



MCB-ARIF HABIB
Savings and Investments Limited

AM1
by PACRA

HALF YEARLY REPORT

DECEMBER
2020
(UNAUDITED)

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

JSAVE
Savings Asaan. Life Asaan.

ALHAMRA الحمر
BACHAT SHARI'AT KE MUTABIQ

Vision

To become synonymous with Savings

Mission

To become a preferred Saving and Investment Manager in the domestic and regional markets while maximizing stakeholders' value

Core Values

The Company takes pride in its orientation towards client service. it believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

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MCB DCF INCOME 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 |
| Audit Committee | Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain | Chairman 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 |
| 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 Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com | |
| Bankers | MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan | |
| Auditors | A.F. Ferguson & Co. Chartered Accountants (A Members 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, 2020

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB DCF Income Fund accounts** review for the half year ended December 31, 2020.

Economy and Money Market Review

The first half of fiscal year 2021 has been promising, as economic activities have swung up in full throttle though challenges from Covid may continue to remain in the near term. The economic recovery has been sharper than expectations as lagged impact of monetary easing, pent up demand and higher remittances have provided impetus to economic growth. Covid-19 has not been as detrimental as initially expected and perhaps local demographics and a successful strategy by the government has been able to wither the storm. We therefore expect economic growth to be better than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of ~17% over last year in the first half of FY21. Sales of 2 and 3 wheeler units rose at a more impressive rate of ~19% over last year reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by near 10% over last year during the half implying a broad based recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by ~7.4% in first five months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 997 million in the first half of fiscal year compared to a deficit of USD 2,032 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances, which grew at a stupendous rate of 25% during the period. Foreign exchange reserves of central bank saw an increase of ~USD 1.3 billion during the half due to improved balance of payment position.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged ~8.6% over last year during the first six months, with food inflation averaging ~13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged ~5.9% for the period. Monetary Policy Committee maintained status quo 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 the economy started to open up, tax collection also improved and grew by 5% during the first half of the fiscal year and almost met the desired target for the period. Fiscal deficit for the first five months of the period clocked in at 1.8% of GDP, compared to 1.6% of GDP last year. Primary balance was even better at a surplus of 0.5% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 74 bps, 114 bps and 129 bps respectively during the period.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 6.61% as against its benchmark return of 7.35%. The WAM of the fund increased to 2.1 years because of interest rate outlook which was on a dropping trend. The fund allocation remained notably in cash and TFCs at the end of the period under review. At period-end, the fund was 41.1% invested in T-Bills, 28.2% in Cash and 8.4% in TFCs. High cash exposure was due to the fact that banks were offering lucrative rates on bank deposits.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

The Net Assets of the Fund as at December 31, 2020 stood at Rs. 3,775 million as compared to Rs. 4,033 million as at June 30, 2020 registering a decrease of 6.4%.

The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs.110.5284 as compared to opening NAV of Rs. 106.9649 per unit as at June 30, 2020 registering an increase of Rs. 3.5635 per unit.

Economy & Market – Future Outlook

GDP growth for FY21 is projected at 2.1% by government and various institutions. Despite the reemergence of Covid cases in the winter season, Pakistan has resiliently kept the growth momentum going. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have geared up after record monetary easing. We expect growth to fare better than general expectations as industrial growth has revived much earlier than our anticipation. We expect economic growth to recover well above 2.1%.

Balance of Payment worries have subsided for the near term as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Global economy has started to recover and the reported data and news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact near 25% growth over last year reported in the first half has surprised everyone. We expect Current Account Deficit to settle near 1% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. However, the recent spike in commodity prices from oil to iron ore, coal, etc. pose downside risks to our favorable stance. With Real Effective Rate for Nov-2020 at 99.4, any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. Continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by about USD 550 million from current levels, which will help alleviate any pressure on currency.

Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 8.5%, slightly lesser than current run rate. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring more certainty in investor expectations. The central authority has vowed to keep interest rates stable in the short run and bring in mildly positive interest rates over the medium term. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open-end mutual fund industry increased by about 24.0% to PKR 920 billion at the end of the first half of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 30% during the period to PKR 410 billion. Within the money market sphere, the conventional funds dominated as they grew by about 37% to PKR 281 billion. Equity and related funds surged rapidly by 24% from PKR 224 billion to PKR 278 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 24% as at the end of the calendar year.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Mutual Fund Industry Outlook

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

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 08, 2021



Nasim Beg
Director / Vice Chairman

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2021ء کے نصف اول کے اختتام پر تقریباً 24.0 فیصد بڑھ کر 920 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 30 فیصد بڑھ کر 410 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 37 فیصد بڑھ کر 281 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سہ ماہی 24 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 278 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 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کے مستقبل کے امکانات

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

اظہار تشکر

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

من جانب ڈائریکٹرز

نسیم بھٹی
ڈائریکٹر / وائس چیئرمین

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2021ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.61 فیصد تھا جبکہ اس کے بالمقابل مقررہ معیار 7.35 فیصد تھا۔ فنڈ کی پالوزن اوسط میچورٹی (WAM) بڑھ کر 2.1 سال ہوگئی کیونکہ سود کی شرح میں کمی کا رجحان تھا۔ زیر جائزہ مدت کے اختتام پر فنڈ کا زیادہ تر اختصاص نقد اور ٹرم فائننس سٹریٹجیٹس (ٹی ایف سی) میں تھا۔ اختتام مدت پر فنڈ کی سرمایہ کاری 41.1 فیصد ٹریڈری بلز (ٹی بلز) میں، 28.2 فیصد نقد میں اور 8.4 فیصد ٹی ایف سی میں تھی۔ نقد میں زیادہ شمولیت کی وجہ بینک ڈپازٹس پر پُرکشش شرحیں تھی۔

31 دسمبر 2020ء کو فنڈ کے net اثاثہ جات 3,775 ملین روپے تھے جو 30 جون 2020ء (4,033 ملین روپے) کے مقابلے میں 6.4 فیصد کمی ہے۔

31 دسمبر 2020ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) فی یونٹ 110.5284 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 106.9649 روپے فی یونٹ کے مقابلے میں 3.5635 روپے فی یونٹ اضافہ ہے۔

معیشت اور بازار - مستقبل کے امکانات

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ موسم سرما میں کووڈ کے دوبارہ ظہور پذیر ہونے کے باوجود پاکستان نے پیک کا مظاہرہ کرتے ہوئے ترقی کی رفتار برقرار رکھی۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گردش شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ ترقی عمومی توقعات سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگئی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 فیصد سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں نے ابھی ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آ گیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور نصف اول میں سال گزشتہ کے مقابلے میں 25 فیصد ترقی نے سب کو حیران کر دیا ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باآسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم تیل سے لے کر خام لوہے اور کونکے تک اشیاء کی قیمتوں میں حالیہ اضافہ ہماری خوش آئند صورتحال کے لیے خطرہ ثابت ہو سکتا ہے۔ نومبر 2020ء کا ریٹیل اڈیکٹیو ریٹ 99.4 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پروگرام پر عمل درآمد کا سبب رفتاری کے ساتھ جاری رہنا مالیاتی گوشوارے کو مثبت حد میں رکھنے کے لیے کلیدی عامل ثابت ہوگا۔ موجودہ صورتحال میں غیر ملکی زرمبادلہ کے ذخائر کی موجودہ سطحوں میں مزید 550 ملین ڈالر کا اضافہ متوقع ہے جس کی بدولت روپے پر کسی قسم کے دباؤ کو کم کرنے میں مدد ملے گی۔

افراط زر ہماری سابقہ توقعات سے آگے نکل گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 8.5 فیصد رہے گا جو موجودہ سطح سے کچھ کم ہے۔ مرکزی بینک نے پہلی مرتبہ قریب المیعاد میں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے سود کی شرحوں کو مختصر مدت میں مستحکم رکھنے اور درمیانی مدت میں کچھ مثبت کرنے کا عزم کیا ہے۔ اب مرکزی بینک کی راہنمائی کے پیش نظر ہمیں اُمید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری اخم 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۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

