



ANNUAL REPORT 2022

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



MCB PAKISTAN STOCK MARKET FUND

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FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Stock Market Fund** accounts review for the year ended June 30, 2022.

Economy and Money Market Review

Fiscal year 2022 (FY22) remained a difficult year for Pakistan as the country faced multiple challenges on macroeconomic front along with political uncertainty. While the economy weathered the Covid challenge relatively well, reopening of global economies and supply chain disruptions stimulated a spike in global commodity prices increasing pressure on trade deficit. Russia- Ukraine war pushed the commodity prices even further, exacerbating the already widening trade deficit with highest ever import bill during the year. A spike in energy and food prices coupled with a weak exchange rate led to a sharp pickup in domestic inflation. Commodity price led Inflationary trends were also visible in global economies particularly US and Eurozone and consequent tightening has raised fears of a broader recession.

Pakistan's economy was already coping with macroeconomic challenges and the political upheaval further aggravated the situation. The elevated political noise led to populist measures like fuel and power subsidies undermining the much needed fiscal adjustments. In addition, an unscheduled change of country's leadership and ensuring political uncertainty led to delay in policy actions and adjustments needed for IMF program.

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports.

Foreign exchange reserves of central bank declined by USD 7.4bn in FY22 on account of higher current account deficit and debt repayments. In addition, delay in IMF program led to slowdown in other foreign inflows which dragged the reserves to USD 9.8bn, implying an import cover of 1.7 months. These outflows coupled with widening current account deficit led PKR to weaken by 23.0% against USD since start of the fiscal year.

Inflation remained highly concerning as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 12.1% in FY22 compared to 8.9% in FY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which kept the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upwards trend with an increase of 12.3% in June 2022 compared to 6.9% in June 2021. Expectations of above 20% in the next fiscal year along with weak fiscal framework, led SBP to increase policy rate by a cumulative 625bps to 13.75% in the fiscal year to counter inflationary pressures and slowdown the overall aggregate demand. It further increased policy rate by 125 basis points to 15% in July-22.

On the fiscal side, FBR tax collection increased by 29.1% in FY22 to PKR 6,125bn compared to PKR 4,744bn during the same period last year. This exceeded the target by 25bn. The improved tax collection was primarily on the back of higher customs duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in FY22 as SBP started the monetary tightening cycle. The depreciation in the rupee along with persistently high energy prices will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 4.5%, 3.4% and 3.0%, respectively during the period.

Equity Market Review

After posting a healthy gain of 38% in FY21, the benchmark KSE-100 Index corrected by 12.3% in FY22, losing 5,815 points to end the year at 41,541 points. The market remained volatile throughout the year, but took a downturn in the second half of the fiscal year as Russia-Ukraine war worsened several macroeconomic indicators fueling concern over external account position. The widening current account deficit, rapidly depleting reserves (PKR touching an all-time low of PKR211/USD), downgrade of Pakistan's outlook to negative by Moody's, and delay in the approval of IMF's sixth and seventh review created default fears among the investors. In addition, a high inflationary environment caused by a global commodity super cycle, rupee depreciation, and rising interest rates further added to the investors' woes. Moreover, the budget also proved to be a negative event for the market, incorporating painful but necessary measures to enhance revenue collection and control expenditures in line with the IMF's direction.

Fertilizer and Chemical were the outperformers during the year, posting a return of 13.9% and 6.1%, respectively. On the contrary, Cement remained the worst performing sector with a negative return of -43.8% thanks to rising international coal prices (+189% YoY to USD 332/ton). Average traded volume and value during FY22 went down by 45% (291mn shares) and value by 54% (USD 55mn), respectively.

During the year, MSCI reclassified Pakistan from the Emerging Markets Index to Frontier Markets Index. As a result, Foreign investors offloaded USD 298mn worth of equities during FY22. Individuals were the major buyers followed by Banks/DFIs. They bought shares worth USD 157mn and USD 115mn, respectively.

FUND PERFORMANCE

During the period, PSM generated a return of -16.53% as compared to a return of -12.28% witnessed by the KSE100 Index. Overall equity exposure stood at 94.5% on June 30, 2022. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. The allocation was mainly held in Commercial Banks, Cement and Oil & Gas Exploration Companies.

The Net Assets of the fund as at June 30, 2022 stood at Rs. 8,875 million as compared to Rs. 12,397 million as at June 30, 2021 registering a decrease of 28.41%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 86.5039 as compared to opening NAV of Rs. 103.6294 per unit as at June 30, 2021 registering a decrease of -17.1255 per unit.

Economy & Market – Future Outlook

The government has taken several harsh steps including increasing petroleum, electricity and gas prices to meet the IMF prior conditions. It has also increased interest rate to 15% and made changes in the FY23 Budget to targets primary fiscal surplus in FY23. These steps have led to a successful staff level agreement with IMF and should pave the way for the disbursement of USD 1.2bn from the fund under the combined 7th and 8th review of the Extended Fund Facility (EFF). The government was also able to convince IMF to increase funding by USD 1 billion to USD 7 billion and extend the duration till June 2023 compared to September 2022 earlier. IMF program shall provide stability to the external account and provide a window to policy makers requiring

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

continued fiscal discipline and measured trade account policies in the short term while focus on the economic policies that can support sustainable growth in the long term.

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector grew by 4.4%, 7.2% and 6.2% respectively. However, we expect GDP growth to sharply decline to a range of 2.5-3.0% in FY23. The monetary tightening and rupee devaluation would lead to slowdown in economy and would impact industrial growth. The government is also focusing on controlling imports to curtail current account deficit which would affect services sector growth.

The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 14% YoY to USD 63bn as we will witness volumetric compression in several segments of the economy. Thus we expect the current account deficit to ease to USD 7.6bn (2.0% of GDP) in FY23 compared to expected current account deficit of USD 16.5bn (4.2% of GDP) in FY22.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone as we await funding commitment from friendly countries. Sustaining remittances along with bilateral and multilateral flows would also be crucial in managing our external position. USD/PKR is trading in a range of 225-230 due to ensuing political uncertainty and delay in IMF tranche. We expect Rupee to recover post disbursement of IMF tranche along with receipts from friendly countries. We expect however USD/PKR to depreciate by the close of fiscal year to 235.

CPI based inflation for June 2022 clocked at 21.3% on the back of increase in petroleum and electricity prices as the relief measures announced by the previous government were reversed. We will witness the second round impact of currency devaluation and petroleum price increase which will keep inflation elevated for the remainder of the year. We expect FY23 average inflation to clock at 21.8%. SBP increased the policy rate to 15% to slowdown aggregate demand and ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts fiscal position and does little to tame cost push inflation. We thus SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 9.5%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

The details of above 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. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The Board of Directors is pleased to report that:

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

- j. As at June 30, 2022, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2022:

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 | 8 | 1 |
| 4. Mr. Kashif A. Habib | 9 | 9 | 6 | 3 |
| 5. Syed Savail Meekal Hussain | 9 | 9 | 9 | - |

2. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

- n. 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, 2022

| S. No. | Name | Designation | Investment | Redemption | Dividend Distribution |
|--------|---------------------------|--|-------------------|------------|-----------------------|
| | | | (Number of Units) | | |
| 1 | Muhammad Saqib Saleem | Chief Executive Officer | 20,630.89 | 20,630.89 | 0 |
| 2 | Muhammad Asif Mehdi Rizvi | Chief Operating Officer/ Chief Financial Officer | 391.165 | 1849.8637 | 0 |
| 3 | Nasim Beg | Director | 203 | 1039 | 0 |
| 4 | Mobin Ahmed Siddiqui | Chief Internal Auditor | 10,325.04 | 5,335.59 | 0 |

External Auditors

The fund's external auditors, **M/s Ernst & Young Ford Rhodes Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2023. The audit committee of the Board has recommended reappointment of **M/s Ernst & Young Ford Rhodes Chartered Accountants** as auditors of the fund for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee.

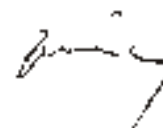
ACKNOWLEDGMENT

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
August 15, 2022



Nasim Beg
Director and Vice Chairman

ڈائریکٹرز رپورٹ

n. فنڈ کے یونٹس میں تجارت دوران سال ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانسئل آفیسر، کمپنی سیکرٹری، اور مینجمنٹ کمپنی کے چیف انٹرئل آڈیٹر اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کی گئی۔

| نمبر شمار | نام | عہدہ | سرمایہ کاری | واپسی | ڈیویڈنڈ کی تقسیم |
|-----------|--------------------|-------------------------------|-------------|-----------|------------------|
| | | | | | یونٹس کی تعداد |
| ۱ | محمد ثاقب سلیم | چیف ایگزیکٹو آفیسر | 20,630.89 | 20,630.89 | - |
| ۱ | محمد آصف مہدی رضوی | چیف آپریٹنگ ایڈمنسٹریٹو آفیسر | 391.165 | 1849.8637 | - |
| ۱ | نسیم بیگ | ڈائریکٹر | 203 | 1,039 | - |
| ۱ | مہین احمد صدیقی | چیف انٹرئل آڈیٹر | 10,325.04 | 5,335.59 | - |


خارجی آڈیٹرز


فنڈ کے خارجی آڈیٹرز 'ارنٹ اینڈ یوگ فورٹپا رٹرو اکاؤنٹنٹس' نے فنڈ کے آڈیٹرز برائے سال مختصہ 30 جون 2023ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے 'ارنٹ اینڈ یوگ فورٹپا رٹرو اکاؤنٹنٹس' کی فنڈ کے آڈیٹرز برائے سال مختصہ 30 جون 2023ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔ اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

اظہار تشکر

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

منجانب ڈائریکٹرز


نسیم بیگ
ڈائریکٹر اوپنس چیئر مین


محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
15 اگست 2022ء

ڈائریکٹرز رپورٹ

- ا۔ پراویڈنٹ / گھریلو بنی اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن منجمنٹ کمیٹی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔
- ج۔ 30 جون 2022 تک، کمیٹی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کوڈ کے ضابطہ نمبر 19 میں موجود ہے۔
- ک۔ این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔
- ل۔ بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کے سالانہ جائزے کے لیے ایک باضابطہ اور موثر طریقہ کار وضع کیا جاتا ہے۔
- م۔ بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختصہ 30 جون 2022ء 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 | | مطلوبہ حاضری | حاضری | منظور شدہ رخصت | نام | منعقدہ میٹنگز کی تعداد |
|-----------------|--------------------------|--------------|-------|----------------|-----|------------------------|
| | | | | | | |
| ۱۔ | مرزا محمد قریب (چیئرمین) | 9 | 9 | - | | 9 |
| ۲۔ | جناب نسیم بیگ | 9 | 9 | - | | 9 |
| ۳۔ | جناب احمد جہانگیر | 9 | 8 | 1 | | 9 |
| ۴۔ | جناب کاشف اے صبیح | 9 | 6 | 3 | | 9 |
| ۵۔ | سید ساویل میکانل حسین | 9 | 9 | - | | 9 |

۲۔ ہیومن ریسورس اینڈ میونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ میونریشن کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

| میٹنگز کی تعداد | | مطلوبہ حاضری | حاضری | منظور شدہ رخصت | نام | منعقدہ میٹنگز کی تعداد |
|-----------------|--------------------------------|--------------|-------|----------------|-----|------------------------|
| | | | | | | |
| ۱۔ | جناب مرزا قریب (چیئرمین) | 5 | 5 | - | | 5 |
| ۲۔ | جناب احمد جہانگیر | 5 | 2 | 3 | | 5 |
| ۳۔ | جناب نسیم بیگ | 5 | 2 | 3 | | 5 |
| ۴۔ | محترمہ ماوراء عادل خان | 5 | 5 | - | | 5 |
| ۵۔ | سید ساویل میکانل حسین | 5 | 2 | 3 | | 5 |
| ۶۔ | جناب محمد ثاقب سلیم (سی ای او) | 5 | 5 | - | | 5 |

ڈائریکٹرز رپورٹ

مندرجہ بالا تفصیلات درج ذیل ہیں:

| نمبر شمار | نام | عہدہ | دیگر بورڈ کمیٹیوں میں رکنیت |
|-----------|------------------------|-----------------------|--|
| 1. | جناب ہارون رشید | Non ایگزیکٹو ڈائریکٹر | کوئی نہیں |
| 2. | جناب نسیم بیگ | Non ایگزیکٹو ڈائریکٹر | (i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی * |
| 3. | جناب احمد جہانگیر | Non ایگزیکٹو ڈائریکٹر | (i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی * |
| 4. | جناب کاشف اے حبیب | Non ایگزیکٹو ڈائریکٹر | آڈٹ کمیٹی |
| 5. | سید سادیل میکان 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 ریوژنیشن

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

بورڈ آف ڈائریکٹرز کی طرف سے ہائرسز متقطع کیا جاتا ہے کہ:

- مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقدی آمدورفت 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 حنفی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینڈسٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- انٹرنل 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. وجہ الاداء ٹیکس، قانونی چارہ اور ڈیوٹیز (اگر کوئی ہیں تو) کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

