

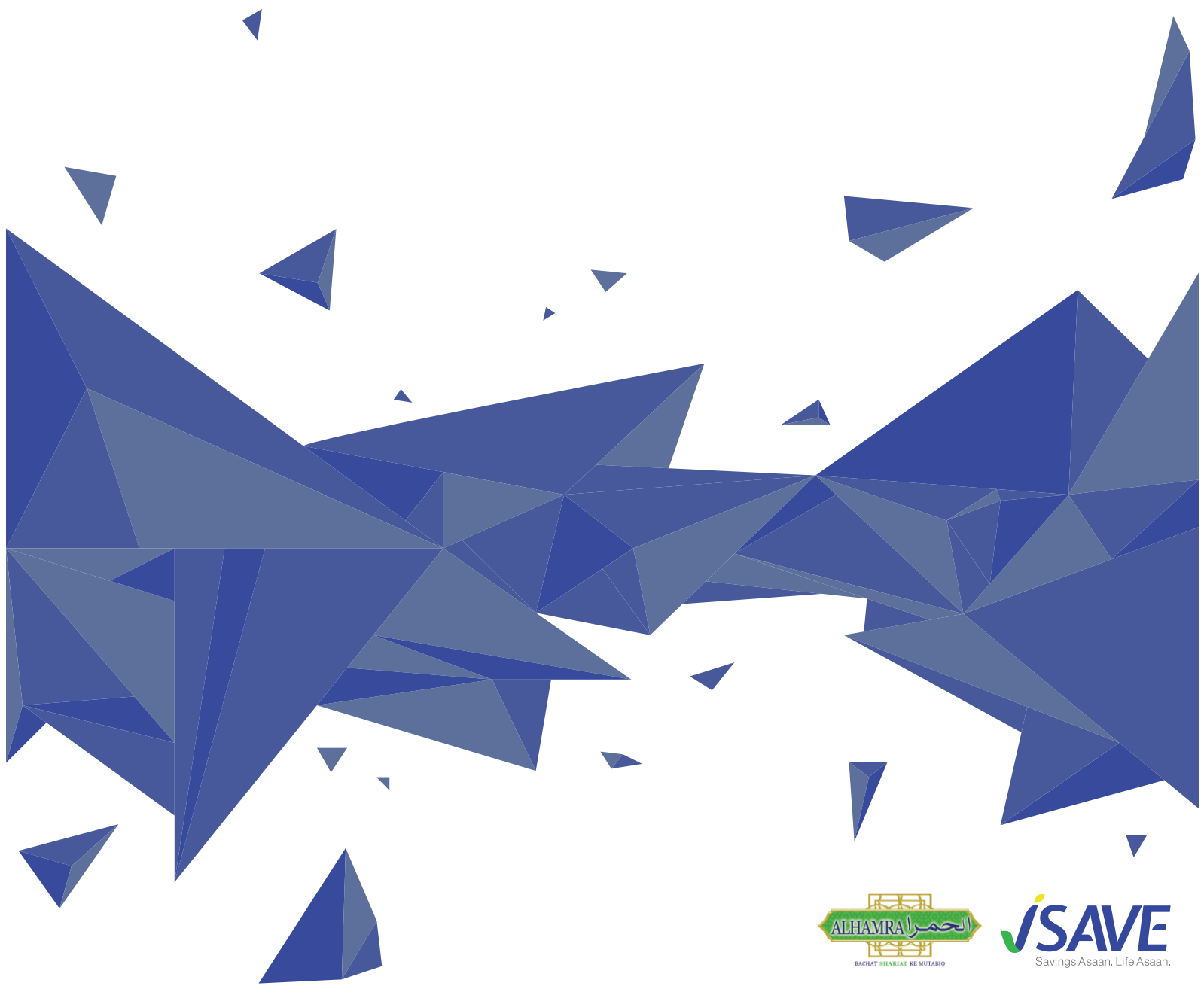


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

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



PAKISTAN CAPITAL MARKET FUND

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FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Capital Market Fund** accounts review for the half year ended December 31, 2021.

Economy and Money Market Review

The fiscal year started on strong note with government's renewed focus on reviving growth, as new finance minister announced several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing (6.25% drop since start of covid lockdowns), low inflation and incentives on capital investment at lower rates (TERF), which further supported to growth premise. However, the sharp recovery in domestic demand, coupled with rising international commodity prices, led to a strong pick-up in imports and a commensurate increase in the current account deficit. Widening deficit also reflected on the exchange rate as the rupee depreciated by 10.4% against USD during first half of fiscal year ending June 2022 (1HFY22).

The country posted a current account deficit of USD 9.1bn in 1HFY22 compared to a surplus of USD 1.3bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 8.7bn in first half of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 56.9% in 1HFY22 compared to export growth of 29.0%. Trade Deficit increased by 86.0% to USD 21.2bn compared to USD 11.4bn in same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports. As per our estimates, prices contributed more than two-third of the increase in import bill.

Foreign exchange reserves of central bank saw an increase of USD 0.4bn as Pakistan received USD 2.75 billion from the IMF under its new SDR allocation and USD 3bn from Saudi Arabia for reserve support. The inflows helped in stabilizing forex reserves despite the huge current account deficit and due repayments.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 9.8% in 1HFY22 compared to 8.6% in 1HFY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which keeps the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upward trend as it increased to 8.5% in December 2021 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 275bps to 9.75% in this half to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 32.5% in 1HFY22 to PKR 2,920bn compared to PKR 2,204bn during same period last year. This exceeded the target of 2,633bn by 287bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected due to higher imports. Secondary markets yields have increased significantly in the half as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices will add pressure to inflation and we expect average FY22 inflation to clock at 11.7% above the range of 9-11% forecasted by SBP. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 1.7%, 1.5% and 1.2%, respectively during the period.

Equity Market Review

The KSE-100 Index posted a negative return of 5.8% (2,760 points drop) in 1HFY22 compared to a positive return of 27.1% in same period last year. Challenging macros (rising in interest rate, depreciating PKR and widening twin deficit), increasing commodity prices, and MSCI's decision to downgrade Pakistan from Emerging Market to Frontier Market all weighted heavily on the index.

Cements, Refinery, Oil & Gas Marketing companies remained the major index dampeners, contributing 1,096 points, 370 points and 339 points to the index fall, respectively. In the cement sector, unprecedented surge in international coal prices (USD 250/ton compared to an average of USD 64.5/ton last year)

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

created a weak near-term earnings outlook for the sector leading to selling pressure. Moreover, decline in refineries and OMCs were largely on the account of delay in approval of refinery policy and continuous accumulation of circular debt, respectively.