ایم سی بی ڈی سی ایف انکم فنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020ء کو اختتام پذیر ہونے والی ششماہی کے گوشواروں کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال 2021ء کا نصف اول اُمید افزا رہا کیونکہ معاشی سرگرمیوں نے پوری قوت کے ساتھ سر اٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیعاد میں برقرار رہیں گی۔ معاشی بحالی توقعات سے تیز تر رہی ہے کیونکہ مالیاتی تسہیل، طلب کی محدودیت اور بہتر ترسیلات نے معاشی ترقی کو محسوس کراہا ہے۔ کووڈ-19 اُتنا نقصان دہ ثابت نہیں ہوا جتنا اس بارے میں ابتدائی امکانات تھے، اور شاید مقامی آبادی کے اعداد و شمار اور حکومت کے کامیاب لائحہ عمل کی بدولت یہ طوفان پسپا ہو گیا۔ چنانچہ ہم سمجھتے ہیں کہ معاشی ترقی عمومی تخمینوں کے مقابلے میں بہتر رہے گی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کووڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردشیں شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

مالی سال 2021ء کی پہلی ششماہی میں سیمنٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو سال گزشتہ سے 17 فیصد زیادہ تھی۔ 2 اور 3 پہیوں والے یونٹس کی فروخت میں مزید متاثر کن ترقی ہوئی جو سال گزشتہ سے 19 فیصد زیادہ تھی جس سے متوسط طے کی مختصر مالی صورتحال کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم مصنوعات کی طلب میں سال گزشتہ کے مقابلے میں تقریباً 10 فیصد اضافہ ہوا جس سے معیشت میں وسیع البینا بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں موجودہ مالی سال کے پہلے پانچ ماہ میں 7.4 فیصد ترقی ہوئی ہے۔

مالی سال کے نصف اول میں کرنٹ اکاؤنٹ میں 997 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,032 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات میں اضافہ تھا جن میں دوران مدت 25 فیصد ترقی ہوئی۔ سینٹرل بینک کے زرمبادلہ کے ذخائر میں 1.3 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔

افراط زر حکومت کی دکھتی رگ بنی رہی کیونکہ ایشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط پہلے چھ ماہ کے دوران 8.6 فیصد تھا، جبکہ ایشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث گندم اور جلد خراب ہو جانے والی ایشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش ایشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 5.9 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، مرکزی بینک کووڈ-19 کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے نصف اول کے دوران 5 فیصد اضافہ ہوا جو ہدف برائے مدت کے تقریباً قریب تھا۔ پہلے پانچ ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 1.8 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 1.6 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.5 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا جس کے باعث پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ ایم پی سی کے منٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا چلنی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 74، 114 اور 129 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB DCF INCOME FUND

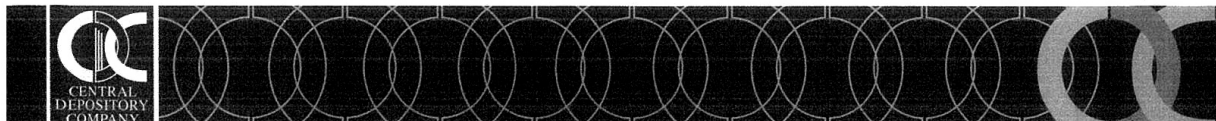
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB DCF 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 six months period ended December 31, 2020 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 11, 2021



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



A.F.FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF MCB DCF INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB DCF Income Fund** (the Fund) as at December 31, 2020 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, 2020. 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, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

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.

A.F. Ferguson & Co

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 18, 2021

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2020**

| | December 31, 2020 (Un-Audited) | June 30, 2020 (Audited) |
|---|--------------------------------------|-------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| ASSETS | | |
| Balances with banks | 4 1,935,319 | 1,643,631 |
| Investments | 5 4,703,007 | 3,437,545 |
| Mark-up, dividend and other receivables | 24,190 | 33,893 |
| Receivable against margin trading system | 104,337 | - |
| Advances, deposits and prepayments | 89,839 | 145,206 |
| Total assets | 6,856,692 | 5,260,275 |
| LIABILITIES | | |
| Payable to MCB-Arif Habib Savings and Investments Limited - Management Company | 6 10,308 | 11,493 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 7 298 | 317 |
| Payable to the Securities and Exchange Commission of Pakistan (SECP) | 8 417 | 887 |
| Payable against purchase of investments | 2,873,109 | 1,046,022 |
| Accrued and other liabilities | 9 197,451 | 168,781 |
| Total liabilities | 3,081,583 | 1,227,500 |
| NET ASSETS | <u>3,775,109</u> | <u>4,032,775</u> |
| Unit holders' fund (as per statement attached) | <u>3,775,109</u> | <u>4,032,775</u> |
| Contingencies and commitments | 10 | |
| | ----- (Number of units) ----- | |
| NUMBER OF UNITS IN ISSUE | <u>34,155,108</u> | <u>37,701,847</u> |
| | ----- (Rupees) ----- | |
| NET ASSET VALUE PER UNIT | <u>110.5284</u> | <u>106.9649</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
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

| | Note | Six months period ended December 31, | | Quarter ended December 31, | |
|--|------|---|----------------|-------------------------------|----------------|
| | | 2020 | 2019 | 2020 | 2019 |
| (Rupees in '000) | | | | | |
| INCOME | | | | | |
| Income from government securities | | 34,283 | 119,965 | 6,350 | 82,528 |
| Income from term finance certificates | | 61,954 | 86,068 | 29,488 | 46,916 |
| Net loss on sale of investments | | (1,420) | (6,698) | 5,406 | (11,262) |
| Mark-up on bank deposits and term deposit receipts | | 41,176 | 80,659 | 22,851 | 21,595 |
| Income from Margin Trading System (MTS) - net | | 8,049 | - | 2,308 | - |
| Dividend income | | 21,545 | 17,710 | 17,244 | 15,495 |
| Loss from spread transactions | | (23,563) | (5,114) | (35,331) | (5,978) |
| Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net | 5.6 | 52,075 | (2,404) | 47,433 | (4,032) |
| Other income | | 3,757 | 1,252 | 2,842 | 808 |
| Total income | | 197,856 | 291,438 | 98,591 | 146,070 |
| EXPENSES | | | | | |
| Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company | 6.1 | 31,305 | 31,829 | 15,352 | 16,348 |
| Sindh sales tax on remuneration of the Management Company | 6.2 | 4,070 | 4,138 | 1,996 | 2,125 |
| Allocated expenses | 6.3 | 2,087 | 2,122 | 1,024 | 1,090 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 7 | 1,565 | 1,592 | 767 | 818 |
| Sindh sales tax on remuneration of the trustee | | 204 | 207 | 100 | 106 |
| Selling and marketing expenses | 6.4 | 8,139 | 4,948 | 3,991 | 4,029 |
| Annual fee to the Securities and Exchange Commission of Pakistan | 8 | 417 | 424 | 204 | 218 |
| Brokerage, settlement and bank charges | | 14,246 | 2,879 | 8,163 | 1,882 |
| Auditors' remuneration | | 442 | 490 | 252 | 317 |
| Legal and professional charges | | 91 | 91 | 57 | 45 |
| Others | | 569 | 340 | 20 | 153 |
| Total operating expenses | | 63,135 | 49,060 | 31,926 | 27,131 |
| Net income from operating activities | | 134,721 | 242,378 | 66,665 | 118,939 |
| Provision for Sindh Workers' Welfare Fund (SWWF) | 9.1 | (2,694) | (4,848) | (1,333) | (2,379) |
| Net income for the period before taxation | | 132,027 | 237,530 | 65,332 | 116,560 |
| Taxation | 11 | - | - | - | - |
| Net income for the period after taxation | | 132,027 | 237,530 | 65,332 | 116,560 |
| <i>Allocation of net income for the period:</i> | | | | | |
| Net income for the period after taxation | | 132,027 | 237,530 | | |
| Income already paid on units redeemed | | (13,590) | (26,830) | | |
| | | 118,437 | 210,700 | | |
| <i>Accounting income available for distribution:</i> | | | | | |
| - Relating to capital gains | | 50,894 | - | | |
| - Excluding capital gains | | 67,543 | 210,700 | | |
| | | 118,437 | 210,700 | | |