ہیں کہ آئی ایم ایف کی قسط کے اجراء اور دوست ممالک سے حصول کے بعد روپیہ کی قدر بحال ہوگی۔ تاہم مالی سال کے اختتام تک روپے کی ڈالر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

سی پی آئی پر مبنی مہنگائی جون 2022ء کے لیے 21.3 فیصد کی سطح پر تھی جس کی وجہ پٹرول اور بجلی کی قیمتوں میں اضافہ تھا کیونکہ سابقہ حکومت کے اعلان کردہ امدادی اقدامات روک دیئے گئے۔ ہم روپے کی قدر میں کمی کے اثر کا دوسرا دور دیکھیں گے اور پٹرول کی قیمت میں اضافہ بھی ہوگا جس کے باعث سال کے بقیہ حصے میں مہنگائی بلند رہے گی۔ مالی سال 2023ء میں مہنگائی کا اوسط 21.8 فیصد متوقع ہے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 15 فیصد کر دیا تاکہ مجموعی مانگ کی رفتار اور مہنگائی کے دباؤ میں کمی لائی جاسکے۔ سود کی شرحوں میں غیر ضروری بلند سطح تک اضافے سے مالیاتی صورتحال متاثر ہوتی ہے اور cost-push مہنگائی کو قابو کرنے میں کوئی قابل ذکر مدد نہیں ملتی۔ چنانچہ ہم اُمید کرتے ہیں کہ ایس بی پی منفی شروع سود برقرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمپنیل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کٹل گئی ہے۔ مارکیٹ نے شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 10.1 فیصد ہو گیا ہے جو اس کے تاریخی اوسط سے 52 فیصد کی ہے۔ اسی طرح، خطرات کے پرمیئم 8.3 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 9.5 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر ہلکا سا پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی گہرائی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف (8) اراکین پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (CEO) شامل ہیں اور اس میں صنف اور علم کا متنوع امتزاج ہے۔ بورڈ 1 خاتون اور 7 مرد ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

4. غیر-ایگزیکٹو ڈائریکٹرز؛

3. آزاد ڈائریکٹرز؛ اور

1. ایگزیکٹو ڈائریکٹر (CEO)۔

فنز کی کارکردگی

دوران مدت فنڈ نے (16.53) فیصد منافع حاصل کیا، جبکہ کراچی اسٹاک ایکسچینج (کے ایس ای) 100 کا منافع (12.28) فیصد تھا۔ 30 جون 2022ء کے اختتام پر ایکویٹی میں مجموعی شمولیت 94.5 فیصد تھی۔ فنڈ خارجی عوامل کے حوالے سے چونکہ رہا اور بنیادی نوعیت کی تبدیلیوں کے پیش نظر سرمایہ کاری کی حکمت عملی میں ترمیم کی گئی۔ زیادہ تر اختصاص کمرشل بینکوں، سینٹ کے شعبے اور تیل اور گیس کی دریافت کی کمپنیوں میں رکھا گیا۔ 30 جون 2022ء کو فنڈ کے net اثاثہ جات 8,875 ملین روپے تھے جو 30 جون 2021ء کی سطح 12,397 ملین روپے کے مقابلے میں 28.41 فیصد کی کمی ہے۔

30 جون 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 86.5039 روپے تھی جو 30 جون 2021ء کو ابتدائی این اے وی 103.6294 روپے فی یونٹ کے مقابلے میں (17.1255) روپے فی یونٹ کی کمی ہے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

حکومت نے متعدد سخت فیصلے کیے ہیں بشمول پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ تاکہ آئی ایم ایف کی شرائط پوری کی جاسکیں۔ علاوہ ازیں، سود کی شرح کو بڑھا کر 15 فیصد کیا ہے اور مالی سال 2023ء کے بجٹ میں تبدیلیاں کی ہیں تاکہ مالی سال 2023ء میں بنیادی مالیاتی surplus کو ہدف بنایا جاسکے۔ ان اقدامات کے نتیجے میں آئی ایم ایف کے ساتھ اسٹاف سطح کا ایک کامیاب معاہدہ ہو گیا ہے جس کے بعد ایکسپنڈڈ فنڈ فیسلٹی (ای ایف ایف) کے مشترکہ ساتویں اور آٹھویں چارٹرے کے تحت فنڈ سے 1.2 بلین ڈالر کے اجراء کی راہیں ہموار ہوں گی۔ مزید برآں، حکومت آئی ایم ایف کو اس بات کے لیے قائل کرنے میں کامیاب ہوئی ہے کہ فنڈنگ کو 1 بلین ڈالر سے 7 بلین ڈالر کیا جائے اور ستمبر 2022ء کی بجائے جون 2023ء تک مدت کی توسیع کی جائے۔ آئی ایم ایف پروگرام سے خارجی اکاؤنٹ مستحکم ہوگا اور پالیسی سازوں کو دور کار مختصر مدت میں بلا رکاوٹ مالیاتی نظم و ضبط اور پینشن شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بٹا ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

بین الاقوامی اشیاء اپنی حالیہ بلندی سے نیچے آگئی ہیں لیکن توانائی کی قیمتیں بلندی پر ڈٹی ہوئی ہیں۔ ہم اُمید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام دے کر رکھے گی اور ڈالر کے غیر ضروری خارجی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 14 فیصد YoY کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ ہم دیکھیں گے کہ معیشت کے متعدد شعبوں کے حجم سکڑ جائیں گے۔ چنانچہ ہمیں اُمید ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ 7.6 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) کم ہوگا جبکہ اس کے بالمقابل مالی سال 2022ء میں متوقع کرنٹ اکاؤنٹ خسارہ 16.5 بلین ڈالر (جی ڈی پی کا 4.2 فیصد) تھا۔

آئی ایم ایف پروگرام کی کامیابی بحالی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دوطرفہ اور کثیرالاجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں گے۔ ڈالر روپے کی تجارت 225-230 کی حدود میں ہو رہی ہے جس کی وجہ متوقع سیاسی غیر یقینی حالات اور آئی ایم ایف کی قسط میں تاخیر ہے۔ ہم سمجھتے

ڈائریکٹرز رپورٹ

نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زبرد جائزہ مالی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر کل مالک کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی مالی سال 2022ء میں 29.1 فیصد بڑھ کر 6,125 بلین روپے ہو گئی جبکہ گزشتہ سال ماضی مدت کے دوران 4,744 بلین روپے تھی۔ یہ ہدف سے 25 بلین زائد تھا۔ ٹیکس وصولی میں بہتری کی بنیادی وجہ درآمدات میں اضافے کی بدولت کسٹمز ڈیوٹی میں اضافہ اور زیادہ سیلز ٹیکس کی وصولی ہے۔

دوسری بات یہ کہ بازاروں کے منافع میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا چکر شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دوران مدت یا ترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2021ء میں 38 فیصد بھرپور منافع پوسٹ کرنے کے بعد بیچ مارک KSE-100 انڈیکس میں مالی سال 2022ء میں 12.3 فیصد تنہج ہوئی، اور 5,815 پوائنٹس کم ہو کر اختتام سال پر 41,541 پوائنٹس تھا۔ بازار سال بھر غیر مستحکم رہا لیکن مالی سال کی نصف آخر میں کنٹرول کا شکار رہا کیونکہ روس یوکرین جنگ کے باعث متعدد مجموعی معاشی اشارے مزید بگڑ گئے جس سے خارجی اکاؤنٹ کی صورتحال پر تشویش میں اضافہ ہو گیا۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، تیزی سے گھٹتے ہوئے ذخائر (روپے کا پست ترین سطح تک پہنچنا یعنی 211 روپے فی ڈالر) Moody's کا پاکستان کے مستقبل کے منظر نامے کی درجہ بندی میں کمی کرنا، اور آئی ایم ایف کے چھٹے اور ساتویں جائزے میں تاخیر سے سرمایہ کاروں میں دیوالیہ ہونے کی تشویش پیدا ہو گئی۔ علاوہ ازیں، عالمی سطح پر اشیاء کی super cycle کے باعث پیدا ہونے والی بلند مہنگائی کا ماحول، روپے کی قدر میں کمی، اور سود کی بڑھتی ہوئی شرحوں نے سرمایہ کاروں کی پریشانیوں میں مزید اضافہ کیا۔ مزید برآں، بجٹ بھی مارکیٹ کے لیے منفی واقعہ ثابت ہوا جس میں تکلیف دہ لیکن ضروری اقدامات کیے گئے تاکہ آئی ایم ایف کی سمت کے مطابق آمدنی کے حصول میں بہتری آئے اور اخراجات پر قابو پایا جاسکے۔

دوران سال کھاد اور کیمیکل کارکردگی میں سبقت لے جانے والے شعبے تھے جنہوں نے ترتیب 13.9 فیصد اور 6.1 فیصد منافع پوسٹ کیا۔ اس کے برعکس سینٹ کمزور ترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا جس نے (43.8) فیصد منفی منافع پوسٹ کیا اور اس کی وجہ کوئلے کی بڑھتی ہوئی بین الاقوامی قیمتیں تھیں (189 + فیصد YoY کے نتیجے میں 332 ڈالر فی ٹن)۔ مالی سال 2022ء کے دوران اوسط تجارتی حجم اور قدر میں بالترتیب 45 فیصد (291 ملین حصص) کمی اور 54 فیصد کمی (55 ملین ڈالر) ہوئی۔

دوران سال MSCI نے پاکستان کی درجہ بندی کو امریکہ مارکیٹس انڈیکس سے تبدیل کر کے فریڈریک مارکیٹس انڈیکس کر دیا۔ اس کے نتیجے میں غیر ملکی سرمایہ کاروں نے 298 ملین ڈالر مالیت کی ایکویٹیز نکال لیں۔ جسکے بڑے خریدار افراد اور ان کے بعد بینک یا DFIs تھے جنہوں نے بالترتیب 157 ملین ڈالر اور 115 ملین ڈالر کی مالیت کے حصص خریدے۔

یورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ کے گوشواروں کا جائزہ برائے سال مختتمہ 30 جون 2022ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال 2022ء پاکستان کے لیے مشکل سال رہا کیونکہ ملک کو مجموعی معاشیاتی جہت میں متعدد چیلنج درپیش رہے اور ساتھ ساتھ سیاسی صورتحال بھی غیر یقینی رہی۔ اگرچہ معیشت نے کووڈ چیلنج کا بہتر انداز میں مقابلہ کیا لیکن عالمی معیشتوں کی بحالی اور زنجیر رسد میں رکاوٹوں کے باعث عالمی سطح پر اشیاء کی قیمتوں میں اضافہ ہوا جس سے تجارتی خسارے پر دباؤ میں بھی اضافہ ہوا۔ روس یوکرین جنگ کے نتیجے میں اشیاء کی قیمتیں مزید بڑھ گئیں جس کے باعث دوران سال اب تک کے سب سے بڑے درآمداتی بل نے پہلے سے پھیلنے والے تجارتی خسارے کو مزید متاثر کیا۔ توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ زرمبادلہ کی کمزور شرح کے نتیجے میں مقامی سطح پر مہنگائی میں تیزی سے اضافہ ہوا۔ اشیاء کی قیمتوں سے ہونے والی مہنگائی کے رجحانات بھی عالمی معیشتوں میں واضح نظر آئے، خصوصاً امریکا اور یورپی خطے میں، اور اس کے نتیجے میں ہونے والی مالیاتی سختی کے باعث وسیع تر کساد بازاری کا خوف پیدا ہو گیا ہے۔

پاکستان کی معیشت پہلے ہی مجموعی معاشیاتی چیلنجوں سے نہر و آزمائشوں میں تھی اور سیاسی افراتفری نے حالات میں مزید بگاڑ پیدا کر دیا۔ بڑھتی ہوئی سیاسی بائبل کے نتیجے میں عوامی سطح کے اقدامات کیے گئے، مثلاً ایندھن اور بجلی کی سبسڈیز جس سے مطلوبہ مالیاتی ترامیم کرنا مشکل ہو گیا۔ علاوہ ازیں، ملکی قیادت میں غیر متوقع تبدیلی اور اس سے پیدا ہونے والی سیاسی غیر یقینی صورتحال کے نتیجے میں آئی ایم ایف پروگرام کے لیے درکار پالیسی اقدامات اور ترامیم میں تاخیر ہوئی۔

مالی سال 2022ء کے ابتدائی گیارہ ماہ میں ملک کا CAD یعنی کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر تھا جبکہ گزشتہ سال مائش مدت میں 1.1 بلین ڈالر تھا۔ یہ مالی سال 2018ء کے ابتدائی گیارہ ماہ میں ہونے والے 15.9 CAD بلین ڈالر کے بعد اب تک کا سب سے بڑا خسارہ تھا۔ اس فنڈ کی بنیادی وجہ مالی سال 2022ء کے ابتدائی گیارہ ماہ میں درآمدات میں 36.5 فیصد اضافہ تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 26.7 فیصد تھا۔ تجارتی خسارہ 45.5 فیصد بڑھ کر 36.1 بلین ڈالر ہو گیا جبکہ گزشتہ سال مائش مدت میں 24.8 بلین ڈالر تھا۔ درآمدات میں اس بے قابو اضافے کی بنیادی وجہ ہماری اشیاء کے دائرہ کار بشمول خام مل، پامیل اور کونسل کی تاریخی بلند قیمتیں اور اس کے ساتھ ساتھ یکبارہ یکسین درآمدات تھی۔

مالی سال 2022ء میں مرکزی بینک کے زرمبادلہ کے ذخائر میں 7.4 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ خسارہ اور قرضوں کی ادائیگیوں میں اضافہ ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام میں تاخیر کے نتیجے میں دیگر غیر ملکی آمدات سے رفتاری کاٹکار ہو گئیں اور اس کے باعث زرمبادلہ کے ذخائر کم ہو کر 9.8 بلین ڈالر ہو گئے جس کا مطلب 1.7 ماہ کا درآمداتی cover بنتا ہے۔ اس اخراجی بہاؤ اور اس کے ساتھ ساتھ پھیلنے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور تھا جس کے باعث درآمد شدہ اشیاء کی قیمتیں بلند رہیں۔ بنیادی مہنگائی، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Fund Type and Category

Pakistan Stock Market Fund (PSM) is an Open-End Equity Scheme.