Foreign institutional investors continued their selling spree, adding another USD 250 million during the half year, majority of which was countered by Individuals and Insurance companies. During the half year, average trading volumes saw a decline to 340 million shares compared to about 447million shares during the preceding half. Similarly, average trading value during the half saw a drop of 39% over last half to near USD 42 million.

FUND PERFORMANCE

During the period under review, the fund posted a return of -2.50% compared to the return of -3.83% posted by the benchmark.

On the equities front, the overall allocation stood at 67.6%. The exposure was mainly held in Commercial Banks, Cement and Oil & Gas Exploration Companies.

On the fixed income side, the fund maintained its exposure towards cash to benefit from attractive rates offered by banks.

The Net Assets of the Fund as at December 31, 2021 stood at Rs. 457 million as compared to Rs. 467 million as at June 30, 2021 registering a decrease of 2.14%.

The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs. 11.70 as compared to opening NAV of Rs. 12.00 per unit as at June 30, 2021 showing a decrease of Rs. -0.30 per unit.

Economy & Market – Future Outlook

The policy makers have moved their focus from growth to macroeconomic consolidation in view of elevated current account deficit and higher inflation trajectory. The SBP took a number of measures to curtail aggregate demand and imports including monetary tightening, raising cash reserve requirement and discouraging auto financing by banning financing of imported vehicle while capping financing requirement to PKR 3mn for locally assembled cars. These steps have started yielding results with imports receding from their historic high and currency depicting relative stability.

We expect GDP to grow by 4.6% this year slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services Sector to grow by 5.0%, 4.1% and 4.6% respectively. Industrial Sector growth is likely to remain robust but below government target due to some demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to expected bumper wheat and cotton crop. The Covid Vaccination roll out has been quite successful which is anticipated to unleash Services growth as this segment was the most affected by the pandemic.

The persistently elevated international commodities prices especially petroleum, palm oil, coal, fertilizers and steel, has led to a strong pick-up in imports and a rise in the current account deficit, which we expect to close the year around USD 16 billion (4.3% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2 billion (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 183 against a dollar.

Successful continuation of the IMF program will be a key prerequisite to keep the financial account in positive zone. The SBP is expected to continue to discourage unnecessary imports and use flexible market determined exchange rate and appropriate monetary policy setting to ensure sustainable external account position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

The expected rise in energy tariffs, currency depreciation and higher international commodities prices will lead to increase in inflation in this year. We expect inflation to remain in double digits for rest of the fiscal year to average around 11.7% for year. SBP has increased policy rate by a cumulative 275bps to 9.75% to counter inflationary pressures and ensure that growth remains sustainable. It has indicated that its goal to achieve mildly positive interest rate on a forward-looking basis was now close to being achieved. However, the recent surge in international oil prices poses upside risk to the equation. We expect interest rates to rise around 10%-10.5% by the end of fiscal year.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in expected interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 14.4%, a discount of 57% from its historical average. Similarly, risk premiums are close to 5.9%, compared to historical average of 1.9% signifying abnormal returns for long term investors. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 5.5x, while offering a dividend yield of 8.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given expected increase in interest rates. 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 7.0% during the half to PKR 1,090bn at the end of 1HFY22. Total money market funds grew by about 19.9% since June 2021. Within the money market sphere, the conventional funds dominated as they grew by about 33.9% to PKR 382bn while Islamic funds declined by 2.3% to PKR 178bn. In addition, the total fixed Income funds increased by about 0.9% since June 2021, as the conventional income funds declined by 3.7% to PKR 121bn. Equity and related funds declined by 8.1% as market witnessed a decline in the half eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 51.4%, followed by Equity and Equity related funds with a share of 25.2% and Income funds having a share of 22.7% as at the end of 1HFY22.

Mutual Fund Industry Outlook

The recent increase in interest rates along with prospect of further monetary tightening would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

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
February 08, 2022



Nasim Beg
Director/Vice Chairman
February 08, 2022

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے نصف اول کے دوران تقریباً 7.0 فیصد بڑھ کر اختتام مدت پر 1,090 بلین روپے ہو گئے۔ منی مارکیٹ کی مجموعی فنڈ میں جون 2021ء سے اب تک تقریباً 19.9 فیصد کا اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈ حاوی رہے کیونکہ تقریباً 33.9 فیصد بڑھ کر 382 بلین روپے ہو گئے، جبکہ اسلامک فنڈ 2.3 فیصد کم ہو کر 178 بلین روپے ہو گئے۔ مزید براں، مجموعی فکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 0.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈ 3.7 فیصد کم ہو کر 121 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈ 8.1 فیصد کم ہو گئے کیونکہ زیر جائزہ ششماہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الانتظامیہ کم ہو گئے کیونکہ وسیع معاشی اور جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے نصف اول کے اختتام پر منی مارکیٹ فنڈ تقریباً 51.4 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر ایکویٹی اور متعلقہ فنڈ تھے جن کا 25.2 فیصد حصہ تھا، اور تیسرے نمبر پر انکم فنڈ تھے جن کا 22.7 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں حالیہ اضافے اور مزید مالیاتی سختی کے امکان سے منی مارکیٹ فنڈز میں آمدورفت میں اضافہ ہوگا۔ منی مارکیٹ فنڈ اپنی مختصر مدت کے سبب ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر میعاد میں کام کرنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کو کم کر دیا ہے اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ

ڈائریکٹر/وائس چیئرمین

08 فروری 2022ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

08 فروری 2022ء

جس کی بدولت خدمات کے شعبے میں ترقی متوقع ہے کیونکہ وبا سے سب سے زیادہ متاثر یہی شعبہ تھا۔ اشیاء، خصوصاً پٹرولیم، پام تیل، کوئلہ، کھاد اور اسٹیل، کی مسلسل بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات تیزی سے اوپر گئیں اور کرنٹ اکاؤنٹ خسارے (سی اے ڈی) میں اضافہ ہوا جو ہماری توقع کے مطابق اختتام سال پر تقریباً 16 بلین (جی ڈی پی کا 4.3 فیصد) ہوگا۔ یہ مالی سال 2018ء میں 19.2 بلین ڈالر (جی ڈی پی کے 6.1 فیصد) کے بعد سے اب تک کا سب سے زیادہ سی اے ڈی ہوگا۔ ہم سمجھتے ہیں کہ بلند سی اے ڈی کے رد عمل کے طور پر روپے کی قدر میں مزید کمی ہوگی اور اختتام مالی سال پر یہ 183 روپے فی ڈالر ہو جائے گا۔