Earnings per unit

13

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

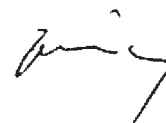
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



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, 2020**

| | Six months period ended December 31, | | Quarter ended December 31, | |
|--|---|----------------|-------------------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | ----- (Rupees in '000) ----- | | | |
| Net income for the period after taxation | 132,027 | 237,530 | 65,332 | 116,560 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>132,027</u> | <u>237,530</u> | <u>65,332</u> | <u>116,560</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
(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, 2020**

| | Six months period ended December 31, 2020 | | | Six months period ended December 31, 2019 | | |
|---|--|---------------------------|------------------|--|------------------------------|------------------|
| | Capital value | Undistribut- ed income | Total | Capital value | Undistri- buted income | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Net assets at the beginning of the period | 3,623,649 | 409,126 | 4,032,775 | 3,539,191 | 394,254 | 3,933,445 |
| Issuance of 116,913,429 units (2019: 22,399,019 units) | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the period) | 12,505,633 | - | 12,505,633 | 2,386,710 | - | 2,386,710 |
| - Element of income | 175,932 | - | 175,932 | 67,682 | - | 67,682 |
| | 12,681,565 | - | 12,681,565 | 2,454,392 | - | 2,454,392 |
| Redemption of 120,460,168 units (2019: 21,496,704 units) | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the period) | 12,885,010 | - | 12,885,010 | 2,290,565 | - | 2,290,565 |
| - Element of income | 172,658 | 13,590 | 186,248 | 47,745 | 26,830 | 74,575 |
| | 13,057,668 | 13,590 | 13,071,258 | 2,338,310 | 26,830 | 2,365,140 |
| Total comprehensive income for the period | - | 132,027 | 132,027 | - | 237,530 | 237,530 |
| Net assets at the end of the period | <u>3,247,546</u> | <u>527,563</u> | <u>3,775,109</u> | <u>3,655,273</u> | <u>604,954</u> | <u>4,260,227</u> |
| Undistributed income brought forward comprising of: | | | | | | |
| - Realised gain | 420,055 | | | 407,880 | | |
| - Unrealised loss | (10,929) | | | (13,626) | | |
| Undistributed income brought forward | 409,126 | | | 394,254 | | |
| Accounting income available for distribution: | | | | | | |
| - Relating to capital gains | 50,894 | | | - | | |
| - Excluding capital gains | 67,543 | | | 210,700 | | |
| | 118,437 | | | 210,700 | | |
| Undistributed income carried forward | <u>527,563</u> | | | <u>604,954</u> | | |
| Undistributed income carried forward comprising of: | | | | | | |
| - Realised gain | 475,488 | | | 607,358 | | |
| - Unrealised gain / (loss) | 52,075 | | | (2,404) | | |
| | <u>527,563</u> | | | <u>604,954</u> | | |
| | (Rupees) | | | (Rupees) | | |
| Net asset value per unit at the beginning of the period | <u>106.9649</u> | | | <u>106.5542</u> | | |
| Net asset value per unit at the end of the period | <u>110.5284</u> | | | <u>112.6529</u> | | |


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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

| | Six months period ended | |
|--|------------------------------|----------------------|
| | December 31, 2020 | December 31, 2019 |
| Note | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period before taxation | 132,027 | 237,530 |
| Adjustments for: | | |
| Dividend income | (21,545) | (17,710) |
| Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net | (52,075) | 2,404 |
| Provision for Sindh Workers' Welfare Fund (SWWF) | 2,694 | 4,848 |
| | <u>61,101</u> | <u>227,072</u> |
| (Increase) / decrease in assets | | |
| Investments | 1,521,144 | (2,556,090) |
| Mark-up, dividend and other receivables | 9,703 | 557 |
| Receivable against sale of investments | - | 22,840 |
| Receivable against margin trading system | (104,337) | - |
| Advances and prepayments | 55,367 | (25,733) |
| | <u>1,481,877</u> | <u>(2,558,426)</u> |
| (Decrease) / increase in liabilities | | |
| Payable to MCB-Arif Habib Savings and Investments Limited - Management Company | (1,185) | 5,084 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (19) | (71) |
| Payable to the Securities and Exchange Commission of Pakistan (SECP) | (470) | (2,515) |
| Payable against purchase of investments | 1,827,087 | 2,558,726 |
| Accrued and other liabilities | 25,976 | (35,074) |
| | <u>1,851,389</u> | <u>2,526,150</u> |
| Dividends received | 21,545 | 18,283 |
| Net cash generated from operating activities | <u>3,415,912</u> | <u>213,079</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts from issuance of units | 12,681,565 | 2,454,392 |
| Payments on redemption of units | (13,071,258) | (2,365,140) |
| Net cash (used in) / generated from financing activities | <u>(389,693)</u> | <u>89,252</u> |
| Net increase in cash and cash equivalents during the period | <u>3,026,219</u> | <u>302,331</u> |
| Cash and cash equivalents at the beginning of the period | 1,643,631 | 2,779,853 |
| Cash and cash equivalents at the end of the period | <u>12</u> <u>4,669,850</u> | <u>3,082,184</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
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by 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 NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company and a stability rating of 'AA-(f)' dated October 19, 2020 to the Fund .
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.
- 1.7 During the current period, The Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirement under the relevant trust acts have been introduced. The Management Company in consultation with the MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

2. 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 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A 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 VIII A 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, 2020.

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, 2020.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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

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

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

3.3 Standards and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. 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.

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. 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.

| | Note | December 31, 2020 (Un-audited) | June 30, 2020 (Audited) |
|------------------------------|------|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 4 BALANCES WITH BANKS | | | |
| Current accounts | | 12,970 | 21,598 |
| Savings accounts | 4.1 | 1,922,349 | 1,622,033 |
| | 4.2 | <u>1,935,319</u> | <u>1,643,631</u> |

4.1 These carry profit at rates ranging from 5.5% to 9% per annum (June 30, 2020: 4.5% to 14.45% per annum).

4.2 These includes balances with related parties of Rs. 14.365 million (June 30, 2020: Rs. 22.634 million) maintained with MCB Bank Limited and Rs. 0.011 million (June 30, 2020: Rs. 0.011 million) maintained with MCB Islamic Bank Limited.

| | Note | December 31, 2020 (Un-audited) | June 30, 2020 (Audited) |
|---|------|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 5 INVESTMENTS | | | |
| Investments "at fair value through profit or loss" | | | |
| Government securities | 5.1 | 3,374,007 | 2,167,473 |
| Listed equity securities | 5.2 | 791,399 | 325,426 |
| Listed debt securities | 5.3 | 156,950 | 333,290 |
| Unlisted debt securities | 5.4 | 418,833 | 614,897 |
| Future stock contracts | 5.5 | (38,182) | (3,541) |
| | | <u>4,703,007</u> | <u>3,437,545</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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