Fund Benchmark

The benchmark for PSM is KSE 100 Index.

Investment Objective

The objective of the fund is to provide investors long term capital appreciation from its investment in Pakistani equities

Investment Strategy

Pakistan Stock Market Fund (PSM) is an open end equity fund that invests in quality stocks listed in Pakistan. The fund is actively managed and fundamental research drives the investment process. Fundamental outlook of sectors/companies and DCF (discounted cash flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the fund's portfolio is high quality liquid stocks. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments/ placements.

Manager's Review

During the period, PSM generated a return of -16.53% as compared to a return of -12.28% witnessed by the KSE100 Index. Overall equity exposure stood at 94.5% on June 30, 2022, with major allocation in Cements, Commercial Banks and Oil sectors.

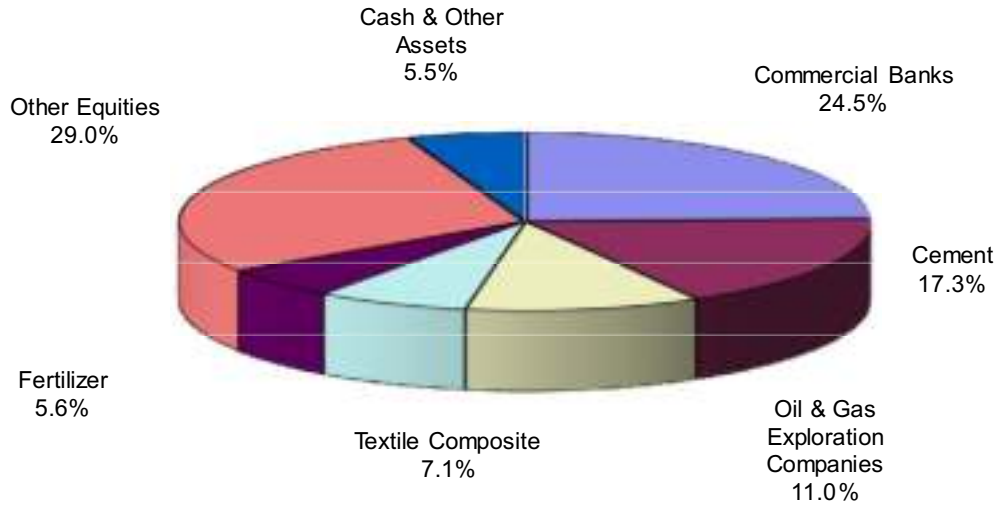
The Net Assets of the fund as at June 30, 2022 stood at Rs. 8,875 million as compared to Rs. 12,397 million as at June 30, 2021 registering a decrease of 28.4%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 86.5039 as compared to opening NAV of Rs. 103.6294 per unit as at June 30, 2021 registering a decrease of 17.1255 per unit.

Asset Allocation as on June 30, 2022 (% of total assets)

| Asset Allocation (%age of Total Assets) | Jun-22 |
|---|--------|
| Stocks / Equities | 94.5% |
| Cash | 3.6% |
| T-Bills | 0.0% |
| Others including receivables | 1.9% |

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Asset Allocation as on June 30, 2022 (% of total assets)



Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN STOCK MARKET 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 Stock Market Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 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 19, 2022



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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INDEPENDENT AUDITORS' REPORT

To the Unit holders of MCB Pakistan Stock Market Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB Pakistan Stock Market Fund (the Fund)**, which comprise the statement of assets and liabilities as at **30 June 2022**, 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 2022, 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 |
|---|---|
| 1. Existence and valuation of bank balances and investments As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the bank balances and investments (comprised of equity instruments) held by the Fund represent 98% of the total assets of the Fund as at the year end. | We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: <ul style="list-style-type: none">- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2022 and reconciled it with the books and records of the Fund.- We tested controls over acquisition, disposals and periodic valuation of investments portfolio. |

A member firm of Ernst & Young Global Limited

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"> - 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. - 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). - 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. - 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. |

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.

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.

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: 16 September 2022

Karachi

UDIN Number: AR202210076kDMm7Re2y

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

| | | June 30, 2022 | June 30, 2021 |
|---|------|-------------------------------|--------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| Balances with banks | 5 | 329,797 | 265,332 |
| Investments | 6 | 8,600,491 | 11,903,844 |
| Receivable against sale of investments | | 148,458 | 499,859 |
| Dividend and markup receivables | 7 | 5,318 | 16,830 |
| Advances, deposits and other receivables | 8 | 18,409 | 74,522 |
| Total assets | | 9,102,473 | 12,760,387 |
| LIABILITIES | | | |
| Payable to the Management Company | 9 | 48,463 | 63,617 |
| Payable to the Trustee | 10 | 920 | 1,258 |
| Payable to the Securities and Exchange Commission of Pakistan | 11 | 2,231 | 2,286 |
| Payable against purchase of investments | | 100,314 | 24,138 |
| Accrued expenses and other liabilities | 12 | 74,827 | 202,766 |
| Payable against redemption of units | | 386 | 69,140 |
| Total liabilities | | 227,141 | 363,204 |
| NET ASSETS | | 8,875,332 | 12,397,182 |
| UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED) | | 8,875,332 | 12,397,182 |
| Contingencies and Commitments | 13 | | |
| | | ----- (Number of units) ----- | |
| NUMBER OF UNITS IN ISSUE | | 102,600,400 | 119,629,978 |
| | | ----- (Rupees) ----- | |
| NET ASSET VALUE PER UNIT | | 86.5039 | 103.6294 |

The annexed notes 1 to 23 form an integral part of these financial statements.

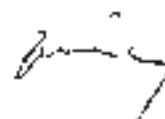
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

| | | June 30, 2022 | June 30, 2021 |
|---|------|------------------------------|------------------|
| | Note | ----- (Rupees in '000) ----- | |
| INCOME | | | |
| Financial income on: | | | |
| - Government securities | | 279 | 1,380 |
| - Bank balances | | 34,500 | 15,098 |
| Dividend income | | 676,789 | 506,932 |
| (Loss) / gain on sale of investments - net | | (789,772) | 2,415,645 |
| Unrealised (loss) / gain on re-measurement of investments classified as at fair value through profit or loss - net | 6.1 | (1,383,402) | 722,943 |
| Other income | | 156 | 132 |
| Total Income | | (1,461,450) | 3,662,130 |
| EXPENSES | | | |
| Remuneration of the Management Company | 9.1 | 220,935 | 228,599 |
| Sindh Sales Tax on remuneration of the Management Company | 9.2 | 28,722 | 29,718 |
| Remuneration of the Trustee | 10.1 | 12,155 | 12,430 |
| Sindh Sales Tax on remuneration of the Trustee | 10.2 | 1,580 | 1,616 |
| Annual fee of the Securities and Exchange Commission of Pakistan | 11 | 2,231 | 2,286 |
| Allocated expenses | 9.3 | 11,154 | 11,430 |
| Selling and marketing expenses | 9.4 | 145,009 | 148,589 |
| Auditors' remuneration | 14 | 1,120 | 920 |
| Securities transaction cost | | 48,973 | 84,793 |
| Settlement and bank charges | | 4,079 | 5,037 |
| Legal and professional charges | | 52 | 137 |
| Fees and subscriptions | | 28 | 40 |
| Other charges | | 39 | 42 |
| Total expenses | | 476,077 | 525,637 |
| Net (loss) / income for the year from operations | | (1,937,527) | 3,136,493 |
| Reversal / (Provision) for Sindh Workers' Welfare Fund (SWWF) | 12.1 | 120,605 | (62,730) |
| Net (loss) / income for the year before taxation | | (1,816,922) | 3,073,763 |
| Taxation | 15 | - | - |
| Net (loss) / income for the year after taxation | | (1,816,922) | 3,073,763 |
| Allocation of net income / (loss) for the year | | | |
| Net (loss) / income for the year after taxation | | - | 3,073,763 |
| (Loss) / income already paid on units redeemed | | - | (751,278) |
| | | - | 2,322,485 |
| Accounting (loss) / income available for distribution | | | |
| - relating to capital gains | | - | 2,322,485 |
| - excluding capital gains | | - | - |
| | | - | 2,322,485 |

The annexed notes 1 to 23 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, 2022**

| | June 30, 2022 | June 30, 2021 |
|---|------------------------------|-------------------------|
| | ----- (Rupees in '000) ----- | |
| Net (loss) / income for the year after taxation | (1,816,922) | 3,073,763 |
| Other comprehensive income for the year | - | - |
| Total comprehensive (loss) / income for the year | <u>(1,816,922)</u> | <u>3,073,763</u> |

The annexed notes 1 to 23 form an integral part of these financial statements.

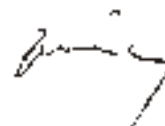
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 | | | June 30, 2021 | | |
|--|------------------|-------------------------------|------------------|------------------|-------------------------------|-------------------|
| | Capital value | Undistributed income / (loss) | Total | Capital value | Undistributed income / (loss) | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| Net assets at the beginning of the year | 7,165,600 | 5,231,582 | 12,397,182 | 5,894,800 | 2,909,097 | 8,803,897 |
| Issuance of 49,113,002 (2021: 120,986,407) units: | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the year) at Rs. 103.6294 | 5,089,551 | - | 5,089,551 | 9,367,130 | - | 9,367,130 |
| - Element of (loss) / income | (231,312) | - | (231,312) | 2,301,699 | - | 2,301,699 |
| | 4,858,239 | - | 4,858,239 | 11,668,829 | - | 11,668,829 |
| Redemption of 66,142,580 (2021: 115,068,007) units: | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the year) at Rs. 103.6294 | 6,854,316 | - | 6,854,316 | 8,908,910 | - | 8,908,910 |
| - Element of (loss) / income | (291,149) | - | (291,149) | 1,489,119 | 751,278 | 2,240,397 |
| | 6,563,167 | - | 6,563,167 | 10,398,029 | 751,278 | 11,149,307 |
| Total comprehensive (loss) / income for the year | - | (1,816,922) | (1,816,922) | - | 3,073,763 | 3,073,763 |
| Distributions during the year | - | - | - | - | - | - |
| Net (loss) / profit for the year less distribution | - | (1,816,922) | (1,816,922) | - | 3,073,763 | 3,073,763 |
| Net assets as at the end of the year | 5,460,672 | 3,414,660 | 8,875,332 | 7,165,600 | 5,231,582 | 12,397,182 |
| Undistributed income / (loss) brought forward comprising of: | | | | | | |
| - Realised | 4,508,639 | | | 3,417,678 | | |
| - Unrealised | 722,943 | | | (508,581) | | |
| | 5,231,582 | | | 2,909,097 | | |
| Accounting income available for distribution: | | | | | | |
| - Relating to capital gains | - | | | 2,322,485 | | |
| - Excluding capital gains | - | | | - | | |
| | - | | | 2,322,485 | | |
| Net (loss) / income for the year after taxation | (1,816,922) | | | - | | |
| Distribution during the year | - | | | - | | |
| Undistributed income carried forward | 3,414,660 | | | 5,231,582 | | |
| Undistributed income / (loss) carried forward: | | | | | | |
| - Realised | 4,798,062 | | | 4,508,639 | | |
| - Unrealised | (1,383,402) | | | 722,943 | | |
| | 3,414,660 | | | 5,231,582 | | |

| | (Rupees) | (Rupees) |
|---|-----------------|-----------------|
| Net assets value per unit at beginning of the year | 103.6294 | 77.4230 |
| Net assets value per unit at end of the year | 86.5039 | 103.6294 |

The annexed notes 1 to 23 form an integral part of these financial statements.

