



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2021

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



# **ALHAMRA DAILY DIVIDEND FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	MCB Bank Limited Bank Al-Habib Limited Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Silk Bank Limited Faysal Bank Limited National Bank of Pakistan MCB Islamic Bank Limited Askari Bank Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes</b> Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

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

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Dear Investor,

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

## Economy and Money Market Review

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

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

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

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

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

## FUND PERFORMANCE

During the period, ALHDDF generated a return of 6.44 per cent as compared to a return of 3.56 per cent witnessed by the Benchmark, outperforming the benchmark by 2.88 per cent. The Fund kept its exposure in cash at 92.7 per cent towards the period end.

The Net Assets of the fund as at June 30, 2021 stood at Rs. 2,279 million. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 100.00.

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

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SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021 the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund till August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 9.1 to the financial statements.

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

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

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

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

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

### **Mutual Fund Industry Review**

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

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

### **Mutual Fund Industry Outlook**

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

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

### Corporate Governance

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

The Board consists of 1 female and 7 male directors. The details are as under:

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

\* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

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

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

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

### 1. Meeting of the Audit Committee.

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

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

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

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

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

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



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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Saqib Saleem	Chief Executive Officer	130,453	133,843	403
2	Muhammad Asif Mehdi Rizvi	Chief Operating & Financial Officer	19,334	19,763	28
3	Altaf Ahmed Faisal	Company Secretary	32,144	32,180	36
4	Mobin Ahmed Siddiqui	Chief Internal Auditor	11,050	11,107	58

## External Auditors

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

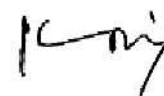
## ACKNOWLEDGMENT

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 15, 2021



**Kashif A. Habib**  
Director

## ڈائریکٹرز رپورٹ

Ernt & Young Ford Rhodes چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء



کاشف اے حبیب

ڈائریکٹر

## ڈائریکٹرز رپورٹ

۲۔ ہیومن ریسورس اینڈ ریمونیشن کمیٹی کی میٹنگ

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

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

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
نوٹس کی تعداد					
۱	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	130,453	133,843	403
۲	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فنانس انشیل آفیسر	19,334	19,763	28
۳	الطاف احمد فیصل	کمپنی سیکریٹری	32,144	32,180	36
۴	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	11,050	11,107	58

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز Ernt & Young Ford Rhodes چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے مطابق کاروبار کرنے پر کاربند ہے۔

## ڈائریکٹرز رپورٹ

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

a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حشی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الاداء ٹیکس، قانونی چارجرز اور ڈیوٹیز: (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

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

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

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

ا۔ آڈٹ کمیٹی کی میٹنگ

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

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

## ڈائریکٹرز رپورٹ

بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

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

### میں چل فنڈ صنعت کے مستقبل کا منظر

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

### کارپوریٹ گورننس

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

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

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونڈیشن

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

## فنڈ کی کارکردگی

دوران مدت فنڈ نے 6.44 فیصد منافع حاصل کیا، جو مقررہ معیار کے منافع 3.56 فیصد کے مقابلے میں 2.88 فیصد بہتر کارکردگی ہے۔ اختتام مدت پر فنڈ کی نقد میں شمولیت 92.7 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 2,279 ملین روپے تھے، جبکہ net اثاثہ جاتی قدر (این اے وی) فی یونٹ 100.00 روپے تھی۔

ایس آر بی نے اپنے خط مورخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 9.1 ملاحظہ فرمائیے۔

## معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سینٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

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

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

## میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فِئڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285



بورڈ آف ڈائریکٹر کی جانب سے اہمراء ڈیلی ڈیویڈنڈ فنڈ کے گوشواروں مبحثہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

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

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

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

افراط زر حکومت کی دھکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔ معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

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

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

### Fund Type and Category

Alhamra Daily Dividend Fund is an Open-End Shariah Compliant (Islamic) Income Scheme.

### Fund Benchmark

The benchmark for ALHDDF is Six (6) months average deposits rates of three (3) A rated Scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP

### Investment Objective

The scheme is aimed at meeting investors' short to medium term investment requirements. The scheme seeks to provide investors' a daily dividend through investment in Shariah Compliant instruments.

### Investment Strategy

The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time. The Fund will distribute daily dividend to the unit holders, which will be reinvested as agreed upon by the unit holders.

### Manager's Review

During the period, ALHDDF generated a return of 6.44% as compared to a return of 3.56% witnessed by the Benchmark, outperforming the benchmark by 2.87%. The Fund kept its exposure in cash at 92.7% towards the period end.

The Net Assets of the fund as at June 30, 2021 stood at Rs. 2,279 million as compared to Rs. 3,237 million at June 30, 2020. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 100.00.

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

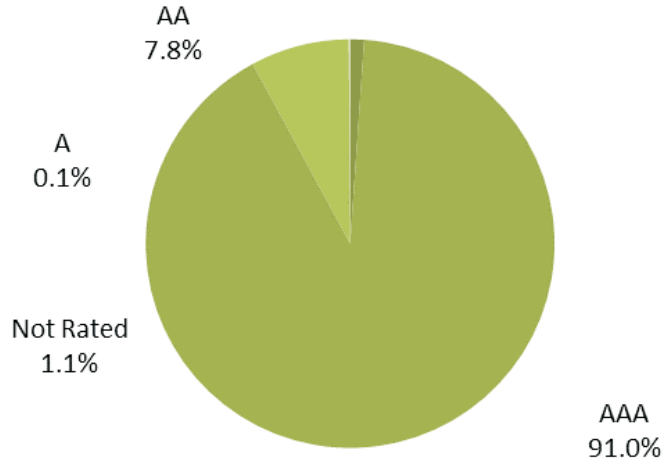
Asset Allocation (%age of Total Assets)	Jun-21
Cash	92.7%
Shariah Compliant Commercial Papers	6.2%
Other including receivables	1.1%
Shariah Compliant Bank Deposits	0.0%
Shariah Compliant Placement with Bank	0.0%



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

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



**Syed Mohammad Usama Iqbal**  
**Fund Manager**

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel : (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



## TRUSTEE REPORT TO THE UNIT HOLDERS

### ALHAMRA DAILY DIVIDEND FUND

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

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

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

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

Karachi: September 09, 2021



## REPORT OF THE SHARIAH ADVISORY BOARD

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Karachi: September 10, 2021

### REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Daily Dividend Fund (the Fund), are issuing this report in accordance with the Offering document of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of M/s MCB Arif Habib Savings and Investments limited (MCBAH), the management company of the fund, to establish and maintain a system of internal controls to ensure compliance with Shariah guidelines. Our responsibility is to express an opinion, based on our review of the representation made by the management, to the extent where such compliance can be objectively verified.

A review is limited primarily to inquire to the Management Company's personnel and review of various documents prepared by the management company to comply with prescribed criteria. In the light of the above, we hereby certify that:

- We have reviewed and approved the modes of investment of ALHDDF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHDDF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHDDF for the period from 01 Jul 2020 to June 30, 2021 have been in compliance with Shariah principles.

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.



Dr Muhammad Zubair Usmani  
(Shariah Advisor)



Dr Ejaz Ahmed Samadani  
(Shariah Advisor)

**For and on behalf of Shariah Advisory Board**

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khl@pk.ey.com  
ey.com/pk

## INDEPENDENT AUDITORS' REPORT

### To the Unit holders of Alhamra Daily Dividend Fund

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and Investments</b>	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2021, the bank balances and investments (comprised of debt instruments) held by the Fund represent 99% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"><li>- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2021 and reconciled it with the books and records of the Fund.</li><li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li></ul>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	<ul style="list-style-type: none"> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4.</li> <li>- We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).</li> <li>- We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

## Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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The Board of Directors are responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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

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

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## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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

### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

**Chartered Accountants**

**Date:** 21 September 2021

**Karachi**

A member firm of Ernst & Young Global Limited

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>ASSETS</b>			
Balances with banks	5	2,176,906	2,796,317
Investments	6	146,650	416,514
Mark-up, advance and other receivables	7	23,988	33,580
<b>Total assets</b>		<b>2,347,544</b>	<b>3,246,411</b>
<b>LIABILITIES</b>			
Payable to the management company	8	434	3,195
Accrued expenses and other liabilities	9	68,195	5,624
Dividend payable		346	691
<b>Total liabilities</b>		<b>68,975</b>	<b>9,510</b>
<b>NET ASSETS</b>		<b>2,278,569</b>	<b>3,236,901</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,278,569</b>	<b>3,236,901</b>
<b>Contingencies and commitments</b>	10		
<b>----- (Number of units) -----</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>22,785,693</b>	<b>32,369,025</b>
<b>----- (Rupees) -----</b>			
<b>NET ASSET VALUE PER UNIT</b>		<b>100.00</b>	<b>100.00</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

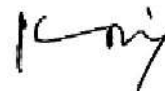
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>INCOME</b>			
Mark-up on:			
- Balances with banks		111,174	196,783
- Investments		40,780	20,827
<b>Total income</b>		<u>151,954</u>	<u>217,610</u>
<b>EXPENSES</b>			
Remuneration of the management company	8.1	5,592	6,765
Sindh sales tax on remuneration of the management company	8.2	727	880
Back office operation expense		985	1,753
Marketing and selling expense		2,586	5,616
Brokerage expense on money market transaction		16	-
Provision for Sindh Workers' Welfare Fund (SWWF)		2,841	4,052
<b>Total expenses</b>		<u>12,747</u>	<u>19,066</u>
<b>Net income for the year before taxation</b>		<u>139,207</u>	<u>198,544</u>
Taxation	11	-	-
<b>Net income for the year</b>		<u><u>139,207</u></u>	<u><u>198,544</u></u>
<i>Allocation of net income for the year:</i>			
Net income for the year		139,207	198,544
Income paid on units redeemed		-	-
		<u><u>139,207</u></u>	<u><u>198,544</u></u>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	-
- Excluding capital gains		139,207	198,544
		<u><u>139,207</u></u>	<u><u>198,544</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

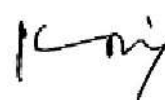
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>Net income for the year after taxation</b>	<b>139,207</b>	198,544
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>139,207</u></b>	<b><u>198,544</u></b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

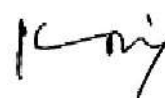
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2021			June 30, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
<b>Net assets at beginning of the year</b>	3,236,901	-	3,236,901	751,877	-	751,877
Issue of 80,456,607 (2020: 106,817,609) units:						
- Capital value (at net assets value per unit at beginning of the year)	8,045,661	-	8,045,661	10,681,760	-	10,681,760
- Element of income	-	-	-	-	-	-
	8,045,661	-	8,045,661	10,681,760	-	10,681,760
Redemption of 90,039,939 (2019: 81,967,364) units:						
- Capital value (at net assets value per unit at beginning of the year)	(9,003,993)	-	(9,003,993)	(8,196,736)	-	(8,196,736)
- Amount paid out of element of income	-	-	-	-	-	-
	(9,003,993)	-	(9,003,993)	(8,196,736)	-	(8,196,736)
Total comprehensive income for the year	-	139,207	139,207	-	198,544	198,544
Distribution during the year	-	(139,207)	(139,207)	-	(198,544)	(198,544)
Net income for the year less distribution	-	-	-	-	-	-
<b>Net assets at end of the year</b>	<b>2,278,569</b>	<b>-</b>	<b>2,278,569</b>	<b>3,236,901</b>	<b>-</b>	<b>3,236,901</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-
Accounting income available for distribution:						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	139,207	139,207	139,207	198,544	198,544	198,544
Distribution during the year	(139,207)	(139,207)	(139,207)	(198,544)	(198,544)	(198,544)
<b>Undistributed income carried forward</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Undistributed income carried forward comprising of:</b>						
- Realised	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-
	-	-	-	-	-	-
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the year</b>		<b>100.00</b>			<b>100.00</b>	
<b>Net assets value per unit at end of the year</b>		<b>100.00</b>			<b>100.00</b>	

The annexed notes from 1 to 21 form an integral part of these financial statements.

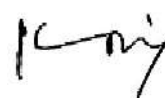
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	139,207	198,544
<b>Adjustments for:</b>		
Mark-up income	(151,954)	(217,610)
Provision for Sindh Workers' Welfare Fund (SWWF)	2,841	4,052
	(9,906)	(15,014)
<b>Decrease / (Increase) in assets</b>		
Investment-net	310,644	(351,548)
Advances and other receivables	(1,308)	(4,597)
	309,336	(356,145)
<b>Increase / (Decrease) in liabilities</b>		
Payable to the management company	(2,761)	2,018
Accrued expenses and other liabilities	59,730	643
	56,969	2,661
Mark-up income received	122,074	184,639
<b>Net cash generated from / (used in) operating activities</b>	478,473	(183,859)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts against issuance of units	8,045,661	10,681,760
Net payments against redemption of units	(9,003,993)	(8,196,736)
Cash distribution	(139,552)	(198,049)
<b>Net cash (used in) / generated from financing activities</b>	(1,097,884)	2,286,975
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	(619,411)	2,103,116
Cash and cash equivalents at beginning of the year	2,796,317	693,201
<b>Cash and cash equivalents at end of the year</b>	2,176,906	2,796,317

The annexed notes from 1 to 21 form an integral part of these financial statements.

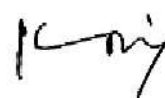
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Daily Dividend Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 07, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2017 in accordance with Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is located at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end mutual fund and has been categorised as "Shariah Compliant Income Scheme" by the Board of Directors of the Management Company and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.4 The Fund shall primarily invest in shariah compliant money market investment and debt securities having good credit rating and liquidity.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 6, 2020 to the Management Company and AA-(f) to the Fund in its rating report dated March 09, 2021.
- 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 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration

## 2. STATEMENT OF COMPLIANCE

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

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

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

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

## 3. BASIS OF PREPARATION

### 3.1 Accounting convention

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

### 3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

### 3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years.

### 4.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

### 4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023

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

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2022

## 4.3 Financial assets

### 4.4.1 Classification

#### Debt instruments

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

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

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- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

### **Initial Measurement**

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

### **Subsequent Measurement**

#### **Debt instruments at fair value through profit or loss**

After initial measurement, such debt instruments are subsequently measured at FVTPL.

### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.



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

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However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

### 4.4 Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

### 4.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### 4.6 Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised initially at fair value and subsequently stated at amortised cost.

### 4.7 Provisions

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

### 4.8 Other assets

Other assets are stated at cost less impairment losses, if any.

### 4.10 Taxation

#### Current

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of 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. 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.

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund and intends to continue availing the tax exemption in future years as well by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealised, to its unit holders every year.

### 4.11 Earnings per unit

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

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

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### 4.12 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 4.13 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net asset value representing the investors' right to a residual interest in the Fund assets.

### 4.14 Issue and redemption of units

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

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

### 4.15 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Mark-up on government securities is recognised using effective interest rate method.
- Income on debt securities (including government securities) is recognised using effective interest rate method.
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis.

### 4.16 Expenses

The expense including Management fee is recognised in the Income Statement on accrual basis.

As per clause 6.4 of the Offering Document, the Management Company would bear the expenses of the Fund except for brokerage / transaction costs, taxes, fees, duties applicable to the Fund, including sales tax levied on services offered by the Management Company and any amount which the Shariah Advisor may declare to be Haram and to be paid to charity.

### 4.17 Dividend distribution and appropriation

All net profit shall be distributed on daily basis and that dividend shall be re-invested after deducting applicable taxes. By, distributing dividend on daily basis, Management Company shall ensure that annual total distribution in an accounting period accumulates to an amount that is required under the tax laws and under regulation in force.

### 4.18 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>5. BALANCES WITH BANKS</b>			
In current account	5.1	5,100	2,017
In saving accounts	5.2	2,171,806	2,794,300
		<u>2,176,906</u>	<u>2,796,317</u>

**5.1** Current account is maintained with MCB Bank Limited, a related party.

**5.2** These carry profit at the rates ranging from 5.50% to 7% (June 30, 2020: 7.25% to 7.5%) per annum. These include a balance of Rs.2.03 million (June 30, 2020: Rs.0.481) held with MCB Islamic Bank Limited, a related party, which carries profit at the rate of 5.50% (June 30, 2020: 5.50% to 6.50%) per annum.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>6 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Commercial paper	6.1	146,650	416,514

## 6.1 Commercial paper - at fair value through profit and loss

Name of security	Issue date	Number of certificates				Market value at June 30, 2021 (Rupees in '000)
		As at July 01, 2020	Purchased during the year	Matured during the year	As at June 30, 2021	
K-Electric Limited - ICP 5	14-Feb-20	200	-	200	-	-
K-Electric Limited - ICP 6	26-Feb-20	100	-	100	-	-
K-Electric Limited - ICP 7	10-Mar-20	125	-	125	-	-
K-Electric Limited - ICP	24-Sep-20	-	400	400	-	-
K-Electric Limited - ICP 12	18-Feb-21	-	200	200	-	-
K-Electric Limited - ICP 12	22-Feb-21	-	130	130	-	-
K-Electric Limited - ICP 12	25-Feb-21	-	130	130	-	-
K - Electric ICP 17	6-Apr-21	-	100	-	100	97,853
K - Electric ICP 18	19-Apr-21	-	150	-	150	48,797
<b>Total as at June 30, 2021</b>						<u>146,650</u>
<b>Total as at June 30, 2020</b>						<u>416,514</u>

**6.1.1** Significant terms and conditions of commercial papers outstanding at the year end are as follows:

Name of security	Interest / mark-up rates	Issue date	Maturity date	Carrying value as a % of net assets
K - Electric ICP 17	8.42%	April 6, 2021	October 6, 2021	4.29%
K - Electric ICP 18	8.32%	April 19, 2021	October 19, 2021	2.14%

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

## 6.2 Term deposit receipts - at fair value through profit and loss

Name of the investee company	Face value				Market value at June 30, 2021
	As at July 01, 2020	Purchased during the year	Matured during the year	As at June 30, 2021	
	----- (Rupees in '000) -----				
Faysal Bank Limited	-	122,000	122,000	-	-
Faysal Bank Limited	-	190,000	190,000	-	-
Bankislami Pakistan Limited	-	200,000	200,000	-	-
MCB Islamic Bank Limited	-	90,000	90,000	-	-
MCB Islamic Bank Limited	-	100,000	100,000	-	-
MCB Islamic Bank Limited	-	140,000	140,000	-	-
MCB Islamic Bank Limited	-	140,000	140,000	-	-
MCB Islamic Bank Limited	-	140,000	140,000	-	-
<b>Total as at June 30, 2021</b>					<b>-</b>
<b>Total as at June 30, 2020</b>					<b>-</b>

## 6.3 Investment in Bai maujjal- at fair value through profit and loss

Name of the investee company	Face value				Market value at June 30, 2021
	As at July 01, 2020	Purchased during the year	Matured during the year	As at June 30, 2021	
	----- (Rupees in '000) -----				
Samba bank limited	-	129,091	129,091	-	-
Bank of Punjab	-	129,229	129,229	-	-
<b>Total as at June 30, 2021</b>					<b>-</b>
<b>Total as at June 30, 2020</b>					<b>-</b>

7. MARK-UP AND OTHER RECEIVABLES	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Receivable from management company		33	88
Mark-up receivable on bank balances	7.2	10,897	21,797
Advance tax deducted at source		106	106
Other receivables against collection account	7.3	12,952	11,589
		<b>23,988</b>	<b>33,580</b>

**7.2** This include balance of Nil (June 30, 2020: Rs.0.068) million receivable from MCB Islamic Bank Limited , a related party.