’آئی ایم ایف‘ پروگرام کا کامیاب تسلسل مالی گوشوارے کو مثبت حد میں رکھنے کی اہم ترین شرط ثابت ہوگا۔ اُمید ہے کہ ’ایس بی پی‘ غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ کا تعین کردہ لچکدار زر مبادلہ کی شرح اور مالیاتی پالیسی کی موزوں ترتیب استعمال کر کے خارجی گوشوارے کی قابل بقاء صورتحال کو یقینی بنائے گا۔ ترسیلات زر کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی آمد و رفت بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم ثابت ہوں گی۔

بجلی کی قیمتوں میں متوقع اضافے، روپے کی قدر میں کمی اور اشیاء کی بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں اس سال افراط زر میں اضافہ ہوگا۔ ہماری توقع کے مطابق افراط زر بقیہ مالی سال میں دو ہندسوں پر مشتمل رہے گی اور یوں اس کا اوسط برائے سال تقریباً 11.7 فیصد بنے گا۔ ایس بی پی نے پالیسی شرح میں مجموعی طور پر 275bps کا اضافہ کر کے اسے 9.75 فیصد کر دیا ہے تاکہ افراط زر کے دباؤ سے نمٹا جاسکے اور یہ یقینی بنایا جاسکے کہ ترقی قابل بقاء رہے۔ ایس بی پی نے اس طرف اشارہ کیا ہے کہ اس کا فارورڈ لکنگ بنیاد پر ہلکا پھلکا مثبت شرح سود حاصل کرنے کا مقصد پورا ہونے کے قریب تھا، تاہم تیل کی بین الاقوامی قیمتوں میں اضافہ رکاوٹ بن رہا ہے۔ ہم سمجھتے ہیں کہ مالی سال کے اختتام تک سود کی شرحوں میں تقریباً 10 سے 10.5 فیصد تک کا اضافہ ہوگا۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے تناظر میں اسٹاک کی قیمتوں میں حالیہ تصحیح سے تعین قدر کھل گئی ہے۔ مارکیٹ نے شرح سود میں متوقع اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 14.4 فیصد رہ گیا جو اس کے historical اوسط سے 57 فیصد کم ہے۔ اسی طرح، ریسک پریمیئم 5.9 فیصد کے قریب ہیں جبکہ اس کے بالمقابل اس کا تاریخی اوسط 9.1 فیصد تھا، جس کا مطلب ہے طویل المیعاد سرمایہ کاروں کے لیے غیر معمولی منافع جات ہوں گے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کا خورد منظور زیادہ اہم رہے گا اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ میں فی الوقت 5.5x قیمت کے آمدنی کے ساتھ تناسب (PER) پر تجارت ہو رہی ہے جبکہ 8.2 فیصد ڈیویڈنڈ دستیاب 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 ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

غیر ملکی ادارہ جاتی سرمایہ کاروں نے فروخت کا سلسلہ جاری رکھا اور نصف سال کے دوران مزید 250 ملین ڈالر کا اضافہ کیا، جس کے اکثر حصے کا مقابلہ افراد اور بیمہ کمپنیوں نے کیا۔ زیرِ جائزہ نصف سال کے دوران اوسط تجارتی حجم کم ہو کر 340 ملین حصص ہو گئے جبکہ اس کے بالمقابل گزشتہ نصف سال کے دوران تقریباً 447 ملین حصص تھے۔ اسی طرح، اوسط تجارتی قدر زیرِ جائزہ نصف سال کے دوران گزشتہ نصف سال کے مقابلے میں 39 فیصد کم ہو کر تقریباً 42 ملین ڈالر ہو گئی۔

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے -3.83 فیصد مقررہ منافع کے مقابلے میں 2.50- فیصد کارپوریٹ پوسٹ کیا۔ ایکویٹیز کے محاذ پر مجموعی مختص 67.6 فیصد رہا۔ یہ سرمایہ کاری بنیادی طور پر کمرشل بینکوں، سیمنٹ اور آئل اینڈ گیس ایکسپلوریشن کمپنیوں میں منعقد کی گئی تھی۔ مقررہ آمدنی کی طرف، فنڈ نے بینکوں کی طرف سے پیش کردہ پرکشش نرخوں سے فائدہ اٹھانے کے لئے نقد رقم کی طرف اپنی سرمایہ کاری برقرار رکھی۔

31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 457 ملین روپے رہے جبکہ 30 جون 2021ء کو فنڈ کے خالص اثاثے 467 ملین روپے تھے، یعنی 2.14 فیصد کمی درج کی گئی۔

31 دسمبر 2021ء کو نیٹ ایسٹ ویلیو (این اے وی) فی یونٹ 11.70 روپے رہی جبکہ 30 جون 2021ء کو این اے وی 12.00 روپے فی یونٹ تھی، یعنی 0.30- روپے فی یونٹ کمی ظاہر کی گئی۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

کرنٹ اکاؤنٹ خسارے اور افراطِ زر میں اضافے کے پیشِ نظر پالیسی سازوں نے اپنی توجہ کا مرکز ترقی سے ہٹا کر وسیع معاشی ہم آہنگی کو بنالیا ہے۔ 'ایس بی پی' نے مجموعی طلب اور درآمدات کو کم کرنے کے لیے متعدد اقدامات کیے مثلاً مالیاتی سختی، نقد ذخائر کی مطلوبہ سطح میں اضافہ، اور آٹو فنانسنگ یعنی بینک وغیرہ سے قرض لے کر گاڑی کے حصول کی حوصلہ شکنی بذریعہ درآمد شدہ گاڑیوں کی فنانسنگ پر پابندی اور مقامی تیار کردہ گاڑیوں کی فنانسنگ کے لیے 3 ملین روپے کی مطلوبہ سطح کا تعین۔ ان اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ درآمدات اپنی تاریخی بلند ترین سطح سے نیچے آ رہی ہیں اور روپیہ نسبتاً مستحکم ہو رہا ہے۔

ہمیں مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.6 فیصد کی ترقی کی اُمید ہے جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ ہماری توقع کے مطابق زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 5.0 فیصد، 4.1 فیصد اور 4.6 فیصد ترقی ہوگی۔ صنعتی شعبے کی ترقی ممکنہ طور پر بھرپور لیکن حکومتی ہدف سے کم ہوگی کیونکہ مالیاتی سختی کے باعث طلب کچھ حد تک سکڑ جائے گی۔ دوسری جانب زرعی شعبے کی ترقی متوقع طور پر حکومتی تخمینوں سے سبقت لے جائے گی کیونکہ گندم اور کپاس کی فصل کا بڑا حجم متوقع ہے۔ کووڈ ویکسینیشن کی مہم کافی حد تک کامیاب رہی