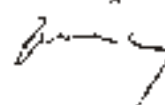
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 | June 30, 2021 |
|---|------------------------------|------------------|
| Note | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net (loss) / income for the year before taxation | (1,816,922) | 3,073,763 |
| Adjustments for non cash and other items: | | |
| Financial income | (34,779) | (16,478) |
| Dividend income | (676,789) | (506,932) |
| Unrealised loss / (gain) on re-measurement of investments classified as at fair value through profit or loss - net | 1,383,402 | (722,943) |
| Loss / (gain) on sale of investments - net | 789,772 | (2,415,645) |
| (Reversal) / Provision for Sindh Workers' Welfare Fund (SWWF) | (120,605) | 62,730 |
| | (475,921) | (525,505) |
| Decrease / (increase) in assets | | |
| Investments - net | 1,206,355 | (165,704) |
| Receivable against sale of investments | 351,401 | (472,774) |
| Advances, deposits and receivables | 56,114 | (60,250) |
| | 1,613,870 | (698,728) |
| (Decrease) / increase in liabilities | | |
| Payable to the Management Company | (15,154) | 18,569 |
| Payable to the Trustee | (338) | 370 |
| Payable to the Securities and Exchange Commission of Pakistan | (55) | 516 |
| Accrued expenses and other liabilities | (7,334) | 4,742 |
| Payable against redemption of units | (68,754) | 68,754 |
| | (91,635) | 92,951 |
| Dividend received | 690,983 | 508,222 |
| Financial income received | 32,096 | 17,004 |
| Net cash generated / (used in) from operating activities | 1,769,393 | (606,056) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Amount received on issuance of units | 4,858,239 | 11,668,829 |
| Amount paid on redemption of units | (6,563,167) | (11,149,307) |
| Net cash (used in) / generated from financing activities | (1,704,928) | 519,522 |
| Net increase / (decrease) in cash and cash equivalents during the year | 64,465 | (86,534) |
| Cash and cash equivalents at the beginning of the year | 265,332 | 351,866 |
| Cash and cash equivalents at the end of the year | 329,797 | 265,332 |

The annexed notes 1 to 23 form an integral part of these financial statements.

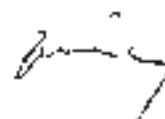
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 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 has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 06, 2021 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

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.

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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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, 2021 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 |
| IFRS 3 - Reference to the Conceptual Framework (Amendments) | January 01, 2022 |
| IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities | January 01, 2022 |
| 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 |
| Classification of liabilities as current or non-current - Amendment to IAS 1 | January 01, 2024 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28 | Not yet finalized |
| 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. | |
| IFRS 1 - First-time Adoption of International Financial Reporting Standards | July 01, 2009 |
| IFRS 17 – Insurance Contracts | January 01, 2023 |

4.3 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, 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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

4.4 Investments

4.4.1 Classification

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;
- 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; and
- 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 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.

Equity instruments

An equity instrument held for trading purposes is classified as 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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

Subsequent Measurement

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

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.

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.

4.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

4.6 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.7 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.8 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.

4.9 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.

4.10 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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

4.11 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.

4.12 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 circulation at the year end.

4.13 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / (loss) arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances and government securities is recognised on an effective interest rate method.

4.14 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.

4.15 Earnings / (loss) per unit

Earnings / (Loss) 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, 2022 | June 30, 2021 |
|-------------------------------|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 5. BALANCES WITH BANKS | | | |
| In current accounts | 5.1 | 24,794 | 21,217 |
| In savings accounts | 5.2 | 305,003 | 244,115 |
| | | <u>329,797</u> | <u>265,332</u> |

5.1 These include a balance of Rs.15.348 (2021: Rs.11.768) million maintained with MCB Bank Limited, a related party.

5.2 These carry profits at the rates ranging from 5.50% to 17.05% (2021: 5.50% to 7.83%) per annum and include Rs.231.477 (2021:Rs.207.336) million maintained with MCB Bank Limited, a related party which carries profit at the rate of 5.50% (2021: 5.50% to 8.83%) per annum.

| | Note | June 30, 2022 | June 30, 2021 |
|---|------|------------------------------|-------------------|
| | | ----- (Rupees in '000) ----- | |
| 6. INVESTMENTS | | | |
| At fair value through profit or loss | | | |
| Listed equity securities | 6.1 | 8,600,490 | 11,903,844 |
| Government securities | 6.2 | - | - |
| | | <u>8,600,491</u> | <u>11,903,844</u> |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

6 Listed equity securities - at fair value through profit or loss

6.1

| Name of the investee company | Symbol | No. of shares | | | | | Balance as at JUNE 30, 2022 | | | Market value as a % of net assets of the Fund | % of paid-up capital of the investee company |
|---|--------|---------------------|---------------------------|-------------------------------------|----------------------|---------------------|-----------------------------|----------------------------------|--------------------------|---|--|
| | | As at July 01, 2021 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2022 | Carrying Value | Market value as at June 30, 2022 | Unrealised gain / (loss) | | |
| | | | | | | | Rupees in '000 | | | (%) | |
| Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise | | | | | | | | | | | |
| Automobile Assembler | | | | | | | | | | | |
| Ghndhara Nissan Limited | GHNL | - | 226,600 | - | 226,600 | - | - | - | - | - | - |
| Honda Atlas Cars(Pakistan) Limited | HCAR | 486,300 | 120,000 | - | 551,200 | 55,100 | 15,913 | 10,730 | (5,183) | 0.12% | 0.04% |
| Indus Motors Company Limited | INDU | 179,790 | - | - | 179,790 | - | - | - | - | - | - |
| Millat Tractors Limited | MTL | 90,000 | - | - | 90,000 | - | - | - | - | - | - |
| Pak Suzuki Motors Company Limited | PSMC | 265,000 | 647,333 | - | 886,960 | 25,373 | 7,000 | 5,359 | (1,641) | 0.06% | 0.03% |
| | | | | | | 80,473 | 22,913 | 16,089 | (6,824) | 0.18% | 0.07% |
| Automobile Parts & Accessories | | | | | | | | | | | |
| Agriauto Industires Limited* | AGIL | - | 154,600 | - | - | 154,600 | 26,065 | 20,716 | (5,349) | 0.23% | 0.54% |
| Atlas Battery Limited | ATBA | - | 25,500 | - | 12,500 | 13,000 | 2,186 | 2,235 | 49 | 0.03% | 0.05% |
| Ghandhara Tyre & Rubber Company Limited | GTYR | - | 1,160,000 | - | 30,500 | 1,129,500 | 58,551 | 38,414 | (20,137) | 0.43% | 0.93% |
| Panther Tyres Limited | PTL | 2,065,504 | 504,500 | 230,000 | 2,800,004 | - | - | - | - | - | - |
| Thal Limited* | THALL | 633,300 | 12,900 | - | 275,800 | 370,400 | 154,651 | 99,867 | (54,784) | 1.13% | 0.46% |
| | | | | | | 1,667,500 | 241,453 | 161,232 | (80,220) | 1.82% | 1.98% |
| Cable & Electrical Goods | | | | | | | | | | | |
| Pak Elektron Limited | PAEL | - | 7,304,500 | 4,817,500 | 6,122,000 | 6,000,000 | 94,534 | 95,340 | 806 | 1.07% | 1.21% |
| | | | | | | 6,000,000 | 94,534 | 95,340 | 806 | 1.07% | 1.21% |
| Cement | | | | | | | | | | | |
| Bestway Cement Limited | BWCL | - | 900,700 | - | 279,200 | 621,500 | 92,473 | 78,918 | (13,555) | 0.89% | 0.10% |
| Cherat Cement Company Limited | CHCC | 48,000 | 3,483,425 | - | 2,496,238 | 1,035,187 | 152,602 | 96,314 | (56,288) | 1.09% | 2.44% |
| D.G. Khan Cement Company Limited | DGKC | 1,851,480 | 6,814,318 | - | 4,617,520 | 4,048,278 | 326,094 | 253,017 | (73,077) | 2.85% | 0.92% |
| Fauji Cement Company Limited | FCCL | - | 38,625,000 | - | 4,274,000 | 34,351,000 | 622,193 | 486,754 | (135,439) | 5.48% | 2.49% |
| Gharibwal Cement Ltd | GWLC | - | 104,000 | - | - | 104,000 | 2,652 | 2,028 | (624) | 0.02% | 0.03% |
| Kohat Cement Company Limited | KOHC | 1,583,670 | 284,700 | - | 1,047,500 | 820,870 | 157,820 | 106,820 | (51,000) | 1.20% | 0.41% |
| Lucky Cement Limited | LUCK | 946,003 | 598,500 | - | 749,111 | 795,392 | 578,022 | 365,117 | (212,905) | 4.11% | 0.25% |
| Maple Leaf Cement Factory Limited | MLCF | 9,075,771 | 14,869,156 | - | 17,096,381 | 6,848,546 | 243,839 | 187,308 | (56,531) | 2.11% | 0.62% |
| Pioneer Cement Limited | PIOC | 2,502,000 | 2,865,400 | - | 5,367,400 | - | - | - | - | - | - |
| Power Cement Limited | POWER | 7,193,000 | - | - | 7,193,000 | - | - | - | - | - | - |
| | | | | | | 48,624,773 | 2,175,695 | 1,576,275 | (599,419) | 17.75% | 7.26% |
| Chemicals | | | | | | | | | | | |
| Archroma Pakistan Limited | ARPL | 113,850 | 101,200 | - | 182,800 | 32,250 | 18,265 | 17,705 | (560) | 0.20% | 0.09% |
| Dynesa Pakistan Limited | DYNO | - | 58,500 | - | 33,800 | 24,700 | 4,054 | 4,297 | 243 | 0.05% | 0.13% |
| Engro Polymer and Chemicals Limited | EPCL | 4,999,655 | 1,569,500 | - | 6,569,155 | - | - | - | - | - | - |
| ICI Pakistan Limited | ICI | - | 92,150 | - | 92,150 | - | - | - | - | - | - |
| Lotte Chemical Pakistan Limited | LOTCEM | 8,650,000 | 1,276,500 | - | 9,926,500 | - | - | - | - | - | - |
| Nimr Resins Limited | NRSL | - | 885,000 | - | 25,000 | 860,000 | 12,766 | 12,496 | (270) | 0.14% | 1.08% |
| Sitara Chemical Industries | SITC | - | 54,000 | - | 54,000 | - | - | - | - | - | - |
| | | | | | | 916,950 | 35,085 | 34,498 | (587) | 0.39% | 1.30% |
| Commercial Banks | | | | | | | | | | | |
| Allied Bank Limited | ABL | 62,100 | 500,000 | - | 562,100 | - | - | - | - | - | - |
| Bank Al Habib Limited | BAHL | 4,268,538 | 1,220,586 | - | 5,336,033 | 153,091 | 9,537 | 8,888 | (649) | 0.10% | 0.01% |
| Bank Alfalah Limited | BAFL | 6,586,952 | 7,583,029 | - | 6,942,789 | 7,227,192 | 238,488 | 231,270 | (7,218) | 2.61% | 0.41% |
| Bank Of Punjab | BOP | - | 820,000 | - | 820,000 | - | - | - | - | - | - |
| Bankislami Pakistan Limited | BIPL | - | 7,495,000 | - | 1,650,000 | 5,845,000 | 72,224 | 70,374 | (1,850) | 0.79% | 0.53% |
| Faysal Bank Limited | FABL | - | 10,003,500 | - | 1,449,500 | 8,554,000 | 188,880 | 197,255 | 8,375 | 2.22% | 0.56% |
| Habib Bank Limited | HBL | 4,148,266 | 3,616,276 | - | 2,705,281 | 5,059,261 | 606,336 | 462,113 | (144,223) | 5.21% | 0.34% |
| Habib Metropolitan Bank Limited | HMB | 1,842,500 | 4,849,500 | - | 3,528,500 | 3,163,500 | 131,278 | 123,535 | (7,743) | 1.39% | 0.30% |
| MCB Bank Limited | MCB | - | 1,325,259 | - | 1,282,759 | 42,500 | 5,155 | 5,227 | 72 | 0.06% | 0.00% |
| Meezan Bank Limited | MEBL | 2,959,978 | 4,171,015 | 414,214 | 1,326,664 | 6,218,543 | 722,263 | 702,571 | (19,692) | 7.92% | 0.38% |
| Samba Bank Limited | SBL | 5,215,500 | - | - | 5,215,500 | - | - | - | - | - | - |
| United Bank Limited | UBL | 5,044,022 | 3,365,296 | - | 4,635,830 | 3,773,488 | 478,457 | 426,895 | (51,562) | 4.81% | 0.31% |
| | | | | | | 40,036,575 | 2,452,619 | 2,228,128 | (224,490) | 25.11% | 2.84% |
| Engineering | | | | | | | | | | | |
| Agha Steel Industries Limited | AGHA | - | 4,610,500 | 64,350 | 3,737,850 | 937,000 | 13,746 | 14,692 | 946 | 0.17% | 0.15% |
| Aisha Steel Mills Limited | ASL | 4,389,000 | 9,588,030 | - | 9,290,000 | 4,687,030 | 66,687 | 51,792 | (14,895) | 0.58% | 0.51% |
| Amreli Steels Limited | ASTL | - | 5,250,000 | - | 1,297,500 | 3,952,500 | 154,301 | 92,647 | (61,655) | 1.04% | 1.33% |
| International Industries Limited | INIL | 612,700 | 604,077 | - | 716,777 | 500,000 | 74,510 | 51,865 | (22,645) | 0.58% | 0.38% |
| International Steels Limited | ISL | - | 1,215,485 | - | 886,649 | 328,836 | 20,183 | 19,520 | (663) | 0.22% | 0.08% |
| Mughal Iron & Steel Industries Limited | MUGHAL | - | 2,522,052 | 82,500 | 1,492,297 | 1,112,255 | 68,609 | 64,110 | (4,499) | 0.72% | 0.33% |
| | | | | | | 11,517,621 | 398,036 | 294,626 | (103,411) | 3.31% | 2.78% |
| Fertilizer | | | | | | | | | | | |
| Engro Corporation Limited | ENGRO | 982,598 | 582,811 | - | 1,121,409 | 444,000 | 131,026 | 114,148 | (16,878) | 1.29% | 0.08% |
| Engro Fertilizer Limited | EFERT | - | 4,562,500 | - | 1,895,652 | 2,666,848 | 222,007 | 236,389 | 14,382 | 2.66% | 0.20% |
| Fauji Fertilizer Bin Qasim Limited | FBFL | 6,848,000 | 9,435,000 | - | 8,480,500 | 7,802,500 | 184,329 | 157,923 | (26,406) | 1.78% | 0.60% |
| Fauji Fertilizer Company Limited | FFC | - | 100,000 | - | 100,000 | - | - | - | - | - | - |
| | | | | | | 10,913,348 | 537,362 | 508,460 | (28,902) | 5.73% | 0.88% |
| Food & Personal Care Products | | | | | | | | | | | |
| Al Shaheer Corporation | ASC | 5,223,000 | 1,627,000 | - | 6,850,000 | - | - | - | - | - | - |
| AT-Tahur Limited | PREMA | - | 1,490,000 | - | - | 1,490,000 | 32,960 | 28,414 | (4,546) | 0.32% | 0.84% |
| Fauji Foods Limited | FFL | 3,055,500 | - | - | 3,055,500 | - | - | - | - | - | - |
| Murree Brewery Company | MUREB | 202,000 | - | - | 14,550 | 187,450 | 109,058 | 75,915 | (33,143) | 0.86% | 0.68% |
| Nestle Pakistan Limited | NESTLE | 3,033 | 820 | - | 3,020 | 833 | 4,750 | 4,831 | 81 | 0.05% | 0.00% |
| The Organic Meat Company Limited | TOMCL | 3,488,000 | 1,740,500 | 189,500 | 2,818,000 | 2,600,000 | 80,808 | 56,784 | (24,024) | 0.64% | 2.11% |
| Unity Foods Limited | UNITY | - | 760,000 | - | 760,000 | - | - | - | - | - | - |
| | | | | | | 4,278,283 | 227,576 | 165,944 | (61,632) | 1.87% | 3.63% |
| Glass & Ceramics | | | | | | | | | | | |
| Shabbir Tiles & Ceramics Limited* | STCL | 542,500 | 1,716,000 | - | 341,000 | 1,917,500 | 38,296 | 28,053 | (10,243) | 0.32% | 0.59% |
| Tariq Glass Industries | TGL | - | 1,267,500 | - | 567,500 | 700,000 | 74,772 | 72,667 | (2,105) | 0.82% | 0.51% |
| | | | | | | 2,617,500 | 113,068 | 100,720 | (12,348) | 1.14% | 1.10% |
| Insurance | | | | | | | | | | | |
| Adamjee Insurance Comapny Limited | AICL | 1,034,500 | 65,000 | - | 1,099,500 | - | - | - | - | - | - |
| Adamjee Life Insurance Company Limited | ALIFE | - | 2,277,604 | - | 1,902,500 | 375,104 | 10,497 | 8,556 | (1,941) | 0.10% | 0.15% |
| Jubilee Life Insurance Company Limited | JLICL | - | 223,100 | - | 52,300 | 170,800 | 42,914 | 25,825 | (17,089) | 0.29% | 0.20% |
| | | | | | | 545,904 | 53,411 | 34,381 | (19,030) | 0.39% | 0.35% |
| Inv.Banks/Inv.Com./S ecurities Cos. | | | | | | | | | | | |
| Arif Habib Limited | AHL | 68,000 | - | - | 68,000 | - | - | - | - | - | - |
| | | | | | | - | - | - | - | - | - |
| Leather & Tanneries | | | | | | | | | | | |
| Bata Pakistan Limited | BATA | 4,040 | 35,160 | - | 13,000 | 26,200 | 45,107 | 62,354 | 17,247 | 0.70% | 0.35% |
| Service Global Footwear Limited | SGF | 36 | 60,500 | - | 60,536 | - | - | - | - | - | - |
| Service Industries | SRVI | 403 | 55,200 | - | 55,603 | - | - | - | - | - | - |
| | | | | | | 26,200 | 45,107 | 62,354 | 17,247 | 0.70% | 0.35% |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

