



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

PAKISTAN INCOME ENHANCEMENT FUND

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FUND'S INFORMATION

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

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Income Enhancement 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 6.95% against its benchmark return of 7.65%.

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

At period-end, the fund was 29.6% invested in Cash, 26.0% in TFCs.

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. 668 million as compared to Rs. 707 million as at June 30, 2020 registering a decrease of 5.52%.

The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs. 55.7831 as compared to opening NAV of Rs. 53.8942 per unit as at June 30, 2020 registering an increase of Rs. 1.8889 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

اپن end میوچل فنڈ صنعت کے inet اثاثہ جات مالی سال 2021ء کے نصف اول کے اختتام پر تقریباً 24.0 فیصد بڑھ کر 920 بلین روپے ہو گئے۔ منی مارکیٹ فنڈ ز اور فکسڈ انکم فنڈ ز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈ ز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈ ز دوران مدت تقریباً 30 فیصد بڑھ کر 410 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈ ز حاوی رہے اور تقریباً 37 فیصد بڑھ کر 281 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈ ز میں دوران سہ ماہی 24 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 278 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈ ز 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 فنڈ ز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈ ز تقریباً 30 فیصد، اور انکم فنڈ ز 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 فنڈ ز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکیں۔

اظہار تشکر

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

من جانب ڈائریکٹرز

نسیم بیگ
ڈائریکٹر / وائس چیئر مین

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2021ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.95 فیصد تھا جبکہ مقررہ معیار 7.65 فیصد تھا۔
 فنڈ کی پالوزن اوسط میچورٹی (WAM) 1.4 سال پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں تھی۔
 اختتام مدت پر فنڈ کی سرمایہ کاری 29.6 فیصد نقد میں اور 26.0 فیصد ٹرم فنانس سرٹیفکیٹس (ٹی ایف سی) میں تھی۔
 31 دسمبر 2020ء کو فنڈ کے net اثاثہ جات 668 ملین روپے تھے جو 30 جون 2020ء (707 ملین روپے) کے مقابلے میں 5.52 فیصد کمی ہے۔

31 دسمبر 2020ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) فی یونٹ 55.7831 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 53.8942 روپے فی یونٹ روپے کے مقابلے میں 1.8889 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 چک کا مظاہرہ کرتے ہوئے ترقی کی رفتار برقرار رکھی۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گزشتہ 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 ہوگی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 فیصد سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں نے فی الحال ختم ہو گئی 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 افیکٹو 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 خم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

پاکستان انکم اینہینسمنٹ 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 المیعا 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 محرک فراہم کیا۔ 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 محرک 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 صارفی 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



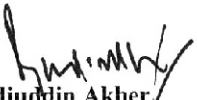
TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME ENHANCEMENT FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Income Enhancement 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 PAKISTAN INCOME ENHANCEMENT FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Income Enhancement 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.

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 (Unaudited)	June 30, 2020 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
Balances with banks	4	208,565	78,377
Investments	5	452,241	644,656
Mark-up, dividend and other receivables		5,988	12,666
Receivable against margin trading system		4,871	-
Advances, deposits and prepayments		3,036	3,285
Receivable from National Clearing Company of Pakistan Limited		29,583	2,021
Total assets		704,284	741,005
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	1,870	640
Payable to Central Depository Company of Pakistan Limited - Trustee	7	50	53
Payable to the Securities and Exchange Commission of Pakistan (SECP)	8	71	150
Payable against redemption of units		2,079	2,079
Accrued and other liabilities	9	32,700	31,248
Total liabilities		36,770	34,170
NET ASSETS		667,514	706,835
Unit holders' fund (as per statement attached)		667,514	706,835
Contingencies and commitments	10		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		11,966,251	13,115,233
		------(Rupees)-----	
NET ASSET VALUE PER UNIT		55.7831	53.8942

