



**MCB-ARIF HABIB**  
Savings and Investments Limited

# ANNUAL REPORT 2021

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



# **PAKISTAN INCOME 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>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Tameer Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan 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 YEAR ENDED JUNE 30, 2021

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **Pakistan Income Fund** accounts review for the year ended **June 30, 2021**.

## **Economy and Money Market Review**

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent 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 6.4 per cent 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 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

## **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 7.35 per cent as against its benchmark return of 7.71 per cent.

At period end, the fund was 2.3 per cent in TFCs, 0 per cent in T-Bills and 42.2 per cent in Cash. Weighted average maturity of the fund stood at 210 days.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 9,595 million as compared to Rs. 2,076 million as at June 30, 2020 registering an increase of 362.19 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 54.2828 as compared to opening NAV of Rs. 54.2070 per unit as at June 30, 2020 registering an increase of Rs. 0.0758 per unit.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021, the management, in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 11.1 to the financial statements.

### **Economy & Market – Future Outlook**

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

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 37.2 per cent to PKR 1,018 billion in this 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 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal 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 YEAR ENDED JUNE 30, 2021

### Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. The Board consists of 1 female and 7 male directors. The details are as under:

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

\* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

### 1. Meeting of the Audit Committee.

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

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

### 2. Meeting of the Human Resource and Remuneration Committee.

During the year, four (4) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

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

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Nil	Nil	Nil	Nil	Nil

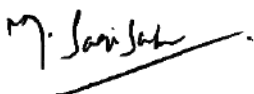
## External Auditors

The fund's external auditors, **Yousuf Adil Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

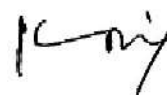
## ACKNOWLEDGMENT

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  
September 15, 2021



**Kashif A. Habib**  
Director

## ڈائریکٹرز رپورٹ

اظہار تشکر

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

من جانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء



کاشف اے حبیب

ڈائریکٹر

## ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیرمین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میکال حسین

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ میوزیشن کمیٹی کی چار (4) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیرمین)
-	4	4	4	۳۔ جناب احمد جہانگیر
-	4	4	4	۴۔ جناب نسیم بیگ
1	3	4	4	۵۔ محترمہ ماوراء عادل خان
-	4	4	4	۶۔ سید ساویل میکال حسین
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

m. دوران سال منجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے نوٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
			نوٹس کی تعداد		
۱	کوئی نہیں	کوئی نہیں	کوئی نہیں	کوئی نہیں	کوئی نہیں

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹر Yousuf Adil چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے Yousuf Adil چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میوزیشن

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

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

- a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکوٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛
- c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛
- d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فائننس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فائننس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛
- f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛
- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛
- h. واجب الاداء ٹیکس، قانونی چارہ اور ڈیوٹیز (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ/ گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

ا. بورڈ آف ڈائریکٹرز مینٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی مینٹنگز کی تفصیلات درج ذیل ہیں:

ا۔ آڈٹ کمیٹی کی مینٹنگ

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

## ڈائریکٹر رپورٹ

### میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 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 دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 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 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

### میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں 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۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پُر عزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمپنی کی گورنگ باڈی کی حیثیت سے یونٹ حالیں کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

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

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 7.35 فیصد تھا، جبکہ مقررہ معیار کا منافع 7.71 فیصد تھا۔  
اختتام مدت پر فنڈ ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں 2.3 فیصد، ٹریڈری بلز (ٹی بلز) میں 0 فیصد، اور نقد میں 42.2 فیصد تھا۔ فنڈ کی بالوزن اوسط میچورٹی 210 دنوں کی سطح پر تھی۔  
30 جون 2021ء کو فنڈ کے net اثاثہ جات 9,595 ملین روپے تھے جو 30 جون 2020ء کی سطح 2,076 ملین روپے کے مقابلے میں 362.19 فیصد اضافہ ہے۔  
30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 54.2828 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 54.2070 روپے فی یونٹ کے مقابلے میں 0.0758 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مؤرخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈز مالیاتی اداروں / صنعتی اسٹیلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔  
13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 11.1 ملاحظہ فرمائیے۔

## معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔  
درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تا حال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

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 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۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاون مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 ہپٹوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں لچک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6- فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7- فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی ڈھکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران 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۔ اس کے باوجود 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 6.4 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 کو وڈ 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 دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

### Fund Type and Category

Pakistan Income Fund— (PIF) is an open end mutual fund and comes under income scheme. The fund primarily invests in money market and other short term instruments which includes short term corporate debt and government securities. The fund may also invest in medium term assets in order to provide higher returns to unit holders.

### Fund Benchmark

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

### Investment Objective

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

### Manager's Review

During the period under review, the fund generated an annualized return of 7.35% as against its benchmark return of 7.71%. At period end, the fund was 42.2% invested in Cash and 21.1% in PIBs. WAM of the fund stood at 210 days.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 9,595 million as compared to Rs. 2,076 million as at June 30, 2020 registering an increase of 362.2%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 54.2828 as compared to opening NAV of Rs. 54.2070 per unit as at June 30, 2020 registering an increase of Rs. 0.0758 per unit.

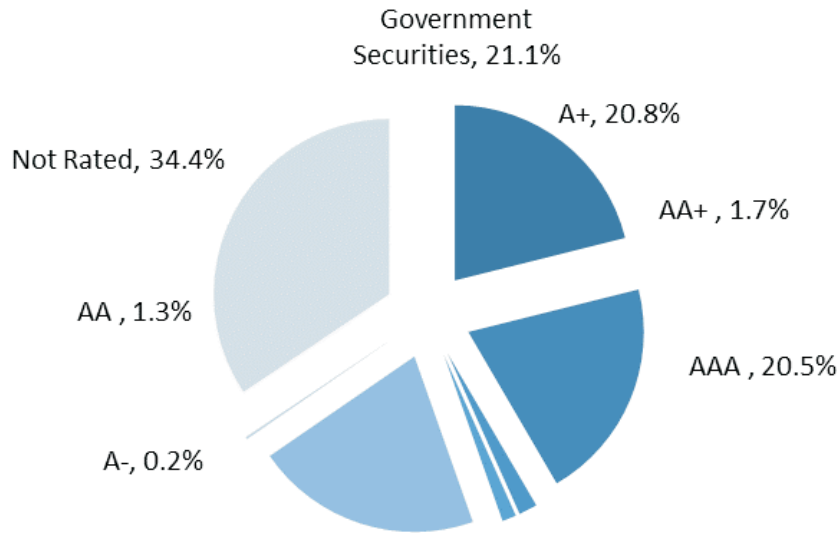
### Asset Allocation as on June 30, 2021 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-21
Cash	42.2%
TFCs/Sukuks	2.3%
T-Bills	0.0%
Commercial Papers	0.0%
PIBs	21.1%
Others including receivables	1.2%
Margin Trading	1.3%
GoP Ijara Sukuk	0.0%
Spread Transactions	31.9%

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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### Asset Quality as of June 30, 2021 (% of total assets)



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**Usama Iqbal**  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahr-e-Faisal  
Karachi - 74400, Pakistan.