6.1

| Name of the investee company | Symbol | No. of shares | | | | | Balance as at JUNE 30, 2022 | | | Market value as a % of net assets of the Fund | % of paid-up capital of the investee company | |
|--|---------|---------------------|---------------------------|-------------------------------------|----------------------|---------------------|-----------------------------|----------------------------------|--------------------------|---|--|--|
| | | As at July 01, 2021 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2022 | Carrying Value | Market value as at June 30, 2022 | Unrealised gain / (loss) | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Rupees in '000 | | | | | | | | | (%) | | | |
| Miscellaneous | | | | | | | | | | | | |
| Pakistan Aluminium Beverage Cans Limited | PABC | - | 1,150,500 | - | 1,150,500 | - | - | - | - | - | - | |
| Shifa International Hospitals | SHFA | 329,600 | 1,063,700 | 20,860 | 1,200 | 1,412,960 | 282,649 | 253,118 | (29,531) | 2.85% | 2.24% | |
| Synthetic Products Limited | SPEL | - | 2,908,500 | 58,000 | 1,608,500 | 1,358,000 | 21,967 | 19,134 | (2,833) | 0.22% | 0.68% | |
| Tri-Pak Films | TRIPF | 781,000 | - | - | 781,000 | - | - | - | - | - | - | |
| | | | | | | 2,770,960 | 304,616 | 272,252 | (32,364) | 3.07% | 2.92% | |
| OIL & GAS EXPLORATION COMPANIES | | | | | | | | | | | | |
| Mari Petroleum Company Limited | MARI | 388,960 | 168,580 | - | 182,407 | 375,133 | 591,538 | 652,634 | 61,096 | 7.35% | 0.28% | |
| Oil & Gas Development Company Limited | OGDC | 5,139,277 | 622,531 | - | 3,876,511 | 1,885,297 | 174,650 | 148,316 | (26,334) | 1.67% | 0.04% | |
| Pakistan Oilfields Limited | POL | 652,561 | 125,200 | - | 533,562 | 244,199 | 96,157 | 99,098 | 2,941 | 1.12% | 0.09% | |
| Pakistan Petroleum Limited | PPL | 3,734,120 | 1,099,350 | - | 3,276,420 | 1,557,050 | 130,217 | 105,116 | (25,101) | 1.18% | 0.06% | |
| | | | | | | 4,061,679 | 992,562 | 1,005,164 | 12,602 | 11.32% | 0.47% | |
| Oil And Gas Marketing Companies | | | | | | | | | | | | |
| Attock Petroleum Limited | APL | 620,700 | - | - | 570,700 | 50,000 | 16,052 | 16,066 | 14 | 0.18% | 0.05% | |
| Hi-Tech Lubricants Limited | HTL | - | 1,732,000 | 59,000 | 844,000 | 947,000 | 39,976 | 37,549 | (2,427) | 0.42% | 0.68% | |
| Pakistan State Oil Company Limited | PSO | 1,586,305 | 50,000 | - | 1,636,305 | - | - | - | - | - | - | |
| Shell (Pakistan) Limited | SHEL | 701,500 | 237,800 | - | 939,300 | - | - | - | - | - | - | |
| Sui Northern Gas Pipelines Limited | SNGP | 1,150,244 | 1,570,897 | - | 2,721,141 | - | - | - | - | - | - | |
| | | | | | | 997,000 | 56,028 | 53,615 | (2,413) | 0.60% | 0.73% | |
| Paper And Board | | | | | | | | | | | | |
| Century Paper & Board Mills Limited | CEPB | - | 739,000 | - | 25,500 | 713,500 | 50,163 | 44,094 | (6,069) | 0.50% | 0.00% | |
| Cherat Packaging Limited | CPPL | - | 217,600 | - | 173,000 | 44,600 | 4,211 | 5,036 | 825 | 0.06% | 0.10% | |
| Packages Limited | PKGS | 581,400 | 189,150 | - | 193,850 | 576,700 | 299,701 | 230,023 | (69,678) | 2.59% | 0.65% | |
| Security Papers Limited | SEPL | - | 593,700 | - | 2,500 | 591,200 | 75,000 | 68,556 | (6,444) | 0.77% | 1.00% | |
| | | | | | | 1,926,000 | 429,075 | 347,709 | (81,366) | 3.92% | 1.75% | |
| Pharmaceuticals | | | | | | | | | | | | |
| Abbott Laboratories (Pakistan) Limited | ABOT | 376,450 | - | - | 376,450 | - | - | - | - | - | - | |
| Agp Limited | AGP | - | 858,082 | - | 128,900 | 729,182 | 60,616 | 63,890 | 3,274 | 0.72% | 0.00% | |
| Citi Pharma limited | CPHL | - | 4,500,000 | - | - | 4,500,000 | 157,874 | 146,880 | (10,994) | 1.65% | 0.00% | |
| Ferozsons Laboratories Limited | FEROZ | - | 30,000 | - | - | 30,000 | 7,927 | 8,067 | 140 | 0.09% | 0.08% | |
| Glaxosmithkline Consumer Healthcare Pakistan Limited | GSKCH | - | 374,600 | - | 33,700 | 340,900 | 83,674 | 81,247 | (2,427) | 0.92% | 0.29% | |
| Glaxosmithkline Pakistan | GLAXO | - | 307,400 | - | 307,400 | - | - | - | - | - | - | |
| Hightnoon Laboratories Limited | HINOON | 135,200 | 8,535 | - | 123,750 | 19,985 | 10,901 | 10,589 | (312) | 0.12% | 0.05% | |
| The Searle Company Limited | SEARL | 458,000 | 1,700,372 | - | 1,689,055 | 469,317 | 48,711 | 51,165 | 2,454 | 0.58% | 0.15% | |
| | | | | | | 6,089,384 | 369,703 | 361,838 | (7,865) | 4.08% | 0.57% | |
| Power Generation & Distribution | | | | | | | | | | | | |
| Altern Energy Limited | ALTN | 327,000 | - | - | 327,000 | - | - | - | - | - | - | |
| Hub Power Company Limited | HUBC | 5,148,540 | - | - | 4,307,140 | 841,400 | 67,034 | 57,358 | (9,676) | 0.65% | 0.06% | |
| K-Electric Limited*** | KEL | 22,488,000 | - | - | 22,488,000 | - | - | - | - | - | - | |
| Lalpur Power Limited | LPL | 7,202,500 | - | - | 7,202,500 | - | - | - | - | - | - | |
| Nishat Power Limited | NPL | 969,000 | 700,000 | - | 1,669,000 | - | - | - | - | - | - | |
| | | | | | | 841,400 | 67,034 | 57,358 | (9,676) | 0.65% | 0.06% | |
| Refinery | | | | | | | | | | | | |
| Attock Refinery Limited | ATRL | 481,400 | 1,590,239 | - | 1,055,639 | 1,016,000 | 159,151 | 178,592 | 19,441 | 2.01% | 0.95% | |
| Cnergyco PK Limited | CNERGY | - | 7,034,600 | - | 7,034,600 | - | - | - | - | - | - | |
| National Refinery Limited | NRL | 105,000 | 25,000 | - | 130,000 | - | - | - | - | - | - | |
| Pakistan Refinery Limited | PRL | 2,463,500 | 500,000 | - | 2,963,500 | - | - | - | - | - | - | |
| | | | | | | 1,016,000 | 159,151 | 178,592 | 19,441 | 2.01% | 0.95% | |
| Technology & Communications | | | | | | | | | | | | |
| Air Link Communication Ltd | AIRLINK | - | 3,381,000 | - | 350,000 | 3,031,000 | 173,992 | 122,422 | (51,570) | 1.38% | 0.77% | |
| Avanceon Limited | AVN | - | 935,000 | - | 935,000 | - | - | - | - | - | - | |
| Hum Network Limited** | HUMNL | - | 15,950,000 | - | 9,750,000 | 6,200,000 | 43,215 | 44,144 | 929 | 0.50% | 0.66% | |
| Octopus Digital Limited | OCTOPUS | - | 959,799 | - | 734,799 | 225,000 | 14,022 | 16,045 | 2,023 | 0.18% | 0.16% | |
| Pakistan Telecommunication Company Limited | PTC | - | 3,729,500 | - | 3,729,500 | - | - | - | - | - | - | |
| Systems Limited | SYS | 250,000 | 542,687 | - | 292,687 | 500,000 | 156,148 | 164,930 | 8,782 | 1.86% | 0.36% | |
| TRG Pakistan Limited | TRG | 500,000 | 3,815,000 | - | 4,065,000 | 250,000 | 24,665 | 19,333 | (5,332) | 0.22% | 0.05% | |
| | | | | | | 10,206,000 | 412,041 | 366,873 | (45,168) | 4.14% | 2.01% | |
| Textile Composite | | | | | | | | | | | | |
| Azgard Nine Limited | ANL | - | 500,000 | - | 500,000 | - | - | - | - | - | - | |
| Gul Ahmed Textile Mills Limited | GATM | 2,780,256 | 4,700,184 | - | 4,531,500 | 2,948,940 | 126,454 | 99,704 | (26,750) | 1.12% | 0.48% | |
| Interloop Limited | ILP | 2,808,110 | 1,634,231 | - | 3,579,655 | 862,686 | 58,808 | 52,624 | (6,184) | 0.59% | 0.10% | |
| Kohinoor Textile Mills Limited | KTML | 1,375,718 | 1,412,500 | - | 1,343,500 | 1,444,718 | 97,914 | 72,236 | (25,678) | 0.81% | 0.48% | |
| Nishat (Chunian) Limited | NCL | - | 8,484,502 | - | 3,111,443 | 5,373,059 | 266,248 | 240,659 | (25,589) | 2.71% | 2.24% | |
| Nishat Mills Limited | NML | - | 3,524,045 | - | 1,046,500 | 2,477,545 | 198,647 | 183,115 | (15,532) | 2.06% | 0.70% | |
| | | | | | | 13,106,948 | 748,071 | 648,338 | (99,733) | 7.29% | 4.00% | |
| Textile Spinning | | | | | | | | | | | | |
| Gadon Textile | GADT | - | 29,000 | - | - | 29,000 | 8,281 | 7,830 | (451) | 0.09% | 0.10% | |
| | | | | | | 29,000 | 8,281 | 7,830 | (451) | 0.09% | 0.10% | |
| Transport | | | | | | | | | | | | |
| Pakistan International Bulk Terminal Limited | PIBTL | - | 7,015,500 | - | 3,215,500 | 3,800,000 | 40,473 | 22,876 | (17,597) | 0.26% | 0.21% | |
| | | | | | | 3,800,000 | 40,473 | 22,876 | (17,597) | 0.26% | 0.21% | |
| Total as at June 30, 2022 | | | | | | | 9,983,897 | 8,600,490 | (1,383,399) | | | |
| Total as at June 30, 2021 | | | | | | | 11,180,903 | 11,903,844 | 722,943 | | | |