The annexed notes from 1 to 19 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 (UNAUDITED)
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
INCOME					
Income from government securities		5,185	21,206	1,631	12,918
Income from term finance certificates		12,556	16,262	3,814	8,198
Capital (loss) / gain on sale of investments - net		(2,270)	4,880	(363)	(1,163)
Mark-up on bank deposits		8,823	13,985	5,121	5,182
Dividend income		5,247	-	4,907	-
Income from Margin Trading System (MTS) - net		1,811	-	508	-
Loss from spread transactions		(10,389)	-	(11,779)	-
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.8	12,748	(33)	12,363	292
Other income		99	93	75	48
Total income		33,810	56,393	16,277	25,475
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited- Management Company	6.1	2,513	4,744	1,141	2,050
Sindh sales tax on remuneration of Management Company	6.2	326	617	148	267
Allocated expenses	6.3	356	370	180	192
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7	266	277	135	143
Sindh sales tax on remuneration of the Trustee		35	36	18	19
Selling and marketing expenses	6.4	2,663	2,253	1,349	1,437
Annual fee to the Securities and Exchange Commission of Pakistan	8	71	74	36	38
Brokerage, settlement charges and bank charges		2,098	431	1,549	227
Fees and subscription		555	323	384	152
Auditors' remuneration		373	437	228	305
Legal and professional charges		69	92	35	46
Other expenses		16	16	15	-
Total expenses		9,341	9,670	5,218	4,876
Net income from operating activities		24,469	46,723	11,059	20,599
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	(489)	(934)	(221)	(412)
Net income for the period before taxation		23,980	45,789	10,838	20,187
Taxation	11	-	-	-	-
Net income for the period after taxation		23,980	45,789	10,838	20,187
Allocation of net income for the period:					
Net income for the period		23,980	45,789		
Income already paid on units redeemed		(2,760)	(3,730)		
		21,220	42,059		
Accounting income available for distribution					
- Relating to capital gains		9,605	4,481		
- Excluding capital gains		11,615	37,578		
		21,220	42,059		

Earnings per unit

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The annexed notes from 1 to 19 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 (UNAUDITED)
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	23,980	45,789	10,838	20,187
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>23,980</u>	<u>45,789</u>	<u>10,838</u>	<u>20,187</u>

The annexed notes from 1 to 19 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 (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Six months period ended December 31, 2020			Six months period ended December 31, 2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	604,007	102,828	706,835	602,553	95,207	697,760
Issue of 9,126,665 units (2019: 8,543,119 units)						
- Capital value (at net asset value per unit at the beginning of the period)	491,874	-	491,874	454,077	-	454,077
- Element of income	7,757	-	7,757	16,742	-	16,742
	499,631	-	499,631	470,819	-	470,819
Redemption of 10,275,647 units (2019: 8,227,669 units)						
- Capital value (at net asset value per unit at the beginning of the period)	553,798	-	553,798	437,310	-	437,310
- Element of income	6,374	2,760	9,134	12,849	3,730	16,579
	560,172	2,760	562,932	450,159	3,730	453,889
Total comprehensive income for the period	-	23,980	23,980	-	45,789	45,789
Net assets at the end of the period	<u>543,466</u>	<u>124,048</u>	<u>667,514</u>	<u>623,213</u>	<u>137,266</u>	<u>760,479</u>
Undistributed income brought forward comprising of:						
- Realised		103,123			98,350	
- Unrealised loss		(295)			(3,143)	
		<u>102,828</u>			<u>95,207</u>	
Accounting income available for distribution						
- Relating to capital gains	9,605			4,481		
- Excluding capital gains	11,615			37,578		
	21,220			42,059		
Undistributed income carried forward	<u>124,048</u>			<u>137,266</u>		
Undistributed income carried forward comprising of:						
- Realised		111,300			137,299	
- Unrealised income / (loss)		12,748			(33)	
		<u>124,048</u>			<u>137,266</u>	
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	<u>53.8942</u>			<u>53.1512</u>		
Net asset value per unit at the end of the period	<u>55.7831</u>			<u>56.5695</u>		