**7.3** This include balance of Rs.0.011 (June 30, 2020: Rs.0.514) million receivable from MCB Bank Limited, a related party.

8. PAYABLE TO THE MANAGEMENT COMPANY	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Remuneration payable	8.1	384	688
Sales tax on remuneration payable	8.2	50	89
Back office operation payable	8.3	-	275
Marketing and selling payable	8.4	-	2,143
		<b>434</b>	<b>3,195</b>

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

- 8.1** As per the offering document, the Management Company has charged management fee at the rate of up to 20% (2020: 20%) of the gross earnings of the scheme, calculated on a daily basis, provided that fund is subject to a minimum fee of 0.25% (2020: 0.25%) of the average daily net assets of the scheme.
- 8.2** Sales tax on management remuneration has been charged at the rate of 13% (2020: 13%).
- 8.3** During the year, the Management Company has charged actual expenses related to registrar services, accounting, operations and valuation services to the CIS as per SECP vide SRO 639 dated June 20, 2019. Previously the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual, whichever is lower.
- 8.4** During the year, the Management Company has charged actual expenses to the extent as it has think expedient as per SECP circular 11 dated July 05, 2019. Previously the selling and marketing expenses was allowed initially to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	7,516	4,675
Withholding tax payable		655	949
Payable against redemption of units		60,022	-
Sales load payable		2	-
		<u>68,195</u>	<u>5,624</u>

## **9.1 Provision for Sindh Workers' Welfare Fund (SWWF)**

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF Contributions. This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies in consultation with SECP reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period till August 12, 2021 on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the Fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Rs.0.330 (2020: Rs: 0.114) per unit.

## **10. CONTINGENCIES AND COMMITMENTS**

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

## **11. TAXATION**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. 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 capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these financial statements.

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

## 12. DISTRIBUTION

The Fund makes distribution on daily basis and has made the following distribution during the year.

Date	Rate per unit	Bonus		Cash distribution (Rupees in '000)	Total
		Units	Amount		
July 1, 2020	0.0191	-	-	617	617
July 2, 2020	0.0179	-	-	571	571
July 3, 2020	0.0180	-	-	568	568
July 4, 2020	0.0178	-	-	561	561
July 5, 2020	0.0178	-	-	561	561
July 6, 2020	0.0180	-	-	564	564
July 7, 2020	0.0181	-	-	563	563
July 8, 2020	0.0182	-	-	547	547
July 9, 2020	0.0177	-	-	535	535
July 10, 2020	0.0176	-	-	534	534
July 11, 2020	0.0176	-	-	534	534
July 12, 2020	0.0176	-	-	534	534
July 13, 2020	0.0181	-	-	536	536
July 14, 2020	0.0180	-	-	528	528
July 15, 2020	0.0180	-	-	527	527
July 16, 2020	0.0164	-	-	516	516
July 17, 2020	0.0178	-	-	558	558
July 18, 2020	0.0177	-	-	558	558
July 19, 2020	0.0177	-	-	559	559
July 20, 2020	0.0177	-	-	556	556
July 21, 2020	0.0176	-	-	553	553
July 22, 2020	0.0176	-	-	546	546
July 23, 2020	0.0178	-	-	551	551
July 24, 2020	0.0177	-	-	550	550
July 25, 2020	0.0177	-	-	550	550
July 26, 2020	0.0177	-	-	550	550
July 27, 2020	0.0178	-	-	550	550
July 28, 2020	0.0197	-	-	561	561
July 29, 2020	0.0180	-	-	521	521
July 30, 2020	0.0178	-	-	519	519
July 31, 2020	0.0177	-	-	519	519
August 1, 2020	0.0172	-	-	502	502
August 2, 2020	0.0172	-	-	502	502
August 3, 2020	0.0175	-	-	503	503
August 4, 2020	0.0171	-	-	495	495
August 5, 2020	0.0184	-	-	505	505
August 6, 2020	0.0174	-	-	476	476
August 7, 2020	0.0175	-	-	484	484
August 8, 2020	0.0175	-	-	484	484
August 9, 2020	0.0175	-	-	484	484
August 10, 2020	0.0175	-	-	480	480
August 11, 2020	0.0163	-	-	481	481
August 12, 2020	0.0159	-	-	471	471

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

Date	Rate per unit	Bonus		Cash	Total
		Units	Amount	distribution (Rupees in '000)	
August 13, 2020	0.0184	-	-	545	545
August 14, 2020	0.0159	-	-	472	472
August 15, 2020	0.0159	-	-	472	472
August 16, 2020	0.0159	-	-	472	472
August 17, 2020	0.0160	-	-	466	466
August 18, 2020	0.0160	-	-	467	467
August 19, 2020	0.0157	-	-	463	463
August 20, 2020	0.0158	-	-	484	484
August 21, 2020	0.0158	-	-	503	503
August 22, 2020	0.0157	-	-	503	503
August 23, 2020	0.0157	-	-	503	503
August 24, 2020	0.0176	-	-	510	510
August 25, 2020	0.0160	-	-	459	459
August 26, 2020	0.0153	-	-	447	447
August 27, 2020	0.0152	-	-	444	444
August 28, 2020	0.0153	-	-	444	444
August 29, 2020	0.0153	-	-	444	444
August 30, 2020	0.0153	-	-	444	444
August 31, 2020	0.0150	-	-	435	435
September 1, 2020	0.0151	-	-	437	437
September 2, 2020	0.0151	-	-	441	441
September 3, 2020	0.0151	-	-	430	430
September 4, 2020	0.0154	-	-	438	438
September 5, 2020	0.0154	-	-	438	438
September 6, 2020	0.0154	-	-	438	438
September 7, 2020	0.0154	-	-	437	437
September 8, 2020	0.0154	-	-	429	429
September 9, 2020	0.0155	-	-	422	422
September 10, 2020	0.0146	-	-	396	396
September 11, 2020	0.0144	-	-	396	396
September 12, 2020	0.0144	-	-	396	396
September 13, 2020	0.0144	-	-	396	396
September 14, 2020	0.0146	-	-	401	401
September 15, 2020	0.0142	-	-	393	393
September 16, 2020	0.0146	-	-	402	402
September 17, 2020	0.0146	-	-	411	411
September 18, 2020	0.0145	-	-	426	426
September 19, 2020	0.0145	-	-	426	426
September 20, 2020	0.0145	-	-	426	426
September 21, 2020	0.0157	-	-	460	460
September 22, 2020	0.0186	-	-	462	462
September 23, 2020	0.0135	-	-	384	384
September 24, 2020	0.0163	-	-	462	462
September 25, 2020	0.0164	-	-	464	464
September 26, 2020	0.0164	-	-	464	464
September 27, 2020	0.0164	-	-	464	464
September 28, 2020	0.0162	-	-	402	402

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

Date	Rate per unit	Bonus		Cash	Total
		Units	Amount	distribution (Rupees in '000)	
September 29, 2020	0.0162	-	-	404	404
September 30, 2020	0.0160	-	-	395	395
October 1, 2020	0.0165	-	-	408	408
October 2, 2020	0.0166	-	-	411	411
October 3, 2020	0.0165	-	-	411	411
October 4, 2020	0.0166	-	-	411	411
October 5, 2020	0.0173	-	-	426	426
October 6, 2020	0.0169	-	-	414	414
October 7, 2020	0.0169	-	-	416	416
October 8, 2020	0.0167	-	-	412	412
October 9, 2020	0.0167	-	-	411	411
October 10, 2020	0.0167	-	-	411	411
October 11, 2020	0.0167	-	-	411	411
October 12, 2020	0.0166	-	-	411	411
October 13, 2020	0.0166	-	-	409	409
October 14, 2020	0.0167	-	-	412	412
October 15, 2020	0.0166	-	-	456	456
October 16, 2020	0.0159	-	-	460	460
October 17, 2020	0.0159	-	-	460	460
October 18, 2020	0.0159	-	-	460	460
October 19, 2020	0.0165	-	-	514	514
October 20, 2020	0.0166	-	-	514	514
October 21, 2020	0.0171	-	-	515	515
October 22, 2020	0.0164	-	-	455	455
October 23, 2020	0.0179	-	-	491	491
October 24, 2020	0.0166	-	-	456	456
October 25, 2020	0.0166	-	-	456	456
October 26, 2020	0.0167	-	-	455	455
October 27, 2020	0.0166	-	-	455	455
October 28, 2020	0.0166	-	-	453	453
October 29, 2020	0.0163	-	-	447	447
October 30, 2020	0.0163	-	-	447	447
October 31, 2020	0.0163	-	-	446	446
November 1, 2020	0.0163	-	-	446	446
November 2, 2020	0.0173	-	-	454	454
November 3, 2020	0.0169	-	-	443	443
November 4, 2020	0.0167	-	-	440	440
November 5, 2020	0.0169	-	-	444	444
November 6, 2020	0.0168	-	-	434	434
November 7, 2020	0.0168	-	-	434	434
November 8, 2020	0.0168	-	-	434	434
November 9, 2020	0.0170	-	-	437	437
November 10, 2020	0.0170	-	-	436	436
November 11, 2020	0.0169	-	-	437	437
November 12, 2020	0.0170	-	-	438	438
November 13, 2020	0.0171	-	-	438	438
November 14, 2020	0.0171	-	-	438	438



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

Date	Rate per unit	Bonus		Cash distribution (Rupees in '000)	Total
		Units	Amount		
November 15, 2020	0.0171	-	-	438	438
November 16, 2020	0.0170	-	-	437	437
November 17, 2020	0.0169	-	-	440	440
November 18, 2020	0.0170	-	-	443	443
November 19, 2020	0.0169	-	-	445	445
November 20, 2020	0.0169	-	-	444	444
November 21, 2020	0.0169	-	-	444	444
November 22, 2020	0.0169	-	-	444	444
November 23, 2020	0.0168	-	-	445	445
November 24, 2020	0.0170	-	-	447	447
November 25, 2020	0.0170	-	-	445	445
November 26, 2020	0.0168	-	-	444	444
November 27, 2020	0.0173	-	-	462	462
November 28, 2020	0.0166	-	-	444	444
November 29, 2020	0.0167	-	-	444	444
November 30, 2020	0.0166	-	-	440	440
December 1, 2020	0.0175	-	-	459	459
December 2, 2020	0.0171	-	-	456	456
December 3, 2020	0.0174	-	-	461	461
December 4, 2020	0.0174	-	-	461	461
December 5, 2020	0.0174	-	-	461	461
December 6, 2020	0.0174	-	-	461	461
December 7, 2020	0.0176	-	-	461	461
December 8, 2020	0.0174	-	-	458	458
December 9, 2020	0.0184	-	-	383	383
December 10, 2020	0.0175	-	-	366	366
December 11, 2020	0.0177	-	-	369	369
December 12, 2020	0.0176	-	-	368	368
December 13, 2020	0.0175	-	-	367	367
December 14, 2020	0.0174	-	-	367	367
December 15, 2020	0.0176	-	-	366	366
December 16, 2020	0.0176	-	-	367	367
December 17, 2020	0.0176	-	-	366	366
December 18, 2020	0.0173	-	-	367	367
December 19, 2020	0.0173	-	-	367	367
December 20, 2020	0.0173	-	-	367	367
December 21, 2020	0.0173	-	-	362	362
December 22, 2020	0.0174	-	-	362	362
December 23, 2020	0.0177	-	-	367	367
December 24, 2020	0.0178	-	-	371	371
December 25, 2020	0.0177	-	-	370	370
December 26, 2020	0.0177	-	-	370	370
December 27, 2020	0.0178	-	-	372	372
December 28, 2020	0.0174	-	-	368	368
December 29, 2020	0.0173	-	-	362	362
December 30, 2020	0.0174	-	-	364	364
December 31, 2020	0.0177	-	-	370	370

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

Date	Rate per unit	Bonus		Cash	Total
		Units	Amount	distribution (Rupees in '000)	
January 1, 2021	0.0176	-	-	375	375
January 2, 2021	0.0176	-	-	375	375
January 3, 2021	0.0176	-	-	375	375
January 4, 2021	0.0177	-	-	369	369
January 5, 2021	0.0177	-	-	370	370
January 6, 2021	0.0182	-	-	378	378
January 7, 2021	0.0177	-	-	374	374
January 8, 2021	0.0179	-	-	374	374
January 9, 2021	0.0178	-	-	373	373
January 10, 2021	0.0178	-	-	373	373
January 11, 2021	0.0180	-	-	374	374
January 12, 2021	0.0182	-	-	375	375
January 13, 2021	0.0182	-	-	373	373
January 14, 2021	0.0180	-	-	370	370
January 15, 2021	0.0177	-	-	370	370
January 16, 2021	0.0177	-	-	369	369
January 17, 2021	0.0177	-	-	369	369
January 18, 2021	0.0179	-	-	350	350
January 19, 2021	0.0178	-	-	348	348
January 20, 2021	0.0181	-	-	351	351
January 21, 2021	0.0176	-	-	349	349
January 22, 2021	0.0179	-	-	356	356
January 23, 2021	0.0173	-	-	356	356
January 24, 2021	0.0179	-	-	356	356
January 25, 2021	0.0177	-	-	346	346
January 26, 2021	0.0177	-	-	345	345
January 27, 2021	0.0180	-	-	351	351
January 28, 2021	0.0178	-	-	352	352
January 29, 2021	0.0178	-	-	351	351
January 30, 2021	0.0178	-	-	351	351
January 31, 2021	0.0178	-	-	351	351
February 1, 2021	0.0185	-	-	364	364
February 2, 2021	0.0175	-	-	351	351
February 3, 2021	0.0178	-	-	356	356
February 4, 2021	0.0170	-	-	339	339
February 5, 2021	0.0169	-	-	340	340
February 6, 2021	0.0169	-	-	340	340
February 7, 2021	0.0173	-	-	347	347
February 8, 2021	0.0173	-	-	342	342
February 9, 2021	0.0171	-	-	334	334
February 10, 2021	0.0169	-	-	332	332
February 11, 2021	0.0170	-	-	332	332
February 12, 2021	0.0169	-	-	330	330
February 13, 2021	0.0169	-	-	330	330
February 14, 2021	0.0169	-	-	330	330
February 15, 2021	0.0170	-	-	332	332
February 16, 2021	0.0170	-	-	330	330

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

Date	Rate per unit	Bonus		Cash	Total
		Units	Amount	distribution (Rupees in '000)	
February 17, 2021	0.0170	-	-	245	245
February 18, 2021	0.0176	-	-	249	249
February 19, 2021	0.0170	-	-	261	261
February 20, 2021	0.0175	-	-	245	245
February 21, 2021	0.0175	-	-	245	245
February 22, 2021	0.0177	-	-	247	247
February 23, 2021	0.0176	-	-	245	245
February 24, 2021	0.0168	-	-	234	234
February 25, 2021	0.0178	-	-	244	244
February 26, 2021	0.0162	-	-	244	244
February 27, 2021	0.0162	-	-	244	244
February 28, 2021	0.0162	-	-	244	244
March 1, 2021	0.0186	-	-	271	271
March 2, 2021	0.0167	-	-	244	244
March 3, 2021	0.0173	-	-	258	258
March 4, 2021	0.0172	-	-	255	255
March 5, 2021	0.0176	-	-	257	257
March 6, 2021	0.0176	-	-	257	257
March 7, 2021	0.0175	-	-	257	257
March 8, 2021	0.0181	-	-	263	263
March 9, 2021	0.0175	-	-	253	253
March 10, 2021	0.0176	-	-	252	252
March 11, 2021	0.0178	-	-	255	255
March 12, 2021	0.0178	-	-	254	254
March 13, 2021	0.0178	-	-	254	254
March 14, 2021	0.0178	-	-	278	278
March 15, 2021	0.0173	-	-	253	253
March 16, 2021	0.0200	-	-	284	284
March 17, 2021	0.0180	-	-	269	269
March 18, 2021	0.0174	-	-	266	266
March 19, 2021	0.0171	-	-	268	268
March 20, 2021	0.0171	-	-	268	268
March 21, 2021	0.0171	-	-	268	268
March 22, 2021	0.0177	-	-	275	275
March 23, 2021	0.0177	-	-	275	275
March 24, 2021	0.0176	-	-	274	274
March 25, 2021	0.0173	-	-	272	272
March 26, 2021	0.0176	-	-	276	276
March 27, 2021	0.0175	-	-	275	275
March 28, 2021	0.0175	-	-	275	275
March 29, 2021	0.0175	-	-	275	275
March 30, 2021	0.0174	-	-	275	275
March 31, 2021	0.0180	-	-	282	282
April 1, 2021	0.0177	-	-	277	277
April 2, 2021	0.0171	-	-	280	280
April 3, 2021	0.0171	-	-	280	280
April 4, 2021	0.0171	-	-	280	280

