980	-
Power Cement Limited		
Purchase of shares 199,000 (March 31, 2020: NIL) shares	1,951	-

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

11.3 Amount outstanding as at period end / year end

	March 31, 2021 (Unaudited) ----- (Rupees in '000) -----	June 30, 2020 (Audited) ----- (Rupees in '000) -----
MCB-Arif Habib Savings & Investments Limited - Management Company		
Management remuneration payable	921	179
Sindh Sales Tax payable on remuneration of the Management Company	119	23
Allocated expenses payable	56	17
Selling and marketing expenses payable	531	392
Sales load payable (including indirect taxes)	22	29
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	43	47
Sindh Sales tax payable on remuneration of Trustee	6	6
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	4,814	18,325
Next Capital Limited		
Brokerage expense payable*	-	5
Nishat Mills Limited		
3,500 shares (2020: NIL) shares held	324	-

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

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

12 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 2.92% (March 31, 2020: 3.11%) which includes 0.3% (March 31, 2020: 0.52%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee.

13 GENERAL

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

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.

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).

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

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 16, 2021 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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