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

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

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

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
|---------------------------------------|--------------------|------------------|------------------|----------------|
| --- | (Number of shares) | --- | (Rupees in '000) | --- |
| The Hub Power Company Limited | 750,000 | 2,000,000 | 51,127 | 159,340 |
| Oil & Gas Development Company Limited | 1,000,000 | 1,000,000 | 78,670 | 95,030 |
| D.G Khan Cement Company Limited | 2,000,000 | - | 125,000 | - |
| | 3,750,000 | 3,000,000 | 254,797 | 254,370 |

6.1.2 As at June 30, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.3.764 (June 30, 2021: Rs. 4.590) million

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

6.2 Government securities - at fair value through profit or loss

| Name of security | Issue date | Face value | | | Balances as at June 30, 2022 | | |
|----------------------------------|-------------|---------------------|---------------------------|--------------------------------|------------------------------|----------------|--------------|
| | | As at July 01, 2021 | Purchased during the year | Sold / matured during the year | As at June 30, 2022 | Carrying Value | Market Value |
| (Rupees in '000) | | | | | | | |
| Treasury Bills | | | | | | | |
| Market Treasury Bills - 3 months | 2-Jul-2021 | - | 500,000 | 500,000 | - | - | - |
| | 15-Jul-2021 | - | 500,000 | 500,000 | - | - | - |
| | 29-Jul-2021 | - | 500,000 | 500,000 | - | - | - |
| | 12-Aug-2021 | - | 5,500,000 | 5,500,000 | - | - | - |
| | 26-Aug-2021 | - | 3,500,000 | 3,500,000 | - | - | - |
| | 9-Sep-2021 | - | 6,000,000 | 6,000,000 | - | - | - |
| | 23-Sep-2021 | - | 1,000,000 | 1,000,000 | - | - | - |
| | 7-Oct-2021 | - | 850,000 | 850,000 | - | - | - |
| Market Treasury Bills - 6 months | 22-Apr-2021 | - | 6,000,000 | 6,000,000 | - | - | - |
| Total as at June 30, 2022 | | | | | | | |
| Total as at June 30, 2021 | | | | | | | |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| | Note | June 30, 2022 | June 30, 2021 |
|---|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 7. DIVIDEND AND MARKUP RECEIVABLES | | | |
| Dividend receivable | | 1,383 | 15,577 |
| Markup receivable on bank balances | 7.1 | 3,935 | 1,253 |
| | | <u>5,318</u> | <u>16,830</u> |

7.1 These include a markup receivable of Rs.3.039 million (2021: Rs.0.680 million) maintained with MCB Bank Limited, a related party

| | Note | June 30, 2022 | June 30, 2021 |
|--|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES | | | |
| Advance tax | | 7,708 | 4,213 |
| Security deposits with NCCPL | | 2,500 | 2,500 |
| Security deposits with CDC | | 500 | 500 |
| Others | 8.1 | 7,701 | 67,309 |
| | | <u>18,409</u> | <u>74,522</u> |

8.1 This include a receivable against collection account Nil Amount (2021: Rs.59.432 million) with MCB Bank Limited and receivable of Rs.Nil (2021: Rs.0.005 million) from management company, the related parties.

| | Note | June 30, 2022 | June 30, 2021 |
|--|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 9. PAYABLE TO THE MANAGEMENT COMPANY | | | |
| Remuneration payable | 9.1 | 14,623 | 20,619 |
| Sales tax on remuneration payable | 9.2 | 1,901 | 2,681 |
| Expenses allocated by the Management Company | 9.3 | 731 | 1,031 |
| Selling and Marketing expense | 9.4 | 31,187 | 38,437 |
| Sales load payable | | 21 | 848 |
| | | <u>48,463</u> | <u>63,616</u> |

9.1 The Management Company has charged remuneration at the rate of 2.00% (2021: 2.00%) of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

9.2 Sales tax on management remuneration has been charged at the rate of 13% (2021: 13%).

9.3 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) as per SECP vide SRO 639 dated June 20, 2019. The Management Company has charged allocated expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

9.4 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). The Management Company has charged selling and marketing expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| | | June 30, 2022 | June 30, 2021 |
|-----------------------------------|-------------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 10. PAYABLE TO THE TRUSTEE | Note | | |
| Remuneration payable | 10.1 | 814 | 1,113 |
| Sales tax on remuneration payable | 10.2 | 106 | 145 |
| | | <u>920</u> | <u>1,258</u> |

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

| Net assets value | Tariff per annum |
|--------------------------------------|--|
| Upto Rs.1,000,000,000 | 0.20% per annum of Net Assets |
| On amount exceeding Rs.1,000,000,000 | Rs.2,000,000 plus 0.10% on amount exceeding Rs.1,000,000,000 |

10.2 Sindh Sales Tax at 13% (2021:13%) is charged on Trustee fee.

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

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.02% (2021: 0.02%) of the average daily net assets of the Fund.

| | | June 30, 2022 | June 30, 2021 |
|--|-------------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 12. ACCRUED EXPENSES AND OTHER LIABILITIES | Note | | |
| Provision for Sindh Workers' Welfare Fund (SWWF) | 12.1 | - | 120,605 |
| Federal Excise Duty payable on management remuneration | 12.2 | 54,774 | 54,774 |
| Federal Excise Duty payable on sales load payable | | 3,933 | 3,933 |
| Unclaimed dividends | | 9,722 | 9,722 |
| Brokerage payable | | 5,527 | 9,821 |
| Auditors' remuneration | | 624 | 624 |
| Withholding tax payable | | 172 | 3,113 |
| Printing and related charges payable | | 40 | 40 |
| Payable to legal advisor | | 35 | 130 |
| Other payable | | - | 5 |
| | | <u>74,827</u> | <u>202,767</u> |

12.1 Provision for Sindh Workers' Welfare Fund (SWWF)

Sindh Revenue Board (SRB) through its letter dated August 12, 2021 received on August 13, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds till August 12, 2021 on August 13, 2021.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

SECP has also given its concurrence for recording reversal of provision of SWWF on the day letter was received by MUFAP. 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.

Going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

12.2 Federal Excise Duty on remuneration to the Management Company

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 are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 04, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

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

With effect from July 01, 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 with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2022 aggregates to Rs.54.77 (2021: Rs.54.77) 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, 2022 would have been higher by Rs.0.57 (2021: Rs.0.46) per unit.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the June 30, 2022 and June 30, 2021.

14. AUDITORS' REMUNERATION

Annual audit fee
Half yearly review fee

June 30, June 30,
2022 2021
----- (Rupees in '000) -----

Other services, taxes and out of pocket expenses

| | |
|--------------|------------|
| 575 | 525 |
| 315 | 315 |
| 890 | 840 |
| 230 | 80 |
| 1,120 | 920 |

15. TAXATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

16. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially 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 and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

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

| | June 30, 2022 | | | | | |
|---|------------------------|--|--|---------------------------|--|--|
| | As at July 01, 2021 | Issued for cash / conversion in / transferred in | Redeemed / conversion out / transfer out | As at June 30, 2022 | Issued for cash / conversion in / transferred in | Redeemed / conversion out / transfer out |
| | Units | Units | Units | | (Rupees in '000) | (Rupees in '000) |
| 16.1 Unit Holders' Fund | | | | | | |
| MCB-Arif Habib Savings and Investments Limited - Management Company* | 1,415,390 | 1,297,038 | 1,667,502 | 1,044,926 | 146,676 | 165,830 |
| Group / associated companies | | | | | | |
| Adamjee Insurance Company Limited Employees Gratuity Fund | 106,178 | 98,224 | 204,402 | - | 11,003 | 19,708 |
| Adamjee Life Assurance Company Limited - IMF * | 35,917,385 | 8,065,975 | 4,107,589 | 39,875,771 | 3,722,097 | 418,000 |
| Adamjee Life Assurance Company Limited - NUJL | 1,609,457 | 306,633 | 1,916,090 | - | 166,787 | 201,356 |
| Adamjee Life Assurance Company Limited - DGF | - | 19,165 | - | 19,165 | - | 1,658 |
| Adamjee Insurance Company Limited Employees Provident Fund Trust | 428,789 | 289,638 | 718,427 | - | 44,435 | 71,996 |
| D.G. Khan Cement Company Limited Employees Provident Fund Trust | 199,265 | - | - | 199,265 | 20,650 | - |
| Asghar Beg Memorial Trust | 40,727 | - | 7,689 | 33,038 | 4,220 | 17,237 |
| Nasim Beg | 836 | 203 | 1,039 | - | 87 | 750 |
| Syed Savail Meekal Hussain | 97,463 | - | - | 97,463 | 10,100 | 101 |
| Key Management Personnel | 143,182 | 1,061,353 | 1,190,788 | 13,747 | 14,838 | 119,086 |
| Mandate under discretionary portfolio services | 2,144,990 | 1,437,396 | 3,582,264 | 122 | 222,284 | 310,850 |
| Unit holders holding 10% or more | 11,370,827 | 1,193,252 | - | 12,564,079 | 1,178,352 | 1,086,842 |
| MCB-Arif Habib Savings and Investments Limited - Management Company | 1,422,539 | 4,693,951 | 4,701,100 | 1,415,390 | 110,137 | 146,676 |
| Group / associated companies | | | | | | |
| Adamjee Insurance Company Limited Employees Gratuity Fund | 24,724 | 160,183 | 78,729 | 106,178 | 1,914 | 8,191 |
| Adamjee Life Assurance Company Limited - IMF * | 34,698,988 | 1,623,338 | 404,941 | 35,917,385 | 2,686,500 | 40,000 |
| Adamjee Life Assurance Company Limited - NUJL | 3,502,317 | 54,041 | 1,946,901 | 1,609,457 | 271,160 | 187,300 |
| Adamjee Insurance Company Limited Employees Provident Fund Trust | 48,978 | 749,327 | 369,516 | 428,789 | 3,792 | 38,095 |
| D.G. Khan Cement Company Limited Employees Provident Fund Trust | 199,265 | - | - | 199,265 | 15,428 | - |
| Asghar Beg Memorial Trust | 41,814 | - | 1,087 | 40,727 | 3,237 | 100 |
| Nasim Beg | - | 22,064 | 21,228 | 836 | - | 4,220 |
| Syed Savail Meekal Hussain | 96,943 | 1,802 | 1,282 | 97,463 | 7,506 | 2,091 |
| Key Management Personnel | 72,198 | 3,270,740 | 3,199,755 | 143,182 | 5,590 | 310,434 |
| Mandate under discretionary portfolio services | 3,059,684 | 1,850,994 | 2,765,689 | 2,144,990 | 236,890 | 269,712 |