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

Date	Rate per unit	Bonus		Cash distribution (Rupees in '000)	Total
		Units	Amount		
April 5, 2021	0.0171	-	-	273	273
April 6, 2021	0.0179	-	-	286	286
April 7, 2021	0.0174	-	-	286	286
April 8, 2021	0.0173	-	-	279	279
April 9, 2021	0.0175	-	-	287	287
April 10, 2021	0.0174	-	-	287	287
April 11, 2021	0.0174	-	-	287	287
April 12, 2021	0.0174	-	-	286	286
April 13, 2021	0.0172	-	-	282	282
April 14, 2021	0.0172	-	-	282	282
April 15, 2021	0.0177	-	-	290	290
April 16, 2021	0.0178	-	-	306	306
April 17, 2021	0.0178	-	-	306	306
April 18, 2021	0.0177	-	-	306	306
April 19, 2021	0.0177	-	-	306	306
April 20, 2021	0.0175	-	-	303	303
April 21, 2021	0.0180	-	-	309	309
April 22, 2021	0.0179	-	-	310	310
April 23, 2021	0.0178	-	-	309	309
April 24, 2021	0.0178	-	-	309	309
April 25, 2021	0.0178	-	-	309	309
April 26, 2021	0.0178	-	-	307	307
April 27, 2021	0.0183	-	-	308	308
April 28, 2021	0.0178	-	-	300	300
April 29, 2021	0.0178	-	-	301	301
April 30, 2021	0.0181	-	-	306	306
May 1, 2021	0.0179	-	-	304	304
May 2, 2021	0.0179	-	-	304	304
May 3, 2021	0.0176	-	-	296	296
May 4, 2021	0.0186	-	-	313	313
May 5, 2021	0.0177	-	-	298	298
May 6, 2021	0.0189	-	-	301	301
May 7, 2021	0.0180	-	-	306	306
May 8, 2021	0.0180	-	-	306	306
May 9, 2021	0.0180	-	-	306	306
May 10, 2021	0.0180	-	-	306	306
May 11, 2021	0.0180	-	-	306	306
May 12, 2021	0.0179	-	-	306	306
May 13, 2021	0.0179	-	-	306	306
May 14, 2021	0.0180	-	-	306	306
May 15, 2021	0.0180	-	-	306	306
May 16, 2021	0.0180	-	-	306	306
May 17, 2021	0.0178	-	-	304	304
May 18, 2021	0.0177	-	-	300	300
May 19, 2021	0.0179	-	-	305	305
May 20, 2021	0.0179	-	-	301	301
May 21, 2021	0.0178	-	-	300	300
May 22, 2021	0.0178	-	-	300	300
May 23, 2021	0.0178	-	-	300	300
May 24, 2021	0.0176	-	-	297	297
May 25, 2021	0.0176	-	-	295	295

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

Date	Rate per unit	Bonus		Cash	Total
		Units	Amount	distribution (Rupees in '000)	
May 26, 2021	0.0179	-	-	298	298
May 27, 2021	0.0180	-	-	297	297
May 28, 2021	0.0178	-	-	293	293
May 29, 2021	0.0178	-	-	293	293
May 30, 2021	0.0173	-	-	286	286
May 31, 2021	0.0178	-	-	293	293
June 1, 2021	0.0172	-	-	288	288
June 2, 2021	0.0172	-	-	290	290
June 3, 2021	0.0175	-	-	294	294
June 4, 2021	0.0172	-	-	290	290
June 5, 2021	0.0173	-	-	292	292
June 6, 2021	0.0172	-	-	291	291
June 7, 2021	0.0181	-	-	306	306
June 8, 2021	0.0168	-	-	285	285
June 9, 2021	0.0174	-	-	294	294
June 10, 2021	0.0175	-	-	296	296
June 11, 2021	0.0174	-	-	296	296
June 12, 2021	0.0174	-	-	296	296
June 13, 2021	0.0174	-	-	296	296
June 14, 2021	0.0177	-	-	292	292
June 15, 2021	0.0172	-	-	286	286
June 16, 2021	0.0172	-	-	287	287
June 17, 2021	0.0169	-	-	292	292
June 18, 2021	0.0174	-	-	302	302
June 19, 2021	0.0174	-	-	302	302
June 20, 2021	0.0174	-	-	302	302
June 21, 2021	0.0173	-	-	304	304
June 22, 2021	0.0170	-	-	300	300
June 23, 2021	0.0166	-	-	308	308
June 24, 2021	0.0152	-	-	327	327
June 25, 2021	0.0130	-	-	327	327
June 26, 2021	0.0147	-	-	370	370
June 27, 2021	0.0147	-	-	370	370
June 28, 2021	0.0179	-	-	438	438
June 29, 2021	0.0183	-	-	431	431
June 30, 2021	0.0181	-	-	412	412
					<b>139,207</b>

The Fund makes distribution on daily basis as per clause 12.1 of Trust Deed and 5.1 of the Offering Document. During the year, the Management Company on behalf of the Fund, have distributed all net profit amounting to Rs.139.21 million (2020: 198.55 million) as dividend and that dividend has been re-invested after deducting applicable taxes in the form acceptable by SECP that may qualify under tax laws. The SECP has approved the above arrangement vide letter No. SCD/AMCW/MCBAHSIL/ ADDF/297/2018 dated March 13, 2018.

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

## 13. TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES / CONNECTED PERSONS

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

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

Remuneration payable to the Management Company is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

### 13.1 Unit Holders' Fund

	For the year ended June 30, 2021					
	As at July 01, 2020	Issued for cash / conversion in / transferred in (Units)	Redeemed / conversion out / transfer out (Units)	As at June 30, 2021	As at July 01, 2020	Issued for cash / conversion in / transferred in (Rupees in '000)
<b>MCB-Arif Habib Savings Investment Limited - Management Company</b>	-	3,502,354	3,502,354	-	-	350,235
<b>Group / associated company</b>						
Hyundai Nishat Motor Private Limited - Employees Provident Fund	27,768	1,725	29,492	-	2,777	172
Adamjee Life Assurance Company Limited - PTF	54,220	2,212	56,432	-	5,422	221
Arif Habib Securities Limited - Employees Provident Fund Trust	69,447	77,065	69,459	77,053	6,945	7,706
MCB Islamic Bank Limited	-	2,254,759	2,254,759	-	-	225,476
<b>Directors and executives of the Management Company</b>	39,488	1,280,163	1,293,788	25,863	3,949	128,016
						129,379
						2,586
	For the period ended June 30, 2020					
	As at Jul 01, 2019	Issued for cash / conversion in / transferred in (Units)	Redeemed / conversion out / transfer out (Units)	As at June 30, 2020	As at Jul 01, 2019	Issued for cash / conversion in / transferred in (Rupees in '000)
<b>MCB-Arif Habib Savings Investment Limited - Management Company</b>	367,039	4,797	371,836	-	36,704	479
<b>Group / associated company</b>						
Adamjee Insurance Company Limited - Employees Provident Fund	35,455	147,305	182,760	-	3,546	14,730
Security General Insurance Company Limited	-	1,017,721	1,017,721	-	-	101,772
Adamjee Life Assurance Co. Ltd - MAZAAF	-	1,565,920	1,565,920	-	-	156,592
Adamjee Life Assurance Company Limited - TAMEEN	-	240,391	240,391	-	-	24,039
Hyundai Nishat Motor Private Limited - Employees Provident Fund	-	27,768	-	27,768	-	2,777
Adamjee Life Assurance Company Limited - PTF	-	104,220	50,000	54,220	-	10,422
Arif Habib Securities Limited - Employees Provident Fund Trust	-	69,447	-	69,447	-	6,945
MCB Islamic Bank Limited	-	12,431,867	12,431,867	-	-	1,243,186
<b>Directors and executives of the Management Company</b>	27,593	842,099	830,204	39,488	2,759	84,210
<b>Mandate under Discretionary Portfolio</b>	179,297	760,682	939,976	3	17,930	76,078
<b>Units holders holding 10% or more units</b>	-	12,715,047	2,539,126	10,175,921	-	1,271,505
						253,913
						1,017,592

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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>13.2 Transactions during the year:</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the management company	5,592	6,765
Sindh sales tax on remuneration of the management company	727	880
Back office operation expense	985	1,753
Marketing and selling expense	2,586	5,616
<b>MCB Islamic Bank Limited</b>		
Mark-up on balance with bank	2	4,737
<b>13.3 Balances outstanding at year end:</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration payable	384	688
Sales tax payable on remuneration payable	50	89
Allocated expense payable	-	275
Receivable from management company	33	88
Marketing and selling payable	-	2,143
<b>MCB Bank Limited - Group / Associated Company</b>		
Bank balance - current account	5,101	2,017
Other receivable against collection account	10,751	514
<b>MCB Islamic Bank Limited</b>		
Bank balance - saving account	2,030	481
Mark-up receivable on bank balances	-	68
<b>Hyundai Nishat Motor Private Limited - Employees Provident Fund</b>		
Dividend payable	-	1
<b>Adamjee Life Assurance Company Limited - PTF</b>		
Dividend payable	-	1
<b>Arif Habib Securities Limited - Employees Provident Fund Trust</b>		
Dividend payable	1	1
<b>Directors and executives of the Management Company</b>		
Dividend payable	-	1
<b>Units holders holding 10% or more units</b>		
Dividend payable	-	217



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

## 14. FINANCIAL RISK MANAGEMENT

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

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

The Fund primarily invests in shariah compliant authorized investments which includes cash in bank deposits with licensed Islamic Banks and licensed Islamic Banking windows of conventional banks and Shariah compliant commercial papers.

### 14.1 Market risk

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

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

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

#### 14.1.1 Currency risk

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

#### 14.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.21.718 (2020: Rs.27.943) million.

##### b) Sensitivity analysis for fixed rate instruments

The Fund holds commercial paper, exposing the Fund to mark-up interest rate risk. In case of 100 basis points increase / decrease in rates on June 30, 2021, with all other variables held constant, total comprehensive income for the year and net assets would be lower / higher by Rs.0.408 (2020: Rs.0.208) million.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

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

June 30, 2021						
Exposed to yield / interest rate risk						
Yield / effective interest rate (%)	Upto three months	More than three months and upto one year		More than one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
-----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	5.5% to 7.00%	2,171,806	-	-	5,100	2,176,906
Investments	6.7% to 14.64%	-	146,650	-	-	146,650
Mark-up and other receivables		-	-	-	23,988	23,988
		2,171,806	146,650	-	29,089	2,347,544
-----						
Financial Liabilities						
Payable to the Management Company		-	-	-	384	384
Dividend payable		-	-	-	346	346
		-	-	-	730	730
		-----				-----
On-balance sheet gap		2,171,806	146,650	-	28,359	2,346,814

June 30, 2020						
Exposed to Yield/ Interest rate risk						
Yield / effective interest rate (%)	Upto three months	More than three months and upto one year		More than one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	7.25% to 7.50%	2,794,300	-	-	2,017	2,796,317
Investments	13.64% to 14.64%	416,514	-	-	-	416,514
Mark-up and other receivables		-	-	-	33,580	33,580
		3,210,814	-	-	35,597	3,246,411
Financial Liabilities						
Payable to the Management Company		-	-	-	3,106	3,106
Dividend payable		-	-	-	691	691
		-	-	-	3,797	3,797
On-balance sheet gap		3,210,814	-	-	31,800	3,242,614

## 14.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not hold any security which exposes the Fund to price risk.

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

### 14.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on balances with bank. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2021 and June 30, 2020 is the carrying amounts of following financial assets.

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Balances with banks	2,176,906	2,796,317
Investments	146,650	416,514
Mark-up and other receivables	23,882	33,474
	<u>2,347,438</u>	<u>3,246,305</u>

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020.

	June 30, 2021	June 30, 2020
	----- % -----	
<b>Bank balances by rating category</b>		
A/A1	0.09	0.02
AAA/A1+	98.16	0.07
AA/A1+	1.74	99.90
AA+/A1	0.00	0.00
A-/A2	0.00	0.00
A+/A1	0.00	0.01
	<u>100.00</u>	<u>100.00</u>
<b>Investments by rating category</b>		
A1	-	-
A1+	100.00	47.23
AA/A1+	-	52.77
	<u>100.00</u>	<u>100.00</u>
<b>Other receivables</b>		
AM++		100.00
AM1	100.00	
	<u>100.00</u>	<u>100.00</u>

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

### 14.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short-term to ensure settlement. During the current year, the Fund did not availed any borrowing. As per the NBFC Regulations the maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund and bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

June 30, 2021				
	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year
	----- (Rupees in '000) -----			
<b>Liabilities</b>				
Payable to the Management Company	384	384	-	-
Dividend payable	346	346	-	-
	<b>730</b>	<b>730</b>	<b>-</b>	<b>-</b>

June 30, 2020				
	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year
	----- (Rupees in '000) -----			
<b>Liabilities</b>				
Payable to the Management Company	3,106	3,106	-	-
Dividend payable	691	691	-	-
	<b>3,797</b>	<b>3,797</b>	<b>-</b>	<b>-</b>

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

## 14.4 Financial instruments by category

June 30, 2021			
	At Fair value through OCI	At fair value through profit or loss	Amortised cost
	Total (Rupees in '000)		
<b>Assets</b>			
Balances with banks	-	-	2,176,906
Investments	-	146,650	-
Mark-up and other receivables	-	-	23,882
	-	146,650	2,200,788
			2,347,438

June 30, 2021			
	At fair value through profit or loss	Amortised cost	Total
	(Rupees in '000)		
<b>Liabilities</b>			
Payable to the Management Company	-	384	384
Dividend payable	-	346	346
	-	730	730

June 30, 2020			
	At Fair value through OCI	At fair value through profit or loss	Amortised cost
	Total (Rupees in '000)		
<b>Assets</b>			
Balances with banks	-	-	2,796,317
Investments	-	416,514	-
Mark-up and other receivables	-	-	33,474
	-	416,514	2,829,791
			3,246,305

June 30, 2020			
	At fair value through profit or loss	Amortised cost	Total
	(Rupees in '000)		
<b>Liabilities</b>			
Payable to the Management Company	-	3,106	3,106
Dividend payable	-	691	691
	-	3,797	3,797

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

### 15. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

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

**Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

		Level 1	Level 2	Level 3	Total
	Note	----- (Rupees) -----			
<b>June 30, 2021</b>					
Commercial paper	16.1	-	146,650	-	146,650
<b>June 30, 2020</b>					
Commercial paper	16.1	-	416,514	-	416,514

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

**16.1** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

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

## 17. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, meetings of the Board of Directors of the management company and members of the Investment Committee are as follows:

### 17.1 Pattern of unit holding

#### Details of pattern of unit holding

	June 30, 2021			
	Number of unit holders	Number of units held	Investment Amount (Rupees '000)	Percentage of total investments
Individuals	834	14,302,856	1,430,285	62.80%
Associated companies	1	77,053	7,705	0.30%
Corporates	15	1,300,277	130,028	5.70%
Retirement funds	2	32,470	3,247	0.10%
Banks / DFI	-	-	-	0.00%
Others	9,510	7,073,037	707,304	31.00%
	10,362	22,785,693	2,278,569	100%

	June 30, 2020			
	Number of unit holders	Number of units held	Investment Amount (Rupees '000)	Percentage of total investments
Individuals	904	12,969,015	1,296,901	40.10%
Associated companies	3	151,435	15,143	0.50%
Corporates	16	9,497,986	949,798	29.30%
Retirement funds	2	30,488	3,049	0.10%
Banks / DFI	1	5,154,618	515,462	15.90%
Others	5,884	4,565,483	456,548	14.10%
	6,810	32,369,025	3,236,901	100%

### 17.2 Attendance at meetings of the Board of Directors

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

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

### 17.3 Particulars of investment committee and fund manager

Detail of members of the investment committee of the Fund are as follow:

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



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

## 17.4 Other funds managed by the fund manager

Mr. Saad Ahmed is the Manager of the Fund as at year end. He has obtained a Masters degree in Business Administration. Other funds being managed by him are as follows:

- MCB Cash Management Optimizer Fund;
- MCB Pakistan Sovereign Fund;
- MCB DCF Income Fund;
- Pakistan Cash Management Fund;
- Pakistan Income Enhancement Fund; and
- Alhamra Daily Dividend Fund.

## 18. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 0.57% as on June 30, 2021 (2020: 1.01%) and this includes 0.16% (2020: 0.26%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.5% capped as per S.R.O 639 (I)/2019 dated June 20, 2019 issued by SECP, in connection with NBFC Regulations 60(5) for a collective investment scheme categorised as a Sharia Compliant Income Scheme.