ڈائریکٹر رپورٹ

اسباب اشیائے خوردونوش کی بلندتر قیمتیں، توانائی (بجلی اور ایندھن) کی بڑھی ہوئی لاگتیں، اور پاکستانی روپے کی قدر میں کمی کا دوسرا دور ہیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔

بنیادی افراط زر، جس کی پیمائش اشیائے خوردونوش اور توانائی کے علاوہ کے ذریعے کی جاتی ہے، میں بھی اضافے کا رجحان پایا گیا۔ دسمبر 2021ء میں 8.5 فیصد جبکہ اس کے بالمقابل جون 2021ء میں 6.9 فیصد۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں مجموعی طور پر 275bps اضافہ کر کے اسے اس ششماہی میں 9.75 فیصد کر دیا تاکہ افراط زر کے دباؤ اور سست رفتار مجموعی طلب کا مقابلہ کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے نصف اول میں 32.5 فیصد بڑھ کر 2,920 بلین روپے ہو گئی جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت کے دوران 2,204 بلین روپے تھی۔ یہ 2,633 بلین کے ہدف سے 287 بلین روپے زیادہ ہے۔ ٹیکس وصولی میں اضافے کا بنیادی سبب درآمدات میں اضافے کی بدولت زیادہ کسٹم ڈیوٹی اور سیلز ٹیکس کی وصولی ہے۔

ثانوی مارکیٹس کے منافع جات میں اس ششماہی میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کا دورہ شروع کر دیا ہے۔ روپے کی قدر میں حالیہ کمی بمع اشیاء کی بلند قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور ہمیں توقع ہے کہ مالی سال 2022ء کی اوسط افراط زر ایس بی پی کی پیش گوئی کردہ 9 سے 11 فیصد کی حد سے زیادہ یعنی 11.7 فیصد ہوگی۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 1.7 فیصد، 1.5 فیصد اور 1.2 فیصد اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (کے ایس ای) 100 انڈیکس نے مالی سال 2022ء کے نصف اول میں 5.8 فیصد منفی منافع (2,760 پوائنٹس کمی) پوسٹ کیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 27.1 فیصد مثبت منافع ہوا تھا۔ وسیع عناصر میں مشکلات (شرح سود میں اضافہ، روپے کی قدر میں کمی اور پھیلتے ہوئے جڑواں خسارے)، بڑھتی ہوئی اشیاء کی قیمتیں، اور MSCI کا پاکستان کی درجہ بندی کو امرجنگ مارکیٹ سے کم کر کے فرنٹیئر مارکیٹ کرنے کا فیصلہ، ان تمام عوامل نے انڈیکس پر دباؤ ڈالا۔

سیمنٹ، ریفائری، اور تیل اور گیس کی مارکیٹنگ کی کمپنیاں وہ اہم شعبہ جات تھے جنہوں نے انڈیکس کو بالترتیب 1,096 پوائنٹس، 370 پوائنٹس اور 339 پوائنٹس متاثر کیا۔ کونکے کی بین الاقوامی قیمتوں میں بے نظیر اضافے (250 ڈالر فی ٹن سے بڑھ کر گزشتہ سال اوسطاً 64.5 ڈالر فی ٹن) نے سیمنٹ کے شعبے کی قریب المیعا درآمدیوں کی صورتحال کو کمزور کیا جس کے نتیجے میں فروخت کا دباؤ پیدا ہوا۔ علاوہ ازیں، ریفائنریوں اور آئل مارکیٹنگ کمپنیوں میں انحطاط کی بڑی وجہ بالترتیب ریفائری کی پالیسیوں کی منظوری میں تاخیر اور گردشی قرض کا مسلسل جمع ہونا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیپیٹل مارکیٹ فنڈ کے اکاؤنٹس برائے نصف اول مختتمہ 31 دسمبر 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

ترقی کی بحالی پر حکومت کی تجویز شدہ توجہ کے باعث مالی سال کا خوش آئند آغاز جسکی وجہ نئے وزیر خزانہ کا مالی سال 2022ء کے بجٹ میں متعدد ترقیاتی ترغیبات کا اعلان کرنا ہے۔ یہ پیش رفت مالیاتی تسہیل (کووڈ لاک ڈاؤن کے آغاز سے اب تک 6.25 فیصد کی) کی سست اثر پذیری، پست افراط زر، اور کم شرحوں پر کیپیٹل کی سرمایہ کاری (TERF) پر مستزاد تھی جس کی بدولت ترقی کو مزید تحریک حاصل ہوئی۔ تاہم مقامی طلب میں ٹنڈ بحالی بمع اشیاء کی بڑھتی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات میں بھرپور اضافہ اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ خسارے میں اضافے کا اثر شرح زرمبادلہ پر بھی ظاہر ہوا اور مالی سال مختتمہ جون 2022ء کے نصف اول کے دوران روپیہ ڈالر کے مقابلے میں 10.4 فیصد گر گیا۔

مالی سال 2022ء کے نصف اول میں ملک کا کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 9.1 بلین ڈالر تھا جبکہ اس کے بالمقابل گزشتہ سال کی مماثل مدت میں 1.3 بلین ڈالر سرپلس تھا۔ یہ مالی سال 2018ء سے لے کر اب تک کا سب سے زیادہ سی اے ڈی تھا، یعنی مالی سال کے نصف اول میں 8.7 بلین ڈالر کا خسارہ۔ اس کا بنیادی سبب درآمدات میں اضافہ تھا جو مالی سال 2022ء کے نصف اول میں 56.9 فیصد تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 29.0 فیصد تھا۔ تجارتی خسارہ 86.0 فیصد بڑھ کر 21.2 بلین ڈالر ہو گیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 11.4 بلین ڈالر تھا۔ درآمدات میں بے نظیر اضافے کا سبب ہماری اشیاء کی basket کی historic بلند قیمتیں ہیں جس میں خام تیل، palm تیل، کوئلہ اور اس کے ساتھ ویکسین کی یکبار درآمدات شامل ہیں۔ ہمارے تخمینوں کے مطابق درآمداتی بل میں اضافے کا دو تہائی سے زیادہ حصہ قیمتوں پر مشتمل ہے۔

مرکزی بینک کے زرمبادلہ کے ذخائر میں 0.4 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے نئے 'ایس ڈی آر' اختصاص کے تحت 2.75 بلین ڈالر اور سعودی عرب کے طرف سے 3 بلین ڈالر برائے reserve معاونت موصول ہوئے۔ یہ وصولیاں کرنٹ اکاؤنٹ کے خطیر خسارے اور واجبات الاداء کے باوجود زرمبادلہ کے ذخائر میں استحکام لانے میں معاون ثابت ہوئیں۔