The annexed notes from 1 to 19 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 CASH FLOW STATEMENT (UNAUDITED)
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	23,980	45,789
Adjustments for non cash and other items:		
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(12,748)	33
Provision for Sindh Workers' Welfare Fund (SWWF)	489	934
	11,721	46,756
Decrease / (increase) in assets		
Investments - net	225,006	15,389
Mark-up, dividend and other receivables	6,678	(5,062)
Receivable against margin trading system	(4,871)	-
Advances, deposits and prepayments	249	(2,877)
Receivable from National Clearing Company of Pakistan Limited	(27,562)	(213)
	199,500	7,237
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,230	1,804
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	(62)
Payable to the Securities and Exchange Commission of Pakistan	(79)	(584)
Payable against purchase of investments	-	3,619
Accrued and other liabilities	963	(6,881)
	2,111	(2,104)
Net cash generated from operating activities	213,332	51,889
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	499,631	470,819
Payments on redemption of units	(562,932)	(453,889)
Net cash (used in) / generated from financing activities	(63,301)	16,930
Net increase in cash and cash equivalents during the period	150,031	68,819
Cash and cash equivalents at the beginning of the period	78,377	473,804
Cash and cash equivalents at the end of the period	12 228,408	542,623

The annexed notes from 1 to 19 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 STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2020 to the Management Company and "A+(f)" as stability rating dated 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 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 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

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

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, interpretations 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 do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 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.

4	BALANCES WITH BANKS	Note	December 31, 2020 (Un-audited) ------(Rupees in '000)-----	June 30, 2020 (Audited)
	In current accounts		2,887	11
	In saving accounts	4.1	205,678	78,366
		4.2	<u>208,565</u>	<u>78,377</u>

4.1 These carry mark-up at rates ranging between 5.5% to 9.0% per annum (June 2020: 5.5% to 14.45% per annum).

4.2 These include balances of Rs. 4.428 million (June 30, 2020: Rs. 18.325 million) maintained with MCB Bank Limited (a related party).

5	INVESTMENTS	Note	December 31, 2020 (Un-audited) ------(Rupees in '000)-----	June 30, 2020 (Audited)
	Investments at fair value through profit or loss			
	Government securities	5.1	59,422	351,825
	Listed equity securities	5.2	223,533	-
	Listed debt securities	5.3	49,910	111,005
	Unlisted debt securities	5.4	132,995	181,826
	Future stock contracts	5.7	(13,619)	-
			<u>452,241</u>	<u>644,656</u>

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

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

Tenure	Issue Date	Face value				At December 31, 2020			Market value as a percentage of	
		At July 01, 2020	Purchased during the period	Sales / Matured during the period	At December 31, 2020	Carrying value	Market value	(Diminution) / appreciation	net assets	total investments
----- (Rupees in '000) ----- % -----										
Treasury bills - 3 months										
Treasury Bills	08-Oct-2020	-	75,000	75,000	-	-	-	-	-	
Treasury Bills	27-Aug-2020	-	50,000	50,000	-	-	-	-	-	
Treasury Bills	03-Dec-2020	-	200,000	200,000	-	-	-	-	-	
Treasury Bills	05-Nov-2020	-	250,000	250,000	-	-	-	-	-	
Treasury Bills	02-Jul-2020	-	75,000	75,000	-	-	-	-	-	
Treasury Bills	16-Jul-2020	-	75,000	75,000	-	-	-	-	-	
Treasury Bills	17-Dec-2020	-	500,000	500,000	-	-	-	-	-	
Treasury Bills*	19-Nov-2020	-	220,000	200,000	20,000	19,842	19,843	1	2.97% 4.39%	
Treasury bills - 6 months										
Treasury Bills	18-Jun-2020	-	250,000	250,000	-	-	-	-	-	
Treasury Bills	02-Jul-2020	-	95,000	95,000	-	-	-	-	-	
Treasury Bills	16-Jul-2020	-	75,000	75,000	-	-	-	-	-	
Treasury bills - 12 months										
Treasury Bills*	16-Jan-2020	-	20,000	-	20,000	19,951	19,950	(1)	2.99% 4.41%	
Treasury Bills	05-Dec-2019	-	500,000	500,000	-	-	-	-	-	
Treasury Bills	12-Sep-2019	250,000	-	250,000	-	-	-	-	-	
Treasury Bills	19-Dec-2019	-	60,000	60,000	-	-	-	-	-	
Treasury Bills*	09-Apr-2020	-	20,000	-	20,000	19,674	19,629	(45)	2.94% 4.34%	
Pakistan Investment Bonds										
Pakistan Investment Bonds - 03 years	18-Jun-2020	-	350,000	350,000	-	-	-	-	-	
Pakistan Investment Bonds - 05 years	19-Sep-2019	100,000	200,000	300,000	-	-	-	-	-	
Ijara										
GOP Ijara Sukuk - 05 years	29-Jul-20	-	62,500	62,500	-	-	-	-	-	
As at December 31, 2020						59,467	59,422	(45)		
As at June 30, 2020						348,902	351,825	2,923		