## 19. IMPACT OF COVID-19

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

## 20. GENERAL

**20.1** Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

**20.2** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

## 21. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 9.1 to these financial statements.

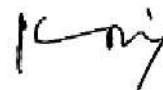
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit Holdings	Total Units Held
8203	001-10,000	117,768
1271	10,001 – 100,000	431,879
632	100,001 – 1,000,000	2,174,417
256	1,000,001+	20,061,629
<b>10,362</b>		<b>22,785,693</b>

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

Performance Information	2021	2020	2019	2018
Total Net Assets Value – Rs. in million	2,279	3,237	751.877	501.7498
Net Assets value per unit – Rupees	100	100	100	100.000
Closing Offer Price	100	100	100	100.000
Closing Repurchase Price	100	100	100	100.000
Highest offer price per unit	100	100	100	100.000
Lowest offer price per unit	100	100	100	100.000
Highest Redemption price per unit	100	100	100	100.000
Lowest Redemption price per unit	100	100	100	100.000
Distribution per unit – Rs. *	6.2462	11.2091	7.9364	1.1104
<b>Average Annual Return - %</b>				
One year	6.44	11.86	8.29	4.97
Two year	9.15	10.08	6.63	4.97
Three year	8.86	8.37	NA	4.97
Net Income for the year – Rs. in million	139.21	198.55	29.179	1.35
Distribution made during the year – Rs. in million	139.21	198.55	29.179	1.35
Accumulated Capital Growth – Rs. in million	-	0	0	-

# PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

\* Date of Distribution

2021			
Date	Rate	Date	Rate
1-Jul-20	0.0213	1-Jan-21	0.0177
2-Jul-20	0.0190	2-Jan-21	0.0176
3-Jul-20	0.0179	3-Jan-21	0.0176
4-Jul-20	0.0180	4-Jan-21	0.0176
5-Jul-20	0.0178	5-Jan-21	0.0176
6-Jul-20	0.0178	6-Jan-21	0.0177
7-Jul-20	0.0179	7-Jan-21	0.0181
8-Jul-20	0.0181	8-Jan-21	0.0176
9-Jul-20	0.0181	9-Jan-21	0.0178
10-Jul-20	0.0177	10-Jan-21	0.0178
11-Jul-20	0.0175	11-Jan-21	0.0178
12-Jul-20	0.0175	12-Jan-21	0.0179
13-Jul-20	0.0175	13-Jan-21	0.0182
14-Jul-20	0.0181	14-Jan-21	0.0181
15-Jul-20	0.0180	15-Jan-21	0.0179
16-Jul-20	0.0179	16-Jan-21	0.0177
17-Jul-20	0.0163	17-Jan-21	0.0176
18-Jul-20	0.0177	18-Jan-21	0.0176
19-Jul-20	0.0177	19-Jan-21	0.0179
20-Jul-20	0.0177	20-Jan-21	0.0178
21-Jul-20	0.0177	21-Jan-21	0.0181
22-Jul-20	0.0175	22-Jan-21	0.0176
23-Jul-20	0.0176	23-Jan-21	0.0178
24-Jul-20	0.0177	24-Jan-21	0.0178
25-Jul-20	0.0177	25-Jan-21	0.0178
26-Jul-20	0.0177	26-Jan-21	0.0177
27-Jul-20	0.0177	27-Jan-21	0.0176
28-Jul-20	0.0177	28-Jan-21	0.0179
29-Jul-20	0.0196	29-Jan-21	0.0177
30-Jul-20	0.0179	30-Jan-21	0.0178
31-Jul-20	0.0177	31-Jan-21	0.0178
1-Aug-20	0.0177	1-Feb-21	0.0178
2-Aug-20	0.0171	2-Feb-21	0.0185
3-Aug-20	0.0171	3-Feb-21	0.0175
4-Aug-20	0.0174	4-Feb-21	0.0178
5-Aug-20	0.0171	5-Feb-21	0.0170
6-Aug-20	0.0184	6-Feb-21	0.0169
7-Aug-20	0.0173	7-Feb-21	0.0169
8-Aug-20	0.0174	8-Feb-21	0.0173
9-Aug-20	0.0174	9-Feb-21	0.0172
10-Aug-20	0.0174	10-Feb-21	0.0170
11-Aug-20	0.0174	11-Feb-21	0.0169
12-Aug-20	0.0176	12-Feb-21	0.0170
13-Aug-20	0.0159	13-Feb-21	0.0168
14-Aug-20	0.0184	14-Feb-21	0.0168
15-Aug-20	0.0159	15-Feb-21	0.0168
16-Aug-20	0.0159	16-Feb-21	0.0170
17-Aug-20	0.0159	17-Feb-21	0.0170
18-Aug-20	0.0159	18-Feb-21	0.0170
19-Aug-20	0.0160	19-Feb-21	0.0175
20-Aug-20	0.0157	20-Feb-21	0.0170
21-Aug-20	0.0158	21-Feb-21	0.0175
22-Aug-20	0.0157	22-Feb-21	0.0174
23-Aug-20	0.0157	23-Feb-21	0.0177
24-Aug-20	0.0157	24-Feb-21	0.0177
25-Aug-20	0.0176	25-Feb-21	0.0168
26-Aug-20	0.0159	26-Feb-21	0.0177
27-Aug-20	0.0153	27-Feb-21	0.0161
28-Aug-20	0.0152	28-Feb-21	0.0161
29-Aug-20	0.0152	1-Mar-21	0.0161
30-Aug-20	0.0152	2-Mar-21	0.0186
31-Aug-20	0.0152	3-Mar-21	0.0167
1-Sep-20	0.0149	4-Mar-21	0.0173
2-Sep-20	0.0151	5-Mar-21	0.0172
3-Sep-20	0.0151	6-Mar-21	0.0176
4-Sep-20	0.0151	7-Mar-21	0.0176
5-Sep-20	0.0153	8-Mar-21	0.0175
6-Sep-20	0.0153	9-Mar-21	0.0181
7-Sep-20	0.0153	10-Mar-21	0.0175
8-Sep-20	0.0154	11-Mar-21	0.0176
9-Sep-20	0.0154	12-Mar-21	0.0177
10-Sep-20	0.0154	13-Mar-21	0.0178
11-Sep-20	0.0145	14-Mar-21	0.0177
12-Sep-20	0.0144	15-Mar-21	0.0177
13-Sep-20	0.0144	16-Mar-21	0.0173
14-Sep-20	0.0144	17-Mar-21	0.0199
15-Sep-20	0.0146	18-Mar-21	0.0180

2020			
Date	Rate	Date	Rate
1-Jul-19	0.0312	1-Jan-20	0.0333
2-Jul-19	0.0306	2-Jan-20	0.0317
3-Jul-19	0.0309	3-Jan-20	0.0329
4-Jul-19	0.0312	4-Jan-20	0.0321
5-Jul-19	0.0308	5-Jan-20	0.0321
6-Jul-19	0.0308	6-Jan-20	0.0318
7-Jul-19	0.0308	7-Jan-20	0.0320
8-Jul-19	0.0307	8-Jan-20	0.0319
9-Jul-19	0.0309	9-Jan-20	0.0325
10-Jul-19	0.0306	10-Jan-20	0.0309
11-Jul-19	0.0302	11-Jan-20	0.0309
12-Jul-19	0.0301	12-Jan-20	0.0309
13-Jul-19	0.0301	13-Jan-20	0.0319
14-Jul-19	0.0301	14-Jan-20	0.0338
15-Jul-19	0.0343	15-Jan-20	0.0369
16-Jul-19	0.0324	16-Jan-20	0.0368
17-Jul-19	0.0308	17-Jan-20	0.0360
18-Jul-19	0.0297	18-Jan-20	0.0359
19-Jul-19	0.0311	19-Jan-20	0.0361
20-Jul-19	0.0308	20-Jan-20	0.0371
21-Jul-19	0.0309	21-Jan-20	0.0351
22-Jul-19	0.0302	22-Jan-20	0.0354
23-Jul-19	0.0305	23-Jan-20	0.0357
24-Jul-19	0.0305	24-Jan-20	0.0357
25-Jul-19	0.0308	25-Jan-20	0.0357
26-Jul-19	0.0304	26-Jan-20	0.0357
27-Jul-19	0.0303	27-Jan-20	0.0352
28-Jul-19	0.0303	28-Jan-20	0.0355
29-Jul-19	0.0303	29-Jan-20	0.0351
30-Jul-19	0.0304	30-Jan-20	0.0321
31-Jul-19	0.0304	31-Jan-20	0.0320
1-Aug-19	0.0303	1-Feb-20	0.0319
2-Aug-19	0.0312	2-Feb-20	0.0319
3-Aug-19	0.0306	3-Feb-20	0.0360
4-Aug-19	0.0305	4-Feb-20	0.0354
5-Aug-19	0.0315	5-Feb-20	0.0353
6-Aug-19	0.0310	6-Feb-20	0.0353
7-Aug-19	0.0307	7-Feb-20	0.0347
8-Aug-19	0.0270	8-Feb-20	0.0346
9-Aug-19	0.0273	9-Feb-20	0.0346
10-Aug-19	0.0273	10-Feb-20	0.0343
11-Aug-19	0.0273	11-Feb-20	0.0347
12-Aug-19	0.0272	12-Feb-20	0.0349
13-Aug-19	0.0272	13-Feb-20	0.0348
14-Aug-19	0.0272	14-Feb-20	0.0352
15-Aug-19	0.0272	15-Feb-20	0.0346
16-Aug-19	0.0310	16-Feb-20	0.0348
17-Aug-19	0.0314	17-Feb-20	0.0353
18-Aug-19	0.0313	18-Feb-20	0.0356
19-Aug-19	0.0479	19-Feb-20	0.0354
20-Aug-19	0.0350	20-Feb-20	0.0347
21-Aug-19	0.0327	21-Feb-20	0.0349
22-Aug-19	0.0226	22-Feb-20	0.0349
23-Aug-19	0.0635	23-Feb-20	0.0349
24-Aug-19	0.0330	24-Feb-20	0.0350
25-Aug-19	0.0329	25-Feb-20	0.0347
26-Aug-19	0.0341	26-Feb-20	0.0348
27-Aug-19	0.0343	27-Feb-20	0.0350
28-Aug-19	0.0337	28-Feb-20	0.0345
29-Aug-19	0.0376	29-Feb-20	0.0331
30-Aug-19	0.0331	1-Mar-20	0.0343
31-Aug-19	0.0331	2-Mar-20	0.0347
1-Sep-19	0.0331	3-Mar-20	0.0343
2-Sep-19	0.0333	4-Mar-20	0.0346
3-Sep-19	0.0332	5-Mar-20	0.0342
4-Sep-19	0.0450	6-Mar-20	0.0344
5-Sep-19	0.0337	7-Mar-20	0.0344
6-Sep-19	0.0338	8-Mar-20	0.0343
7-Sep-19	0.0338	9-Mar-20	0.0342
8-Sep-19	0.0337	10-Mar-20	0.0342
9-Sep-19	0.0337	11-Mar-20	0.0341
10-Sep-19	0.0337	12-Mar-20	0.0345
11-Sep-19	0.0337	13-Mar-20	0.0343
12-Sep-19	0.0337	14-Mar-20	0.0342
13-Sep-19	0.0342	15-Mar-20	0.0343
14-Sep-19	0.0338	16-Mar-20	0.0345
15-Sep-19	0.0338	17-Mar-20	0.0341

2019			
Date	Rate	Date	Rate
1-Jul-18	0.0132	1-Jan-19	0.0207
2-Jul-18	0.0132	2-Jan-19	0.0208
3-Jul-18	0.0133	3-Jan-19	0.0244
4-Jul-18	0.0229	4-Jan-19	0.0232
5-Jul-18	0.03	5-Jan-19	0.0208
6-Jul-18	0.0239	6-Jan-19	0.0209
7-Jul-18	0.0188	7-Jan-19	0.0262
8-Jul-18	0.0189	8-Jan-19	0.0224
9-Jul-18	0.0158	9-Jan-19	0.0235
10-Jul-18	0.0192	10-Jan-19	0.0227
11-Jul-18	0.0146	11-Jan-19	0.0231
12-Jul-18	0.0126	12-Jan-19	0.021
13-Jul-18	0.0128	13-Jan-19	0.021
14-Jul-18	0.0128	14-Jan-19	0.0282
15-Jul-18	0.0128	15-Jan-19	0.0273
16-Jul-18	0.0127	16-Jan-19	0.0241
17-Jul-18	0.0137	17-Jan-19	0.0274
18-Jul-18	0.0152	18-Jan-19	0.0251
19-Jul-18	0.0297	19-Jan-19	0.021
20-Jul-18	0.0173	20-Jan-19	0.021
21-Jul-18	0.0132	21-Jan-19	0.0301
22-Jul-18	0.0132	22-Jan-19	0.0244
23-Jul-18	0.0137	23-Jan-19	0.0238
24-Jul-18	0.0134	24-Jan-19	0.033
25-Jul-18	0.0134	25-Jan-19	0.0288
26-Jul-18	0.0135	26-Jan-19	0.0222
27-Jul-18	0.0144	27-Jan-19	0.0214
28-Jul-18	0.0144	28-Jan-19	0.0271
29-Jul-18	0.0144	29-Jan-19	0.0238
30-Jul-18	0.0232	30-Jan-19	0.0237
31-Jul-18	0.0128	31-Jan-19	0.0229
1-Aug-18	0.0178	1-Feb-19	0.0234
2-Aug-18	0.016	2-Feb-19	0.0211
3-Aug-18	0.0169	3-Feb-19	0.0211
4-Aug-18	0.0168	4-Feb-19	0.0277
5-Aug-18	0.0168	5-Feb-19	0.0215
6-Aug-18	0.011	6-Feb-19	0.0246
7-Aug-18	0.0154	7-Feb-19	0.0228
8-Aug-18	0.0158	8-Feb-19	0.024
9-Aug-18	0.0152	9-Feb-19	0.0212
10-Aug-18	0.0154	10-Feb-19	0.0211
11-Aug-18	0.0153	11-Feb-19	0.0292
12-Aug-18	0.0153	12-Feb-19	0.0248
13-Aug-18	0.0152	13-Feb-19	0.0231
14-Aug-18	0.0152	14-Feb-19	0.0221
15-Aug-18	0.0153	15-Feb-19	0.0224
16-Aug-18	0.0161	16-Feb-19	0.0207
17-Aug-18	0.0192	17-Feb-19	0.0208
18-Aug-18	0.0188	18-Feb-19	0.0266
19-Aug-18	0.019	19-Feb-19	0.0227
20-Aug-18	0.0179	20-Feb-19	0.0238
21-Aug-18	0.0149	21-Feb-19	0.0236
22-Aug-18	0.0149	22-Feb-19	0.0244
23-Aug-18	0.0149	23-Feb-19	0.0218
24-Aug-18	0.0153	24-Feb-19	0.0217
25-Aug-18	0.015	25-Feb-19	0.0281
26-Aug-18	0.015	26-Feb-19	0.018
27-Aug-18	0.0148	27-Feb-19	0.0219
28-Aug-18	0.0153	28-Feb-19	0.0244
29-Aug-18	0.0143	1-Mar-19	0.025
30-Aug-18	0.0157	2-Mar-19	0.0227
31-Aug-18	0.0593	3-Mar-19	0.0227
1-Sep-18	0.0148	4-Mar-19	0.0285
2-Sep-18	0.0148	5-Mar-19	0.0253
3-Sep-18	0.0278	6-Mar-19	0.025
4-Sep-18	0.0159	7-Mar-19	0.0254
5-Sep-18	0.0154	8-Mar-19	0.0248
6-Sep-18	0.015	9-Mar-19	0.0219
7-Sep-18	0.014	10-Mar-19	0.0219
8-Sep-18	0.014	11-Mar-19	0.0296
9-Sep-18	0.0139	12-Mar-19	0.0254
10-Sep-18	0.015	13-Mar-19	0.0246
11-Sep-18	0.0139	14-Mar-19	0.0244
12-Sep-18	0.0149	15-Mar-19	0.0233
13-Sep-18	0.0156	16-Mar-19	0.0213
14-Sep-18	0.0152	17-Mar-19	0.0213
15-Sep-18	0.0152	18-Mar-19	0.0277

2018			
Date	Rate	Date	Rate
10-Apr-18	0.0042	23-May-18	0.0126
11-Apr-18	0.0124	24-May-18	0.0124
12-Apr-18	0.0123	25-May-18	0.0126
13-Apr-18	0.0122	26-May-18	0.0125
14-Apr-18	0.0122	27-May-18	0.0124
15-Apr-18	0.0122	28-May-18	0.0155
16-Apr-18	0.0121	29-May-18	0.0125
17-Apr-18	0.0122	30-May-18	0.0141
18-Apr-18	0.0124	31-May-18	0.0130
19-Apr-18	0.0125	1-Jun-18	0.0126
20-Apr-18	0.0125	2-Jun-18	0.0126
21-Apr-18	0.0125	3-Jun-18	0.0126
22-Apr-18	0.0125	4-Jun-18	0.0139
23-Apr-18	0.0125	5-Jun-18	0.0159
24-Apr-18	0.0125	6-Jun-18	0.0136
25-Apr-18	0.0123	7-Jun-18	0.0134
26-Apr-18	0.0124	8-Jun-18	0.0136
27-Apr-18	0.0123	9-Jun-18	0.0135
28-Apr-18	0.0122	10-Jun-18	0.0135
29-Apr-18	0.0122	11-Jun-18	0.0136
30-Apr-18	0.0132	12-Jun-18	0.0132
1-May-18	0.0121	13-Jun-18	0.0133
2-May-18	0.0117	14-Jun-18	0.0134
3-May-18	0.0143	15-Jun-18	0.0133
4-May-18	0.0128	16-Jun-18	0.0133
5-May-18	0.0127	17-Jun-18	0.0133
6-May-18	0.0127	18-Jun-18	0.0133
7-May-18	0.0127	19-Jun-18	0.0138
8-May-18	0.0120	20-Jun-18	0.0497
9-May-18	0.0169	21-Jun-18	0.0234
10-May-18	0.0127	22-Jun-18	0.0133
11-May-18	0.0125	23-Jun-18	0.0133
12-May-18	0.0125	24-Jun-18	0.0133
13-May-18	0.0125	25-Jun-18	0.0131
14-May-18	0.0131	26-Jun-18	0.0410
15-May-18	0.0128	27-Jun-18	0.0135
16-May-18	0.0130	28-Jun-18	0.0075
18-May-18	0.0128	29-Jun-18	0.0133
19-May-18	0.0128	30-Jun-18	0.0132
20-May-18	0.0128		
21-May-18	0.0121		
22-May-18	0.0131		

# PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

\* Date of Distribution

2021			
Date	Rate	Date	Rate
16-Sep-20	0.0142	19-Mar-21	0.0174
17-Sep-20	0.0146	20-Mar-21	0.0170
18-Sep-20	0.0145	21-Mar-21	0.0170
19-Sep-20	0.0144	22-Mar-21	0.0170
20-Sep-20	0.0144	23-Mar-21	0.0176
21-Sep-20	0.0144	24-Mar-21	0.0176
22-Sep-20	0.0157	25-Mar-21	0.0175
23-Sep-20	0.0185	26-Mar-21	0.0173
24-Sep-20	0.0135	27-Mar-21	0.0176
25-Sep-20	0.0163	28-Mar-21	0.0174
26-Sep-20	0.0164	29-Mar-21	0.0174
27-Sep-20	0.0164	30-Mar-21	0.0174
28-Sep-20	0.0164	31-Mar-21	0.0174
29-Sep-20	0.0161	1-Apr-21	0.0180
30-Sep-20	0.0161	2-Apr-21	0.0176
1-Oct-20	0.0159	3-Apr-21	0.0171
2-Oct-20	0.0164	4-Apr-21	0.0170
3-Oct-20	0.0165	5-Apr-21	0.0171
4-Oct-20	0.0165	6-Apr-21	0.0170
5-Oct-20	0.0165	7-Apr-21	0.0179
6-Oct-20	0.0173	8-Apr-21	0.0174
7-Oct-20	0.0168	9-Apr-21	0.0172
8-Oct-20	0.0169	10-Apr-21	0.0174
9-Oct-20	0.0167	11-Apr-21	0.0174
10-Oct-20	0.0166	12-Apr-21	0.0174
11-Oct-20	0.0166	13-Apr-21	0.0173
12-Oct-20	0.0166	14-Apr-21	0.0171
13-Oct-20	0.0166	15-Apr-21	0.0172
14-Oct-20	0.0165	16-Apr-21	0.0176
15-Oct-20	0.0167	17-Apr-21	0.0178
16-Oct-20	0.0166	18-Apr-21	0.0178
17-Oct-20	0.0159	19-Apr-21	0.0177
18-Oct-20	0.0159	20-Apr-21	0.0176
19-Oct-20	0.0159	21-Apr-21	0.0174
20-Oct-20	0.0165	22-Apr-21	0.0180
21-Oct-20	0.0166	23-Apr-21	0.0179
22-Oct-20	0.0170	24-Apr-21	0.0177
23-Oct-20	0.0163	25-Apr-21	0.0177
24-Oct-20	0.0178	26-Apr-21	0.0177
25-Oct-20	0.0165	27-Apr-21	0.0177
26-Oct-20	0.0165	28-Apr-21	0.0183
27-Oct-20	0.0166	29-Apr-21	0.0178
28-Oct-20	0.0166	30-Apr-21	0.0177
29-Oct-20	0.0165	1-May-21	0.0180
30-Oct-20	0.0163	2-May-21	0.0178
31-Oct-20	0.0163	3-May-21	0.0178
1-Nov-20	0.0162	4-May-21	0.0175
2-Nov-20	0.0162	5-May-21	0.0186
3-Nov-20	0.0172	6-May-21	0.0177
4-Nov-20	0.0168	7-May-21	0.0177
5-Nov-20	0.0167	8-May-21	0.0180
6-Nov-20	0.0168	9-May-21	0.0179
7-Nov-20	0.0168	10-May-21	0.0179
8-Nov-20	0.0168	11-May-21	0.0179
9-Nov-20	0.0168	12-May-21	0.0179
10-Nov-20	0.0169	13-May-21	0.0179
11-Nov-20	0.0169	14-May-21	0.0179
12-Nov-20	0.0168	15-May-21	0.0179
13-Nov-20	0.0170	16-May-21	0.0179
14-Nov-20	0.0170	17-May-21	0.0179
15-Nov-20	0.0170	18-May-21	0.0178
16-Nov-20	0.0170	19-May-21	0.0176
17-Nov-20	0.0169	20-May-21	0.0179
18-Nov-20	0.0168	21-May-21	0.0179
19-Nov-20	0.0169	22-May-21	0.0178
20-Nov-20	0.0169	23-May-21	0.0178
21-Nov-20	0.0168	24-May-21	0.0178
22-Nov-20	0.0168	25-May-21	0.0176
23-Nov-20	0.0168	26-May-21	0.0176
24-Nov-20	0.0168	27-May-21	0.0178
25-Nov-20	0.0169	28-May-21	0.0180
26-Nov-20	0.0169	29-May-21	0.0178
27-Nov-20	0.0168	30-May-21	0.0178
28-Nov-20	0.0173	31-May-21	0.0173
29-Nov-20	0.0166	1-Jun-21	0.0177
30-Nov-20	0.0166	2-Jun-21	0.0172
1-Dec-20	0.0166	3-Jun-21	0.0172
2-Dec-20	0.0174	4-Jun-21	0.0175

2020			
Date	Rate	Date	Rate
16-Sep-19	0.0321	18-Mar-20	0.0369
17-Sep-19	0.0334	19-Mar-20	0.0328
18-Sep-19	0.0336	20-Mar-20	0.0328
19-Sep-19	0.0346	21-Mar-20	0.0324
20-Sep-19	0.0341	22-Mar-20	0.0327
21-Sep-19	0.0341	23-Mar-20	0.0326
22-Sep-19	0.0341	24-Mar-20	0.0333
23-Sep-19	0.0361	25-Mar-20	0.0314
24-Sep-19	0.0341	26-Mar-20	0.0315
25-Sep-19	0.0337	27-Mar-20	0.0325
26-Sep-19	0.0343	28-Mar-20	0.0325
27-Sep-19	0.0347	29-Mar-20	0.0324
28-Sep-19	0.0347	30-Mar-20	0.0323
29-Sep-19	0.0346	31-Mar-20	0.0416
30-Sep-19	0.0344	1-Apr-20	0.0258
1-Oct-19	0.0345	2-Apr-20	0.0269
2-Oct-19	0.0351	3-Apr-20	0.0272
3-Oct-19	0.0353	4-Apr-20	0.0272
4-Oct-19	0.0342	5-Apr-20	0.0272
5-Oct-19	0.0342	6-Apr-20	0.0271
6-Oct-19	0.0342	7-Apr-20	0.0272
7-Oct-19	0.0341	8-Apr-20	0.0272
8-Oct-19	0.0341	9-Apr-20	0.0270
9-Oct-19	0.0340	10-Apr-20	0.0272
10-Oct-19	0.0369	11-Apr-20	0.0272
11-Oct-19	0.0344	12-Apr-20	0.0272
12-Oct-19	0.0344	13-Apr-20	0.0273
13-Oct-19	0.0343	14-Apr-20	0.0273
14-Oct-19	0.0349	15-Apr-20	0.0273
15-Oct-19	0.0353	16-Apr-20	0.0289
16-Oct-19	0.0356	17-Apr-20	0.0281
17-Oct-19	0.0347	18-Apr-20	0.0282
18-Oct-19	0.0338	19-Apr-20	0.0282
19-Oct-19	0.0338	20-Apr-20	0.0286
20-Oct-19	0.0338	21-Apr-20	0.0249
21-Oct-19	0.0344	22-Apr-20	0.0240
22-Oct-19	0.0360	23-Apr-20	0.0234
23-Oct-19	0.0349	24-Apr-20	0.0233
24-Oct-19	0.0348	25-Apr-20	0.0232
25-Oct-19	0.0345	26-Apr-20	0.0232
26-Oct-19	0.0344	27-Apr-20	0.0232
27-Oct-19	0.0344	28-Apr-20	0.0264
28-Oct-19	0.0354	29-Apr-20	0.0243
29-Oct-19	0.0350	30-Apr-20	0.0240
30-Oct-19	0.0343	1-May-20	0.0240
31-Oct-19	0.0355	2-May-20	0.0240
1-Nov-19	0.0298	3-May-20	0.0240
2-Nov-19	0.0296	4-May-20	0.0236
3-Nov-19	0.0297	5-May-20	0.0225
4-Nov-19	0.0302	6-May-20	0.0232
5-Nov-19	0.0395	7-May-20	0.0229
6-Nov-19	0.0295	8-May-20	0.0229
7-Nov-19	0.0322	9-May-20	0.0229
8-Nov-19	0.0295	10-May-20	0.0229
9-Nov-19	0.0295	11-May-20	0.0216
10-Nov-19	0.0295	12-May-20	0.0222
11-Nov-19	0.0302	13-May-20	0.0223
12-Nov-19	0.0306	14-May-20	0.0223
13-Nov-19	0.0303	15-May-20	0.0223
14-Nov-19	0.0306	16-May-20	0.0223
15-Nov-19	0.0304	17-May-20	0.0223
16-Nov-19	0.0304	18-May-20	0.0222
17-Nov-19	0.0304	19-May-20	0.0216
18-Nov-19	0.0307	20-May-20	0.0194
19-Nov-19	0.0310	21-May-20	0.0194
20-Nov-19	0.0309	22-May-20	0.0194
21-Nov-19	0.0313	23-May-20	0.0194
22-Nov-19	0.0303	24-May-20	0.0194
23-Nov-19	0.0317	25-May-20	0.0194
24-Nov-19	0.0310	26-May-20	0.0194
25-Nov-19	0.0307	27-May-20	0.0194
26-Nov-19	0.0314	28-May-20	0.0217
27-Nov-19	0.0285	29-May-20	0.0205
28-Nov-19	0.0315	30-May-20	0.0204
29-Nov-19	0.0344	31-May-20	0.0205
30-Nov-19	0.0344	1-Jun-20	0.0200
1-Dec-19	0.0342	2-Jun-20	0.0201
2-Dec-19	0.0350	3-Jun-20	0.0201

2019			
Date	Rate	Date	Rate
16-Sep-18	0.0152	19-Mar-19	0.0249
17-Sep-18	0.019	20-Mar-19	0.0244
18-Sep-18	0.0155	21-Mar-19	0.0246
19-Sep-18	0.0141	22-Mar-19	0.0246
20-Sep-18	0.0141	23-Mar-19	0.0225
21-Sep-18	0.0141	24-Mar-19	0.0224
22-Sep-18	0.0145	25-Mar-19	0.0288
23-Sep-18	0.0145	26-Mar-19	0.0251
24-Sep-18	0.0156	27-Mar-19	0.0249
25-Sep-18	0.0146	28-Mar-19	0.0241
26-Sep-18	0.0155	29-Mar-19	0.0235
27-Sep-18	0.0155	30-Mar-19	0.0217
28-Sep-18	0.015	31-Mar-19	0.0217
29-Sep-18	0.015	1-Apr-19	0.0295
30-Sep-18	0.015	2-Apr-19	0.025
1-Oct-18	0.0138	3-Apr-19	0.0256
2-Oct-18	0.0148	4-Apr-19	0.0281
3-Oct-18	0.0204	5-Apr-19	0.0269
4-Oct-18	0.0183	6-Apr-19	0.0265
5-Oct-18	0.0176	7-Apr-19	0.0266
6-Oct-18	0.0172	8-Apr-19	0.026
7-Oct-18	0.0172	9-Apr-19	0.0252
8-Oct-18	0.0178	10-Apr-19	0.0257
9-Oct-18	0.017	11-Apr-19	0.0268
10-Oct-18	0.02	12-Apr-19	0.0265
11-Oct-18	0.0156	13-Apr-19	0.0264
12-Oct-18	0.0163	14-Apr-19	0.0264
13-Oct-18	0.0163	15-Apr-19	0.026
14-Oct-18	0.0163	16-Apr-19	0.0269
15-Oct-18	0.0309	17-Apr-19	0.027
16-Oct-18	0.0248	18-Apr-19	0.0262
17-Oct-18	0.0159	19-Apr-19	0.0258
18-Oct-18	0.0165	20-Apr-19	0.0259
19-Oct-18	0.0174	21-Apr-19	0.0259
20-Oct-18	0.017	22-Apr-19	0.0262
21-Oct-18	0.0169	23-Apr-19	0.0267
22-Oct-18	0.0188	24-Apr-19	0.0265
23-Oct-18	0.0178	25-Apr-19	0.0269
24-Oct-18	0.0188	26-Apr-19	0.0268
25-Oct-18	0.0177	27-Apr-19	0.0262
26-Oct-18	0.016	28-Apr-19	0.0262
27-Oct-18	0.0155	29-Apr-19	0.0268
28-Oct-18	0.0154	30-Apr-19	0.0254
29-Oct-18	0.0203	1-May-19	0.0267
30-Oct-18	0.0158	2-May-19	0.0268
31-Oct-18	0.0156	3-May-19	0.0263
1-Nov-18	0.0151	4-May-19	0.0263
2-Nov-18	0.0168	5-May-19	0.0263
3-Nov-18	0.0166	6-May-19	0.0255
4-Nov-18	0.0166	7-May-19	0.024
5-Nov-18	0.0148	8-May-19	0.0261
6-Nov-18	0.0154	9-May-19	0.0257
7-Nov-18	0.0153	10-May-19	0.0262
8-Nov-18	0.0146	11-May-19	0.0263
9-Nov-18	0.0163	12-May-19	0.0263
10-Nov-18	0.0154	13-May-19	0.0276
11-Nov-18	0.0147	14-May-19	0.028
12-Nov-18	0.0342	15-May-19	0.027
13-Nov-18	0.0228	16-May-19	0.0258
14-Nov-18	0.0179	17-May-19	0.0243
15-Nov-18	0.0181	18-May-19	0.024
16-Nov-18	0.0185	19-May-19	0.024
17-Nov-18	0.018	20-May-19	0.0293
18-Nov-18	0.018	21-May-19	0.0273
19-Nov-18	0.0188	22-May-19	0.0327
20-Nov-18	0.0173	23-May-19	0.0239
21-Nov-18	0.0252	24-May-19	0.0238
22-Nov-18	0.0202	25-May-19	0.0238
23-Nov-18	0.0163	26-May-19	0.0261
24-Nov-18	0.0158	27-May-19	0.0251
25-Nov-18	0.0158	28-May-19	0.0254
26-Nov-18	0.0201	29-May-19	0.0262
27-Nov-18	0.0164	30-May-19	0.0266
28-Nov-18	0.0162	31-May-19	0.0268
29-Nov-18	0.017	1-Jun-19	0.0267
30-Nov-18	0.0171	2-Jun-19	0.0267
1-Dec-18	0.0161	3-Jun-19	0.0335
2-Dec-18	0.0164	4-Jun-19	0.0289

# PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

\* Date of Distribution

2021			
Date	Rate	Date	Rate
3-Dec-20	0.0170	5-Jun-21	0.0171
4-Dec-20	0.0173	6-Jun-21	0.0172
5-Dec-20	0.0174	7-Jun-21	0.0171
6-Dec-20	0.0173	8-Jun-21	0.0181
7-Dec-20	0.0173	9-Jun-21	0.0167
8-Dec-20	0.0175	10-Jun-21	0.0174
9-Dec-20	0.0173	11-Jun-21	0.0175
10-Dec-20	0.0184	12-Jun-21	0.0174
11-Dec-20	0.0175	13-Jun-21	0.0174
12-Dec-20	0.0176	14-Jun-21	0.0174
13-Dec-20	0.0175	15-Jun-21	0.0177
14-Dec-20	0.0175	16-Jun-21	0.0172
15-Dec-20	0.0176	17-Jun-21	0.0172
16-Dec-20	0.0176	18-Jun-21	0.0169
17-Dec-20	0.0175	19-Jun-21	0.0173
18-Dec-20	0.0175	20-Jun-21	0.0173
19-Dec-20	0.0173	21-Jun-21	0.0173
20-Dec-20	0.0173	22-Jun-21	0.0172
21-Dec-20	0.0173	23-Jun-21	0.0169
22-Dec-20	0.0172	24-Jun-21	0.0165
23-Dec-20	0.0173	25-Jun-21	0.0152
24-Dec-20	0.0175	26-Jun-21	0.0147
25-Dec-20	0.0178	27-Jun-21	0.0147
26-Dec-20	0.0176	28-Jun-21	0.0147
27-Dec-20	0.0176	29-Jun-21	0.0179
28-Dec-20	0.0177	30-Jun-21	0.0182
29-Dec-20	0.0174		
30-Dec-20	0.0172		
31-Dec-20	0.0173		

2020			
Date	Rate	Date	Rate
3-Dec-19	0.0343	4-Jun-20	0.0196
4-Dec-19	0.0346	5-Jun-20	0.0190
5-Dec-19	0.0337	6-Jun-20	0.0190
6-Dec-19	0.0339	7-Jun-20	0.0188
7-Dec-19	0.0339	8-Jun-20	0.0199
8-Dec-19	0.0339	9-Jun-20	0.0198
9-Dec-19	0.0344	10-Jun-20	0.0206
10-Dec-19	0.0342	11-Jun-20	0.0199
11-Dec-19	0.0336	12-Jun-20	0.0199
12-Dec-19	0.0349	13-Jun-20	0.0199
13-Dec-19	0.0344	14-Jun-20	0.0199
14-Dec-19	0.0344	15-Jun-20	0.0197
15-Dec-19	0.0344	16-Jun-20	0.0202
16-Dec-19	0.0342	17-Jun-20	0.0202
17-Dec-19	0.0345	18-Jun-20	0.0200
18-Dec-19	0.0351	19-Jun-20	0.0198
19-Dec-19	0.0341	20-Jun-20	0.0198
20-Dec-19	0.0342	21-Jun-20	0.0198
21-Dec-19	0.0341	22-Jun-20	0.0199
22-Dec-19	0.0341	23-Jun-20	0.0199
23-Dec-19	0.0348	24-Jun-20	0.0197
24-Dec-19	0.0344	25-Jun-20	0.0187
25-Dec-19	0.0344	26-Jun-20	0.0189
26-Dec-19	0.0353	27-Jun-20	0.0189
27-Dec-19	0.0344	28-Jun-20	0.0189
28-Dec-19	0.0344	29-Jun-20	0.0195
29-Dec-19	0.0344	30-Jun-20	0.0213
30-Dec-19	0.0343		
31-Dec-19	0.0333		

2019			
Date	Rate	Date	Rate
3-Dec-18	0.0192	5-Jun-19	0.0288
4-Dec-18	0.0197	6-Jun-19	0.0288
5-Dec-18	0.0216	7-Jun-19	0.0288
6-Dec-18	0.0244	8-Jun-19	0.0288
7-Dec-18	0.0212	9-Jun-19	0.0289
8-Dec-18	0.0196	10-Jun-19	0.0291
9-Dec-18	0.0196	11-Jun-19	0.0287
10-Dec-18	0.0259	12-Jun-19	0.029
11-Dec-18	0.0216	13-Jun-19	0.0285
12-Dec-18	0.0192	14-Jun-19	0.0283
13-Dec-18	0.0227	15-Jun-19	0.0282
14-Dec-18	0.0242	16-Jun-19	0.0282
15-Dec-18	0.0226	17-Jun-19	0.0283
16-Dec-18	0.0228	18-Jun-19	0.029
17-Dec-18	0.0271	19-Jun-19	0.0314
18-Dec-18	0.0213	20-Jun-19	0.0313
19-Dec-18	0.0797	21-Jun-19	0.0302
20-Dec-18	0.0381	22-Jun-19	0.0302
21-Dec-18	0.0216	23-Jun-19	0.0303
22-Dec-18	0.0202	24-Jun-19	0.0306
23-Dec-18	0.0202	25-Jun-19	0.0307
24-Dec-18	0.024	26-Jun-19	0.0304
25-Dec-18	0.0202	27-Jun-19	0.0281
26-Dec-18	0.0231	28-Jun-19	0.0315
27-Dec-18	0.0233	29-Jun-19	0.0317
28-Dec-18	0.0236	30-Jun-19	0.0314
29-Dec-18	0.0216		
30-Dec-18	0.0216		
31-Dec-18	0.0248		

## Disclaimer

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

**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)

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)





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

# ANNUAL REPORT 2021

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



Savings Asaan. Life Asaan.

# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	Bank Alfalah Limited Habib Metropolitan Bank Limited MCB Bank Limited United Bank limited Zarai Taraqiati Bank Limited JS Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance Bank Limited U Microfinance Bank Limited Khushali Microfinance Bank Limited Tameer Microfinance Bank Limited Finca Microfinance Bank Limited First Microfinance Bank Limited National Bank of Pakistan Allied Bank Limited Faysal Bank Limited Bank Al Habib Limtied Habib Bank Limited Silk Bank Limited Soneri Bank Limited	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

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

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**Dear Investor,**

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

## **Economy and Money Market Review**

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

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

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

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

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

## **Equity Market Review**

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election.

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

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However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a laggard with 11 per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528mn shares compared to 196mn shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120mn compared to USD 46mn a year back.

Foreign investors continued their selling spree in FY21 as well with net selling of USD 387mn compared to USD 285mn a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332mn and USD 138mn, respectively.

### FUND PERFORMANCE

The fund posted a return of 26.16 per cent during the period under review against the benchmark return of 29.36 per cent. The fund has gradually decreased exposure in equities which reached to 78.3 per cent by the end of June, 2021 and at the same time it increased the exposure in cash to 17.7 per cent at the end of June, 2021.

On the equity side, the fund was mainly invested in Commercial Banks and Cement.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 912 million as compared to Rs. 1,299 million as at June 30, 2020 registering a decrease of 29.79 per cent. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 86.6497 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 17.97 per unit.

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

### Economy & Market – Future Outlook

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

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

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

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

From capital market perspective, particularly equities, markets are watchful of the 4<sup>th</sup> wave of Covid cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is right now at 3.6 per cent, compared to historical average of 1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

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

### **Mutual Fund Industry Review**

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx.38 per cent YoY owing to favorable investor sentiments.

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

### **Mutual Fund Industry Outlook**

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

### **Corporate Governance**

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

The Board consists of 1 female and 7 male directors. The details are as under:



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

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

\* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.

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

- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

### 1. Meeting of the Audit Committee.

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

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

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

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

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

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Mobin Ahmed Siddiqui	Chief Internal Auditor	6,449	6,449	0

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

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### EXTERNAL AUDITORS

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

### ACKNOWLEDGMENT

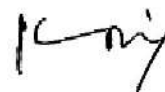
The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 15, 2021



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**Kashif A. Habib**  
Director

## ڈائریکٹرز رپورٹ

۴۔ جناب نسیم بیگ	4	4	4	-
۵۔ محترمہ ماوراء عادل خان	4	4	3	1
۶۔ سید ساول میکان حسین	4	4	4	-
۷۔ جناب محمد ثاقب سلیم (سی ای او)	4	4	4	-

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
					یونٹس کی تعداد
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	6,449	6,449	-

### خارجی آڈیٹرز

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

### 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۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



کاشف اے حبیب  
ڈائریکٹر



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
15 ستمبر 2021ء

## ڈائریکٹرز رپورٹ

(اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرئل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الادائیگیس، قانونی چار جزی اور ڈیویڈنڈ (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

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

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

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

### ۱۔ آڈٹ کمیٹی کی میٹنگ

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

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

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیئر مین)
-	4	4	4	۳۔ جناب احمد جہانگیر

## ڈائریکٹرز رپورٹ

### میوچل فنڈ صنعت کے مستقبل کا منظر

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

### کارپوریٹ گورننس

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

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

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونریشن

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

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

- مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛
- مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز



## ڈائریکٹر زپورٹ

زیرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

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

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو وڈ کی چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جاسکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (مورگن اسٹینلی کیپیٹل انٹرنیشنل) امرجنگ مارکیٹ انڈیکس سے ایم ایس سی آئی فرنٹیر مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازار کی رفتار میں کردار ادا کریں گے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

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



### ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سیٹیٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی چلک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سیمنٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای اینڈ پی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص منافع ہوا جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 26.16 فیصد منافع پوسٹ کیا، جبکہ مقررہ معیار کا منافع 29.36 فیصد تھا۔

فنڈ نے ایکویٹیز میں شمولیت کو بتدریج کم کر کے جون 2021ء کے اختتام تک 78.3 فیصد کر دیا، اور بیک وقت نقد میں شمولیت کو بڑھا کر جون 2021ء کے اختتام تک 17.7 فیصد کر دیا۔

ایکویٹی کی جہت میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ کے شعبوں میں تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 912 ملین روپے تھے جو 30 جون 2020ء کی سطح 1,299 ملین روپے کے مقابلے میں 29.79 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 86.6497 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 68.6797 روپے فی یونٹ کے مقابلے میں 17.97 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مورخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیل شمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔

13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 11.1 ملاحظہ فرمائیے۔

### معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان ایسیٹ ایلوکیشن فنڈ کے گوشواروں مختصہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

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

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

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

افراط زر حکومت کی دھتکی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

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

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

### Fund Type and Category

MCB Pakistan Asset Allocation Fund MCB-PAAF is an Open-End Asset Allocation Scheme for which SECP categorization in process.

### Fund Benchmark

Weighted average of 70% of three (3) months PKRV rates + 30% of three (3) months average deposit rates of three (3) AA rated commercial banks as selected by MUFAP and six (6) month KIBOR and KSE-100 index based on the actual proportion of the scheme in Money market, Fixed income and equity securities

### Investment Objective

MCB Pakistan Asset Allocation Fund is an asset allocation fund and its objective is to aim to provide a high absolute return by investing in equity and debt markets.

### Investment Strategy

The fund will aim to achieve the above-mentioned objective by investing up to 100% in equity securities or up to 100% in debt securities according to the market conditions.

### Manager's Review

The fund posted a return of 26.16% during the period under review against the benchmark return of 29.36%. Equity exposure of the fund at June end was 78.3% whereas cash exposure was 17.7%.

On the equity side, the fund was mainly invested in Commercial Banks and Cements.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 912 million as compared to Rs. 1,299 million as at June 30, 2020 registering a decrease of 29.8%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 86.6497 as compared to opening NAV of Rs. 68.6797 per unit as at June 30, 2020 registering an increase of 17.9700 per unit.

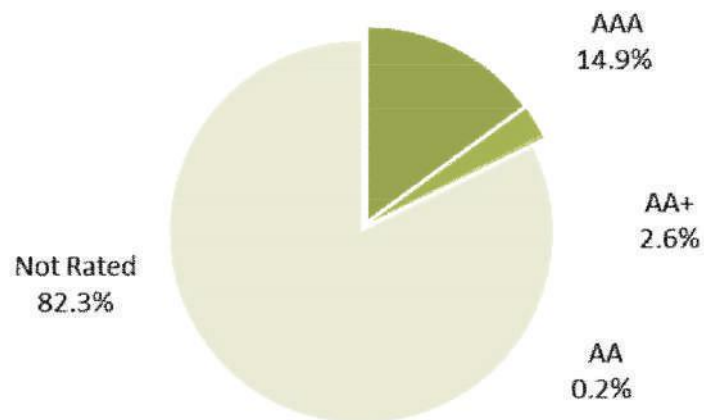
### Asset Allocation as on June 30, 2021 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-21
Cash	17.7%
TFCs/Sukuk	0.0%
Stocks / Equities	78.3%
Spread Transactions	0.0%
T-Bills	0.0%
PIBs	0.0%
Others including receivables	4.0%

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

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



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Syed Abid Ali  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahra-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 PAKISTAN ASSET ALLOCATION FUND

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

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

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

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

Karachi: September 10, 2021





# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

Cavish Court, A-35, Block 7 & 8  
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## INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of MCB Pakistan Asset Allocation Fund

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matter

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

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 764 million as at June 30, 2021, consisting of equity securities which represents significant item of the statement of assets and liabilities of the Fund.</p> <p>Henceforth, we have identified the existence and valuation as the significant areas during our audit due to which we have considered this as a Key Audit Matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"><li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li><li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li></ul>

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

S. No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"><li>• independently matched securities held by the Fund with the Central Deposit Company's account statement.</li><li>• tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li></ul>

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and





# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

  
Chartered Accountants

Place: Karachi

Date: September 20, 2021

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

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

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	172,930	198,319
Investments	5	764,495	1,290,075
Dividend and profit receivable	6	1,544	10,374
Receivable against sale of investments		32,702	12,868
Receivable from National Clearing Company of Pakistan Limited		1,134	3,737
Advances, deposits, prepayments and other receivable	7	4,111	3,117
<b>Total assets</b>		<b>976,916</b>	<b>1,518,490</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	2,263	6,738
Payable to Central Depository Company of Pakistan Limited - Trustee	9	184	212
Payable to the Securities and Exchange Commission of Pakistan	10	249	300
Payable against redemption of units		31	31
Payable against purchase of investments		9,425	165,692
Accrued expenses and other liabilities	11	52,701	46,037
<b>Total liabilities</b>		<b>64,853</b>	<b>219,010</b>
<b>NET ASSETS</b>		<b>912,063</b>	<b>1,299,480</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>912,063</b>	<b>1,299,480</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>10,525,869</b>	<b>18,920,867</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>86.6497</b>	<b>68.6797</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

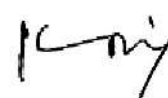
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>INCOME</b>			
Markup / return on Investments	13	9,091	47,725
Income/(loss) on sale of investments - net		287,802	(27,265)
Markup on deposits with banks		5,152	21,451
Dividend income		48,001	52,203
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	5.2	40,635	(70,772)
Other income		856	316
<b>Total income</b>		<b>391,537</b>	<b>23,658</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	29,231	29,978
Sindh Sales Tax on remuneration of Management Company	8.2	3,800	3,897
<b>Allocated expenses</b>	8.3	<b>1,245</b>	<b>1,499</b>
Selling and marketing expenses	8.4	11,085	15,730
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,240	2,501
Sindh Sales Tax on remuneration of Trustee	9.2	291	325
Annual fee to Securities and Exchange Commission of Pakistan	10	249	300
Brokerage and settlement charges		10,589	8,642
Auditors' remuneration	14.	719	830
Provision against Sindh Workers' Welfare Fund	11.1	6,627	-
Other expenses		761	717
<b>Total operating expenses</b>		<b>66,837</b>	<b>64,419</b>
<b>Net income/(loss) for the year before taxation</b>		<b>324,700</b>	<b>(40,761)</b>
Taxation	16	-	-
<b>Net income/(loss) for the year after taxation</b>		<b>324,700</b>	<b>(40,761)</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		324,700	-
Income already paid on units redeemed		(172,322)	-
		<b>152,378</b>	<b>-</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		148,481	-
Excluding capital gains		3,897	-
		<b>152,378</b>	<b>-</b>
<b>Earnings per unit</b>	3.10		

The annexed notes 1 to 28 form an integral part of these financial statements.

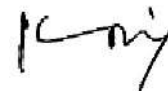
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
Net income/(loss) for the year after taxation	324,700	(40,761)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>324,700</b>	<b>(40,761)</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

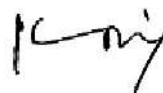
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	For year ended June 30,							
	2021				2020			
	----- (Rupees in '000) -----							
	Capital Value	Accumulated Losses	Unrealised appreciation on available-for-sale investments	Total	Capital Value	Accumulated Losses	Unrealised appreciation on available-for-sale investments	Total
Net assets at beginning of the year	2,506,806	(1,207,326)	-	1,299,480	3,214,410	(1,166,565)	-	2,047,845
Issue of 3,718,657 units (2020: 2,129,753 units)								
- Capital value (at net asset value per unit at the beginning of the year)	255,396	-	-	255,396	151,701	-	-	151,701
- Element of income / (loss)	43,153	-	-	43,153	(4,586)	-	-	(4,586)
	298,549	-	-	298,549	147,115	-	-	147,115
Redemption of 12,113,655 units (2020: 11,958,863 units)								
- Capital value (at net asset value per unit at the beginning of the year)	(831,963)	-	-	(831,963)	(851,823)	-	-	(851,823)
- Element of loss	(6,381)	(172,322)	-	(178,703)	(2,896)	-	-	(2,896)
	(838,344)	(172,322)	-	(1,010,666)	(854,719)	-	-	(854,719)
Total comprehensive income/(loss) for the year	-	324,700	-	324,700	-	(40,761)	-	(40,761)
Net assets at end of the year	1,967,011	(1,054,948)	-	912,063	2,506,806	(1,207,326)	-	1,299,480
Undistributed loss brought forward								
- Realised		(1,136,554)				(853,369)		
- Unrealised		(70,772)				(313,196)		
		(1,207,326)				(1,166,565)		
Accounting income available for distribution								
- Relating to capital gains		148,481				-		
- Excluding capital gains		3,897				-		
		152,378				-		
Net loss for the year after taxation		-				(40,761)		
Undistributed loss carried forward		(1,054,948)				(1,207,326)		
Undistributed loss carried forward								
- Realised		(1,095,583)				(1,136,554)		
- Unrealised		40,635				(70,772)		
		(1,054,948)				(1,207,326)		
		(Rupees)				(Rupees)		
Net assets value per unit at beginning of the year		68.6797				71.2294		
Net assets value per unit at end of the year		86.6497				68.6797		

The annexed notes 1 to 28 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(loss) for the year before taxation	324,700	(40,761)
<b>Adjustments for:</b>		
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	(40,635)	70,772
Provision against Sindh Workers' Welfare Fund	6,627	-
	<u>290,692</u>	<u>30,011</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	566,215	208,958
Dividend and profit receivable	8,830	3,028
Receivable against sale of investments	(19,834)	117,901
Receivable from National Clearing Company of Pakistan Limited	2,603	-
Advances, deposits, prepayments and other receivable	(994)	16
	<u>556,820</u>	<u>329,903</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(4,475)	(519)
Payable to Central Depository Company of Pakistan Limited - Trustee	(28)	(100)
Payable to the Securities and Exchange Commission of Pakistan	(51)	(2,465)
Payable against redemption of units	-	(32,339)
Payable against purchase of investments	(156,267)	165,692
Accrued expenses and other liabilities	37	(1,029)
	<u>(160,784)</u>	<u>129,240</u>
<b>Net cash generated from operating activities</b>	<u>686,728</u>	<u>489,154</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	298,549	147,115
Amount paid against redemption of units	(1,010,666)	(854,719)
<b>Net cash used in financing activities</b>	<u>(712,117)</u>	<u>(707,604)</u>
<b>Net decrease in cash and cash equivalents during the year</b>	<u>(25,389)</u>	<u>(218,450)</u>
Cash and cash equivalents at beginning of the year	198,319	416,769
<b>Cash and cash equivalents at end of the year</b>	<u>172,930</u>	<u>198,319</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

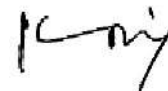
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



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

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Asset Allocation Fund (the Fund) was established under a Trust Deed dated November 22, 2007 executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management has been changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007 in accordance with the Asset Management Companies Rules, 1995 repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end collective investment scheme categorised as an "Asset Allocation" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager a rating of "AM1" (2020: AM2++) on October 06, 2020.
- 1.5 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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



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

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

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

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

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

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

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

	Effective from accounting period beginning on or after:
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

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

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

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

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

## 2.4 Critical accounting estimates and judgements

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

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

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

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

## 2.5 Basis of measurement

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

## 2.6 Functional and presentation currency

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Financial instruments

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

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

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

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## 3.1.1 Financial Assets

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

### 3.1.1.1 Classification and measurement of financial assets

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

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

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

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

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

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

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

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

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to income statement on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

#### **Financial assets designated at fair value through profit or loss (equity instruments)**

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

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

## 3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

### **Basis of valuation of government securities:**

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

### **Basis of valuation of debt securities:**

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

### **Basis of valuation of equity instruments:**

The fair value of equity instruments is determined by using closing rate of securities at day end available on the Pakistan Stock Exchange's website.

## 3.1.1.3 Impairment of financial assets

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

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

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

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

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

## 3.1.1.4 Derecognition

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

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

## 3.1.2 Financial liabilities

### 3.1.2.1 Classification and measurement of financial liabilities

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

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

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

## **3.1.2.2 Derecognition**

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

## **3.1.3 Offsetting of financial instruments**

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

## **3.2 Cash and cash equivalents**

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

## **3.3 Provisions**

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

## **3.4 Taxation**

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

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

## **3.5 Dividend distribution and appropriations**

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

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

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

## **3.6 Issue and redemption of units**

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

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

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

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

## 3.7 Net asset value per unit

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

## 3.8 Revenue recognition

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

## 3.9 Expenses

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

## 3.10 Earnings per unit

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>4. BANK BALANCES</b>			
In saving accounts	4.1	164,510	191,479
In current accounts	4.2	8,420	6,840
		<b>172,930</b>	<b>198,319</b>

**4.1** These carry profit at the rates ranging between 5.50% to 9.75% (2020: 5.50% to 7.83%) per annum. It includes bank balance of Rs. 0.012 million (2020: Rs. 0.226 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.50% (2020: 5.50%) per annum.