| Name of security | Date of issue | Face value | | | | Balance as at December 31, 2020 | | | Market value as a percentage of | | |
|--------------------------------------|----------------------------|---------------------|-----------------------------|-------------------------------------|-------------------------|---------------------------------|------------------|--------------------------|---------------------------------|-------------------|-------|
| | | As at July 01, 2020 | Purchased during the period | Disposed/ matured during the period | As at December 31, 2020 | Carrying value | Market value | Unrealised gain / (loss) | net assets | total investments | |
| (Rupees in '000) | | | | | | | | | | | |
| Treasury Bills - 3 months | | | | | | | | | | | |
| Treasury Bills* | 31-Dec-20 | - | 2,500,000 | - | 2,500,000 | 2,461,773 | 2,461,693 | (80) | 65.21% | 52.34% | |
| Treasury Bills | 27-Aug-20 | - | 2,500,000 | 2,500,000 | - | - | - | - | - | - | |
| Treasury Bills | 3-Dec-20 | - | 300,000 | 300,000 | - | - | - | - | - | - | |
| Treasury Bills* (note 5.1.1) | 19-Nov-20 | - | 525,000 | 250,000 | 275,000 | 272,833 | 272,838 | 5 | 7.23% | 5.80% | |
| Treasury Bills | 23-Apr-20 | 1,000,000 | - | 1,000,000 | - | - | - | - | - | - | |
| Treasury Bills | 17-Dec-20 | - | 500,000 | 500,000 | - | - | - | - | - | - | |
| Treasury Bills | 24-Sep-20 | - | 2,400,000 | 2,400,000 | - | - | - | - | - | - | |
| Treasury Bills | 2-Jul-20 | - | 150,000 | 150,000 | - | - | - | - | - | - | |
| Treasury Bills | 4-Jun-20 | - | 250,000 | 250,000 | - | - | - | - | - | - | |
| Treasury Bills | 16-Jul-20 | - | 1,875,000 | 1,875,000 | - | - | - | - | - | - | |
| Treasury Bills | 5-Nov-20 | - | 2,475,000 | 2,475,000 | - | - | - | - | - | - | |
| Treasury Bills | 10-Sep-20 | - | 1,500,000 | 1,500,000 | - | - | - | - | - | - | |
| Treasury Bills | 18-Jun-20 | - | 500,000 | 500,000 | - | - | - | - | - | - | |
| Treasury Bills | 8-Oct-20 | - | 2,000,000 | 2,000,000 | - | - | - | - | - | - | |
| Treasury Bills - 6 months | | | | | | | | | | | |
| Treasury Bills | 18-Jun-20 | - | 3,265,000 | 3,265,000 | - | - | - | - | - | - | |
| Treasury Bills | 23-Apr-20 | - | 300,900 | 300,900 | - | - | - | - | - | - | |
| Treasury Bills | 10-Sep-20 | - | 340,000 | 340,000 | - | - | - | - | - | - | |
| Treasury Bills | 2-Jul-20 | - | 75,000 | 75,000 | - | - | - | - | - | - | |
| Treasury Bills | 16-Jul-20 | - | 8,625,000 | 8,625,000 | - | - | - | - | - | - | |
| Treasury Bills - 12 months | | | | | | | | | | | |
| Treasury Bills | 19-Dec-19 | - | 4,500,000 | 4,500,000 | - | - | - | - | - | - | |
| Treasury Bills | 29-Aug-19 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - | |
| Treasury Bills | 24-Oct-19 | - | 11,400 | 11,400 | - | - | - | - | - | - | |
| Treasury Bills* (note 5.1.1) | 12-Mar-20 | 50,000 | 410,000 | 410,000 | 50,000 | 48,989 | 49,339 | 350 | 1.31% | 1.05% | |
| Treasury Bills | 5-Dec-19 | - | 1,450,000 | 1,450,000 | - | - | - | - | - | - | |
| Treasury Bills | 10-Oct-19 | - | 8,160,000 | 8,160,000 | - | - | - | - | - | - | |
| Treasury Bills* (note 5.1.1) | 9-Apr-20 | 30,000 | - | - | 30,000 | 29,467 | 29,443 | (24) | 0.78% | 0.63% | |
| Treasury Bills | 12-Sep-19 | - | 500,000 | 500,000 | - | - | - | - | - | - | |
| Pakistan Investment Bonds | | | | | | | | | | | |
| Pakistan Investment Bonds | - 02 years** (note 5.1.1) | 5-Nov-20 | - | 50,000 | - | 50,000 | 49,830 | 49,825 | (5) | 1.32% | 1.06% |
| Pakistan Investment Bonds | - 03 years** | 12-Jul-18 | 11,000 | - | - | 11,000 | 11,010 | 11,003 | (7) | 0.29% | 0.23% |
| Pakistan Investment Bonds | - 03 years** | 19-Sep-19 | 19,000 | - | - | 19,000 | 19,482 | 19,331 | (151) | 0.51% | 0.41% |
| Pakistan Investment Bonds | - 03 years | 18-Jun-20 | 375,000 | 750,000 | 1,125,000 | - | - | - | - | - | |
| Pakistan Investment Bonds | - 03 years | 22-Oct-20 | - | 250,000 | 250,000 | - | - | - | - | - | |
| Pakistan Investment Bonds | - 05 years | 19-Sep-19 | - | 100,000 | 100,000 | - | - | - | - | - | |
| Pakistan Investment Bonds | - 10 years** (note 5.1.1) | 22-Aug-19 | - | 35,000 | - | 35,000 | 35,317 | 34,997 | (320) | 0.93% | 0.74% |
| Ijara | | | | | | | | | | | |
| Pakistan Energy Sukuk | - 10 years*** | 21-May-20 | 100,000 | 25,000 | 43,900 | 81,100 | 405,584 | 407,933 | 2,349 | 10.81% | 8.67% |
| GOP Ijara Sukuk | - 05 years | 29-Jul-20 | - | 187,500 | 187,500 | - | - | - | - | - | |
| GOP Ijara Sukuk | - 05 years*** (note 5.1.1) | 24-Jul-20 | 187,500 | - | 150,000 | 37,500 | 37,578 | 37,605 | 27 | 1.00% | 0.80% |
| Total as at December 31, 2020 | | | | | | 3,371,863 | 3,374,007 | 2,144 | | | |
| Total as at June 30, 2020 | | | | | | 2,162,408 | 2,167,473 | 5,065 | | | |

* These will mature latest by April 9, 2021 and carry effective yield with rates ranging from 7.08% to 11.98% per annum.

** These will mature latest by August 22, 2029 and carry effective yield with rates ranging from 7.17% to 9.13% per annum.

*** These will mature latest by June 24, 2025 and carry effective yield with rates ranging from 7.32% to 7.45% per annum.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

5.1.1 The Market treasury Bills having face value of Rs 355 million (June 30, 2020: Nil), Pakistan investment bonds having face value of Rs 85 million (June 30, 2020: Nil) and Ijara Sukuk having face value of Rs.37.5 million (June 30, 2020: Nil) were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin and marked to market losses in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