Tel: (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)

Email: [info@cdcpak.com](mailto:info@cdcpak.com)



## TRUSTEE REPORT TO THE UNIT HOLDERS

### PAKISTAN INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Income Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 09, 2021



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

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

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

## INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Pakistan Income Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Pakistan Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

Key audit matter are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<b>Valuation and existence of investments</b>  As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss amounted to Rs. 5,983 million as at June 30, 2021, consisting of government securities, term finance certificates, sukuk certificates, equity securities, future stocks and commercial papers which represent significant item of the statement of assets and liabilities of the Fund.	We performed the following procedures during our audit of investments: <ul style="list-style-type: none"><li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li><li>independently tested valuations to ensure that the investments are valued as per the valuation</li></ul>

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

S. No.	Key audit matter	How the matter was addressed in our audit
	Henceforth, we have identified the existence and valuation as the significant areas during our audit due to which we have considered this as a Key Audit Matter.	<p>methodology disclosed in the accounting policies;</p> <ul style="list-style-type: none"> <li>independently matched the number of term finance certificates and sukuk certificates held by the Fund with the Central Deposit Company's account statement;</li> <li>independently matched government securities held by the Fund with the securities appearing in the Investors Portfolio Securities account statement;</li> <li>tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li> </ul>

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

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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Yousuf Adil  
Chartered Accountants

### Report on Other Legal and Regulatory Requirements

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

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

  
Chartered Accountants

Place: Karachi

Date: September 20, 2021

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>ASSETS</b>			
Bank balances	4	4,557,894	970,246
Investments	5	5,983,085	1,090,474
Receivable against margin trading system		135,777	-
Receivable against sale of investment		11,652	-
Profit receivable	6	68,418	26,113
Advances, deposits, prepayments and other receivables	7	49,871	16,515
<b>Total Assets</b>		<b>10,806,697</b>	<b>2,103,348</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	8,847	2,901
Payable to Central Depository Company of Pakistan Limited - Trustee	9	723	149
Payable to the Securities and Exchange Commission of Pakistan	10	1,062	327
Payable against redemption of units		47	47
Payable against purchase of investment		1,155,947	-
Accrued expenses and other liabilities	11	44,716	23,729
<b>Total liabilities</b>		<b>1,211,342</b>	<b>27,153</b>
<b>NET ASSETS</b>		<b>9,595,355</b>	<b>2,076,195</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>9,595,355</b>	<b>2,076,195</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>			
		<b>176,766,181</b>	<b>38,301,258</b>
<b>NET ASSETS VALUE PER UNIT</b>			
		<b>54.2828</b>	<b>54.2070</b>

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

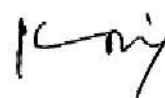
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>INCOME</b>			
Markup / return on investments	13	163,155	160,352
Gain on sale of investments - net		55,095	56,353
Markup on deposits with banks		142,439	44,432
Dividend income		56,521	-
(Loss) / Income from spread transactions - net	5.1.7.1	(32,059)	-
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	5.2	77,217	(6,567)
Income on margin trading system transactions		25,980	-
Other income		2,689	823
<b>Total income</b>		<b>491,037</b>	<b>255,393</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	44,850	27,031
Sindh sales tax on remuneration of the Management Company	8.2	5,830	3,514
Allocated expenses	8.3	5,309	1,640
Marketing and selling expenses	8.4	2,592	2,128
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,982	1,227
Sindh sales tax on remuneration of Trustee	9.2	517	160
Annual fee of Securities and Exchange Commission of Pakistan	10.1	1,062	327
Provision against Sindh Workers' Welfare Fund	11.1	7,611	4,327
Brokerage expense		39,191	719
Legal, professional and other charges		136	225
Settlement and bank charges		5,719	683
Fees and subscription		628	675
Auditors' remuneration	14	637	677
Printing and related costs		42	42
<b>Total operating expenses</b>		<b>118,106</b>	<b>43,375</b>
<b>Net income for the year before taxation</b>		<b>372,931</b>	<b>212,018</b>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<b>372,931</b>	<b>212,018</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		372,931	212,018
Income already paid on units redeemed		(152,813)	(48,645)
		<b>220,118</b>	<b>163,373</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		79,159	39,208
Excluding capital gains		140,959	124,165
		<b>220,118</b>	<b>163,373</b>

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

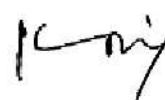
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
Net income for the year after taxation	372,931	212,018
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>372,931</b>	<b>212,018</b>

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

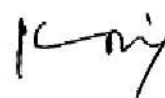
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	For year ended June 30,					
	2021			2020		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year	1,944,178	132,017	2,076,195	1,266,750	124,781	1,391,531
Issue of 346,094,481 units (2020: 46,317,913 units)						
- Capital value (at net asset value per unit at the beginning of the year)	18,889,083	-	18,889,083	2,492,988	-	2,492,988
- Element of income	874,684	-	874,684	213,665	-	213,665
	19,763,767	-	19,763,767	2,706,653	-	2,706,653
Redemption of 207,629,558 units (2020: 33,870,288 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(11,383,319)	-	(11,383,319)	(1,823,013)	-	(1,823,013)
- Amount paid out of element of income	(487,009)	(152,813)	(639,822)	(116,255)	(48,645)	(164,900)
- Relating to 'Net income for the year after taxation'	(11,870,328)	(152,813)	(12,023,141)	(1,939,268)	(48,645)	(1,987,913)
Final distributions for the year ended June 30, 2020 (including additional units) at the rate of Rs. 7.1414 per unit (Declared on June 26, 2020)	-	-	-	(89,957)	(156,137)	(246,094)
Total comprehensive income for the year	-	372,931	372,931	-	212,018	212,018
Final distributions for the year ended June 30, 2021 (including additional units) at the rate of Rs. 3.9065 per unit (Declared on June 25, 2021)	(381,100)	(213,297)	(594,397)	-	-	-
Net (loss) / income for the year less distribution	(381,100)	159,634	(221,466)	(89,957)	55,881	(34,076)
Net assets at end of the year	9,456,517	138,838	9,595,355	1,944,178	132,017	2,076,195
Undistributed income brought forward						
- Realised		138,584			133,163	
- Unrealised		(6,567)			(8,382)	
		132,017			124,781	
Accounting income available for distribution						
- Relating to capital gains		79,159			39,208	
- Excluding capital gains		140,959			124,165	
		220,118			163,373	
Distributions during the year		(213,297)			(156,137)	
Undistributed income carried forward		138,838			132,017	
Undistributed income carried forward						
- Realised		61,621			138,584	
- Unrealised		77,217			(6,567)	
		138,838			132,017	
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the year	54.2070			53.8234		
Net assets value per unit at end of the year	54.2828			54.2070		

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

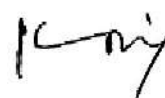
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	372,931	212,018
<b>Adjustments for:</b>		
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	(77,217)	6,567
Provision against Sindh Workers' Welfare Fund	7,611	4,327
	<u>303,325</u>	<u>222,912</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(4,815,394)	(604,702)
Profit receivable	(42,305)	(6,137)
Receivable against sale of investment	(11,652)	-
Receivable against margin trading system	(135,777)	-
Advances, deposits, prepayments and other receivables	(33,356)	(582)
	<u>(5,038,484)</u>	<u>(611,421)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	5,946	1,134
Payable to Central Depository Company of Pakistan Limited - Trustee	574	(42)
Payable to the Securities and Exchange Commission of Pakistan	735	(794)
Payable against purchase of investment	1,155,947	-
Dividend payable	-	(14,367)
Accrued expenses and other liabilities	13,376	1,074
	<u>1,176,578</u>	<u>(12,995)</u>
<b>Net cash used in operating activities</b>	<u>(3,558,581)</u>	<u>(401,504)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	19,763,767	2,706,653
Amount paid against redemption of units	(12,404,241)	(2,077,870)
Distributions made during the year	(213,297)	(156,137)
<b>Net cash generated from financing activities</b>	<u>7,146,229</u>	<u>472,646</u>
<b>Net increase in cash and cash equivalents during the year</b>	<u>3,587,648</u>	<u>71,142</u>
Cash and cash equivalents at the beginning of the year	970,246	899,104
<b>Cash and cash equivalents at the end of the year</b>	<u><u>4,557,894</u></u>	<u><u>970,246</u></u>

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

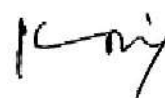
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Fund (the Fund) was established under a Trust Deed executed between MCB - Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorised as an "Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other short-term placements/instruments which include short-term corporate debt, government securities, margin trading system transactions and spread transactions. The Fund may also invest a portion of its assets under management in medium term assets in order to provide higher return to the unit holders.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of "AM1" dated October 06, 2020, to the Management Company and the stability rating of A+(f) to the Fund dated March 09, 2021.
- 1.6 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 During the year, the Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

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

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

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

	Effective from accounting period beginning on or after:
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Effective from accounting  
period beginning on or after:

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

January 01, 2023

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

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

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

## 2.4 Critical accounting estimates and judgements

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

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

- Classification and valuation of investments (notes 3.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and measurements of financial liabilities (notes 3.1.2)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