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

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

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

Name of investee company	Number of shares				Balance as at 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 Nissan Limited	-	500	500	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	16,000	16,000	-	-	-	-	-	-	-
Automobile Parts & Accessories										
The General Tyre & Rubber Company Limited	-	67,500	67,500	-	-	-	-	-	-	-
Balance carried forward						-	-	-		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (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 carried forward					-	-	-			
Cable & electrical goods										
Pak Elektron Limited****	-	2,253,500	1,813,000	440,500	15,719	17,677	1,958	2.65%	3.91%	0.09%
					15,719	17,677	1,958	2.65%	3.91%	0.09%
Cement										
Cherat Cement Company Limited	-	56,000	56,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*&**	-	349,500	338,000	11,500	1,240	1,318	78	0.20%	0.29%	-
Fauji Cement Company Limited	-	452,000	452,000	-	-	-	-	-	-	-
Lucky Cement Limited	-	22,500	22,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited*	-	670,000	638,000	32,000	1,293	1,440	147	0.22%	0.32%	-
Pioneer Cement Limited	-	179,500	179,500	-	-	-	-	-	-	-
Power Cement Limited	-	157,000	37,000	120,000	1,169	1,186	17	0.18%	0.26%	0.01%
					3,702	3,944	242	0.59%	0.87%	0.01%
Chemicals										
Engro Polymer and Chemicals Limited*	-	130,500	125,500	5,000	223	238	15	0.04%	0.05%	-
Lotte Chemical Pakistan Limited	-	319,500	319,500	-	-	-	-	-	-	-
					223	238	15	0.04%	0.05%	-
Engineering										
Amreli Steels Limited*	-	383,500	373,000	10,500	456	507	51	0.08%	0.11%	-
International Industries Limited*	-	53,000	51,000	2,000	298	353	55	0.05%	0.08%	-
International Steels Limited*	-	145,000	140,500	4,500	361	420	59	0.06%	0.09%	-
Mughal Iron & Steel Industries Limited	-	62,000	62,000	-	-	-	-	-	-	-
					1,115	1,280	165	0.19%	0.28%	-
Fertilizer										
Engro Fertilizer Limited	-	114,000	114,000	-	-	-	-	-	-	-
Engro Corporation Limited	-	26,500	26,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	292,500	292,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	1,000	1,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited*	-	132,500	111,500	21,000	2,128	2,179	51	0.33%	0.48%	-
Pakistan Oilfields Limited	-	111,000	111,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited*	-	588,500	574,000	14,500	1,320	1,310	(10)	0.20%	0.29%	-
					3,448	3,489	41	0.53%	0.77%	-
Oil and Gas Marketing Companies										
Hascol Petroleum Limited	-	3,868,500	2,429,500	1,439,000	21,179	21,139	(40)	3.17%	4.67%	0.14%
Pakistan State Oil Company Limited	-	85,500	85,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	109,000	69,000	40,000	1,757	1,777	20	0.27%	0.39%	0.01%
Sui Southern Gas Company Limited	-	169,000	169,000	-	-	-	-	-	-	-
					22,936	22,916	(20)	3.44%	5.06%	0.15%
Paper And Board										
Century Paper & Board Mills Limited	-	2,500	2,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Balance carried forward					47,143	49,544	2,401			