افراط زر کا مسئلہ برقرار رہا کیونکہ بڑھتی ہوئی اشیاء نے پالیسی سازوں کے لیے مشکلات پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن افراط زر، جس کی ترجمانی کنزیومر پرائس انڈیکس (سی پی آئی) یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2022ء کے نصف اول میں 9.8 فیصد تھا جبکہ اس کے بالمقابل مالی سال 2021ء کے نصف اول میں 8.6 فیصد تھا۔ اس اضافے کے بنیادی

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Capital Market 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 six months period ended December 31, 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: February 23, 2022



AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



A.F.FERGUSON & CO.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Capital Market Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 23, 2022

Karachi

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■ KARACHI ■ LAHORE ■ ISLAMABAD

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

		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	144,961	186,376
Investments	5	317,585	273,292
Dividend and profit receivable		518	293
Advances, deposits and other receivables		4,811	4,803
Receivable against sale of investments		1,536	20,614
Total assets		<u>469,411</u>	<u>485,378</u>
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	1,501	1,379
Payable to Central Depository Company of Pakistan Limited - Trustee	7	87	89
Payable to the Securities and Exchange Commission of Pakistan (SECP)	8	47	94
Payable against purchase of investments		-	952
Payable against redemption of units		216	216
Accrued and other liabilities	9	10,110	15,985
Total liabilities		<u>11,961</u>	<u>18,715</u>
NET ASSETS		<u>457,450</u>	<u>466,663</u>
Unit holders' fund (as per statement attached)		<u>457,450</u>	<u>466,663</u>
Contingencies and commitments	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>39,114,080</u>	<u>38,891,084</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		<u>11.70</u>	<u>12.00</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

		Six months period ended		Quarter ended	
		December 31,		December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
INCOME					
	Capital (loss) / gain on sale of investments - net	(10,817)	45,338	(1,146)	20,891
	Dividend income	8,993	3,584	4,368	3,069
	Income from government securities	3,246	2,700	1,830	1,485
	Income from term finance certificates	21	23	10	12
	Profit on bank deposits	2,830	2,412	1,076	887
	Income on deposit with NCCPL exposure margin	41	60	21	34
	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.6	(10,945)	4,217	6,747
	Total income	(6,631)	88,837	10,376	33,125
EXPENSES					
	Remuneration of MCB-Arif Habib Savings & Investments Limited - Management Company	6.1	7,793	4,702	3,886
	Sindh Sales tax on remuneration of the Management Company	6.2	1,013	611	505
	Allocated expenses	6.3	233	235	116
	Remuneration of Central Depository Company of Pakistan Limited - Trustee		465	470	232
	Sindh sales tax on remuneration of the trustee		60	61	30
	Selling and marketing expenses	6.4	-	3,174	-
	Annual fee to the Securities and Exchange Commission of Pakistan	8	47	47	24
	Securities transaction cost		796	1,510	410
	Settlement and bank charges		306	306	166
	Fees and subscription		14	26	7
	Auditors' remuneration		341	405	196
	Printing and related costs		13	16	(12)
	Legal and professional charges		469	69	35
	Total operating expenses		11,550	11,632	5,595
	Net (loss) / income from operating activities		(18,181)	77,205	4,781
					27,337
	Reversal of provision / (provision for Sindh Workers' Welfare Fund) (SWWF)	9.1	6,269	(1,544)	-
					(547)
	Net (loss) / income for the period before taxation		(11,912)	75,661	4,781
					26,790
	Taxation	11	-	-	-
					-
	Net (loss) / income for the period after taxation		(11,912)	75,661	4,781
					26,790
	Allocation of net income for the period:				
	Net income for the period after taxation		-	75,661	
	Income already paid on units redeemed		-	(4,622)	
			-	71,039	
	Accounting income available for distribution:				
	- Relating to capital gains		-	71,039	
	- Excluding capital gains		-	-	
			-	71,039	

Earnings per unit

13

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

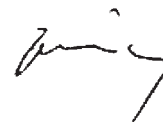
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Six months period ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(11,912)	75,661	4,781	26,790
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(11,912)</u>	<u>75,661</u>	<u>4,781</u>	<u>26,790</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	(Accumulated loss) / undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	408,071	58,592	466,663	422,186	(7,607)	414,579
Issuance of 4,042,659 units (2020: 4,187,990 units):						
- Capital value (at net asset value per unit at the beginning of the period)	48,512	-	48,512	42,508	-	42,508
- Element of (loss) / income	(213)	-	(213)	4,616	-	4,616
	48,299	-	48,299	47,124	-	47,124
Redemption of 3,819,663 units (2020: 5,291,820 units):						
- Capital value (at net asset value per unit at the beginning of the period)	45,836	-	45,836	53,712	-	53,712
- Element of (income) / loss	(236)	-	(236)	1,870	4,622	6,492
	45,600	-	45,600	55,582	4,622	60,204
Total comprehensive (loss) / income for the period	-	(11,912)	(11,912)	-	75,661	75,661
Net assets at the end of the period	410,770	46,680	457,450	413,728	63,432	477,160
Undistributed income brought forward comprising of:						
- Realised income	41,469			19,862		
- Unrealised income / (loss)	17,123			(27,469)		
	58,592			(7,607)		
Accounting income available for distribution						
- Relating to capital gains	-			71,039		
- Excluding capital gains	-			-		
	-			71,039		
Net loss for the period after taxation		(11,912)			-	
Undistributed income carried forward		46,680			63,432	
Undistributed income carried forward comprising of:						
- Realised income	57,625			28,712		
- Unrealised (loss) / income	(10,945)			34,720		
	46,680			63,432		
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	12.00			10.15		
Net asset value per unit at the end of the period	11.70			12.00		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR DECEMBER 31, 2021

		Six months period ended	
		December 31, 2021	December 31, 2020
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period after taxation		(11,912)	75,661
Adjustments for:			
Dividend income		(8,993)	(3,584)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.6	10,945	(34,720)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	9.1	(6,269)	1,544
		(16,229)	38,901
(Increase) / decrease in assets			
Investments - net		(55,238)	74,115
Receivable against sale of investments		19,078	(2,927)
Dividend and profit receivables		(225)	1,795
Advances, deposits and other receivables		(8)	(445)
		(36,393)	72,538
Increase / (decrease) in liabilities			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		122	276
Payable to Central Depository Company of Pakistan Limited - Trustee		(2)	12
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(47)	(46)
Payable against purchase of investments		(952)	(46,841)
Accrued and other liabilities		394	274
		(485)	(46,325)
Dividend received		8,993	3,312
Net cash (used in) / generated from operating activities		(44,114)	68,426
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		48,299	47,124
Payments on redemption of units		(45,600)	(60,204)
Net cash generated from / (used in) financing activities		2,699	(13,080)
Net (decrease) / increase in cash and cash equivalents during the period		(41,415)	55,346
Cash and cash equivalents at the beginning of the period		186,376	99,855
Cash and cash equivalents at the end of the period	12	144,961	155,201