## 2.5 Basis of measurement

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

## 2.6 Functional and presentation currency

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Financial instruments

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 3.1.1 Financial Assets

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

### 3.1.1.1 Classification and measurement of financial assets

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

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

#### Financial assets at amortised cost (debt instruments)

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

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

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

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

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

### 3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

#### Basis of valuation of government securities:

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

#### Basis of valuation of debt securities:

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

### 3.1.1.3 Impairment of financial assets

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

### 3.1.1.4 Derecognition

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

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

### 3.1.2 Financial liabilities

#### 3.1.2.1 Classification and measurement of financial liabilities

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

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

#### 3.1.2.2 Derecognition

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

### 3.1.3 Offsetting of financial instruments

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

### 3.2 Cash and cash equivalents

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

### 3.3 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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### 3.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

### 3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

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

### 3.6 Issue and redemption of units

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

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

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

### 3.7 Net asset value per unit

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

### 3.8 Revenue recognition

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 3.9 Expenses

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

## 3.10 Earnings per unit

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

## 3.11 Margin Trading System

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	4,545,560	946,313
In current accounts	4.2	12,334	23,933
		<u>4,557,894</u>	<u>970,246</u>

**4.1** These carry profit at the rates ranging between 5.50% to 9.75% (2020: 5.50% to 7.83%) per annum and include Rs 2.83 million (2020: Rs 5.83 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.50% (2020: 5.50%) per annum.

**4.2** This include Rs 12.3225 million (2020: Rs 23.93 million) maintained with MCB Bank Limited (a related party).

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>5. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss' - net</b>			
Government securities	5.1.1	2,282,147	294,370
Term finance certificates - listed debt securities	5.1.2	-	48,862
Term finance certificates - unlisted debt securities	5.1.3	204,992	306,537
Sukuks certificates - listed	5.1.4	-	136,920
Sukuks certificates - unlisted	5.1.5	40,218	230,647
Commercial paper	5.1.6	-	73,138
Listed equity securities	5.1.7	3,377,757	-
Future stock contracts		77,971	-
		<u>5,983,085</u>	<u>1,090,474</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1 Financial assets 'at fair value through profit or loss' - net

### 5.1.1 Government securities

Market treasury bills	5.1.1.1	-	294,370
Pakistan investment bonds	5.1.1.2	786,142	-
Pakistan investment bonds - Floating Rate Bonds (FRB)	5.1.1.3	1,496,005	-
Government of Pakistan (GoP) Jlara sukuks	5.1.1.4	-	-
		<u>2,282,147</u>	<u>294,370</u>

### 5.1.1.1 Market treasury bills

Particulars	Issue Date	Face value			As at June 30, 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 year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value		
----- (Rupees in '000) -----									
Treasury bills - 3 months	23-Apr-20	-	150,000	150,000	-	-	-	-	-
Treasury bills - 3 months	02-Jul-20	-	75,000	75,000	-	-	-	-	-
Treasury bills - 3 months	16-Jul-20	-	75,000	75,000	-	-	-	-	-
Treasury bills - 3 months	08-Oct-20	-	525,000	525,000	-	-	-	-	-
Treasury bills - 3 months	05-Nov-20	-	250,000	250,000	-	-	-	-	-
Treasury bills - 3 months	19-Nov-20	-	650,000	650,000	-	-	-	-	-
Treasury bills - 3 months	03-Dec-20	-	650,000	650,000	-	-	-	-	-
Treasury bills - 3 months	17-Dec-20	-	500,000	500,000	-	-	-	-	-
Treasury bills - 3 months	31-Dec-20	-	3,050,000	3,050,000	-	-	-	-	-
Treasury bills - 3 months	14-Jan-21	-	500,000	500,000	-	-	-	-	-
Treasury bills - 3 months	28-Jan-21	-	1,850,000	1,850,000	-	-	-	-	-
Treasury bills - 3 months	11-Feb-21	-	700,000	700,000	-	-	-	-	-
Treasury bills - 3 months	25-Feb-21	-	5,130,000	5,130,000	-	-	-	-	-
Treasury bills - 3 months	11-Mar-21	-	1,250,000	1,250,000	-	-	-	-	-
Treasury bills - 3 months	25-Mar-21	-	1,200,000	1,200,000	-	-	-	-	-
Treasury bills - 3 months	08-Apr-21	-	935,000	935,000	-	-	-	-	-
Treasury bills - 3 months	22-Apr-21	-	2,975,000	2,975,000	-	-	-	-	-
Treasury bills - 3 months	06-May-21	-	500,000	500,000	-	-	-	-	-
Treasury bills - 3 months	20-May-21	-	500,000	500,000	-	-	-	-	-
Treasury bills - 3 months	03-Jun-21	-	500,000	500,000	-	-	-	-	-
Treasury bills - 6 months	09-Apr-20	-	1,000,000	1,000,000	-	-	-	-	-
Treasury bills - 6 months	04-Jun-20	100,000	50,000	150,000	-	-	-	-	-
Treasury bills - 6 months	02-Jul-20	-	75,000	75,000	-	-	-	-	-
Treasury bills - 6 months	16-Jul-20	-	75,000	75,000	-	-	-	-	-
Treasury bills - 6 months	08-Apr-21	-	4,800,000	4,800,000	-	-	-	-	-
Treasury bills - 6 months	06-May-21	-	500,000	500,000	-	-	-	-	-
Treasury bills - 6 months	20-May-21	-	2,500,000	2,500,000	-	-	-	-	-
Treasury bills - 6 months	17-Jun-21	-	500,000	500,000	-	-	-	-	-
Treasury bills - 12 months	29-Aug-19	-	475,000	475,000	-	-	-	-	-
Treasury bills - 12 months	12-Sep-19	200,000	250,000	450,000	-	-	-	-	-
Treasury bills - 12 months	05-Dec-19	-	1,400,000	1,400,000	-	-	-	-	-
Treasury bills - 12 months	19-Dec-19	-	675,000	675,000	-	-	-	-	-
Treasury bills - 12 months	30-Jan-20	-	60,000	60,000	-	-	-	-	-
Treasury bills - 12 months	13-Feb-20	-	335,000	335,000	-	-	-	-	-
Treasury bills - 12 months	27-Feb-20	-	900,000	900,000	-	-	-	-	-
Treasury bills - 12 months	09-Apr-20	-	446,255	446,255	-	-	-	-	-
Treasury bills - 12 months	21-May-20	-	2,000,000	2,000,000	-	-	-	-	-
Treasury bills - 3 months	17-Jun-21	-	500,000	500,000	-	-	-	-	-

Total as at June 30, 2020

293,864      294,370      506

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1.1.2 Pakistan investment bonds

Particulars	Issue Date	Face value				As at June 30, 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 year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation/ (diminution)			
(Rupees in '000)											
Pakistan Investment Bond - 3 years *	20-Aug-20	-	600,000	500,000	100,000	96,717	96,803	86	1.01	1.62	
Pakistan Investment Bond - 5 years *	12-Jul-18	-	1,300,000	650,000	650,000	641,058	642,591	1,523	6.70	10.74	
Pakistan Investment Bond - 5 years *	19-Sep-19	-	100,000	100,000	-	-	-	-	-	-	
Pakistan Investment Bond - 5 years *	15-Oct-20	-	725,000	675,000	50,000	47,040	46,758	(282)	0.49	0.78	
Total as at June 30, 2021						784,815	786,142	1,327			
Total as at June 30, 2020						-	-	-			

\* These carry effective yield of ranging between 7% to 8% (2020: Nil) per annum and will matured by July 12, 2023 to October 15, 2025 (2020: Nil).