* Nil figures due to rounding off

** These transactions relate to shares of related parties

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (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 carried forward					47,143	49,544	2,401			
Pharmaceuticals										
The Searle Company Limited*	-	157,000	149,500	7,500	1,818	1,869	51	0.28%	0.41%	-
					1,818	1,869	51	0.28%	0.41%	-
Power Generation & Distribution										
The Hub Power Company Limited*	-	207,500	201,500	6,000	480	476	(4)	0.07%	0.11%	-
Kot Addu Power Company Limited	-	503,500	503,500	-	-	-	-	-	-	-
K-Electric Limited***	-	498,000	498,000	-	-	-	-	-	-	-
					480	476	(4)	0.07%	0.11%	-
Refinery										
Attock Refinery Limited	-	231,500	194,000	37,500	5,811	6,826	1,015	1.02%	1.51%	0.04%
National Refinery Limited	-	173,000	142,500	30,500	10,117	10,670	553	1.60%	2.36%	0.04%
Pakistan Refinery Limited	-	582,500	582,500	-	-	-	-	-	-	-
					15,928	17,496	1,568	2.62%	3.87%	0.08%
Technology & Communications										
Avanceon Limited	-	764,000	376,500	387,500	34,946	35,979	1,033	5.39%	7.96%	0.18%
NetSol Technologies Limited	-	252,500	136,500	116,000	20,749	23,005	2,256	3.45%	5.09%	0.13%
TRG Pakistan Limited	-	608,000	216,000	392,000	27,887	35,833	7,946	5.37%	7.92%	0.07%
					83,582	94,817	11,235	14.21%	20.97%	0.38%
Textile Composite										
Gul Ahmed Textile Mills Limited	-	8,500	8,500	-	-	-	-	-	-	-
Nishat (Chunian) Limited**	-	23,000	23,000	-	-	-	-	-	-	-
Nishat Mills Limited*&**	-	151,000	146,000	5,000	482	509	27	0.08%	0.11%	-
					482	509	27	0.08%	0.11%	-
Transport										
Pakistan International Bulk Terminal Limited*	-	2,942,500	2,897,000	45,500	573	585	12	0.09%	0.13%	-
					573	585	12	0.09%	0.13%	-
Vanaspati & Allied Industries										
Unity Foods Limited****	-	7,889,000	6,072,500	1,816,500	48,533	58,237	9,704	8.72%	12.88%	0.18%
					48,533	58,237	9,704	8.72%	12.88%	0.18%
Total as at December 31, 2020					198,539	223,533	24,994	33.51%	49.42%	0.90%
Total as at June 30, 2020					-	-	-			

* Nil figures due to rounding off

** These transactions relate to shares of related parties

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

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

Name of security	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
	(Number of shares)		(Rupees in '000)	
Pak Elektron Limited	400,000	-	16,052	-
Unity Foods Limited	1,700,000	-	54,502	-

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

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

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

Name of investee company	Number of Certificates					At December 31, 2020			Market value as a percentage of	
	At July 1, 2020	Purchased during the period	Matured during the period	Disposed during the period	At December 31, 2020	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment

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

Financial Institutions

Habib Bank Limited - TFC - 1 -

(February 19, 2016)* 500 - - - 500 48,853 49,910 1,057 7.48% 11.04%

Fertilizer

Dawood Hercules Corporation Limited 735 - - 735 - - - - - -
(Sukuk November 16, 2017)*

Dawood Hercules Corporation Limited 125 - - 125 - - - - - -
(Sukuk March 1, 2018)*

Real Estate investment and services

Pace Pakistan Limited (15-02-08) (note 5.6) 15,000 - - - 15,000 74,910
Less: Provision for impairment (74,910)

As at December 31, 2020

48,853 49,910 1,057

As at June 30, 2020

111,026 111,005 (21)

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

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

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

Name of investee company	Number of Certificates					As at December 31, 2020			Market value as a percentage of	
	As at July 1, 2020	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment

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

Financial Institutions

Askari Bank Limited IV - TFC (September 30, 2014) 8,300 - - 8,300 - - - - - -

Askari Bank Limited VII - TFC (March 17, 2020)** 20 - - - 20 20,000 19,808 (192) 2.97% 4.38%

Bank Al Habib Limited (March 17, 2016) TFC -II 5,000 - - - 5,000 23,386 22,529 (857) 3.37% 4.98%

The Bank of Punjab Limited TFC - I (December 23, 2016)* 475 - - - 475 46,533 46,970 437 7.04% 10.39%

Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017) 17,000 - - - 17,000 41,545 42,527 982 6.37% 9.40%

Construction and Material

Byco Petroleum Limited - Sukuk (January 18, 2017)* 10 10 - - 20 1,170 1,161 (9) 0.17% 0.26%