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 30, 2003 consequent to which the Trust Deed was executed on October 27, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) 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 SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 Pakistan Capital Market Fund as a closed-end scheme was authorized by SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities, secured debt securities, money market transactions and reverse re-purchase transactions.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2021 (2020: 'AM1' dated October 6, 2020) to the Management Company.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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 Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

3.2 The preparation of the condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

3.3 Amendments to accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Amendments to accounting and reporting standards that are not yet effective

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
4 BALANCES WITH BANKS			
In current accounts		4,570	5,050
In saving accounts	4.1 & 4.2	140,391	181,326
		<u>144,961</u>	<u>186,376</u>

4.1 These carry profit at the rates ranging from 7.25% to 10.45% per annum (June 30, 2021: 5.5% to 7.6% per annum).

4.2 These include a balance of Rs.0.592 million (June 30, 2021: Rs. 3.218 million) maintained with MCB Bank Limited (a related party) that carries profit at the rate of 7.25% per annum (June 30, 2021: 5.5% per annum).

		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
5 INVESTMENTS			
Investment by category			
At fair value through profit or loss			
Listed equity securities	5.1	317,165	272,708
Unlisted debt security	5.4	420	584
		<u>317,585</u>	<u>273,292</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

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

Name of the investee company	As at July 1, 2021	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2021	As at December 31, 2021			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation/ (diminution)	Net assets	Total investments	
----- Number of shares -----						----- Rupees in '000' -----			----- % -----		
Automobile Assembler											
Honda Atlas Cars(Pakistan) Limited	-	13,000	-	13,000	-	-	-	-	-	-	-
Indus Motors Company Limited	4,100	-	-	4,100	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	23,000	-	-	23,000	7,056	5,365	(1,691)	1.17	1.69	0.03
					-	7,056	5,365	(1,691)	1.17	1.69	0.03
Automobile Parts And Accessories											
Agriauto Industires Limited	40,000	-	-	40,000	-	-	-	-	-	-	-
Panther Tyres Limited *	90,266	-	53	90,000	319	18	13	(5)	-	-	-
Thal Limited	28,600	-	-	4,400	24,200	10,231	9,261	(970)	2.02	2.92	0.03
						10,249	9,274	(975)	2.02	2.92	0.03
Cement											
Cherat Cement Company Limited	-	90,500	-	-	90,500	12,297	13,422	1,126	2.93	4.23	0.05
D.G. Khan Cement Company Limited **	38,000	-	-	38,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	20,600	-	20,600	-	-	-	-	-	-	-
Lucky Cement Limited	38,968	11,600	-	10,768	39,800	32,650	27,035	(5,615)	5.91	8.51	0.01
Maple Leaf Cement Factory Limited (note 5.1.1)	400,000	143,000	-	-	543,000	24,046	19,521	(4,526)	4.27	6.15	0.05
Pioneer Cement Limited	69,000	17,500	-	86,500	-	-	-	-	-	-	-
Power Cement Limited **	450,000	-	-	450,000	-	-	-	-	-	-	-
						68,993	59,978	(9,015)	13.11	18.89	0.11
Chemicals											
Archroma Pakistan Limited	8,150	2,200	-	10,350	-	-	-	-	-	-	-
						-	-	-	-	-	-
Commercial Banks											
Bank Alfalah Limited	300,000	30,000	-	-	330,000	10,741	11,418	677	2.50	3.60	0.02
Bank Al Habib Limited	140,131	-	-	140,131	-	-	-	-	-	-	-
Faysal Bank Limited	-	650,000	-	-	650,000	15,492	14,950	(542)	3.27	4.71	0.04
Habib Bank Limited	139,000	166,500	-	19,000	286,500	35,166	33,412	(1,755)	7.30	10.52	0.02
Habib Metropolitan Bank Limited	-	325,000	-	-	325,000	13,725	13,920	195	3.04	4.38	0.03
MCB Bank Limited **	-	38,000	-	15,000	23,000	3,539	3,527	(12)	0.77	1.11	0.03
Meezan Bank Limited	85,000	-	8,250	30,000	63,250	6,348	8,483	2,135	1.85	2.67	0.05
Samba Bank Limited	92,500	-	-	92,500	-	-	-	-	-	-	-
United Bank Limited (note 5.1.1)	165,702	111,798	-	127,500	150,000	18,558	20,487	1,930	4.48	6.45	0.01
						103,569	106,197	2,628	23.21	33.44	0.20
Engineering											
Aisha Steel Mills Limited **	-	533,500	-	128,500	405,000	6,584	6,099	(485)	1.33	1.92	0.05
Amreli Steels Limited	-	165,000	-	-	165,000	6,640	7,385	746	1.61	2.33	0.06
Mughal Iron & Steel Industries Limited	-	72,800	-	-	72,800	7,056	7,579	524	1.66	2.39	0.02
						20,280	21,063	785	4.60	6.64	0.13
Fertilizer											
Engro Corporation Limited	-	64,000	-	6,700	57,300	17,018	15,610	(1,409)	3.41	4.92	0.01
Fatima Fertilizer Company Limited	-	4,000	-	-	4,000	136	144	8	0.03	0.05	-
						17,154	15,754	(1,401)	3.44	4.97	0.01
Food & Personal Care Products											
Murree Brewery Company	6,700	-	-	-	6,700	3,898	3,331	(568)	0.73	1.05	0.02
Shezan International Limited	9,960	-	996	-	10,956	3,300	2,429	(872)	0.53	0.76	0.11
The Organic Meat Company Limited	150,000	-	15,000	38,500	126,500	4,225	4,014	(212)	0.88	1.26	0.10
						11,423	9,774	(1,652)	2.14	3.07	0.23
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited	-	174,500	-	-	174,500	4,780	4,073	(707)	0.89	1.28	0.05
						4,780	4,073	(707)	0.89	1.28	0.05
Leather & Tanneries											
Service Global Footwear Limited *	426	-	-	-	426	25	20	(5)	-	0.01	-
Service Industries Limited *	13	-	-	-	13	8	6	(2)	-	-	-
						33	26	(7)	-	0.01	-
Balance carried forward						243,537	231,504	(12,035)			