## 5.1.1.3 Pakistan investment bonds - Floating Rate Bonds (FRB)

Particulars	Issue Date	Face value				As at June 30, 2021	As at June 30, 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 year	Sold during the year	As at June 30, 2021		Carrying value	Market value			Unrealised appreciation/ (diminution)
Rupees in '000											
Pakistan Investment Bond - 2 years *	05-Nov-20	-	850,000	300,000	550,000	548,117	548,075	(42)	6	9	
Pakistan Investment Bond - 3 years *	22-Oct-20	-	1,200,000	900,000	300,000	297,150	300,000	-	3	5	
Pakistan Investment Bond - 3 years *	18-Jun-20	-	1,850,000	1,200,000	650,000	650,715	650,780	65	7	11	
<b>Total as at June 30, 2021</b>						<b>1,495,982</b>	<b>1,496,005</b>	<b>23</b>			
Total as at June 30, 2020						-	-	-			

\* These carry effective yield of ranging between 7.14% to 7.62% (2020: Nil) per annum and will matured by November 05, 2022 to October 22, 2023 (2020: Nil).

## 5.1.1.4 Government of Pakistan (GoP) Ijara sukuk

Name of investee company	Face Value				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)			
Rupees in '000										
GoP Ijarah Sukuks	-	62,500	62,500	-	-	-	-	-	-	-
Total as at June 30, 2021										
Total as at June 30, 2020										

## 5.1.2 Term finance certificates - listed debt securities

Market value as at June 30

Less: Provision as at July 1

- Pace Pakistan Limited

- Telecom Limited

- Trust Investment Bank Limited

	June 30, 2021	June 30, 2020
Note	5.1.2.1	148,633
	99,771	
	(49,940)	(49,940)
	(31,088)	(31,088)
	(18,743)	(18,743)
	(99,771)	(99,771)
	-	48,862

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1.2.1 Listed debt securities - Term finance certificates

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

Name of investee company	Number of certificates				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised diminution			
----- (Rupees in '000) -----										
----- ( %) -----										
Commercial Bank										
Habib Bank Limited *	500	-	500	-	-	-	-	-	-	-
Investment Banks / Investment Companies / Securities Companies										
Trust Investment Bank Limited - Due but not received (Note 5.3)	10,000	-	-	10,000	18,743	18,743	-	-	-	-
Miscellaneous										
Pace Pakistan Limited - Due but not received (Note 5.3)	10,000	-	-	10,000	49,940	49,940	-	-	-	-
Technology & Communication										
Telecard Limited - Due but not received (Note 5.3)	19,975	-	-	19,975	31,088	31,088	-	-	-	-
Total as at June 30, 2021					99,771	99,771	-			
Total as at June 30, 2020					149,516	148,633	(883)			

\* Face value of the certificate is Rs. 100,000.

## 5.1.3 Term finance certificates - unlisted debt securities

Certificates have a face value of Rs 5,000 each

Name of investee company	Number of certificates				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----										
Commercial Banks										
Askari Bank Limited - IV	19,000	-	19,000	-	-	-	-	-	-	-
Askari Bank Limited - VII *	30	-	-	30	30,000	29,693	(307)	0.31	0.50	0.49
Bank AL Habib Limited	15,028	-	15,028	-	-	-	-	-	-	-
The Bank of Punjab **	80	800	-	880	86,874	87,872	998	0.92	1.47	2.04
Investment Banks / Investment Companies / Securities Companies										
Jahangir Siddiqui & Company Limited	22,000	-	-	22,000	87,289	87,427	138	0.91	1.46	1.47
Total as at June 30, 2021					204,163	204,992	829			
Total as at June 30, 2020					312,888	306,537	(6,351)			

\* Face value of the certificate is Rs. 1,000,000.

\*\* Face value of the certificate is Rs. 100,000.

### 5.1.3.1 Significant terms and conditions of term finance certificates outstanding as at June 30, 2021 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Commercial Banks</b>				
Askari Bank Limited - VII	3 months KIBOR + 1.20%	17-Mar-20	17-Mar-30	AA
The Bank of Punjab	6 months KIBOR + 1.25%	23-Apr-18	23-Apr-28	AA
<b>Investment Banks / Investment Companies / Securities Companies</b>				
Jahangir Siddiqui & Company Limited	6 months KIBOR + 1.40%	6-Mar-18	6-Mar-23	AA+

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1.4 Listed debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)			
----- (Rupees in '000) -----										
Investment Banks / Investment Companies / Securities Companies										
Dawood Hercules Corporation Limited	1,000	6,284	7,284	-	-	-	-	-	-	-
Dawood Hercules Corporation Limited	813	1,825	2,638	-	-	-	-	-	-	-
Power										
Pakistan Energy Sukuk - II *	-	10,000	10,000	-	-	-	-	-	-	-
Total as at June 30, 2021										
Total as at June 30, 2020										
					134,770	136,920	2,150			

\* Face value of the certificate is Rs. 5,000

## 5.1.5 Unlisted debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)			
					----- (Rupees in '000) -----			----- ( % ) -----		
Chemical										
Ghani Gases Limited	480	-	-	480	18,576	19,165	589	0.20	0.32	0.04
Oil and Gas										
Byco Petroleum Pakistan Limited	10	-	-	10	585	584	(1)	0.01	0.03	0.00
Miscellaneous										
International Brands Limited	500	-	-	500	20,313	20,469	156	0.21	0.34	0.02
Bank										
Meezan Bank Limited *	100	-	100	-	-	-	-	-	-	-
Power										
The Hub Power Company Limited	750	-	750	-	-	-	-	-	-	-
Total as at June 30, 2021					39,474	40,218	744			
Total as at June 30, 2020					232,636	230,647	(1,989)			

\* Face value of the certificate is Rs. 1,000,000.

5.1.5.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2021 are as follow s:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Chemical</b>				
Ghani Gases Limited	3 months KIBOR + 1.00%	2-Feb-17	2-Feb-23	A-
<b>Oil and Gas</b>				
Byco Petroleum Pakistan Limited	3 months KIBOR + 1.05%	18-Jan-17	18-Jan-22	AAA
<b>Miscellaneous</b>				
International Brands Limited	12 months KIBOR + 0.50%	15-Nov-17	15-Nov-21	AA

## 5.1.6 Commercial paper

Particulars	Issue date	Maturity date	Profit rate	Face value	Carrying value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
					----- (Rupees in '000) -----		
K - Electric - III	10-Mar-20	10-Sep-20	13.64%	-	-	-	-
<b>Total as at June 30, 2021</b>				-	-		
Total as at June 30, 2020				75,000	73,138		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1.7 Listed equity securities