| Name of investee company | Number of shares | | | | Balance as at December 31, 2020 | | | Market Value as a percentage of | | Percentage in relation to paid-up capital of the investee company |
|--|---------------------|-----------------------------|------------------------|-------------------------|---------------------------------|----------------|--------------------------|---------------------------------|-------------------|---|
| | As at July 01, 2020 | Purchased during the period | Sold during the period | As at December 31, 2020 | Carrying value | Market value | Unrealised (loss) / gain | net assets | total investments | |
| ----- (Rupees in '000) ----- % ----- | | | | | | | | | | |
| Automobile Assembler | | | | | | | | | | |
| Ghandhara Industries Limited | - | 140,000 | 140,000 | - | - | - | - | - | - | - |
| Ghandhara Nissan Limited | - | 42,000 | 42,000 | - | - | - | - | - | - | - |
| Pak Suzuki Motors Company Limited | - | 51,000 | 51,000 | - | - | - | - | - | - | - |
| Automobile Parts & Accessories | | | | | | | | | | |
| The General Tyre & Rubber Company Limited | - | 135,500 | 135,500 | - | - | - | - | - | - | - |
| Cable & electrical goods | | | | | | | | | | |
| Pak Elektron Limited*** | 1,714,000 | 12,275,000 | 13,698,500 | 290,500 | 10,789 | 11,658 | 869 | 0.31% | 0.25% | 0.06% |
| Cement | | | | | | | | | | |
| Cherat Cement Company Limited | - | 377,000 | 377,000 | - | - | - | - | - | - | - |
| D.G. Khan Cement Company Limited** | 514,500 | 3,417,500 | 3,794,500 | 137,500 | 15,301 | 15,755 | 454 | 0.42% | 0.33% | 0.03% |
| Fauji Cement Company Limited | 320,500 | 3,248,500 | 3,486,000 | 83,000 | 1,791 | 1,799 | 8 | 0.05% | 0.04% | 0.01% |
| Lucky Cement Limited | 32,500 | 389,500 | 422,000 | - | - | - | - | - | - | - |
| Maple Leaf Cement Factory Limited*** | 1,081,500 | 9,988,000 | 10,959,500 | 110,000 | 4,813 | 4,951 | 138 | 0.13% | 0.11% | 0.01% |
| Pioneer Cement Limited | - | 1,003,000 | 825,000 | 178,000 | 18,507 | 18,387 | (120) | 0.49% | 0.39% | 0.08% |
| Power Cement Limited | - | 857,500 | 518,500 | 339,000 | 3,358 | 3,349 | (9) | 0.09% | 0.07% | 0.03% |
| 43,770 44,241 471 1.18% 0.94% 0.16% | | | | | | | | | | |
| Chemicals | | | | | | | | | | |
| Engro Polymer and Chemicals Limited* | 137,500 | 2,144,000 | 2,276,500 | 5,000 | 236 | 238 | 2 | 0.01% | 0.01% | - |
| Lotte Chemical Pakistan Limited* | 371,000 | 5,757,500 | 6,088,000 | 40,500 | 617 | 610 | (7) | 0.02% | 0.01% | - |
| 853 848 (5) 0.03% 0.02% - | | | | | | | | | | |
| Commercial Banks | | | | | | | | | | |
| Habib Bank Limited | - | 29,000 | 29,000 | - | - | - | - | - | - | - |
| United Bank Limited | - | 8,500 | 8,500 | - | - | - | - | - | - | - |
| Engineering | | | | | | | | | | |
| Amreli Steels Limited | - | 1,737,000 | 1,610,500 | 126,500 | 5,940 | 6,105 | 165 | 0.16% | 0.13% | 0.04% |
| International Industries Limited | 2,000 | 865,500 | 734,000 | 133,500 | 23,982 | 23,576 | (406) | 0.62% | 0.50% | 0.10% |
| International Steels Limited | 92,500 | 1,950,500 | 2,014,500 | 28,500 | 2,502 | 2,657 | 155 | 0.07% | 0.06% | 0.01% |
| Mughal Iron & Steel Industries Limited* | - | 993,500 | 992,500 | 1,000 | 76 | 76 | - | - | - | - |
| 32,500 32,414 (86) 0.85% 0.69% 0.15% | | | | | | | | | | |
| Fertilizer | | | | | | | | | | |
| Engro Fertilizer Limited* | - | 1,207,500 | 1,207,000 | 500 | 31 | 32 | 1 | - | - | - |
| Engro Corporation Limited | 50,000 | 437,000 | 487,000 | - | - | - | - | - | - | - |
| Fauji Fertilizer Bin Qasim Limited | 28,500 | 2,330,500 | 1,940,000 | 419,000 | 10,593 | 10,609 | 16 | 0.28% | 0.23% | 0.04% |
| Fauji Fertilizer Company Limited | 154,000 | 240,000 | 394,000 | - | - | - | - | - | - | - |
| 10,624 10,641 17 0.28% 0.23% 0.04% | | | | | | | | | | |
| Glass & Ceramics | | | | | | | | | | |
| Tariq Glass Industries Limited | - | 500 | 500 | - | - | - | - | - | - | - |
| Oil and Gas Exploration Companies | | | | | | | | | | |
| Oil & Gas Development Company Limited* | 57,000 | 1,978,000 | 2,006,500 | 28,500 | 2,962 | 2,957 | (5) | 0.08% | 0.06% | - |
| Pakistan Oilfields Limited | - | 86,500 | 86,500 | - | - | - | - | - | - | - |
| Pakistan Petroleum Limited* | 642,500 | 3,671,000 | 4,292,500 | 21,000 | 1,891 | 1,897 | 6 | 0.05% | 0.04% | - |
| 4,853 4,854 1 0.13% 0.10% - | | | | | | | | | | |
| Balance carried forward | | | | | 103,389 | 104,656 | 1,267 | | | |

* Nil figures due to rounding off

** These transactions relate to shares of related parties

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

| Name of investee company | Number of shares | | | | Balance as at December 31, 2020 | | | Market Value as a percentage of | | Percentage in relation to paid-up capital of the investee company |
|--|---------------------|-----------------------------|------------------------|-------------------------|---------------------------------|----------------|--------------------------|---------------------------------|-------------------|---|
| | As at July 01, 2020 | Purchased during the period | Sold during the period | As at December 31, 2020 | Carrying value | Market value | Unrealised (loss) / gain | net assets | total investments | |
| ----- (Rupees in '000) ----- % ----- | | | | | | | | | | |
| Balance brought forward | | | | | 103,389 | 104,656 | 1,267 | | | |
| Oil and Gas Marketing Companies | | | | | | | | | | |
| Hascol Petroleum Limited | - | 12,395,000 | 10,592,500 | 1,802,500 | 26,748 | 26,479 | (269) | 0.70% | 0.56% | 0.18% |
| Pakistan State Oil Company Limited | 286,500 | 1,341,000 | 1,627,500 | - | - | - | - | - | - | - |
| Sui Northern Gas Pipelines Limited | - | 348,000 | 276,000 | 72,000 | 3,198 | 3,198 | - | 0.08% | 0.07% | 0.01% |
| Sui Southern Gas Company Limited | 119,500 | 782,000 | 901,500 | - | - | - | - | - | - | - |
| | | | | | 29,946 | 29,677 | (269) | 0.78% | 0.63% | 0.19% |
| Paper And Board | | | | | | | | | | |
| Century Paper & Board Mills Limited | - | 39,000 | 39,000 | - | - | - | - | - | - | - |
| Pharmaceuticals | | | | | | | | | | |
| Ferozsons Laboratories Limited* | - | 4,500 | 4,000 | 500 | 166 | 165 | (1) | - | - | 0.00% |
| The Searle Company Limited | 26,500 | 1,068,500 | 1,045,500 | 49,500 | 12,167 | 12,337 | 170 | 0.33% | 0.26% | 0.18% |
| | | | | | 12,333 | 12,502 | 169 | 0.33% | 0.26% | 0.18% |
| Power Generation & Distribution | | | | | | | | | | |
| The Hub Power Company Limited* | 1,500 | 2,429,000 | 2,393,500 | 37,000 | 2,929 | 2,935 | 6 | 0.08% | 0.06% | - |
| Kot Addu Power Company Limited | 84,500 | 3,650,000 | 3,666,000 | 68,500 | 1,873 | 1,863 | (10) | 0.05% | 0.04% | 0.01% |
| K-Electric Limited | 1,000 | 11,378,000 | 11,379,000 | - | - | - | - | - | - | - |
| | | | | | 4,802 | 4,798 | (4) | 0.13% | 0.10% | 0.01% |
| Refinery | | | | | | | | | | |
| Attock Refinery Limited | 203,500 | 2,730,500 | 2,651,500 | 282,500 | 50,542 | 51,429 | 887 | 1.36% | 1.09% | 0.26% |
| National Refinery Limited | 17,500 | 587,500 | 580,500 | 24,500 | 7,314 | 8,571 | 1,257 | 0.23% | 0.18% | 0.03% |
| Pakistan Refinery Limited*** | - | 6,807,000 | 5,326,000 | 1,481,000 | 31,553 | 35,233 | 3,680 | 0.93% | 0.75% | 0.24% |
| | | | | | 89,409 | 95,233 | 5,824 | 2.52% | 2.02% | 0.53% |
| Technology & Communications | | | | | | | | | | |
| Avanceon Limited | 45,500 | 2,355,500 | 2,090,000 | 311,000 | 26,520 | 28,876 | 2,356 | 0.76% | 0.61% | 0.15% |
| NetSol Technologies Limited | 18,000 | 1,309,000 | 835,000 | 492,000 | 94,304 | 97,573 | 3,269 | 2.58% | 2.07% | 0.55% |
| TRG Pakistan Limited*** | - | 6,698,000 | 3,934,500 | 2,763,500 | 204,121 | 252,612 | 48,491 | 6.69% | 5.37% | 0.51% |
| | | | | | 324,945 | 379,061 | 54,116 | 10.03% | 8.05% | 1.21% |
| Textile Composite | | | | | | | | | | |
| Gul Ahmed Textile Mills Limited | 48,500 | 71,500 | 120,000 | - | - | - | - | - | - | - |
| Nishat (Chunian) Limited** | - | 488,500 | 488,500 | - | - | - | - | - | - | - |
| Nishat Mills Limited** | 64,000 | 1,535,500 | 1,570,500 | 29,000 | 2,838 | 2,951 | 113 | 0.08% | 0.06% | 0.01% |
| | | | | | 2,838 | 2,951 | 113 | 0.08% | 0.06% | 0.01% |
| Transport | | | | | | | | | | |
| Pakistan International Bulk Terminal Limited | 531,500 | 30,685,500 | 27,205,000 | 4,012,000 | 52,375 | 51,593 | (782) | 1.37% | 1.10% | 0.08% |
| | | | | | 52,375 | 51,593 | (782) | 1.37% | 1.10% | 0.08% |
| Vanaspati & Allied Industries | | | | | | | | | | |
| Unity Foods Limited*** | - | 26,126,000 | 22,666,000 | 3,460,000 | 92,231 | 110,928 | 18,697 | 2.94% | 2.36% | 0.35% |
| | | | | | 92,231 | 110,928 | 18,697 | 2.94% | 2.36% | 0.35% |
| Total as at December 31, 2020 | | | | | 712,268 | 791,399 | 79,131 | 20.95% | 16.81% | 2.97% |
| Total as at June 30, 2020 | | | | | 323,075 | 325,426 | 2,351 | | | |