**4.2** This represents bank balance maintained with MCB Bank Limited, (a related party).

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
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## 5. INVESTMENTS

### Financial assets 'at fair value through profit or loss'

Ordinary shares - Listed	5.1.1	742,095	897,535
Preference Shares - Listed	5.1.2	22,400	-
Sukuk Certificates - Listed	5.1.2	-	36,819
Market Treasury Bills	5.1.3	-	149,592
Pakistan Investment Bonds	5.1.4	-	105,229
Pakistan Investment Bonds - Floating Rate Bond	5.1.5	-	100,900
		<b>764,495</b>	<b>1,290,075</b>

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

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

### 5.1.1 Ordinary shares - Listed

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
(Rupees in '000)											
(Number of shares)											
(%)											
<b>Automobile Assembler</b>											
Millat Tractors Limited	-	1,160	-	1,160	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	18,000	-	18,000	-	-	-	-	-	-	-
Indus Motor Company Limited	-	51,000	-	6,860	44,140	52,834	55,358	2,524	0.06	7.24	0.06
Sazgar Engineering Works Limited	-	38,500	-	38,500	-	-	-	-	-	-	-
						52,834	55,358	2,524			
<b>Automobile Parts and Accessories</b>											
Thal Limited	98,900	-	-	38,500	60,400	19,627	25,536	5,909	0.03	3.34	0.40
Agriaulos Industries Limited***	-	150,000	-	80,000	70,000	16,618	19,207	2,589	0.02	2.51	0.24
Panther Tyres Limited	-	213,630	-	-	213,630	14,057	14,768	711	0.02	1.93	0.15
						50,302	59,511	9,209			
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	-	970,000	-	970,000	-	-	-	-	-	-	-
<b>Cement</b>											
Cherat Cement Company Limited	-	280,000	-	280,000	-	-	-	-	-	-	-
O.G. Khan Cement Company Limited*	-	800,170	-	724,500	75,670	8,927	8,923	(4)	0.98	1.17	0.02
Fauji Cement Company Limited	1,500,000	1,825,000	-	3,325,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	686,500	-	686,500	-	-	-	-	-	-	-
Power Cement	-	1,375,000	-	1,189,000	186,000	2,067	1,787	(280)	0.20	0.23	0.02
Lucky Cement Limited	172,409	213,189	-	316,092	69,506	44,076	60,014	15,938	6.58	7.85	0.02
Maple Leaf Cement Factory Limited	500,000	2,631,000	-	2,433,500	697,500	30,983	32,769	1,786	3.59	4.29	0.06
						86,053	103,493	17,440			
<b>Commercial Banks</b>											
Bank Of Punjab Limited	-	3,113,500	-	3,113,500	-	-	-	-	-	-	-
MCB Bank Limited*	264,205	365,000	-	629,205	-	-	-	-	-	-	-
Meezan Bank Limited	-	200,000	-	14,000	186,000	21,334	21,466	132	2.35	2.81	0.01
Allied Bank Limited	467,800	-	-	467,800	-	-	-	-	-	-	-
Bank Alfalah Limited	-	3,250,000	-	2,350,000	900,000	33,118	28,962	(4,156)	3.18	3.79	0.05
Bank Al Habib Limited	854,409	791,300	-	1,102,000	543,709	35,446	38,125	2,679	4.18	4.99	0.05
Faysal Bank Limited	34,100	350,000	-	384,100	-	-	-	-	-	-	-
Habib Bank Limited	414,900	840,000	-	978,169	276,731	33,972	33,864	(108)	3.71	4.43	0.02
Habib Metropolitan Bank Limited	827,000	-	-	827,000	-	-	-	-	-	-	-
Samba Bank	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
United Bank Limited	652,640	868,250	-	1,193,200	327,690	39,903	40,044	141	4.39	5.24	0.03
						163,773	162,461	(1,312)			



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

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
Engineering											
Mughal Iron and Steel Industries Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
International Industries Limited	120	-	-	120	-	-	-	-	-	-	-
Asha Steel Mill Limited*	-	2,446,500	-	2,446,500	-	-	-	-	-	-	-
Amreli Steels Limited	-	349,500	-	349,500	-	-	-	-	-	-	-
Agha steel Industries Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	45,000	94,500	-	139,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	920,000	-	920,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	591,000	362,054	-	953,054	-	-	-	-	-	-	-
Food & Personal Care Products											
Al-Tahir Limited	668,500	-	66,850	735,350	-	-	-	-	-	-	-
Murree Brewery Company Limited	-	25,000	-	3,550	21,450	12,548	12,480	(68)	1.37	1.63	0.08
National Foods Limited ***	87,580	-	-	87,580	-	-	-	-	-	-	-
Unity Foods Limited	-	900,000	-	900,000	-	-	-	-	-	-	-
Shezan International Limited	5,115	-	-	-	5,115	1,145	1,695	550	0.19	0.22	0.06
						13,693	14,175	482			
Glass & Ceramics											
Tariq Glass Industries Limited	220,350	-	-	220,350	-	-	-	-	-	-	-
Insurance											
Adamjee Insurance Company Limited*	760,000	-	-	746,000	14,000	464	581	117	0.06	0.08	0.00
Pakistan Reinsurance Company Limited	289,500	-	-	289,500	-	-	-	-	-	-	-
						464	581	117			
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	779,600	478,500	-	1,158,100	100,000	9,426	9,503	77	1.04	1.24	0.00
Pakistan Oilfields Limited	90,930	100,000	-	190,930	-	-	-	-	-	-	-
Pakistan Petroleum Limited	294,306	570,000	-	864,306	-	-	-	-	-	-	-
Mari Petroleum Company Limited	12,000	26,520	-	8,000	30,520	42,921	46,524	3,603	5.10	6.09	0.03
						52,347	56,027	3,680			
Oil and Gas Marketing Companies											
Attock Petroleum Limited	-	111,700	-	21,700	90,000	30,439	28,893	(1,546)	3.17	3.78	0.09
Pakistan State Oil Company Limited	-	375,511	-	375,511	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	628,300	-	-	628,300	-	-	-	-	-	-	-
						30,439	28,893	(1,546)			

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

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	63,100	15,000	-	36,500	41,600	27,384	32,962	5,578	3.61	4.31	0.04
GlaxoSmithKline Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited	8,850	63,400	2,500	8,850	65,900	39,194	39,540	346	4.34	5.17	0.21
AGP Limited	-	80,000	-	80,000	-	-	-	-	-	-	-
The Searle Company Limited	2,058	163,200	7,150	172,058	350	92	85	(7)	0.01	0.01	0.00
						66,670	72,587	5,917			
Power Generation and Distribution											
Hub Power Company Limited	499,289	1,501,532	-	1,998,565	2,256	176	180	4	0.02	0.02	0.00
Kot Addu Power Company Limited	270,000	700,000	-	970,000	-	-	-	-	-	-	-
Pakgen Power Limited	-	292,500	-	292,500	-	-	-	-	-	-	-
Lalpir Power Limited	-	1,800,000	-	1,095,000	705,000	9,165	12,591	3,426	1.38	1.65	0.19
K-Electric Limited **	3,200,000	-	-	3,200,000	-	-	-	-	-	-	-
						9,341	12,771	3,430			
Real Estate Investment Trust											
Dolmen City REIT	1,092,500	-	-	-	1,092,500	11,897	12,039	142	1.32	1.57	0.05
						11,897	12,039	142			
Textile Composite											
Nishat Mills Limited*	-	265,000	-	265,000	-	-	-	-	-	-	-
Interloop Limited	-	1,204,500	-	874,500	330,000	23,768	23,110	(658)	2.53	3.02	0.04
						23,768	23,110	(658)			
Leather & Tanneries											
Service Global Footwear Limited	-	37,334	-	37,334	-	-	-	-	-	-	-
Bata Pakistan Limited	-	11,200	-	-	11,200	21,324	19,201	(2,123)	2.11	2.51	0.15
Service Industries Limited	9,893	-	2,474	12,366	1	-	1	1	-	-	0.00
						21,324	19,202	(2,122)			
Chemicals											
Archroma Pak	-	49,050	-	-	49,050	28,796	28,081	(715)	3.08	3.67	0.14
ICI Pakistan	-	18,000	-	18,000	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	994,036	674,000	-	1,668,036	-	-	-	-	-	-	-
						28,796	28,081	(715)			
Refinery											
National Refinery Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	735,000	-	377,000	358,000	9,648	8,810	(838)	0.97	1.15	0.06
Byco Petroleum Limited	-	1,750,000	-	1,750,000	-	-	-	-	-	-	-
						9,648	8,810	(838)			
Technology & Communications											
Avanceon Limited	-	660,000	-	660,000	-	-	-	-	-	-	-
TRG Pakistan Limited	-	715,000	-	715,000	-	-	-	-	-	-	-
						-	-	-			
Paper And Board											
Packages Limited	-	119,700	-	4,400	115,300	60,450	62,862	2,412	6.89	8.22	0.13
Century Paper and Board Mills Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
						60,450	62,862	2,412			

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

Name of investee company	As at July 1, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
Miscellaneous											
Shifa International Hospital	-	101,000	-	-	101,000	22,061	22,134	73	2.43	2.90	0.16
Tri-Pack Films Limited	-	45,000	-	45,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	1,200,000	-	1,200,000	-	-	-	-	-	-	-
						22,061	22,134	73			
Total as at June 30, 2021						703,860	742,095	38,235			
Total as at June 30, 2020						968,070	897,535	(70,535)			

\* These denote related parties / connected persons.  
 \*\* This have a face value of Rs 3.5 per share.  
 \*\*\* This have a face value of Rs 5 per share.

**5.1.1.1** Investments include shares with market value aggregating to Rs 58.8 million (2020: Rs 34.5 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

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

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

As at June 30, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1,7038 million (2020: 0.08814 million).

## 5.1.2 Listed equity securities - Preference Shares

Name of investee company	As at July 1, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at June 30, 2021	As at June 30, 2021			Market value as percentage of net assets	Market value as percentage of total investments
						Carrying value	Market value	Unrealised appreciation / (diminution)		

Engro Polymer and Chemicals Limited

- - 2,000,000 - - 2,000,000 20,000 22,400 2,400 2.46 2.93

**5.1.2.1** These shares carry dividend at the rate of 6 months KIBOR + 3.5% per annum on cumulative basis. The rate prevailing on June 30 and December 31 will be considered.

#### 5.1.1.2 Sukuk Certificates - Listed debt securities

Certificates having a face value of Rs. 100,000 each unless stated otherwise

Tenor	Face value				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)			
Dawood Hercules Corporation Limited	452	-	452	-	-	-	-	-	-	-
<b>Total as at June 30, 2021</b>										
Total as at June 30, 2020					36,088	36,819	731			

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

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Dawood Hercules Corporation Limited	3 months KIBOR + 1%	1-Mar-18	1-Mar-23	AA

### 5.1.1.3 Market Treasury Bills - Government Securities

Tenor	Issue date	Face value				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Rupees in 000)										
Market Treasury bills - 3 months	31-Dec-20	150,000	50,000	200,000	-	-	-	-	-	-
Market Treasury bills - 3 months	25-Mar-21	-	250,000	250,000	-	-	-	-	-	-
Market Treasury bills - 3 months	14-Jan-21	-	110,000	110,000	-	-	-	-	-	-
Market Treasury bills - 3 months	11-Feb-21	-	3,000,000	3,000,000	-	-	-	-	-	-
Market Treasury bills - 3 months	8-Apr-21	-	50,000	50,000	-	-	-	-	-	-
Market Treasury bills - 3 months	28-Jan-21	-	500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	10-Sep-20	-	1,400,000	1,400,000	-	-	-	-	-	-
Market Treasury bills - 3 months	20-May-21	-	1,200,000	1,200,000	-	-	-	-	-	-

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

Tenor	Issue date	Face value				As at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)		
										(Rupees in 000) (%)
Market Treasury bills - 3 months	27-Aug-20		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	6-May-21		50,000	50,000	-	-	-	-	-	-
Market Treasury bills - 3 months	2-Jul-20		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	17-Dec-20		75,000	75,000	-	-	-	-	-	-
Market Treasury bills - 3 months	19-Nov-20		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	23-Apr-20		1,875,000	1,875,000	-	-	-	-	-	-
Market Treasury bills - 3 months	5-Nov-20		550,000	550,000	-	-	-	-	-	-
Market Treasury bills - 3 months	22-Apr-21		550,000	550,000	-	-	-	-	-	-
Market Treasury bills - 3 months	17-Jun-21		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 3 months	8-Oct-20		3,650,000	3,650,000	-	-	-	-	-	-
Market Treasury bills - 3 months	24-Sep-20		50,000	50,000	-	-	-	-	-	-
Market Treasury bills - 3 months	16-Jul-20		10,650,000	10,650,000	-	-	-	-	-	-
Market Treasury bills - 3 months	3-Dec-20		175,000	175,000	-	-	-	-	-	-
Market Treasury bills - 3 months	25-Feb-21		1,600,000	1,600,000	-	-	-	-	-	-
Market Treasury bills - 3 months	3-Jun-21		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	17-Jun-21		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	7-May-20		50,000	50,000	-	-	-	-	-	-
Market Treasury bills - 6 months	13-Feb-20		125,000	125,000	-	-	-	-	-	-
Market Treasury bills - 6 months	20-May-21		500,000	500,000	-	-	-	-	-	-
Market Treasury bills - 6 months	24-Sep-20		100,000	100,000	-	-	-	-	-	-
Market Treasury bills - 6 months	23-Apr-20		2,950,000	2,950,000	-	-	-	-	-	-
Market Treasury bills - 6 months	26-Mar-20		300,000	300,000	-	-	-	-	-	-
Market Treasury bills - 6 months	2-Jul-20		480,000	480,000	-	-	-	-	-	-
Market Treasury bills - 6 months	16-Jul-20		6,100,000	6,100,000	-	-	-	-	-	-
Market Treasury bills - 6 months	18-Jun-20		6,030,000	6,030,000	-	-	-	-	-	-
Market Treasury bills - 12 months	12-Sep-19		100,000	100,000	-	-	-	-	-	-
Market Treasury bills - 12 months	26-Sep-19		1,825,000	1,825,000	-	-	-	-	-	-
Market Treasury bills - 12 months	10-Oct-19		2,150,000	2,150,000	-	-	-	-	-	-
Market Treasury bills - 12 months	21-Nov-19		150,000	150,000	-	-	-	-	-	-
Market Treasury bills - 12 months	16-Aug-19		200,000	200,000	-	-	-	-	-	-
Market Treasury bills - 12 months	19-Dec-19		7,250,000	7,250,000	-	-	-	-	-	-
Market Treasury bills - 12 months	4-Jun-20		110,000	110,000	-	-	-	-	-	-
Market Treasury bills - 12 months	5-Dec-19		1,500,000	1,500,000	-	-	-	-	-	-
Market Treasury bills - 12 months	7-Nov-19		50,000	50,000	-	-	-	-	-	-
Market Treasury bills - 12 months	24-Oct-19		688,915	688,915	-	-	-	-	-	-
<b>Total as at June 30, 2021</b>						-	-	-	-	-
Total as at June 30, 2020						149,547	149,592	45		

#### 5.1.1.4 Pakistan investment bonds - Government Securities

#### 5.1.1.5 Pakistan Investment Bonds - Floating Rate Bond (FRB) - Government Securities

**465 MCB PAKISTAN ASSET ALLOCATION FUND**

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

## 5.1.6 Government of Pakistan (GoP) Ijarah sukuks - Government securities

Name of investee company	Face Value			As at June 30, 2021		Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Market value			

(Rupees in 000)

GoP Ijarah Sukuks

Total as at June 30, 2021

Total as at June 30, 2020

-	62,500	62,500	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

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

Note

## 5.2 Unrealised diminution on re-measurement of investments at fair value through profit or loss - net

Market value as at June 30

Carrying value as at June 30

5.1.1, 5.1.2, 5.1.3, 5.1.4, & 5.1.5	744,495	1,290,075
5.1.1, 5.1.2, 5.1.3, 5.1.4, & 5.1.5	(703,860)	(1,360,847)
	40,635	(70,772)



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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>6. DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable	1,076	405
Profit receivable on:		
Sukuk certificates / term finance certificates	-	271
Government securities	-	8,742
Deposits with banks	468	956
	<b>1,544</b>	<b>10,374</b>
<b>7. ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES</b>		
Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited	100	100
Advance tax	415	395
Other receivables	40	34
Receivable against bonus shares withheld	1,056	-
Prepayments	-	88
	<b>4,111</b>	<b>3,117</b>
<b>8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>		
Management remuneration payable	1,916	2,084
Sindh sales tax payable on management remuneration	249	271
Sales load payable	17	246
Payable against allocated expenses	81	104
Payable against selling and marketing expenses	-	4,033
	<b>2,263</b>	<b>6,738</b>

**8.1** The Management Company has charged remuneration at a rate of 2% per annum of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

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

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

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

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

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

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

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

		June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN</b>	<b>Note</b>		
Trustee remuneration payable	9.1	163	188
Sindh Sales Tax payable on trustee remuneration	9.2	21	24
		<u>184</u>	<u>212</u>

- 9.1** Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the year

Net Assets Value (NAV)	Tariff per annum
Up to Rs 1,000 million	0.20% per annum of Net Assets
On an amount exceeding Rs. 1,000 million	Rs 2 million plus 0.10% per annum of Net Assets exceeding Rs 1,000 million, whichever is higher

- 9.2** Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2020: 13%).

		June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>		
Annual fee payable to the SECP	10.1	<u>249</u>	<u>300</u>

- 10.1** Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period. Previously, the rate of annual fee applicable to asset allocation scheme was 0.095% of the daily average annual net assets of the Fund.

		June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 ----- (Rupees in '000) -----
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>		
Provision against Sindh Workers' Welfare Fund	11.1	15,700	9,073
Provision for Federal Excise Duty and related tax on			
- Management fee	11.2	19,027	19,027
- Sales load		16,173	16,173
Withholding tax payable (deducted on capital gains)		378	2
Auditors' remuneration payable		497	558
Brokerage payable		662	946
Others		264	258
		<u>52,701</u>	<u>46,037</u>

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

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

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

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not Financial Institutions as

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

required by SWWF act, 2014 MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF Is payable by them SRB on November 11 2016 responded back that as mutual funds are included in definition of financial Institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e May 21, 2015 Accordingly, on January 12, 2017, MUFAP instruded to provide for SWWF With effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue the aggregate balance of SWWF provision in the book of accounts of the Fund as on June 30, 2021 is Rs 15.7 million (June 30, 2020 Rs 9.073 million).