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 year	Bonus / right issue during the year	Sold during the year	As at Jun 30, 2021	As at Jun 30, 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)											
(Number of shares)											
<b>Automobile Assembler</b>											
Ghandara Nissan Limited	-	464,500	-	464,500	-	-	-	-	0.00	-	0.00
Ghandara Industries Limited	-	897,500	-	897,500	-	-	-	-	0.00	-	0.00
Pak Suzuki Motor Company Limited	-	546,000	-	528,000	18,000	5,715	6,398	683	0.07	0.11	0.02
Sazgar Engineering Works Limited	-	214,500	-	143,500	71,000	12,593	11,943	(650)	0.12	0.20	0.15
						<b>18,308</b>	<b>18,341</b>	<b>33</b>			
<b>Automobile Parts &amp; Accessories</b>											
General Tyre & Rubber Company Limited	-	195,000	-	195,000	-	-	-	-	0.00	-	0.00
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	-	9,975,500	-	7,783,000	2,192,500	76,845	76,869	24	0.80	1.28	0.44
Waves Singer Pakistan Limited	-	201,500	-	-	201,500	5,073	5,493	420	0.06	0.09	0.11
						<b>81,918</b>	<b>82,362</b>	<b>444</b>			
<b>Cement</b>											
Cherat Cement Company Limited	-	1,280,000	-	280,000	1,000,000	184,399	177,380	(7,019)	1.85	2.96	0.51
D.G. Khan Cement Company Limited *	-	2,897,000	-	2,555,500	341,500	42,955	40,270	(2,685)	0.42	0.67	0.08
Fauji Cement Company Limited	-	4,830,000	-	4,750,500	79,500	1,910	1,828	(82)	0.02	0.03	0.01
Kohat Cement Limited	-	7,000	-	7,000	-	-	-	-	0.00	-	0.00
Lucky Cement Limited	-	326,000	-	223,500	102,500	93,389	88,503	(4,886)	0.92	1.48	0.03
Maple Leaf Cement Factory Limited	-	6,892,500	-	6,303,500	589,000	27,689	27,671	(18)	0.29	0.46	0.05
Pioneer Cement Limited	-	1,597,500	-	1,571,500	26,000	3,359	3,408	49	0.04	0.06	0.01
Power Cement Limited *	-	3,980,000	-	3,526,000	454,000	4,457	4,363	(94)	0.05	0.07	0.04
						<b>358,158</b>	<b>343,423</b>	<b>(14,735)</b>			
<b>Chemicals</b>											
Descon Oxychem Limited	-	1,000	-	1,000	-	-	-	-	0.00	-	0.00
Engro Polymer and Chemicals Limited	-	8,231,500	-	6,765,500	1,466,000	73,053	69,254	(3,799)	0.72	1.16	0.16
Ghani Global Holdings Limited	-	10,810,500	-	6,871,000	3,939,500	178,649	195,556	16,907	2.04	3.27	1.41
Loite Chemical Pakistan Limited	-	11,351,500	-	11,149,500	202,000	3,107	3,119	12	0.03	0.05	0.01
Sitara Peroxide Limited	-	7,000	-	7,000	-	-	-	-	0.00	-	0.00
						<b>254,809</b>	<b>267,929</b>	<b>13,120</b>			
<b>Commercial Banks</b>											
Askari Bank Limited	-	355,500	-	355,500	-	-	-	-	0.00	-	0.00
Bank Of Punjab Limited	-	3,397,500	-	3,397,500	-	-	-	-	0.00	-	0.00
United Bank Limited	-	94,000	-	94,000	-	-	-	-	0.00	-	0.00
<b>Engineering</b>											
Aisha Steel Mills Limited *	-	14,073,500	-	9,102,500	4,971,000	125,929	123,828	(2,101)	1.29	2.07	0.60
Amreli Steels Ltd.	-	1,934,000	-	1,666,500	267,500	11,615	11,620	5	0.12	0.19	0.09
International Industries Limited	-	2,357,500	-	1,529,500	828,000	177,174	174,724	(2,450)	1.82	2.92	0.63
International Steels Limited	-	5,406,500	-	4,225,000	1,181,500	112,222	110,364	(1,858)	1.15	1.84	0.27
Mughal Iron and Steel Industries Limited	-	919,500	-	315,000	604,500	66,725	63,110	(3,615)	0.66	1.05	0.21
						<b>493,665</b>	<b>483,646</b>	<b>(10,019)</b>			
<b>Fertilizer</b>											
Engro Corporation Limited	-	620,500	-	619,500	1,000	308	295	(13)	0.00	-	0.00
Engro Fertilizers Limited	-	1,174,000	-	1,174,000	-	-	-	-	0.00	-	0.00
Fauji Fertilizer Bin Qasim Limited	-	9,466,000	-	7,265,500	2,200,500	59,275	58,115	(1,160)	0.61	0.97	0.17
Fauji Fertilizer Company Limited	-	185,000	-	185,000	-	-	-	-	0.00	-	0.00
						<b>59,583</b>	<b>58,410</b>	<b>(1,173)</b>			
<b>Food &amp; Personal Care Products</b>											
Treet Corporation Limited	-	292,000	-	292,000	-	-	-	-	0.00	-	0.00
<b>Glass &amp; Ceramics</b>											
Shabbir Tiles and Ceramics Limited ****	-	68,000	-	68,000	-	-	-	-	0.00	-	0.00
Tariq Glass Industries Limited	-	121,500	-	118,500	3,000	332	319	(13)	0.00	0.01	0.00
						<b>332</b>	<b>319</b>	<b>(13)</b>			
<b>Insurance</b>											
Adamjee Insurance Company Limited *	-	6,500	-	6,500	-	-	-	-	0.00	-	0.00

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at Jun 30, 2021	As at Jun 30, 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)			
			(Number of shares)			(Rupees in '000)					
<b>Miscellaneous</b>											
Siddiqsons Tin Plate Limited	-	1,454,500	-	1,454,500	-	-	-	-	0.00	-	0.00
<b>Oil &amp; Gas Exploration Companies</b>											
Oil and Gas Development Company Limited	-	4,815,500	-	4,150,500	665,000	62,979	63,195	216	0.66	1.06	0.02
Pakistan Oilfields Limited	-	72,000	-	72,000	-	-	-	-	0.00	-	0.00
Pakistan Petroleum Limited	-	2,442,500	-	2,291,000	151,500	13,680	13,155	(525)	0.14	0.22	0.01
						<b>76,659</b>	<b>76,350</b>	<b>(309)</b>			
<b>Oil &amp; Gas Marketing Companies</b>											
Hascol Petroleum Limited	-	24,742,500	-	24,742,500	-	-	-	-	0.00	-	0.00
Pakistan State Oil Company Limited	-	1,422,000	-	1,163,500	258,500	60,227	57,968	(2,259)	0.60	0.97	0.06
Sui Northern Gas Pipelines Limited	-	3,360,500	-	2,127,000	1,233,500	58,376	59,923	1,547	0.62	1.00	0.19
Sui Southern Gas Company Limited	-	1,304,000	-	1,263,500	40,500	556	539	(17)	0.01	0.01	0.00
						<b>119,159</b>	<b>118,430</b>	<b>(729)</b>			
<b>Paper And Board</b>											
Century Paper & Board Mills Limited	-	17,500	-	17,500	-	-	-	-	0.00	-	0.00
<b>Pharmaceuticals</b>											
Ferozsons Laboratories Limited	-	61,500	-	61,500	-	-	-	-	0.00	-	0.00
The Searle Company Limited	-	506,500	-	470,500	36,000	8,914	8,734	(180)	0.09	0.15	0.01
						<b>8,914</b>	<b>8,734</b>	<b>(180)</b>			
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited	-	3,708,000	-	3,534,500	173,500	14,103	13,822	(281)	0.14	0.23	0.01
K-Electric Limited ***	-	18,110,000	-	14,204,500	3,905,500	16,217	16,325	108	0.17	0.27	0.01
Kor Addu Power Company Limited	-	6,711,000	-	6,305,500	405,500	17,733	17,984	251	0.19	0.30	0.05
Lalpur Power Limited *	-	3,500	-	3,500	-	-	-	-	0.00	-	0.00
						<b>48,053</b>	<b>48,131</b>	<b>78</b>			
<b>Refinery</b>											
Attock Refinery Limited	-	7,228,500	-	6,058,000	1,170,500	308,048	300,175	(7,873)	3.13	5.02	1.10
Byco Petroleum Pakistan Limited	-	52,055,000	-	40,491,500	11,563,500	132,221	134,252	2,031	1.40	2.24	0.22
National Refinery Limited	-	2,752,000	-	2,402,000	350,000	191,170	183,116	(8,054)	1.91	3.06	0.44
Pakistan Refinery Limited	-	15,168,500	-	15,168,500	-	-	-	-	0.00	-	0.00
						<b>631,439</b>	<b>617,543</b>	<b>(13,896)</b>			
<b>Technology &amp; Communications</b>											
Avanceon Limited	-	7,077,500	-	6,592,500	485,000	42,502	44,464	1,962	0.46	0.74	0.19
Hum Network Limited **	-	63,287,000	-	32,127,000	31,160,000	254,530	249,903	(4,627)	2.60	4.18	3.30
NetSol Technologies Limited	-	4,650,000	-	3,795,500	854,500	151,918	145,248	(6,670)	1.51	2.43	0.95
Pakistan Telecommunication Company Limited	-	3,387,000	-	3,048,500	338,500	3,838	4,008	170	0.04	0.07	0.01
TRG Pakistan Limited	-	19,171,500	-	18,138,500	1,033,000	275,393	271,617	(3,776)	2.83	4.54	0.30
						<b>728,181</b>	<b>715,240</b>	<b>(12,941)</b>			
<b>Textile Composite</b>											
Gul Ahmed Textile Mills Limited	-	2,481,500	-	2,348,500	133,000	6,689	6,747	58	0.07	0.11	0.03
Nishat (Chunian) Limited *	-	1,538,000	-	1,534,500	3,500	178	176	(2)	0.00	-	0.00
Nishat Mills Limited *	-	561,500	-	522,500	39,000	3,824	3,639	(185)	0.04	0.06	0.01
						<b>10,691</b>	<b>10,562</b>	<b>(129)</b>			
<b>Transport</b>											
Pakistan International Bulk Terminal Limited	-	40,778,500	-	36,094,000	4,684,500	52,136	53,309	1,173	0.56	0.89	0.26
						<b>52,136</b>	<b>53,309</b>	<b>1,173</b>			
<b>Vanaspoti &amp; Allied Industries</b>											
Unity Foods Limited	-	100,039,000	-	89,369,000	10,670,000	439,429	475,028	35,599	4.95	7.94	1.07
						<b>439,429</b>	<b>475,028</b>	<b>35,599</b>			
<b>Total as at June 30, 2021</b>						<b>3,381,434</b>	<b>3,377,757</b>	<b>(3,677)</b>			
Total as at June 30, 2020						-	-	-			