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Name of the investee company	As at July 1, 2021	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at December 31, 2021	As at December 31, 2021			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation / (diminution)	Net assets of the fund	Total investments	
						Rupees in '000'			%		
Balance brought forward						243,537	231,504	(12,035)			
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	10,240	5,000	-	700	14,540	22,076	24,053	1,977	5.26	7.57	1.80
Oil & Gas Development Company Limited	-	26,000	-	-	26,000	2,255	2,241	(14)	0.49	0.71	0.01
Pakistan Oilfields Limited	28,924	-	-	28,924	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	112,000	-	-	112,000	9,055	8,852	(203)	1.94	2.79	0.03
						33,386	35,146	1,760	7.69	11.07	1.84
Oil & Gas Marketing Companies											
Attock Petroleum Limited	24,800	2,800	-	-	27,600	8,886	8,666	(220)	1.89	2.73	0.03
Pakistan State Oil Company Limited	38,700	-	-	38,700	-	-	-	-	-	-	-
						8,886	8,666	(220)	1.89	2.73	0.03
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	11,750	-	-	11,750	-	-	-	-	-	-	-
Highnoon Laboratories Limited	1,600	10,800	-	12,400	-	-	-	-	-	-	-
The Searle Company Limited	17,682	26,000	5,304	17,500	31,486	4,899	4,525	(374)	0.99	1.42	0.01
						4,899	4,525	(374)	0.99	1.42	0.01
Power Generation & Distribution											
The Hub Power Company Limited (note 5.1.1)	35,000	-	-	35,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Real Estate Investment											
Dolmen City REIT	423,500	-	-	423,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
Paper and Board											
Cherat Packaging Limited	-	6,700	-	6,700	-	-	-	-	-	-	-
Packages Limited **	32,500	3,400	-	9,500	26,400	14,327	13,128	(1,199)	2.87	4.13	0.03
						14,327	13,128	(1,199)	2.87	4.13	0.03
Miscellaneous											
Shifa International Hospitals	-	33,000	-	-	33,000	5,994	6,251	257	1.37	1.97	0.05
Synthetic Products Limited *	431	465	34	-	930	19	17	(2)	0.00	0.01	-
						6,013	6,268	255	1.37	1.98	0.05
Technology & Communication											
Air Link Communication Limited	-	56,000	-	-	56,000	3,556	3,251	(304)	0.71	1.02	0.01
Octopus Digital Limited	-	69,530	-	-	69,530	4,419	5,407	988	1.18	1.70	0.05
Systems Limited	-	5,500	-	1,900	3,600	2,896	2,735	(160)	0.60	0.86	0.19
TRG Pakistan Limited	-	20,000	-	20,000	-	-	-	-	-	-	-
						10,871	11,393	524	2.49	3.58	0.25
Textile Composite											
Gul Ahmed Textile Mills Limited	-	27,500	-	-	27,500	1,281	1,294	13	0.28	0.41	0.01
Kohinoor Textile Mills Limited *	41	-	-	-	41	3	3	-	-	-	-
Nishat (Chunian) Limited **	-	115,000	-	-	115,000	4,910	5,238	328	1.15	1.65	0.05
						6,194	6,535	341	1.43	2.06	0.06
Total at December 31, 2021						328,113	317,165	(10,948)			
Total at June 30, 2021						255,585	272,708	17,123			

* Nil figures due to rounding off

** These represents transactions in shares of related parties

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

Name of security	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021
	--- (Number of shares) ---	--- (Number of shares) ---	----- (Rupees in '000) -----	----- (Rupees in '000) -----
The Hub Power Company Limited	-	25,000	-	1,992
Maple Leaf Cement Factory Limited	200,000	200,000	7,190	9,396
United Bank Limited	100,000	100,000	13,658	12,220
	300,000	325,000	20,848	23,608

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

5.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. Subsequent to June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares as part of their assets, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.231 million (June 30, 2021: Rs.0.203 million).

5.2 Market Treasury Bills - 'at fair value through profit or loss'

Name of security	Date of issue	Face Value				As at December 31, 2021			Market value as a percentage of	
		As at July 01, 2021	Purchased during the period	Sold/matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised gain	Net assets	Total investments
----- (Rupees in '000) -----										
Market Treasury Bills										
- 3 months	October 7, 2021	-	625,000	625,000	-	-	-	-	-	-
- 3 months	July 15, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	July 29, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	May 20, 2021	-	150,000	150,000	-	-	-	-	-	-
- 3 months	August 26, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
- 3 months	June 3, 2021	-	140,000	140,000	-	-	-	-	-	-
- 3 months	August 12, 2021	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
- 6 months	July 29, 2021	-	1,500,000	1,500,000	-	-	-	-	-	-
- 6 months	July 15, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	May 6, 2021	-	110,000	110,000	-	-	-	-	-	-
- 6 months	August 12, 2021	-	500,000	500,000	-	-	-	-	-	-
- 6 months	August 26, 2021	-	1,051,500	1,051,500	-	-	-	-	-	-
- 6 months	September 9, 2021	-	3,200,000	3,200,000	-	-	-	-	-	-
- 6 months	March 25, 2021	-	100,000	100,000	-	-	-	-	-	-
- 6 months	July 2, 2021	-	500,000	500,000	-	-	-	-	-	-
Total as at December 31, 2021						-	-	-		
Total as at June 30, 2021						-	-	-		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

5.3 Pakistan Investment Bonds - 'at fair value through profit or loss'

Name of security	Date of issue	Face Value				As at December 31, 2021			Market value as a percentage of	
		As at July 01, 2021	Purchased during the period	Sold/matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised loss	Net assets	Total investments
----- (Rupees in '000) -----										
Pakistan Investment Bonds										
- 03 years	August 20, 2020	-	350,000	350,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years	July 12, 2018	-	200,000	200,000	-	-	-	-	-	-
- 05 years	October 15, 2020		200,000	200,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 02 years	August 26, 2021	-	250,000	250,000	-	-	-	-	-	-
Total as at December 31, 2021						-	-	-		
Total as at June 30, 2021						-	-	-		

5.4 Unlisted debt security - 'at fair value through profit or loss'

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates					As at December 31, 2021			Market value as a percentage of	
	As at July 1, 2021	Purchased during the year	Matured during the year	Disposed during the year	As at December 31, 2021	Carrying value	Market Value	Appreciation / (diminution)	Net assets	Total investment
----- (Rupees in '000) -----										
Byco Petroleum Pakistan Limited - Sukuk (January 18, 2017)	10	-	-	-	10	417	420	3		
Total as at December 31, 2021						417	420	3		
Total as at June 30, 2021						584	584	-		