* These persons are also related party due to holding of more than 10% units of net assets of the Fund.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 | June 30, 2021 |
|---|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| 16.2 Transactions during the year: | | |
| Management Company | | |
| MCB Arif Habib Savings and Investments Limited | | |
| Remuneration of the Management Company | 220,935 | 228,599 |
| Sindh Sales Tax on remuneration of the Management Company | 28,722 | 29,718 |
| Allocated expenses | 11,154 | 11,430 |
| Selling and marketing expenses | 145,009 | 148,589 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration of the Trustee | 12,155 | 12,430 |
| Sindh Sales Tax on remuneration of the Trustee | 1,580 | 1,616 |
| Central Depository Service charges | 1,339 | 2,144 |
| Group / associated companies | | |
| Arif Habib Capital Limited - Brokerage House | | |
| Brokerage expense* | 2,929 | 4,994 |
| MCB Bank Limited | | |
| Bank charges | 95 | 204 |
| Markup on balances with banks | 26,353 | 8,379 |
| Dividend income | 4 | 7,893 |
| Sale of securities having face value of Nil (2021: Rs. 2500 million) | - | 2,463,278 |
| Purchase of 1,325,259 shares (2021: 2,269,357 shares) | 207,595 | 398,702 |
| Sale of 1,282,759 shares (2021: 5,100,499 shares) | 210,200 | 914,243 |
| Power Cement Limited | | |
| Purchase of Nil shares (2021: 18,966,500 shares) | - | 202,327 |
| Sale of 7,193,000 shares (2021: 11,773,500 shares) | 63,266 | 108,059 |
| Arif Habib Limited | | |
| Purchase of Nil shares (2021: 75,000 shares) | - | 5,925 |
| Sale of 68,000 shares (2021: 7,000 shares) | 6,121 | 571 |
| Fatima Fertilizer Company Limited | | |
| Sale of Nil (2021: 4,141,500) shares | - | 117,015 |
| Nishat Mills Limited | | |
| Dividend income | 398 | 5,844 |
| Purchase of 3,524,045 shares (2021: 4,636,500 shares) | 289,318 | 506,036 |
| Sale of 1,046,500 shares (2021: 4,636,500 shares) | 93,520 | 482,362 |
| Nishat Chunian Limited | | |
| Dividend income | 32,344 | - |
| Purchase of 8,484,502 shares (2021: 1,300,000 shares) | 416,181 | 60,765 |
| Sale of 3,111,443 shares (2021: 1,300,000 shares) | 150,363 | 64,527 |
| Nishat Chunian Power Limited | | |
| Purchase of Nil shares (2021: 500,000 shares) | - | 9,368 |
| Sale of Nil shares (2021: 500,000 shares) | - | 9,865 |
| Nishat Power Limited | | |
| Dividend income | 4,504 | - |
| Purchase of 700,000 shares (2021: 1,016,500 shares) | 14,760 | 29,499 |
| Sale of 1,669,000 shares (2021: 47,500 shares) | 31,945 | 1,038 |
| Pakgen Power Limited | | |
| Purchase of Nil shares (2021: 602,000 shares) | - | 14,483 |
| Sale of Nil shares (2021: 602,000 shares) | - | 16,576 |
| Adamjee Insurance Company Limited | | |
| Dividend income | 1,552 | 6,112 |
| Purchase of 65,000 shares (2021: 2,434,500 shares) | 2,146 | 105,102 |
| Sale of 1,099,500 shares (2021: 5,155,000 shares) | 41,040 | 221,869 |
| Aisha Steel Mills Limited | | |
| Dividend income | 3,700 | - |
| Sale of 9,588,030 shares (2021: 16,734,500 shares) | 138,443 | 350,653 |
| Purchase of 9,290,000 shares (2021: 21,123,500 shares) | 168,045 | 349,621 |
| Lalpir Power Limited | | |
| Dividend income | 7,191 | 20,669 |
| Sale of 7,202,500 shares (2021: 5,565,500 shares) | 111,248 | 79,653 |
| Purchase of Nil shares (2021: 8,668,000 shares) | - | 118,011 |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 ----- (Rupees in '000) ----- | June 30, 2021 ----- |
|---|--|---------------------------|
| DG Khan Cement Company Limited | | |
| Dividend income | 1,888 | - |
| Purchase of 6,814,318 shares (2021: 6,461,080 shares) | 533,743 | 733,722 |
| Sale of 4,617,520 shares (2021: 4,609,600 shares) | 376,908 | 510,785 |
| Pak Elektron Limited | | |
| Purchase of 12,122,000 (including bonus shares) (2021: 10,153,000) shares | 94,473 | 379,054 |
| Sale of 6,122,000 (2021: 11,053,000) shares | 126,909 | 429,461 |
| Adamjee Life Insurance Company Limited | | |
| Purchase of 2,277,604 (2021: Nil) shares | 63,766 | - |
| Sale of 1,902,500 (2021: Nil) shares | 41,229 | - |
| 16.3 Balances outstanding at year end: | | |
| Management Company | | |
| MCB - Arif Habib Savings and Investment Limited | | |
| Remuneration payable | 14,623 | 20,619 |
| Sindh sales tax payable on remuneration | 1,901 | 2,681 |
| Sales load payable including related taxes | 21 | 848 |
| Payable against allocated expense | 731 | 1,031 |
| Payable against marketing and selling expenses | 31,187 | 38,437 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration payable | 814 | 1,113 |
| Sindh sales tax payable on remuneration | 106 | 145 |
| Security deposit | 500 | 500 |
| Group / associated companies | | |
| MCB Bank Limited | | |
| Bank balance** | 246,826 | 219,105 |
| Markup receivable on bank balances | 3,039 | 680 |
| Other receivable against collection account | - | 59,432 |
| Arif Habib Limited | | |
| Brokerage payable* | 300 | 776 |
| D.G. Khan Cement Company Limited | | |
| 4,048,278 shares (2021: 1,851,480 shares) | 253,017 | 218,327 |
| Power Cement Limited | | |
| Nil shares (2021: 7,193,000 shares) | - | 69,125 |
| MCB Bank Limited | | |
| 42,500 shares (2021: Nil shares) | 5,227 | - |
| Aisha Steel Mills Limited | | |
| 4,687,030 shares (2021: 4,389,000 shares) | 51,792 | 109,330 |
| Pak Elektron Limited | | |
| 6,000,000 shares (2021: Nil shares) | 95,340 | - |
| Arif Habib Limited | | |
| Nil shares (2021: 68,000 shares) | - | 5,516 |
| Adamjee Life Insurance Company Limited | | |
| 375,104 shares (2021: Nil shares) | 8,556 | - |
| Nishat Chunian Limited | | |
| 5,373,058 shares (2021: Nil shares) | 240,659 | - |
| Nishat Mills Limited | | |
| 2,477,545 shares (2021: Nil shares) | 183,115 | - |
| Lalpir Power Limited | | |
| Nil shares (2021: 7,202,500 shares) | - | 128,637 |
| Nishat Power Limited | | |
| Nil shares (2021: 969,000 shares) | - | 19,041 |

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

** This represents balances held in current and in savings accounts carrying mark-up at the rate of 5.50% (2021: 5.50%) per annum.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

17. 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 Pension Fund Manager 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 the Pension Fund Manager has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's primary financial assets comprise of balances with banks and at fair value through profit and loss investments, comprising of equity securities of listed companies. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Management company, Trustee and SECP and accrued and other liabilities.

17.1 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.

17.1.1 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.

17.1.2 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 of 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. In case of 100 basis points increase / decrease as on June 30, 2022, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.3.05 (2021: Rs.2.56) million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022 the Fund does not hold any fixed rate instruments, therefore, the Fund is not exposed to fair value profit rate risk.

Profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| June 30, 2022 | | | | | | |
|---|---------------------------------------|--|-----------------------|--|-----------|-----------|
| Yield / effective interest rate (%) | Exposed to yield / interest rate risk | | | Not exposed to interest rate risk | Total | |
| | Upto three months | More than three months and upto one year | More than one year | | | |
| (Rupees in '000) | | | | | | |
| On-balance sheet financial instruments | | | | | | |
| Financial Assets | | | | | | |
| Balances with banks | 5.50 - 17.05 | 305,003 | - | - | 24,794 | 329,797 |
| Investments classified as: | | | | | | |
| At fair value through profit or loss | | | | | | |
| - Listed equity securities | | - | - | - | 8,600,490 | 8,600,490 |
| Receivable against sale of investments | | - | - | - | 148,458 | 148,458 |
| Dividend and markup receivables | | - | - | - | 5,318 | 5,318 |
| Deposits and other receivables | | - | - | - | 18,409 | 18,409 |
| | | 305,003 | - | - | 8,797,469 | 9,102,473 |
| Financial Liabilities | | | | | | |
| Payable to the Management Company | | - | - | - | 46,562 | 46,562 |
| Payable to the Trustee | | - | - | - | 814 | 814 |
| Payable against redemption of units | | - | - | - | 386 | 386 |
| Payable against purchase of investments | | - | - | - | 100,314 | 100,314 |
| Accrued and other liabilities | | - | - | - | 15,948 | 15,948 |
| | | - | - | - | 164,024 | 164,024 |
| On-balance sheet gap | | 305,003 | - | - | 8,633,445 | 8,938,450 |

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2022.

| 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 interest rate risk | Total |
| | | (Rupees in '000) | | | | |
| On-balance sheet financial instruments | | | | | | |
| Financial Assets | | | | | | |
| Balances with banks | 5.50 - 7.83% | 244,115 | - | - | 21,217 | 265,332 |
| Investments classified as: | | | | | | |
| At fair value through profit or loss | | | | | | |
| - Listed equity securities | | - | - | - | 11,903,844 | 11,903,844 |
| Available-for-sale | | | | | | |
| - Listed equity securities | | - | - | - | - | - |
| Receivable against sale of investments | | - | - | - | 499,859 | 499,859 |
| Dividend and markup receivables | | - | - | - | 16,830 | 16,830 |
| Deposits and other receivables | | - | - | - | 70,309 | 70,309 |
| | | 244,115 | - | - | 12,512,059 | 12,756,174 |
| Financial Liabilities | | | | | | |
| Payable to the Management Company | | - | - | - | 60,936 | 60,936 |
| Payable to the Trustee | | - | - | - | 1,113 | 1,113 |
| Payable against redemption of units | | - | - | - | 69,140 | 69,140 |
| Payable against purchase of investments | | - | - | - | 24,138 | 24,138 |
| Accrued and other liabilities | | - | - | - | 20,296 | 20,296 |
| | | - | - | - | 175,622 | 175,622 |
| On-balance sheet gap | | 244,115 | - | - | 12,336,437 | 12,580,552 |

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2021.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

17.1.3 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 has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 6.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date, with all other variables held constant.

| | June 30, 2022 | June 30, 2021 |
|------------------|----------------------------|------------------|
| | ---- (Rupees in '000) ---- | |
| Investments | <u>430,025</u> | <u>595,192</u> |
| Income statement | <u>430,025</u> | <u>595,192</u> |

17.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The credit risk of the Fund principally arises from deposits and other receivable balances.

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 minimize the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

| | June 30, 2022 | June 30, 2021 |
|--|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Balances with banks | 329,797 | 265,332 |
| Receivable against sale of investments | 148,458 | 499,859 |
| Dividend and markup receivables | 5,318 | 16,830 |
| Deposits and other receivables | 18,409 | 70,309 |
| | <u>501,982</u> | <u>852,330</u> |

All deposits with NCCPL and CDC are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit rating quality of the Fund's financial assets as at June 30, 2022 and June 30, 2021.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| | June 30, 2022 | June 30, 2021 |
|----------------------------------|------------------|------------------|
| Bank balances by rating category | ----- % ----- | |
| AAA/A1+ | 97.64% | 97.45% |
| AA+/A1+ | 2.35% | 2.54% |
| AA-/A1+ | 0.00% | 0.00% |
| A-/A2 | 0.01% | 0.01% |
| | 100.00% | 100.00% |

Advances and deposits

Deposits are placed with NCCPL and 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, the management believes that the Fund is not materially exposed to a credit risk with respect to such parties.

Concentration of credit risk

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

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.