\* These transactions relating to shares of related parties

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

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>5.2 Net unrealised diminution in value of investments at fair value through profit or loss</b>			
Market value as at June 30 - net of provision	5, 5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.1.5 & 5.1.7	6,082,856	1,117,107
Carrying value as at June 30 - net of provision	5, 5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.1.5 & 5.1.7	(6,005,639)	(1,123,674)
		<u>77,217</u>	<u>(6,567)</u>

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

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

Name of non-compliant investments	Note	Type of Instrument	Value of Investment before provision	Provision held if any	Value of Investment after provision	% of net assets	% of gross assets
Trust Investment Bank Limited	5.1.2.1	TFC	18,743	(18,743)	-	-	-
Telecard Limited	5.1.2.1	TFC	31,088	(31,088)	-	-	-
Pace Pakistan Limited	5.1.2.1	TFC	49,940	(49,940)	-	-	-

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

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>6. PROFIT RECEIVABLE</b>		
Profit receivable on:		
Deposits with banks	22,478	2,586
Pakistan Investment Bond	40,395	-
Term finance certificates and sukuk certificates	4,567	23,527
Margin trading system (MTS)	978	-
	<u>68,418</u>	<u>26,113</u>

## 7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	4,228	4,187
Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited	200	200
Receivable from National Clearing Company of Pakistan Limited	42,127	8,664
Prepayments	462	401
Others	354	563
	<u>49,871</u>	<u>16,515</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	8.1	6,772	1,511
Sindh sales tax payable on management remuneration	8.2	880	196
Sales load payable		343	404
Payable against allocated expenses	8.3	852	176
Payable against marketing and selling expenses	8.4	-	614
		<u>8,847</u>	<u>2,901</u>

**8.1** As per amendment in the offering document, the management company with effective from August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis. Provided that fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme.

**8.2** Sindh Sales Tax on management fee has been charged at 13% (2020: 13%).

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

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

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

In financial year 2019-20, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Asset management company (BOD) as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	9.1	640	132
Sindh sales tax on remuneration of the Trustee	9.2	83	17
		<u>723</u>	<u>149</u>

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

**9.2** Sindh Sales Tax at 13% (2020: 13%) is charged on Trustee fee.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to the SECP	10.1	<u>1,062</u>	<u>327</u>

**10.1** Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs, Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the year. Previously, the rate of annual fee applicable to income scheme was 0.075% of the daily average annual net assets of the Fund.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	11.1	18,571	10,961
Provision for Federal Excise Duty and related tax on			
- Management fee	11.2	9,210	9,210
- Sales load		239	239
Legal and professional charges		31	21
Withholding tax on capital gains		6,779	1,391
Auditors' remuneration		409	410
Brokerage		8,812	75
Others		665	1,422
		<b>44,716</b>	<b>23,729</b>

## 11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

The Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs) obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, MUFAP decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not Financial Institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP instructed to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds from SWWF continue the aggregate balance of SWWF provision in the book of accounts of the Fund as on June 30, 2021 is Rs 18.571 million (2020: 10, Rs 10.961 million).

The SECP has also concurred with the directions issued by MUFAP through its letter no SCD/AMCW/MUFAP /2017 - 405 dated February 01, 2017.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to 12, 2021, on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 0.1050 (2020: Re 0.2861) per unit.

## 11.2 Federal Excise Duty and related tax payable

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

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

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2021 aggregates to Rs. 9.210 million (2020: Rs. 9.210 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Re. 0.0521 (2020: Re. 0.2404) per unit.

### 12. CONTINGENCIES AND COMMITMENTS

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

#### 12.1 COMMITMENTS

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

- Future sale transaction
- Future buy transaction

June 30,                  June 30,  
2021                      2020  
---(Rupees in '000)---

3,505,610	-
11,696	-

Margin Trading Systems (MTS) transaction entered into by the Fund which have not been settled as at year end:

- Sale transactions

39,276	-
--------	---

June 30,                  June 30,  
2021                      2020  
----- (Rupees in '000) -----

### 13. MARKUP / RETURN ON INVESTMENTS

Government securities  
Term finance certificates and sukuk certificates  
Commercial papers

118,821	79,332
42,472	78,057
1,862	2,963
163,155	160,352

### 14. AUDITORS' REMUNERATION

Annual audit fee  
Half yearly review fee  
Other certification and services  
Out of pocket expenses

318	318
181	181
50	50
88	128
637	677

### 15. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year is 2.22% and this includes 0.28% representing government levy, Sindh Worker's Welfare Fund, SECP fee etc.

### 16. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	For the year ended June 30, 2021				For the year ended June 30, 2020			
	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2020
	Units				(Rupees in '000)			
Adanjee Life Assurance Company Limited - Employees Gratuity Fund	97,032	-	97,032	-	5,260	-	5,642	-
MCB - Arif Habib Savings And Investments Limited	-	16,123,878	8,971,450	7,152,428	-	895,292	512,318	388,254
Nishat Mills Limited Employees Provident Fund Trust	-	11,700,398	11,700,397	1	-	662,193	678,368	-
Adanjee Insurance Company Limited - Employees Gratuity Fund	-	283,082	18,807	264,275	-	15,395	1,066	14,346
Adanjee Insurance Company Limited - Employees Provident Fund	-	530,657	530,657	-	-	30,000	30,113	-
Security General Insurance Company Limited	5,540,636	11,372,592	8,213,021	8,700,207	300,341	620,779	454,000	472,272
Directors and key management personnel of the Management Company	-	1,037,336	1,037,336	-	-	59,672	59,751	-
Mandate under discretionary portfolio services	27,245	50,529,143	22,683,097	27,873,291	1,476	2,795,798	1,303,827	1,513,040
	Units				(Rupees in '000)			
Adanjee Life Assurance Company Limited - Employees Gratuity Fund	85,750	11,282	-	97,032	4,615	612	-	5,260
MCB - Arif Habib Savings And Investments Limited	-	3,271,834	3,271,834	-	-	199,476	200,746	-
Nishat Mills Limited	-	1,587,251	1,587,251	-	-	96,789	97,101	-
Directors and key management personnel of the Management Company	-	211,689	211,689	-	-	11,852	11,869	-
Security General Insurance Company Limited	-	5,540,636	-	5,540,636	-	300,688	-	300,341
Mandate under discretionary portfolio services	27,245	-	-	27,245	1,466	-	-	1,476