5.5 Significant terms and conditions of sukuk certificates outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
Byco Petroleum Pakistan Limited - Sukuk	10	100,000	41,667	3M KIBOR+1.05%	January 18, 2023	Unsecured	AAA

Note **(Un-Audited)** **(Audited)**
 December 31, **June 30,**
 2021 **2021**
 ----- (Rupees in '000) -----

5.6 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net

Market value of investments	5.1, 5.3 & 5.4	317,585	273,292
Carrying value of investments	5.1, 5.3 & 5.4	328,530	256,169
		<u>(10,945)</u>	<u>17,123</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees in '000) -----	
6	PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		
	Management remuneration payable	6.1 1,294	1,186
	Sindh sales tax payable on management remuneration	6.2 168	154
	Allocated expenses payable	6.3 39	39
		1,501	1,379

6.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 3.35% (June 30, 2021: 2% per annum from July 1, 2020 till February 8, 2021 and 3.35% per annum from February 9, 2021 till June 30, 2021) of the average daily net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company on monthly in arrears.

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2021: 13%)

6.3 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.

6.4 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 average daily net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, 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 Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

During the current period, Management Company has not charged selling and marketing expenses to the Fund based on its discretion.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration based on the average daily net assets of the Fund for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein. The tariff structure applicable to the Fund in respect of trustee fee is as follows:

Average net asset value	Tariff per annum
Up to Rs.1,000 million	0.20% per annum of net assets
Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

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

In accordance with the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (December 31, 2020: 0.02%) of average daily net assets of the Fund.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
9 ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	-	6,269
Provision for Federal Excise Duty			
- on management fee	9.2	5,872	5,872
- on sales load	9.2	393	393
Legal and professional charges payable		428	22
Auditors' remuneration payable		290	42
Dividend payable		2,784	2,784
Withholding tax payable		1	404
Brokerage payable		310	160
Other payables		32	39
		<u>10,110</u>	<u>15,985</u>

9.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF. The Fund has also reversed provision for SWWF amounting to Rs. 6.269 million in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

9.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.265 million (June 30, 2021: Rs 6.265 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the SCP. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2021 would have been higher by Re 0.16 per unit (June 30, 2021: Re 0.16 per unit).

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

11 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

12 CASH AND CASH EQUIVALENTS

(Un-Audited)
December 31, December 31,
2021 2020
----- (Rupees in '000) -----

Balances with banks

144,961 155,201

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 4.96%, (December 31, 2020: 5.60%) which includes 0.48% (December 31, 2020: 0.96%) representing Government Levy and the SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2020: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "balanced scheme".

15 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	(Un-Audited)	
	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
15.1 Details of transactions with connected persons are as follows:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration (including indirect taxes)	8,806	5,313
Allocated expenses	233	235
Selling and marketing expenses	-	3,174
Arif Habib Limited - Brokerage house		
Brokerage expense*	52	70
Power Cement Limited		
Sale of shares 450,000 (2020: Nil shares)	4,140	-
Aisha Steels Mills Limited		
Purchase of shares 533,500 (2020: Nil shares)	8,868	-
Sale of shares 128,500 (2020: Nil shares)	2,328	-
Nishat Chunian Limited		
Purchase of shares 115,000 (2020: Nil shares)	4,910	-
Fatima Fertilizer Company Limited		
Purchase of shares 4000 (2020: Nil shares)	136	-
MCB Bank Limited		
Purchase of shares 38,000 (2020: 92,038 shares)	5,846	15,903
Sale of shares 15,000 (2020: 123,000 shares)	2,318	20,988
Bank charges	9	11
Profit on bank deposit	12	12
D.G Khan Cement Company Limited		
Purchase of Nil (2020: 132,000) shares	-	14,156
Sale of 38,000 (2020: 132,000) shares	3,360	14,310
Adamjee Insurance Company Limited		
Sale of Nil (2020: 250,000) shares	-	10,059
Dividend income	-	193
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period (including indirect taxes)	525	531
CDS charges	21	39

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

	(Un-Audited)	Audited
	December 31, 2021	June 30, 2021
	----- (Rupees in '000) -----	
15.2 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	1,294	1,186
Sindh sales tax payable on management remuneration	168	154
Allocated expenses payable	39	39
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	87	89
Security deposit	300	300

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	(Un-Audited) December 31, 2021 ----- (Rupees in '000) -----	Audited June 30, 2021
Group / Associated Companies:		
MCB Bank Limited		
Balance with Bank	2,378	3,218
Profit receivable on bank deposit	35	35
23,000 shares (2021: Nil shares) held	3,527	-
Arif Habib Limited - Brokerage house		
Brokerage payable *	10	12
Aisha Steels Mills Limited		
405,000 shares (2021: Nil shares) held	6,099	-
Nishat Chunian Limited		
115,000 shares (2021: Nil shares) held	5,238	-
D.G. Khan Cement Company Limited		
Nil Shares (2021: 38,000) shares held	-	4,481
Power Cement Limited		
Nil shares (2021: 450,000 shares) held	-	4,325
Fatima Fertilizer Company Limited		
4000 shares (2021: Nil shares) held	144	-

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

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

December 31, 2021 (Un-Audited)							
As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2021	As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2021
(Units)				(Rupees in '000)			

Directors and executives of the Management Company *	8	-	-	8	0.09	-	-	0.09
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* This reflects position of related party / connected persons status as at December 31, 2021

December 31, 2020 (Un-Audited)							
As at July 01, 2020	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2020	As at July 01, 2020	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2020
(Units)				(Rupees in '000)			

Directors and executives of the Management Company *	4,313	-	4,280	33	44	-	99	-
Mandate Under Discretionary Portfolio	-	21	21	-	-	1	1	-

* This reflects position of related party / connected persons status as at December 31, 2020

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDTED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

16.1 Fair value hierarchy

International Financial Reporting Standard IFRS 13- "Fair Value Measurement": requires the fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

The Fund holds the following financial instruments measured at fair values:

-----Unaudited-----				
-----December 31, 2021-----				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Financial assets at fair value through profit or loss				
Listed equity securities	317,165	-	-	317,165
Unlisted debt security	-	420	-	420
	<u>317,165</u>	<u>420</u>	<u>-</u>	<u>317,585</u>
-----Audited-----				
-----June 30, 2021-----				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Financial assets at fair value through profit or loss				
Listed equity securities	272,708	-	-	272,708
Unlisted debt security	-	584	-	584
	<u>272,708</u>	<u>584</u>	<u>-</u>	<u>273,292</u>

17 GENERAL

Figures have been rounded off to the nearest thousand rupees.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 08, 2022 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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

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