Eden Housing Limited - Sukuk (March 31, 2008) (note 5.6) 10,415 - - - 10,415 10,251
- Due but not received

Less: Provision for impairment (10,251)

As at December 31, 2020

132,634 132,995 361

As at June 30, 2020

185,023 181,826 (3,197)

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

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

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

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

----- (Unaudited) -----							
Name of security	Number of certificates	Face value per unit	Face value/ redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
----- (Rupees) -----							
Listed debt securities							
Habib Bank Limited - TFC - 1 - (February 19, 2016)	500	100,000	99,820	6M KIBOR+0.5%	February 19, 2026	Unsecured	AAA
Unlisted debt securities							
Askari Bank Limited VII - TFC (March 17, 2020)	20	1,000,000	1,000,000	3M KIBOR+1.2%	March 17, 2030	Unsecured	AA
Bank Al Habib Limited (March 17, 2016) TFC -II	5,000	5,000	4,991	6M KIBOR+0.75%	March 17, 2026	Unsecured	AA
The Bank of Punjab Limited TFC - I (December 23, 2016)	475	100,000	99,840	6M KIBOR+1%	December 23, 2026	Unsecured	AA-
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	5,000	2,500	6M KIBOR+1.4%	July 18, 2022	Secured	AA+
Byco Petroleum Limited - Sukuk (January 18, 2017)	20	100,000	58,334	3M KIBOR+1.05%	January 18, 2023	Secured	AAA

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

In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2020, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investments as enumerated below:

-----Unaudited-----						
Category of non-compliant investment	Name of investee Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		Rupees in '000'			%	
Investment in debt securities	a) Pace Pakistan Limited (note 5.2)	74,910	74,910	-	-	-
	b) Eden Housing Limited (note 5.3)	10,251	10,251	-	-	-

- 5.7 This represents unrealised loss amounting to Rs. 13.619 million (June 30, 2020: Rs. Nil) on mark to market of future stock contracts.

	Note	December 31, 2020	June 30, 2020
		(Un-audited)	(Audited)
----- (Rupees in '000) -----			
5.8 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 & 5.7	452,241	644,656
Less: Carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.7	439,493	644,951
		12,748	(295)

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

Management remuneration Payable	6.1	396	179
Sindh Sales Tax payable on remuneration of the Management Company	6.2	51	23
Allocated expense payable	6.3	58	17
Selling and marketing expenses payable	6.4	1,348	392
Sales load payable (including indirect taxes)		17	29
		1,870	640

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

- 6.1** The management company has charged management fee at the rate upto, 15% of the gross earnings of scheme, calculated on daily basis subject to minimum fee of 0.25% of the average daily net assets of the Fund. The aforementioned limit was revised in the prior period and is effective since August 8, 2019. Previously, the management fee was charged at the rate of 1.5% of the average daily net assets of the Fund.
- 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 prior period, 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% (December 31, 2019: 0.02%) of average daily net assets of the Fund during the period.

9 ACCRUED AND OTHER LIABILITIES	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
		----- (Rupees in '000) -----	
Provision for Sindh workers' welfare fund	9.1	8,941	8,452
Provision for federal excise duty payable on:			
- Remuneration of the management fee	9.2	16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		1,262	34
Capital gain tax payable		108	651
Sale load payable to MCB Bank Limited (a related party)		26	-
Auditors' remuneration payable		627	396
Printing expenses payable		31	40
Legal advisor fee payable		36	20
Other payable		333	319
		32,700	31,248

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

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 the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2020 would have been higher by Re.0.75 (June 30, 2020: Re.0.64) 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 16.590 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 Assets Value of the Fund as at December 31, 2020 would have been higher by Rs 1.39 (June 30, 2020: Rs 1.26) per unit.

10 CONTINGENCIES AND COMMITMENTS

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) -----	
10.1 Commitments		
Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end	212,260	-
Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at period end - Sale transactions	6	-

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

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.