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

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to 12, 2021, on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 1.4916 (2020: Re 0.4796) per unit.

## 11.2 Federal Excise Duty and related tax payable

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

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and Sales Load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2021 aggregates to Rs. 19.027 million (June 30, 2020: Rs. 19.027 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Rs. 1.8076 per unit (June 30, 2020: Re.1.0056 per unit).

## 12. CONTINGENCIES AND COMMITMENTS

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

## 13. MARKUP / RETURN ON INVESTMENTS

Government securities  
Term finance certificates / sukuk certificates  
Commercial paper

June 30, 2021	June 30, 2020
----- (Rupees in '000) -----	
8,518	23,273
573	22,863
-	1,589
<b>9,091</b>	<b>47,725</b>

## 14. AUDITORS' REMUNERATION

Annual audit fee  
Half yearly review fee  
Other certifications  
Out of pocket expenses

420	420
236	236
50	50
13	124
<b>719</b>	<b>830</b>

**470 MCB PAKISTAN ASSET ALLOCATION FUND**

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

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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company including indirect taxes	33,031	33,875
Allocated expenses	1,245	1,499
Selling and marketing expenses	11,085	15,730
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	2,531	2,826
CDC settlement charges	180	243
<b>MCB Bank Limited - Holding Company of the Management Company</b>		
Purchase of shares 2021: 365,000 (2020: 414,205)	62,870	63,646
Sale of shares 2021: 610,205 (2020: 629,300)	115,290	107,807
Dividend income	10	839
Profit on bank balances	5	47
Bank charges	8	14
Sale of securities face value 2021: 50 million (2020: Nil)	106,348	-
<b>D. G. Khan Cement Company Limited - Group Company of Parent Company</b>		
Purchase of Shares 2021: 800,170 (2020: 685,000)	87,419	51,780
Sale of Shares 2021: 724,500 (2020: 685,000)	78,003	51,577
<b>Adamjee Insurance Company Limited - Group Company of Parent Company</b>		
Purchase of Shares 2021: NIL (2020: 760,000)	-	29,012
Sale of Shares 2021: 746,000 (2020: 295,000)	32,876	12,046
Dividend income	896	865
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Purchase of Shares 2021: 1,374,300 (2020: NIL)	129,338	-
Sale of Shares 2021: 3,140,244 (2020: 312,000)	294,896	10,949
Brokerage expense *	642	464
<b>Nishat Mills Limited - Group Company of Parent Company</b>		
Purchase of Shares 2021: 200,000 (2020: NIL)	21,378	-
Sale of Shares 2021: 250,000 (2020: 1,100)	28,879	71
<b>Nishat (Chunian) Limited - Group Company of Parent Company</b>		
Sale of Shares 2021: NIL (2020: 250,000)	-	9,403
<b>Lalpir Power Limited</b>		
Purchase of Shares 2021: 1,800,000 (2020: NIL)	23,400	-
Sale of Shares 2021: 1,095,000 (2020: NIL)	18,152	-
Dividend income	2,245	-

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

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>Power Cement Limited</b>		
Purchase of Shares 2021: 1,375,000 (2020: NIL)	15,283	-
Sale of Shares 2021: 1,189,000 (2020: NIL)	12,015	-
<b>Pakgen Power Limited</b>		
Purchase of Shares 2021: 292,500 (2020: NIL)	4,751	-
Sale of Shares 2021: 292,500 (2020: NIL)	6,081	-
Dividend income	229	-
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>17.3 Details of balances with related parties / connected persons as at year end</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	1,916	2,084
Sindh sales tax payable on management remuneration	249	271
Sales load payable	17	246
Payable against allocated expenses	81	104
Payable against selling and marketing expenses	-	4,033
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	163	188
Sindh Sales Tax payable on trustee remuneration	21	24
Security deposits	100	100
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	8,432	7,066
Shares held by the Fund 2021: NIL (2020: 264,205)	-	42,820
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage expense *	173	43
<b>Lalpir Power Limited</b>		
Shares held by the Fund 2021: 705,000 (2020: NIL)	12,591	-
<b>Power Cement Limited</b>		
Shares held by the Fund 2021: 186,000 (2020: NIL)	1,787	-

\* The amount disclosed represents the amount of brokerage expense or brokerage payable to related parties / 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 related parties / connected persons.

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

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

The following table shows financial instruments recognised at fair value based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

	June 30, 2021						
	Carrying amount		Fair Value				
Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income'	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Ordinary shares - Listed	-	742,095	-	742,095	742,095	-	742,095
	-	742,095	-	742,095	742,095	-	742,095
<b>Financial assets not measured at fair value</b>							
Bank balances	172,930	-	-	172,930			
Dividend and profit receivable	1,544	-	-	1,544			
Receivable against sale of investments	32,702	-	-	32,702			
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	1,134			
Deposits and other receivables	2,640	-	-	2,640			
	210,950	-	-	210,950			
<b>Financial liabilities not measured at fair value</b>							
Payable against purchase of investments	9,425	-	-	9,425			
Payable to the Management Company	2,014	-	-	2,014			
Payable to the Trustee	163	-	-	163			
Payable against redemption of units	31	-	-	31			
Accrued expenses and other liabilities	1,423	-	-	1,423			
	13,056	-	-	13,056			



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

June 30, 2020

		Carrying amount		Fair Value			
		Fair value through profit or loss	Fair value through other comprehensive income'	Tdal	Level 1	Level 2	Level 3
Amortised Cost							Total
(Rupees in '000)							
Ordinary shares - Listed	-	897,535	-	897,535	897,535	-	897,535
Sukuk certificates - Listed	-	36,819	-	36,819	-	36,819	36,819
Market treasury bills	-	149,592	-	149,592	-	149,592	149,592
Pakistan investment bonds	-	105,229	-	105,229	-	105,229	105,229
Pakistan investment bonds - FRB	-	100,900	-	100,900	-	100,900	100,900
	-	1,290,075	-	1,290,075	897,535	392,540	1,290,075

## Financial assets measured at fair value

Ordinary shares - Listed  
Sukuk certificates - Listed  
Market treasury bills  
Pakistan investment bonds  
Pakistan investment bonds - FRB

## Financial assets not measured at fair value

Bank balances  
Dividend and profit receivable  
Receivable against sale of investments  
Receivable from National Clearing Company of Pakistan Limited  
Deposits and other receivables

## Financial liabilities not measured at fair value

Payable against purchase of investments  
Payable to the Management Company  
Payable to the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

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

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

## 19. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 19.1 Market risk

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

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

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

#### 19.1.1 Currency risk

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

#### 19.1.2 Yield / Interest rate risk

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

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

	Note	June 30, 2021	June 30, 2020
		----- (Rupees) -----	-----
<b>Variable rate instrument (financial asset)</b>			
Bank balance	4.	164,510	191,479
Sukuk certificates - Listed	5.1.4	-	36,819
Pakistan Investment Bonds - FRB	5.1.5	-	100,900
		<b>164,510</b>	<b>329,198</b>
<b>Fixed rate instruments (financial assets)</b>			
Market Treasury Bills	5.1.3	-	149,592
Pakistan Investment Bonds	5.1.4	-	105,229
		<b>-</b>	<b>254,821</b>

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

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs 1.65 million (2020: Rs 3.29 million).

#### b) Fair value sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2021, the net income for the year and net assets would be lower / higher by Rs. NIL (2020: Rs.2.55 million ).

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

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

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

Particulars	As at June 30, 2021					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
% ----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.50 to 9.75	164,510	-	-	8,420	172,930
Investments	7.90 to 13.96	-	-	-	742,095	742,095
Dividend and profit receivable		-	-	-	1,544	1,544
Receivable against sale of investments		-	-	-	32,702	32,702
Receivable from National Clearing Company of Pakistan Limited		-	-	-	1,134	1,134
Deposits and other receivables		-	-	-	2,640	2,640
Sub total		164,510	-	-	788,535	953,045
Financial liabilities						
Payable against purchase of investments		-	-	-	9,425	9,425
Payable to the Management Company		-	-	-	2,014	2,014
Payable to the Trustee		-	-	-	163	163
Payable against redemption of units		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	1,423	1,423
Sub total		-	-	-	13,056	13,056
On-balance sheet gap		164,510	-	-	775,479	939,989
Total interest rate sensitivity gap		164,510	-	-	775,479	939,989
Cumulative interest rate sensitivity gap		164,510	164,510	164,510		

Particulars	As at June 30, 2020					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
% ----- (Rupees in '000) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.50 to 7.83	191,479	-	-	6,840	198,319
Investments	7.90 to 13.96	149,592	-	242,948	897,535	1,290,075
Dividend and profit receivable		-	-	-	10,374	10,374
Receivable against sale of investments		-	-	-	12,868	12,868
Receivable from National Clearing Company of Pakistan Limited		-	-	-	3,737	3,737
Deposits and other receivables		-	-	-	2,634	2,634
<b>Sub total</b>		341,071	-	242,948	933,988	1,518,007
<b>Financial liabilities</b>						
Payable against purchase of investments		-	-	-	165,692	165,692
Payable to the Management Company		-	-	-	6,467	6,467
Payable to the Trustee		-	-	-	188	188
Payable against redemption of units		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	1,762	1,762
<b>Sub Total</b>		-	-	-	174,140	174,140
<b>On-balance sheet gap</b>		341,071	-	242,948	759,848	1,343,867
<b>Total interest rate sensitivity gap</b>		341,071	-	242,948	759,848	1,343,867
<b>Cumulative interest rate sensitivity gap</b>		341,071	341,071	584,019		

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

## 19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement by Rs 38.22 million (2020: Rs 44.88 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

## 19.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

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

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

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

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and	Maximum exposure
	----- (Rupees in '000) -----			
Bank balances	172,930	172,930	198,319	198,319
Investments	742,095	-	1,290,075	392,540
Dividend and profit receivable	1,544	1,544	10,374	10,374
Receivable against sale of investments	32,702	32,702	12,868	12,868
Receivable from National Clearing Company of Pakistan Limited	1,134	1,134	3,737	3,737
Deposits and other receivables	2,640	2,640	2,634	2,634
	<b>953,045</b>	<b>210,950</b>	<b>1,518,007</b>	<b>620,472</b>

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

### Bank Balances by rating category

Rating	2021		2020	
	Rupees in '000	%	Rupees in '000	%
AAA	145,872	84.35%	133,049	67.09%
AA+	25,211	14.58%	65,127	32.84%
AA-	21	0.01%	14	0.01%
AA	1,773	1.03%	28	0.01%
A+	30	0.02%	23	0.01%
A-	3	0.00%	52	0.03%
A	21	0.01%	26	0.01%
	<b>172,930</b>	<b>100%</b>	<b>198,319</b>	<b>100%</b>

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

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formally JCR-VIS Credit Rating Company Limited) as of June 30, 2021.

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

### Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

### Settlement risk

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

### 19.3 Liquidity risk

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

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

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

June 30, 2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- (Rupees in "000) -----						
<b>Financial assets</b>						
Bank balances	172,930	-	-	-	-	172,930
Investments	742,095	-	-	-	-	742,095
Dividend and profit receivable	1,544	-	-	-	-	1,544
Receivable against sale of investments	32,702	-	-	-	-	32,702
Receivable from National Clearing Company of Pakistan Limited	1,134	-	-	-	-	1,134
Deposits and other receivables	2,640	-	-	-	-	2,640
	953,045	-	-	-	-	953,045

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

June 30, 2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
	----- (Rupees in '000) -----					

## Financial liabilities

Payable to the Management Company	2,014	-	-	-	-	2,014
Payable against purchase of investments	9,425	-	-	-	-	9,425
Payable to the Trustee	163	-	-	-	-	163
Payable against redemption of units	31	-	-	-	-	31
Accrued expenses and other liabilities	1,423	-	-	-	-	1,423
	13,056	-	-	-	-	13,056
	939,989	-	-	-	-	939,989

June 30, 2020	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
	----- Rupees in '000 -----					

## Financial assets

Bank balances	198,319	-	-	-	-	198,319
Investments	897,535	149,592	-	142,048	100,900	1,290,075
Dividend and profit receivable	10,374	-	-	-	-	10,374
Receivable against sale of investments	12,868	-	-	-	-	12,868
Receivable from National Clearing Company of Pakistan Limited	3,737	-	-	-	-	3,737
Deposits and other receivables	2,634	-	-	-	-	2,634
	1,125,467	149,592	-	142,048	100,900	1,518,007

## Financial liabilities

Payable to the Management Company	6,467	-	-	-	-	6,467
Payable against purchase of investments	165,692	-	-	-	-	165,692
Payable to the Trustee	188	-	-	-	-	188
Payable against redemption of units	31	-	-	-	-	31
Accrued expenses and other liabilities	1,762	-	-	-	-	1,762
	174,140	-	-	-	-	174,140
	951,327	149,592	-	142,048	100,900	1,343,867

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

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

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

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

**20.1** Mr. Syed Abid Ali is the fund manager. Details of the other funds being managed by him are as follows:

- Pakistan Capital Market Fund;
- MCB Pakistan Stock Market Fund; and
- Pakistan Pension Fund;
- Alhamra Islamic Active Allocation Plan I & II;
- Alhamra Smart Portfolio.

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

	June 30, 2021 (Percentage)
1 DJM Securities Private Limited	7.93
2 Arif Habib Limited	7.71
3 EFG Hermes Pakistan Limited	7.43
4 Top Line Securities (Private) Limited	7.41
5 Alfalah Clsa Securities (Private) Limited	6.11
6 Habib Metro Financial Services	4.68
7 JS Global Capital Limited	4.55
8 Foundation Securities Limited	4.35
9 Khadim Ali Shah Bukhari Securities	4.31
10 BMA Capital Management Limited	4.25
	June 30, 2020 (Percentage)
1 EFG Hermes Pakistan Limited	7.31
2 JS Global Capital Limited	7.81
3 Arif Habib Limited	6.79
4 Foundation Securities Limited	6.53
5 Khadim Ali Shah Bukhari Securities	5.95
6 Top Line Securities (Private) Limited	5.59
7 Alfalah Clsa Securities (Private) Limited	4.87
8 BMA Capital Management Limited	4.81
9 Ismail Iqbal Securities (Private) Limited	4.44
10 Taurus Securities Limited	4.21

**22. PATTERN OF UNIT HOLDING**

Following is the holding patterns of the Fund as at June 30, 2021 and June 30, 2020.

	As at June 30, 2021			
	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage investment %
Individuals	1,061	5,528,409	479,035	52.52
Associated companies	4	1,151,850	99,807	10.94
Retirement funds	20	3,783,692	327,856	35.95
Others	84	61,918	5,365	0.59
	<b>1,169</b>	<b>10,525,869</b>	<b>912,063</b>	<b>100</b>



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

	As at June 30, 2020			
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	1,193	8,887,362	610,382	46.97
Associated companies	4	6,067,900	416,742	32.07
Retirement funds	24	3,695,234	253,788	19.53
Others	25	270,371	18,568	1.43
	<u>1,246</u>	<u>18,920,867</u>	<u>1,299,480</u>	<u>100</u>

### 23. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

### 24. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

### 25. CORRESPONDING FIGURES

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

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

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### 26 Impact of COVID-19

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

### 27 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Board of the Directors of the Management Company declared distribution on July 01, 2021 Re. 0.6 per unit. The Financial Statements of the Fund for the year ended June 30, 2021 do not include the effect of these distributions which will be accounted for in the Financial Statements of the Fund for the year ending June 30, 2022.

### 28. DATE OF AUTHORISATION FOR ISSUE

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit Holdings	Total Units Held
529	001-10,000	38,079
327	10,001 – 100,000	126,931
179	100,001 – 1,000,000	788,592
134	1,000,001+	9,572,268
<b>1169</b>		<b>10,525,869</b>

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

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	912.06	1,299	2,048	3,213	3,439
Net Assets value per unit – Rupees	86.6497	68.6797	71.2294	78.9595	81.03
Closing Offer Price	89.5871	71.0079	73.6441	81.6362	83.7731
Closing Repurchase Price	83.7123	68.6797	68.8147	78.9595	81.03
Highest offer price per unit	92.5623	86.2307	83.6050	88.3454	98.54
Lowest offer price per unit	71.6108	59.6626	71.8670	77.9099	82.13
Highest Redemption price per unit	89.5273	83.4033	80.8637	85.4487	90.77
Lowest Redemption price per unit	69.2628	57.7064	69.5106	75.3554	79.35
Distribution per unit – Rs. *		-			5.50
<b>Average Annual Return - %</b>					
One year	26.16	-3.58	-9.79	-2.55	9.54
Two year (inception date Mar 11, 2008)	11.29	-6.69	-6.17	3.50	6.38
Three year	4.26	-5.31	-0.93	3.40	10.72
Net Income / (loss) for the period – Rs. in million	324.7	(40.76)	(280.60)	(76.24)	331.04
Distribution made during the year – Rs. in million*	173.2504	-	-	-	209.24
Accumulated Capital Growth – Rs. in million	151.4496	(40.76)	(280.60)	(84.09)	121.80

\* Date of Distribution

2021	
Date	Rate

NIL

2020	
Date	Rate

NIL

2019	
Date	Rate

NIL

2018	
Date	Rate

NIL

2017	
Date	Rate

June 21, 2017      5.50

Distribution was declared on 1 July 2021, for the year ended June 30, 2021.

### Disclaimer

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

**PROXY ISSUED BY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

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The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of MCB Pakistan Asset Allocation Fund – MCB-PAAF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company's website ([www.mcbah.com](http://www.mcbah.com)).

During the financial year ended June 30, 2021, the Management Company on behalf of MCB-PAAF participated in ten (10) shareholders' meetings. Summary of actual proxies voted during the financial year are as follows:

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Reason for Abstaining</b>
Number	42	42	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of MCB-PAAF will be provided without any charges upon request of the Unit Holders.

**MCB-Arif Habib Savings and Investments Limited**

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