* Nil figures due to rounding off

** These transactions relate to shares of related parties

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

| Name of security | December 31, 2020 | June 30, 2020 | December 31, 2020 | June 30, 2020 |
|-----------------------------------|--------------------|---------------|-------------------|---------------|
| | (Number of shares) | | (Rupees in '000) | |
| Pak Elektron Limited | - | 1,000,000 | - | 22,930 |
| Maple Leaf Cement Factory Limited | - | 900,000 | - | 23,382 |
| TRG Pakistan Limited | 2,000,000 | - | 182,820 | - |
| Unity Foods Limited | 1,000,000 | - | 32,060 | - |
| Pakistan Refinery Limited | 800,000 | - | 19,032 | - |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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5.3 Listed debt securities - term finance certificates of Rs. 5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

| Name of investee company | Number of certificates | | | | Balance as at December 31, 2020 | | | Market value as a percentage of | |
|---|------------------------|-----------------------------|----------------------------|-------------------------|---------------------------------|----------------|--------------------------|---------------------------------|-------------------|
| | As at July 01, 2020 | Purchased during the period | Disposed during the period | As at December 31, 2020 | Carrying value | Market value | Unrealised (loss) / gain | net assets | total investments |
| | | | | | ----- (Rupees in '000) ----- | | | ----- % ----- | |
| Commercial banks | | | | | | | | | |
| Habib Bank Limited - TFC (February 19, 2016)* | 425 | - | - | 425 | 41,525 | 42,424 | 899 | 1.12% | 0.90% |
| | | | | | 41,525 | 42,424 | 899 | 1.12% | 0.90% |
| Fertilizer | | | | | | | | | |
| Dawood Hercules Corporation Limited - Sukuk (November 16, 2017)* | 2,500 | - | 1,265 | 1,235 | 74,836 | 74,912 | 76 | 1.98% | 1.59% |
| Dawood Hercules Corporation Limited - Sukuk (March 01, 2018)* | 1,412 | - | 853 | 559 | 39,843 | 39,614 | (229) | 1.05% | 0.84% |
| | | | | | 114,679 | 114,526 | (153) | 3.03% | 2.44% |
| Financial Services | | | | | | | | | |
| Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.4.1) | 10,000 | - | - | 10,000 | 27,548 | | | | |
| Less: Provision for impairment | | | | | (27,548) | | | | |
| | | | | | - | | | | |
| As at December 31, 2020 | | | | | 156,204 | 156,950 | 746 | | |
| As at June 30, 2020 | | | | | 329,507 | 333,290 | 3,783 | | |

* Nominal value of these term finance certificates is Rs. 100,000 per certificate.

5.4 Unlisted debt securities - term finance and sukuk certificates of Rs. 5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

| Name of investee company | Number of certificates | | | | Balance as at December 31, 2020 | | | Market value as a percentage of | |
|---|------------------------|-----------------------------|----------------------------|-------------------------|---------------------------------|----------------|--------------------------|---------------------------------|-------------------|
| | As at July 01, 2020 | Purchased during the period | Disposed during the period | As at December 31, 2020 | Carrying value | Market value | Unrealised (loss) / gain | net assets | total investments |
| | | | | | ----- (Rupees in '000) ----- | | | ----- % ----- | |
| Commercial banks | | | | | | | | | |
| Askari Bank Limited IV - TFC (September 30, 2014) | 39,000 | - | 39,000 | - | - | - | - | - | - |
| Askari Bank Limited VII - TFC (March 17, 2020)** | 50 | - | - | 50 | 50,000 | 49,520 | (480) | 1.31% | 1.05% |
| Bank AL Habib Limited (March 17, 2016) TFC-II | 10,480 | - | - | 10,480 | 49,016 | 47,220 | (1,796) | 1.25% | 1.00% |
| The Bank of Punjab Limited - TFC-II * (April 23, 2018) | 850 | - | - | 850 | 74,076 | 83,287 | 9,211 | 2.21% | 1.77% |
| The Bank of Punjab Limited TFC-I * (December 23, 2016) | 1,200 | - | - | 1,200 | 117,557 | 118,660 | 1,103 | 3.14% | 2.52% |
| | | | | | 290,649 | 298,687 | 8,038 | 7.91% | 6.35% |
| Chemicals | | | | | | | | | |
| Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk* (February 02, 2017) | 500 | - | - | 500 | 21,109 | 20,936 | (173) | 0.55% | 0.45% |
| | | | | | 21,109 | 20,936 | (173) | 0.55% | 0.45% |
| Investment Bank | | | | | | | | | |
| Jahangir Siddiqui and Company Limited - TFC (July 18, 2017) | 10,000 | - | - | 10,000 | 24,439 | 25,016 | 577 | 0.66% | 0.53% |
| Jahangir Siddiqui & Company Limited - TFC (March 06, 2018) | 18,000 | - | - | 18,000 | 74,400 | 74,194 | (206) | 1.97% | 1.58% |
| | | | | | 98,839 | 99,210 | 371 | 2.63% | 2.11% |
| Household goods | | | | | | | | | |
| New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.4.1) | 10,400 | - | - | 10,400 | 21,983 | | | | |
| Less: Provision for impairment | | | | | (21,983) | | | | |
| | | | | | - | | | | |
| New Allied Electronics Industries (Private) Limited Sukuk (July 27, 2007) (refer note 5.4.1) | 112,000 | - | - | 112,000 | 35,063 | | | | |
| Less: Provision for impairment | | | | | (35,063) | | | | |
| | | | | | - | | | | |
| As at December 31, 2020 | | | | | 410,597 | 418,833 | 8,236 | | |
| As at June 30, 2020 | | | | | 633,484 | 614,897 | (18,587) | | |

* Nominal value of these term finance certificates and sukuk certificate is Rs.100,000 per certificate.