17.3 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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 | | | | |
|---|----------------|---------------------------------------|--|----------|
| Carrying value | Upto one month | More than one month upto three months | More than three months and upto one year | |
| ----- (Rupees in '000) ----- | | | | |
| Liabilities | | | | |
| Payable to the Management Company | 46,562 | 46,562 | - | - |
| Payable to the Trustee | 814 | 814 | - | - |
| Payable against redemption of units | 386 | 386 | - | - |
| Payable against purchase of investments | 100,314 | 100,314 | - | - |
| Accrued and other liabilities | 15,948 | 15,948 | - | - |
| | 164,024 | 164,024 | - | - |

| 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) ----- | | | | |
| Liabilities | | | | |
| Payable to the Management Company | 60,936 | 60,936 | - | - |
| Payable to the Trustee | 1,113 | 1,113 | - | - |
| Payable against redemption of units | 69,140 | 69,140 | - | - |
| Payable against purchase of investments | 24,138 | 24,138 | - | - |
| Accrued and other liabilities | 20,296 | 20,296 | - | - |
| | 175,622 | 175,622 | - | - |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

17.4 Financial instruments by category

| | June 30, 2022 | | |
|---------------------------------------|--|----------------------|------------------|
| | At fair value through profit or loss | At amortised cost | Total |
| | ----- (Rupees in '000) ----- | | |
| Assets | | | |
| Balances with banks | - | 329,797 | 329,797 |
| Investments | 8,600,490 | - | 8,600,490 |
| Dividend and markup receivables | - | 5,318 | 5,318 |
| Receivable against sale of investment | - | 148,458 | 148,458 |
| Deposits and other receivables | - | 18,409 | 18,409 |
| | 8,600,490 | 501,982 | 9,102,473 |

| | June 30, 2022 | | |
|---|--|----------------------|----------------|
| | At fair value through profit or loss | At amortised cost | Total |
| | ----- (Rupees in '000) ----- | | |
| Liabilities | | | |
| Payable to the Management Company | - | 46,562 | 46,562 |
| Payable to the Trustee | - | 814 | 814 |
| Payable against redemption of units | - | 386 | 386 |
| Payable against purchase of investments | - | 100,314 | 100,314 |
| Accrued and other liabilities | - | 15,948 | 15,948 |
| | - | 164,024 | 164,024 |

| | June 30, 2021 | | |
|--|--|----------------------|-------------------|
| | At fair value through profit or loss | At amortised cost | Total |
| | '----- (Rupees in '000) '----- | | |
| Assets | | | |
| Balances with banks | - | 265,332 | 265,332 |
| Investments | 11,903,844 | - | 11,903,844 |
| Dividend and markup receivables | - | 16,830 | 16,830 |
| Receivable against sale of investment | - | 499,859 | 499,859 |
| Advances, deposits and other receivables | - | 70,309 | 70,309 |
| | 11,903,844 | 852,330 | 12,756,174 |

| | June 30, 2021 | | |
|---|--|----------------------|----------------|
| | At fair value through profit or loss | At amortised cost | Total |
| | ----- (Rupees in '000) ----- | | |
| Liabilities | | | |
| Payable to the Management Company | - | 60,936 | 60,936 |
| Payable to the Trustee | - | 1,113 | 1,113 |
| Payable against redemption of units | - | 69,140 | 69,140 |
| Payable against purchase of investments | - | 24,138 | 24,138 |
| Accrued and other liabilities | - | 20,296 | 20,296 |
| | - | 175,622 | 175,622 |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

18. 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.

19. 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 statement of assets and liabilities date. The estimated fair value of all other financial assets and financial 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).

As at June 30, 2022 and June 30, 2021, the Fund held the following instruments measured at fair values:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-------------------|----------|----------|-------------------|
| | (Rupees in '000) | | | |
| June 30, 2022 | | | | |
| At fair value through profit or loss | <u>8,600,490</u> | <u>-</u> | <u>-</u> | <u>8,600,490</u> |
| June 30, 2021 | | | | |
| At fair value through profit or loss | <u>11,903,844</u> | <u>-</u> | <u>-</u> | <u>11,903,844</u> |

During the year ended June 30, 2022, 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.

The Fund has not disclosed the fair values of other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

20. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

20.1 Pattern of unit holding

Details of pattern of unit holding

| | June 30, 2022 | | | |
|--|---------------------------|-------------------------|--|---------------------------------------|
| | Number of unit holders | Number of units held | Investment Amount (Rupees in '000) | Percentage of total investments |
| Individuals | 6,658 | 25,256,349 | 2,184,772 | 24.60% |
| Insurance companies | 9 | 3,190,447 | 275,986 | 3.10% |
| Asset Management Company | 1 | 1,044,928 | 90,390 | 1.00% |
| Banks / DFIs | 3 | 39,267 | 3,397 | 0.04% |
| Non Banking Finance Companies (NBFCs) | 7 | 33,568 | 2,904 | 0.03% |
| Retirement funds | 59 | 25,317,277 | 2,190,043 | 24.70% |
| Other Companies | 62 | 4,638,702 | 401,266 | 4.50% |
| Associated Companies | 5 | 41,172,165 | 3,561,552 | 40.10% |
| Director | 1 | 97,463 | 8,431 | 0.10% |
| Others | 751 | 1,810,236 | 156,592 | 1.80% |
| | 7,556 | 102,600,402 | 8,875,332 | 100.00% |

| June 30, 2021 | | | | |
|--|---------------------------|-------------------------|--|---------------------------------------|
| | Number of unit holders | Number of units held | Investment Amount (Rupees in '000) | Percentage of total investments |
| Individuals | 7,694 | 37,367,927 | 3,872,416 | 31.20% |
| Insurance companies | 12 | 8,836,360 | 915,707 | 7.40% |
| Asset Management Company | 1 | 1,415,391 | 146,676 | 1.20% |
| Banks / DFIs | 3 | 39,267 | 4,069 | 0.03% |
| Non Banking Finance Companies (NBFCs) | 7 | 33,568 | 3,479 | 0.03% |
| Retirement funds | 67 | 25,223,500 | 2,613,896 | 21.10% |
| Other Companies | 62 | 5,082,231 | 526,669 | 4.20% |
| Associated Companies | 8 | 38,400,099 | 3,979,379 | 32.10% |
| Director | 1 | 10 | 1 | 0.00% |
| Others | 52 | 3,231,625 | 334,891 | 2.70% |
| | 7,907 | 119,629,978 | 12,397,182 | 100.00% |

20.2 Top ten brokers / dealers by percentage of commission paid

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

| | | June 30, 2022 (Percentage) |
|----|---|----------------------------------|
| 1 | Alfalah CLSA Securities (Private) Limited | 6.82% |
| 2 | Arif Habib Limited | 6.76% |
| 3 | JS Global Capital Limited | 5.93% |
| 4 | Efg Hermes Pakistan Limited | 5.92% |
| 5 | Intermarket Securities Limited | 5.62% |
| 6 | Top Line Securities (Private) Limited | 5.52% |
| 7 | DJM Securities Limited | 5.42% |
| 8 | ISIQ Securities Limited | 5.36% |
| 9 | BMA Capital Management Limited | 4.52% |
| 10 | AKD Securities Limited | 4.25% |

| | | June 30, 2021 (Percentage) |
|----|--|----------------------------------|
| 1 | JS Global Capital Limited | 6.90% |
| 2 | Arif Habib Limited | 6.66% |
| 3 | Alfalah CLSA Securities (Private) Limited | 6.46% |
| 4 | Efg Hermes Pakistan Limited | 5.84% |
| 5 | Top Line Securities (Private) Limited | 5.29% |
| 6 | DJM Securities Limited | 4.72% |
| 7 | AKD Securities Limited | 4.59% |
| 8 | Intermarket Securities Limited | 4.23% |
| 9 | BMA Capital Management Limited | 4.22% |
| 10 | Khadim Ali Shah Bukhari Securities (Private) Limited | 4.19% |

20.3 Attendance at meetings of the Board of Directors

The 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th, 176th meetings of the Board of Directors were held on August 09, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 03, 2022, February 08, 2022, March 10, 2022, April 13, 2022, May 04, 2022. respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

| Name of Director | Number of meetings | | | Meeting not attended |
|----------------------------|--------------------|----------|---------------|----------------------|
| | Held | Attended | Leave granted | |
| Mr. Haroun Rashid | 9 | 8 | 1 | 176th |
| Mr. Nasim Beg | 9 | 9 | - | |
| Mr. Ahmed Jahangir | 9 | 8 | 1 | 170th |
| Mirza Qamar Beg | 9 | 9 | - | |
| Syed Savail Meekal Hussain | 9 | 8 | 1 | 170th |
| Mr. Kashif A. Habib | 9 | 7 | 2 | 176th and 169th |
| Ms. Mavra Adil Khan | 9 | 7 | 2 | 168th & 170th |
| Muhammad Saqib Saleem | 9 | 9 | - | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

20.4 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 |
|---|-----------------------|----------------------------|---------------|---------------------|
| 1 | Muhammad Saqib Saleem | Chief Executive Officer | FCCA, FCA | 24.5 |
| 2 | Muhammad Asim | Chief Investment Officer | MBA, CFA | 19 |
| 3 | Awais Abdul Sattar | Portfolio Manager Equities | MBA, CFA | 11 |
| 4 | Saad Ahmed | Head Of Fixed Income | MBA | 16 |
| 5 | Syed Abid Ali | Head Of Equities | MBA | 14 |

20.5 Other funds managed by the fund manager

Mr. Awais Abdul Sattar is the Manager of the Fund as at year end.

21. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 4.27% as on June 30, 2022 (2021 is 5.15%) and this includes 0.29% (2021: 0.85%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee.

22. GENERAL

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

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

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 15 2022 by the Board of Directors of the Management Company.

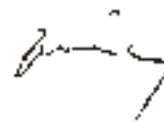
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2022**

| No. of Unit Holders | Unit holdings | Total units held |
|---------------------|-----------------------|--------------------|
| 3,271 | A. 001-10,000 | 100,133 |
| 2,314 | B. 10,001 – 100,000 | 1,029,260 |
| 1,435 | C. 100,001 – 1000,000 | 5,662,343 |
| 536 | D. 1000,001 & Above | 95,808,667 |
| <u>7,556</u> | | <u>102,600,402</u> |

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2022

| Performance Information | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------------|-------------|------------|--------------|-------------|
| Total Net Assets Value – Rs. in million | 8,875.3320 | 12,397.1820 | 8,803.8971 | 9,556.0000 | 10,113.0000 |
| Net Assets value per unit – Rupees | 86.5039 | 103.6294 | 77.4230 | 79.3006 | 94.8056 |
| Closing Offer Price | 89.4364 | 107.1424 | 80.0476 | 81.9889 | 98.0195 |
| Closing Repurchase Price | 83.5714 | 100.1164 | 74.7984 | 76.6123 | 94.8056 |
| Highest offer price per unit | 110.6947 | 111.0017 | 84.1621 | 101.2954 | 109.4173 |
| Lowest offer price per unit | 57.6102 | 81.0590 | 81.5497 | 80.4862 | 88.8802 |
| Highest Redemption price per unit | 107.0652 | 107.3621 | 81.4026 | 97.9741 | 105.8297 |
| Lowest Redemption price per unit | 56.6500 | 78.4012 | 78.8758 | 77.8472 | 85.9660 |
| Distribution per unit – Rs. * | - | - | - | - | - |
| Average Annual Return - % | | | | | |
| One year | -16.53 | 33.85 | -2.37 | -16.35 | -7.51 |
| Two year | 8.66 | 15.74 | -9.36 | -11.93 | 11.02 |
| Three year | 4.98 | 5.04 | -8.74 | 1.89 | 9.09 |
| Net Income for the year – Rs. in million | (1,816.9225) | 3,073.7630 | (164.2317) | (1,943.1600) | (693.6915) |
| Distribution made during the year – Rs. in million | - | - | - | - | - |
| Accumulated Capital Growth – Rs. in million | (1,816.9225) | 3,073.7630 | | (1,943.1600) | (693.6915) |

* Date of Distribution

| 2022 | |
|------|------|
| Date | Rate |

Nil

| 2021 | |
|------|------|
| Date | Rate |

Nil

| 2020 | |
|------|------|
| Date | Rate |

Nil

| 2019 | |
|------|------|
| Date | Rate |

Nil

| 2018 | |
|------|------|
| Date | Rate |

Nil

Disclaimer

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

PROXY ISSUED BY FUND FOR THE YEAR ENDED JUNE 30, 2022

The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedure s which is available on Management Company's website. During the financial year, the Management Company on behalf of the fund did participate in 15 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

| | Resolutions | For | Against | Abstain | Reason for Abstaining |
|---------|-------------|-----|---------|---------|-----------------------|
| Number | 65 | 65 | 0 | 0 | - |
| (%ages) | 100 | 100 | 0 | 0 | - |

Detailed information regarding actual proxies voted by the Management Company on behalf of the Fund will be provided without any charges on request of unit holders.

MCB-Arif Habib Savings and Investments Limited

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