12 CASH AND CASH EQUIVALENTS

------(Unaudited)-----	
December 31, 2020	December 31, 2019
----- (Rupees in '000) -----	
Balances with banks	208,565
Treasury bills maturing within 3 months	542,623
	19,843
	-
	<u>228,408</u>
	<u>542,623</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 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

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

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

Associated Companies:

Security General Insurance Company Limited							
Employees Provident Fund Trust	46,809	-	-	46,809	2,523	-	-
							2,611

**Mandate Under Discretionary Portfolio
Services ***

	8	-	8	-	-	-	1
							-

Unit holders holding 10% or more units

Lahore Highcourt	1,892,804	-	-	1,892,804	102,011	-	-
							105,586

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

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

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

Associated Companies:

Security General Insurance Company Limited								
Employees Provident Fund Trust	41,472	-	-	41,472	2,044	-	-	2,346

Mandate Under Discretionary Portfolio

Services *	7	-	-	7	-	-	-	-
Key management personnel*	-	106,287	106,287	-	-	5,932	5,934	-

Unit holders holding 10% or more units

Lahore Highcourt	1,676,950	-	-	1,676,950	94,864	-	-	94,864
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* This reflects the position of related party / connected persons status as at December 31, 2019.

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

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	2,839	5,361
Allocated expenses	356	370
Selling and marketing expenses	2,663	2,253
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	301	313
CDC settlement charges	97	10
MCB Bank Limited		
Profit on bank deposits	41	127
Bank charges	11	6
Purchase of security having face value of Rs 250 million (2019: Nil)	242,800	-
Sale of security having face value of Rs Nil (2019: Face value: 500 million)	-	444,029
Next Capital Limited		
Brokerage expense*	26	30
Arif Habib Limited		
Brokerage expense*	-	47
D.G. Khan Cement Company Limited		
Purchase of 349,500 (2019: NIL) shares	37,869	-
Sale of 338,000 (2019: NIL) shares	36,857	-
Nishat (Chunian) Limited		
Purchase of 23,000 (2019: NIL) shares	968	-
Sale of 23,000 (2019: NIL) shares	980	-
Nishat Mills Limited		
Purchase of 151,000 (2019: NIL) shares	15,085	-
Sale of 146,000 (2019: NIL) shares	14,179	-
Dividend Income	512	-

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

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

14.3 Amount outstanding as at period end / year end	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings & Investments Limited - Management Company		
Management remuneration payable	396	179
Sindh Sales Tax payable on remuneration of the Management Company	51	23
Allocated expenses payable	58	17
Selling and marketing expenses payable	1,348	392
Sales load payable (including indirect taxes)	17	29
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	44	47
Sindh Sales tax payable on remuneration of Trustee	6	6
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	4,428	18,325
Sales load payable (including indirect taxes)	26	-
Next Capital Limited		
Brokerage expense payable*	-	5
D.G. Khan Cement Company Limited		
11,500 shares (2020: NIL) shares held	1,318	-
Nishat Mills Limited		
5,000 shares (2020: NIL) shares held	509	-

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

15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 2.77% (December 31, 2019: 2.86%) which includes 0.26% (December 31, 2019: 0.44%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2019: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "aggressive fixed income scheme".

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.

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

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

17 FAIR VALUE HIERARCHY

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

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

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

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

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

As at December 31, 2020 and June 30, 2020, the Fund holds the following financial instruments measured at fair value:

-----Unaudited-----			
December 31, 2020			
Level 1	Level 2	Level 3	Total

----- (Rupees in '000') -----

Investments classified at fair value through profit or loss

Government securities	-	59,422	-	59,422
Listed equity securities	223,533	-	-	223,533
Listed debt securities	-	49,910	-	49,910
Unlisted debt securities	-	132,995	-	132,995
Future stock contracts	(13,619)	-	-	(13,619)
	<u>209,914</u>	<u>242,327</u>	<u>-</u>	<u>452,241</u>

-----Audited-----			
June 30, 2020			
Level 1	Level 2	Level 3	Total

----- (Rupees in '000') -----

Investments classified at fair value through profit or loss

Government securities	-	351,825	-	351,825
Listed debt securities	-	111,005	-	111,005
Unlisted debt securities	-	181,826	-	181,826
	<u>-</u>	<u>644,656</u>	<u>-</u>	<u>644,656</u>

18 GENERAL

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

18.2 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.

19 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.

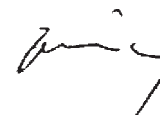
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB Arif Habib Savings and Investments Limited

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST)
URL: www.mcbah.com, Email: info@mcbah.com