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	50,680	30,545
Allocated expenses	5,309	1,640
Marketing and selling expense	2,592	2,128
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	4,499	1,387
CDS charges	1,287	23
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage expense *	16	62
<b>MCB Bank Limited - Parent of the Management Company</b>		
Profit on bank balances	351	324
Bank charges	46	37
Purchase of securities : Face value Rs. 1,000 million ( 2020: Nil)	983,038	-
<b>Adamjee Life Assurance Company Limited</b>		
Purchase of 6,500 shares (2020: Nil shares)	246	-
Sale of 6,500 shares (2020: Nil shares)	157	-
<b>Aisha Steel Limited</b>		
Purchase of 14,073,500 shares (2020: Nil shares)	351,606	-
Sale of 9,102,500 shares (2020: Nil shares)	226,035	-
<b>Nishat Mills Limited - Group Company of Parent Company</b>		
Purchase of 561,500 shares (2020: Nil shares)	55,716	-
Sale of 522,500 shares (2020: Nil shares)	51,661	-
<b>Nishat Chunian Limited</b>		
Purchase of 1,538,000 shares (2020: Nil shares)	74,366	-
Sale of 1,534,500 shares (2020: Nil shares)	75,111	-
<b>Power Cement Limited</b>		
Purchase of 3,980,000 shares (2020: Nil shares)	39,697	-
Sale of 3,526,000 shares (2020: Nil shares)	35,520	-
<b>DG Khan Cement Company Limited</b>		
Purchase of 2,897,000 shares (2020: Nil shares)	335,053	-
Sale of 2,555,500 shares (2020: Nil shares)	294,818	-
<b>Lalpir Power Limited</b>		
Purchase of 3,500 shares (2020: Nil shares)	69	-
Sale of 3,500 shares (2020: Nil shares)	69	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>17.3 Details of balances with related parties / connected persons as at year end</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	6,772	1,511
Sindh sales tax payable on management remuneration	880	196
Sales load payable	343	404
Payable against allocated expenses	852	176
Payable against marketing and selling expenses	-	614
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	640	132
Sindh sales tax payable on Trustee remuneration	83	17
Security deposit	200	200
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balance	15,156	29,774
Profit receivable on bank balances	-	11
Sales load payable	-	758
Other receivable	-	548
<b>D.G. Khan Cement Company Limited</b>		
341,500 shares (2020: Nil shares)	40,270	-
<b>Aisha Steel Limited</b>		
4,971,000 shares (2020: Nil shares)	123,828	-
<b>Nishat Chunian Limited</b>		
3,500 shares (2020: Nil shares)	176	-
<b>Nishat Mills Limited</b>		
39,000 shares (2020: Nil shares)	3,639	-
<b>Power Cement Limited</b>		
454,000 shares (2020: Nil shares)	4,363	-

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

## 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	June 30, 2021							
	Carrying amount			Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value								
Government securities	2,282,147	-	-	2,282,147	-	2,282,147	-	2,282,147
Term Finance Certificates - Listed	-	-	-	-	-	-	-	-
Term Finance Certificates - Unlisted	204,992	-	-	204,992	-	204,992	-	204,992
Sukuks Certificates - Listed	-	-	-	-	-	-	-	-
Sukuks Certificates - Unlisted	40,218	-	-	40,218	-	40,218	-	40,218
Future stock contracts	77,971	-	-	77,971	77,971	-	-	77,971
Listed equity securities	3,377,757	-	-	3,377,757	3,377,757	-	-	3,377,757
	5,983,085	-	-	5,983,085	3,455,728	2,527,357	-	5,983,085

Bank balances	-	4,557,894	4,557,894
Profit receivable	-	68,418	68,418
Receivable against margin trading system	-	135,777	135,777
Receivable against sale of investment	-	11,652	11,652
Deposits and other receivables	-	45,181	45,181
	-	4,818,922	4,818,922

Payable to the Management Company	-	7,967	7,967
Payable to the Trustee	-	640	640
Payable against purchase of investment	-	1,155,947	1,155,947
Payable against redemption of units	-	47	47
Accrued expenses and other liabilities	-	9,917	9,917
	-	1,174,518	1,174,518

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020				
	Carrying amount		Fair Value		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	

During the year ended June 30, 2021, there were no transfers between levels fair value measurements, and no transfer into and out of level 3 fair value measurements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 19. FINANCIAL RISK MANAGEMENT

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

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

### 19.1 Market risk

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

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

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

#### 19.1.1 Currency risk

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

#### 19.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on bank balances, investments in term finance certificates, government securities and sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2021 details of Fund's interest bearing financial instruments were as follows:

	Note	June 30, 2021	June 30, 2020
		-----Rupees-----	
<b>Variable rate instrument (financial asset)</b>			
Bank balance	4	<b>4,545,560</b>	946,313
Pakistan investment bonds - Floating Rate Bonds (FRB)	5.1.1.3	<b>1,496,005</b>	-
Term finance certificates	5.1.2 & 5.1.3	<b>304,763</b>	355,399
Sukuks certificates	5.1.4 & 5.1.5	<b>40,218</b>	367,567
		<b>6,386,546</b>	1,669,279
<b>Fixed rate instruments (financial assets)</b>			
Market treasury bills	5.1.1.1	-	294,370
Pakistan investment bonds	5.1.1.2	<b>786,142</b>	-
Commercial paper	5.1.6	-	73,138
		<b>786,142</b>	367,508

#### a) Sensitivity analysis for variable rate instrument

Presently, the Fund holds KIBOR based term finance and sukuks certificates and balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs 63.86 million (2020: Rs 16.69 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2021, the net income for the year and net assets would be lower / higher by Rs. 7.86 million (2020: Rs. 2.94 million).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

Particulars	As at June 30, 2021					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%	----- (Rupees in '000) -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.50 to 7.83	4,545,560	-	-	12,334	4,557,894
Government securities	7.00 to 9.50	-	-	2,282,147	-	2,282,147
Unlisted debt securities	7.71 to 14.65	-	20,469	224,741	-	245,210
Listed equity securities		-	-	-	3,377,757	3,377,757
Future stock contracts		-	-	-	77,971	77,971
Profit receivable		-	-	-	68,418	68,418
Receivable against margin trading system		-	-	-	135,777	135,777
Receivable against sale of investment		-	-	-	11,652	11,652
Deposits and other receivables		-	-	-	45,181	45,181
<b>Sub total</b>		<b>4,545,560</b>	<b>20,469</b>	<b>2,506,888</b>	<b>3,729,090</b>	<b>10,802,007</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	7,967	7,967
Payable to the Trustee		-	-	-	640	640
Payable against purchase of investment		-	-	-	1,155,947	1,155,947
Payable against redemption of units		-	-	-	47	47
Accrued expenses and other liabilities		-	-	-	9,917	9,917
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,174,518</b>	<b>1,174,518</b>
<b>On-balance sheet gap</b>		<b>4,545,560</b>	<b>20,469</b>	<b>2,506,888</b>	<b>2,554,572</b>	<b>9,627,489</b>
<b>Total interest rate sensitivity gap</b>		<b>4,545,560</b>	<b>20,469</b>	<b>2,506,888</b>	<b>2,554,572</b>	<b>9,627,489</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>4,545,560</b>	<b>4,566,029</b>	<b>7,072,917</b>		

Particulars	As at June 30, 2020					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- (Rupees in '000) -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.50 to 7.83	946,313	-	-	23,933	970,246
Investments	7.63 to 14.44	197,277	172,093	647,966	73,138	1,090,474
Profit receivable		-	-	-	26,113	26,113
Deposits and other receivables		-	-	-	11,927	11,927
<b>Sub total</b>		<b>1,143,590</b>	<b>172,093</b>	<b>647,966</b>	<b>135,111</b>	<b>2,098,760</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	2,705	2,705
Payable to the Trustee		-	-	-	132	132
Payable against redemption of units		-	-	-	47	47
Accrued expenses and other liabilities		-	-	-	1,928	1,928
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,812</b>	<b>4,812</b>
<b>On-balance sheet gap</b>		<b>1,143,590</b>	<b>172,093</b>	<b>647,966</b>	<b>130,299</b>	<b>2,093,948</b>
<b>Total interest rate sensitivity gap</b>		<b>1,143,590</b>	<b>172,093</b>	<b>647,966</b>	<b>130,299</b>	<b>2,093,948</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>1,143,590</b>	<b>1,315,683</b>	<b>1,963,649</b>		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 19.1.3 Price risk

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

## 19.2 Credit risk

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

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

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

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

	June 30, 2021		June 30, 2020	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	----- (Rupees in '000) -----			
Bank balances	4,557,894	4,557,894	970,246	970,246
Investments	5,983,085	3,700,938	1,090,474	796,104
Receivable against margin trading system	135,777	135,777	-	-
Receivable against sale of investment	11,652	11,652	-	-
Profit receivable	68,418	68,418	26,113	26,113
Advances, deposits and other receivables	45,181	45,181	11,927	11,927
	<b>10,802,007</b>	<b>8,519,860</b>	<b>2,098,760</b>	<b>1,804,390</b>

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2021.