** Nominal value of these term finance certificates is Rs.1,000,000 per certificate.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

5.4.1 Due to continuous default on repayment of coupon by the issuer, the Fund had classified said investments as non-performing debt securities. The Fund had also suspended further accrual of mark-up there against.

5.4.2 Significant terms and conditions of term finance certificates and other securities outstanding at December 31, 2020 are as follows:

| Name of security | -----Un-audited----- | | | | | | Secured / unsecured | Rating |
|--|------------------------|---------------------|--|-------------------------|-------------------|-----------|---------------------|--------|
| | Number of certificates | Face value per unit | Face value / redemption value in total | Interest rate per annum | Maturity | | | |
| ------(Rupees)----- | | | | | | | | |
| Listed debt securities | | | | | | | | |
| Habib Bank Limited - TFC (February 19, 2016) | 425 | 100,000 | 99,820 | 6M KIBOR + 0.5% | February 19, 2026 | Unsecured | AAA | |
| Dawood Hercules Corporation Limited - Sukuk (November 16, 2017) | 1,235 | 100,000 | 60,000 | 3M KIBOR + 1% | November 16, 2022 | Secured | AA | |
| Dawood Hercules Corporation Limited - Sukuk (March 01, 2018) | 559 | 100,000 | 70,000 | 3M KIBOR + 1% | March 1, 2023 | Unsecured | AA | |
| Unlisted debt securities | | | | | | | | |
| Askari Bank Limited VII - TFC (March 17, 2020) | 50 | 1,000,000 | 1,000,000 | 3M KIBOR + 1.2% | March 17, 2030 | Unsecured | AA | |
| Bank AL Habib Limited - TFC-II (March 17, 2016) | 10,480 | 5,000 | 4,991 | 6M KIBOR + 0.75% | March 17, 2026 | Unsecured | AA | |
| The Bank of Punjab Limited - TFC-I (December 23, 2016) | 1,200 | 100,000 | 99,840 | 6M KIBOR + 1% | December 23, 2026 | Unsecured | AA- | |
| The Bank of Punjab Limited - TFC-II (April 23, 2018) | 850 | 100,000 | 99,900 | 6M KIBOR + 1.25% | April 23, 2028 | Unsecured | AA- | |
| Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk (February 02, 2017) | 500 | 100,000 | 50,000 | 3M KIBOR + 1% | February 2, 2024 | Unsecured | A- | |
| Jahangir Siddiqui and Company Limited - TFC (July 18, 2017) | 10,000 | 5,000 | 2,500 | 6M KIBOR + 1.4% | July 18, 2022 | Secured | AA+ | |
| Jahangir Siddiqui and Company Limited - TFC (March 06, 2018) | 18,000 | 5,000 | 4,167 | 6M KIBOR + 1.4% | March 6, 2023 | Secured | AA+ | |

The term finance certificates and sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

5.4.3 Details of non-compliant investments with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2020, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

| Name of non-compliant investment | -----Un-audited----- | | | | | |
|---|----------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------|---------------------------------|
| | Type of investment | Value of investment before provision | Provision held, if any | Value of investment after provision | Percentage of net assets | Percentage of total investments |
| ------(Rupees in '000)----- %----- | | | | | | |
| Listed debt securities | | | | | | |
| Saudi Pak Leasing Company Limited | TFC | 27,548 | (27,548) | - | - | - |
| Unlisted debt securities | | | | | | |
| New Allied Electronics Industries (Private) Limited | TFC | 21,983 | (21,983) | - | - | - |
| New Allied Electronics Industries (Private) Limited | Sukuk | 35,063 | (35,063) | - | - | - |

5.5 This represents unrealised loss amounting to Rs. 38.182 million (June 30, 2020: Rs. 3.541 million) on mark to market of future stock contracts.

| | Note | December 31, 2020 | June 30, 2020 |
|---|-----------------------------|----------------------|------------------|
| | | (Un-audited) | (Audited) |
| ------(Rupees in '000)----- | | | |
| 5.6 Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net | | | |
| Market value of investments | 5.1, 5.2, 5.3, 5.4 & 5.5 | 4,703,007 | 3,437,545 |
| Less: Carrying value of investments | 5.1, 5.2, 5.3, 5.4 & 5.5 | 4,650,932 | 3,448,474 |
| | | <u>52,075</u> | <u>(10,929)</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

| | Note | December 31, 2020 (Un-audited) ------(Rupees in '000)----- | June 30, 2020 (Audited) |
|---|------|---|-------------------------------|
| 6 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY | | | |
| Management remuneration payable | 6.1 | 5,278 | 5,612 |
| Sindh sales tax payable on remuneration of the Management Company | 6.2 | 686 | 730 |
| Allocated expenses payable | 6.3 | 352 | 374 |
| Selling and marketing expenses payable | 6.4 | 3,991 | 4,721 |
| Sales load payable (including indirect taxes) | | 1 | 56 |
| | | <u>10,308</u> | <u>11,493</u> |

6.1 The Management Company has charged remuneration at the rate upto 1.5% (June 30, 2020: 1.5%) of average daily net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2020: 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 the net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, 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 Management Company 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 Board of Directors of the Management Company.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (December 31, 2019: 0.075%) of average daily net assets of the Fund during the period.

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% (Dec 31, 2019: 0.02%) of average daily net assets of the Fund during the period .

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

| 9 | ACCRUED AND OTHER LIABILITIES | Note | December 31, 2020 (Un-audited) ----- (Rupees in '000) ----- | June 30, 2020 (Audited) |
|---|--|-------------|--|--|
| | Provision for Sindh Workers' Welfare Fund (SWWF) | 9.1 | 40,323 | 37,629 |
| | Provision for Federal Excise Duty payable on remuneration to the Management Company | 9.2 | 99,060 | 99,060 |
| | Federal Excise Duty payable on sales load | 9.2 | 27,933 | 27,933 |
| | Sale load payable to MCB Bank Limited (a related party) | | 67 | 390 |
| | Auditors' remuneration payable | | 381 | 535 |
| | Withholding tax payable | | 448 | 1,464 |
| | Brokerage payable | | 6,339 | 1,209 |
| | Dividend payable | | 2 | 2 |
| | Advance against units not issued | | 22,250 | - |
| | Other payable | | 648 | 559 |
| | | | <u>197,451</u> | <u>168,781</u> |

9.1 Provision for Sindh Workers' Welfare Fund

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, was 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 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 the 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 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 SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Rs 1.18 (June 30, 2020: Re.1) per unit.

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

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 was 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.

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 01, 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 126.993 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at December 31, 2020 would have been higher by Rs 2.90 (June 30, 2020: Rs 2.63) per unit.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

10 CONTINGENCIES AND COMMITMENTS

10.1 There were no contingencies outstanding as at December 31, 2020 and June 30, 2020

| | December 31, 2020 (Un-audited) | June 30, 2020 (Audited) |
|---|---|--|
| | ----- (Rupees in '000) ----- | |
| 10.2 Commitments | | |
| Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end | <u>761,791</u> | <u>323,536</u> |
| Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at year end: | | |
| - Sale transactions | <u>27,462</u> | <u>-</u> |

11 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute at least 90% of income earned by the Fund in cash during the year ending June 30, 2021 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| | ----- (Un-audited) ----- | |
| 12 CASH AND CASH EQUIVALENTS | | |
| Balances with banks | 1,935,319 | 3,082,184 |
| Treasury bills maturing within 3 months | <u>2,734,531</u> | <u>-</u> |
| | <u>4,669,850</u> | <u>3,082,184</u> |

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 3.15% (December 31, 2019: 2.53%) which includes 0.35% (December 31, 2019: 0.45%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2019: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "income scheme".

15 TRANSACTIONS AND BALANCES OUTSTANDING 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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:

| | (Un-Audited) | |
|--|------------------------------|----------------------|
| | December 31, 2020 | December 31, 2019 |
| | ----- (Rupees in '000) ----- | |
| 15.1 Details of transactions with connected persons are as follows: | | |
| MCB-Arif Habib Savings and Investments Limited | | |
| Remuneration (including indirect taxes) | 35,375 | 35,967 |
| Allocated expenses | 2,087 | 2,122 |
| Selling and marketing expenses | 8,139 | 4,948 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration (including indirect taxes) | 1,769 | 1,799 |
| Settlement charges | 646 | 47 |
| Group / associated companies | | |
| MCB Bank Limited | | |
| Mark-up on deposit accounts | 47 | 386 |
| Sale of securities having face value of Rs. 1,065,000,000 (2019: Rs. 146,900,000) | 1,034,327 | 127,956 |
| Bank charges | 21 | 15 |
| Next Capital Limited - Brokerage House | | |
| Brokerage and settlement charges * | 104 | 25 |
| Arif Habib Limited - Brokerage House | | |
| Brokerage expense * | - | 15 |
| Nishat (Chunian) Limited | | |
| Purchase of 488,500 (2019: 312,500) shares | 19,991 | 11,611 |
| Sale of 488,500 (2019: 317,000) shares | 20,219 | 11,550 |
| Dividend income | - | 378 |
| D.G. Khan Cement Company Limited | | |
| Purchase of 3,417,500 (2019: 757,000) shares | 376,091 | 58,011 |
| Sale of 3,794,500 (2019: 757,000) shares | 405,369 | 58,460 |
| Nishat Mills Limited | | |
| Purchase of 1,535,500 (2019: 310,000) shares | 152,419 | 28,512 |
| Sale of 1,570,500 (2019: 310,500) shares | 155,719 | 28,113 |
| Dividend income | 2,792 | 740 |

* 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) December 31, 2020 | (Audited) June 30, 2020 |
|---|--------------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| 15.2 Amounts outstanding at period end: | | |
| MCB-Arif Habib Savings and Investments Limited | | |
| Management remuneration payable | 5,278 | 5,612 |
| Sindh sales tax payable on remuneration of the management company | 686 | 730 |
| Sales load payable (including indirect taxes) | 1 | 56 |
| Allocated expenses Payable | 352 | 374 |
| Selling and marketing expenses payable | 3,991 | 4,721 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

| | (Un-Audited) December 31, 2020 | (Audited) June 30, 2020 |
|---|--------------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration payable (including indirect taxes) | 298 | 317 |
| Security deposit | 200 | 200 |
| Group / associated companies | | |
| MCB Bank Limited | | |
| Balances with bank | 14,365 | 22,634 |
| Sales load payable | 67 | 390 |
| MCB Islamic Bank Limited | | |
| Balances with bank | 11 | 11 |
| D.G. Khan Cement Company Limited | | |
| 137,500 (June 30, 2020: 514,500) shares | 15,755 | 43,902 |
| Nishat Mills Limited | | |
| 29,000 (June 30, 2020: 64,000) shares | 2,951 | 4,993 |

* 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:

| For the half year ended December 31, 2020 (Un-Audited) | | | | | | | |
|--|---------------------------------------|----------|-------------------------|---------------------|----------|----------|-------------------------|
| As at July 01, 2020 | Issuance (including additional units) | Redeemed | As at December 31, 2020 | As at July 01, 2020 | Issuance | Redeemed | As at December 31, 2020 |
| Units | | | | (Rupees in '000) | | | |

Group / associated companies

| | | | | | | | | |
|--|-----------|-------|-------|-----------|---------|-------|-------|---------|
| MCB-Arif Habib Savings and Investments limited | - | 9,344 | 9,344 | - | - | 1,015 | 1,015 | - |
| MCB Employees' Provident Fund | 1,573,656 | - | - | 1,573,656 | 168,326 | - | - | 173,934 |
| MCB Employees' Pension Fund | 1,573,656 | - | - | 1,573,656 | 168,326 | - | - | 173,934 |
| D.G. Khan Cement Company Limited - Employees' Provident Fund Trust | 4,733 | - | - | 4,733 | 506 | - | - | 523 |

Mandate under discretionary portfolio services*

| | | | | | | | | |
|--|--------|-------------|-------------|---|-------|------------|------------|---|
| | 10,284 | 110,241,802 | 110,252,086 | - | 1,100 | 11,954,526 | 11,961,585 | - |
|--|--------|-------------|-------------|---|-------|------------|------------|---|

Key management personnel*

| | | | | | | | | |
|--|---|---|---|---|---|---|---|---|
| | - | - | - | - | - | - | - | - |
|--|---|---|---|---|---|---|---|---|

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

| For the half year ended December 31, 2019 (Un-Audited) | | | | | | | |
|--|---------------------------------------|----------|-------------------------|---------------------|----------|----------|-------------------------|
| As at July 01, 2019 | Issuance (including additional units) | Redeemed | As at December 31, 2019 | As at July 01, 2019 | Issuance | Redeemed | As at December 31, 2019 |
| Units | | | | (Rupees in '000) | | | |

Group / associated companies

| | | | | | | | | |
|--|-----------|---------|---------|-----------|---------|--------|--------|---------|
| MCB-Arif Habib Savings and Investments limited | - | 725,299 | 277,121 | 448,178 | - | 80,128 | 30,176 | 50,489 |
| MCB Employees' Provident Fund | 1,414,434 | - | - | 1,414,434 | 150,714 | - | - | 159,340 |
| MCB Employees' Pension Fund | 1,414,434 | - | - | 1,414,434 | 150,714 | - | - | 159,340 |
| D.G. Khan Cement Company Limited - Employees' Provident Fund Trust | 4,255 | - | - | 4,255 | 453 | - | - | 479 |

Mandate under discretionary portfolio services*

| | | | | | | | | |
|--|---|-----------|-----------|---|---|-----------|-----------|---|
| | - | 9,926,856 | 9,926,856 | - | - | 1,093,273 | 1,095,323 | - |
|--|---|-----------|-----------|---|---|-----------|-----------|---|

Key management personnel*

| | | | | | | | | |
|--|---|--------|--------|---|---|-------|-------|---|
| | - | 24,859 | 24,859 | - | - | 2,659 | 2,671 | - |
|--|---|--------|--------|---|---|-------|-------|---|

* This reflects position of related party / connected persons status as at December 31, 2019

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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 tradable in an open market are revalued at the 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); and

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

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

| -----Unaudited----- | | | |
|-------------------------------|---------|---------|-------|
| December 31, 2020 | | | |
| Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000') ----- | | | |

Financial assets measured at fair value through profit or loss

| | | | | |
|--------------------------|----------|-----------|---|-----------|
| Government securities | - | 3,374,007 | - | 3,374,007 |
| Listed equity securities | 791,399 | - | - | 791,399 |
| Listed debt securities | - | 156,950 | - | 156,950 |
| Unlisted debt securities | - | 418,833 | - | 418,833 |
| Future stock contracts | (38,182) | - | - | (38,182) |
| | 753,217 | 3,949,790 | - | 4,703,007 |

| -----Audited----- | | | |
|-------------------------------|---------|---------|-------|
| June 30, 2020 | | | |
| Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000') ----- | | | |

Financial assets measured at fair value through profit or loss

| | | | | |
|-------------------------------|---------|----------------|---|----------------|
| Government securities | - | 2,167,473 | - | 2,167,473 |
| Listed equity securities | 325,426 | - | - | 325,426 |
| Listed debt securities | - | 333,290 | - | 333,290 |
| Unlisted debt securities | - | 614,897 | - | 614,897 |
| Future stock contracts | (3,541) | - | - | (3,541) |
| | 321,885 | 3,115,660 | - | 3,437,545 |

17. GENERAL

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

17.2 COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided the following relaxation to CISs operating in Pakistan for classification of debt security for a specified period of time commencing from April 9, 2020 and expiring on March 31, 2021.

- The timeline for classification of debt security as non performing has been extended from 15 days to 180 days overdue.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 08, 2021 by the Board of Directors of the Management Company.

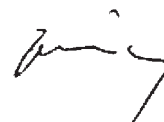
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB Arif Habib Savings and Investments Limited

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