### Bank Balances by rating category

	June 30, 2021		June 30, 2020	
Rating	Rupees in '000	%	Rupees in '000	%
AAA	2,211,567	48.52	952,453	98.17
AA+	100,114	2.20	17,488	1.80
AA-	17	-	24	-
AA	665	0.01	24	-
A+	1,350,016	29.62	67	0.01
A-	21	-	49	0.01
A	895,494	19.65	141	0.01
	<b>4,557,894</b>	<b>100.00</b>	<b>970,246</b>	<b>100.00</b>

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

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

### Concentration of credit risk

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## Settlement risk

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

## 19.3 Liquidity risk

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

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

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

June 30, 2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	4,557,894	-	-	-	-	4,557,894
Investments	3,455,728	-	21,053	2,388,739	117,565	5,983,085
Profit receivable	68,418	-	-	-	-	68,418
Receivable against margin trading system	135,777	-	-	-	-	135,777
Receivable against sale of investment	11,652	-	-	-	-	11,652
Deposits and other receivables	45,181	-	-	-	-	45,181
	8,274,650	-	21,053	2,388,739	117,565	10,802,007
<b>Financial liabilities</b>						
Payable to the Management Company	7,967	-	-	-	-	7,967
Payable to the Trustee	640	-	-	-	-	640
Payable against purchase of investment	1,155,947	-	-	-	-	1,155,947
Payable against redemption of units	47	-	-	-	-	47
Accrued expenses and other liabilities	9,917	-	-	-	-	9,917
	1,174,518	-	-	-	-	1,174,518
	7,100,132	-	21,053	2,388,739	117,565	9,627,489
<b>June 30, 2020</b>						
Rupees in '000						
<b>Financial assets</b>						
Bank balances	970,246	-	-	-	-	970,246
Investments	-	270,415	172,093	390,722	257,244	1,090,474
Receivable against marginal trading system	26,113	-	-	-	-	26,113
Profit receivable	-	-	-	-	-	-
Deposits and other receivables	11,927	-	-	-	-	11,927
	1,008,286	270,415	172,093	390,722	257,244	2,098,760
<b>Financial liabilities</b>						
Payable to the Management Company	2,705	-	-	-	-	2,705
Payable to the Trustee	132	-	-	-	-	132
Payable against redemption of units	47	-	-	-	-	47
Accrued expenses and other liabilities	1,928	-	-	-	-	1,928
	4,812	-	-	-	-	4,812
	1,003,474	270,415	172,093	390,722	257,244	2,093,948

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 20. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

Name	Designation	Experience in years	Qualification
Muhammad Saqib Saleem	Chief Executive Officer	22.5	FCA & FCCA
Awais Abdul Sattar	Head Of Research	11	MBA & CFA
Jawad Naeem	Head of Islamic Equity	12	MBA & CFA
Muhammad Aitazaz Farooqui	Senior Analyst	13	MBA & CFA
Muhammad Asim	Chief Investment Officer	17	MBA & CFA
Saad Ahmed	Head Of Fixed Income	16	MBA
Syed Abid Ali	Head Of Equities	13	MBA
Usama Iqbal	Fund Manager	17	B.Com

20.1 Syed Mohammad Usama Iqbal is the Manager of the Fund who also manages Alhamra Islamic Income Fund.

## 21. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2021 (Percentage)
1 Adam Securities Pvt Ltd	31.27
2 Top Line Securities Pvt Ltd	30.91
3 Mra Securities Limited	14.29
4 Multiline Securities Pvt Ltd	7.48
5 Efg Hermes Pakistan Limited	5.87
6 Khadim Ali Shah Bukhari Sec	3.27
7 Bma Capital Management Ltd	1.77
8 Js Global Capital Limited	1.73
9 Taurus Securities Limited	1.22
10 Fortune Securities Limited	0.44

	June 30, 2020 (Percentage)
1 Invest One Markets Private Limited	28.33
2 Continental Exchange Private Limited	22.81
3 Next Capital Limited	15.91
4 Bright Capital Private Limited	10.64
5 Arif Habib Limited	8.24
6 Icon Securities Private Limited	4.23
7 Paramount Capital Private Limited	2.41
8 C And M Management Private Limited	1.76
9 JS Global Capital Limited	1.67
10 BMA Capital Management Limited	1.54

## 22. PATTERN OF UNIT HOLDING

	As at June 30, 2021			
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individual	1,979	69,649,983	3,780,793	39.40
Retirement Fund	73	43,131,782	2,341,312	24.4
Others	21	6,289,778	341,426	3.56
Associated Company	3	8,964,483	486,617	5.07
Other Corporates	21	34,167,809	1,854,723	19.33
Asset Management Company	1	7,152,428	388,253	4.05
Foreign Individual	12	49,945	2,711	0.03
Insurance Companies	11	7,359,974	399,520	4.16
	2,121	176,766,181	9,595,355	100

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	As at June 30, 2020			
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	1,259	22,181,520	1,202,393	57.91
Associated company	2	5,637,668	305,601	14.72
Insurance companies	12	5,854,717	317,366	15.29
Retirement funds	41	4,051,806	219,636	10.58
Others	102	575,547	31,199	1.50
	1,416	38,301,258	2,076,195	100

## 23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159, 163 & 167
Mr. Muhammad Saqib Saleem	Chief Executive Officer	11	11	11	-	-

## 24. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

## 25. Impact of COVID-19

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown. During the lockdown that lasted from March to May 2020, the funds continued their activity, as the Pakistan Stock Exchange and the money markets continued trading. Management Company is of the view that while COVID-19 and its resulting containment measures have affected the economy, investors' confidence and adequate steps from the government and regulators have spearheaded recovery and subsequent events reflect that in due course, things would be normalised.

## 26. CORRESPONDING FIGURES

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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### 27. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue on by the Board of Directors on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 11.1 to these financial statements.

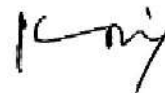
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
723	001-10,000	32,624
358	10,001 – 100,000	238,412
508	100,001 – 1,000,000	3,977,781
532	1,000,001+	172,517,364
<b>2121</b>		<b>176,766,181</b>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	9,595	2,103	1,392	1,519	1,722
Net Assets value per unit – Rupees	54.2828	54.207	53.8234	56.3297	53.7626
Closing Offer Price	55.5096	55.4321	55.0398	57.6028	54.9776
Closing Repurchase Price	54.2828	54.207	53.8234	56.3297	53.7626
Highest offer price per unit	59.4913	62.8085	59.4166	57.6028	58.5767
Lowest offer price per unit	54.7855	55.058	55.0086	54.9843	54.75
Highest Redemption price per unit	58.1765	61.4204	58.1035	56.3297	57.22
Lowest Redemption price per unit	54.2148	53.8412	53.7929	53.7691	53.51
Distribution per unit – Rs. *	3.9065	7.1414	4.3249	-	3.54

Average Annual Return - %					
One year	7.35	13.96	8.13	4.77	6.90
Two year	10.66	11.05	6.45	5.84	6.52
Three year	9.81	8.95	6.60	5.94	8.12
Net Income for the year – Rs. in million	372.9311	258.8714	116.38	69.70	69.019
Distribution made during the year – Rs. in million	594.3974	246.0931	173.12	-	65.255
Accumulated Capital Growth – Rs. in million	(221.466)	12.778	(56.740)	69.698	3.764
Weighted average Portfolio Duration ( years )	0.58	1.6	1.5	1.9	1.0

### \* Date of Distribution

2021	
Date	Rate
June 25, 2021	3.9065

2020	
Date	Rate
June 26, 2020	7.1414

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

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 19, 2017	3.54

### Disclaimer

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

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