

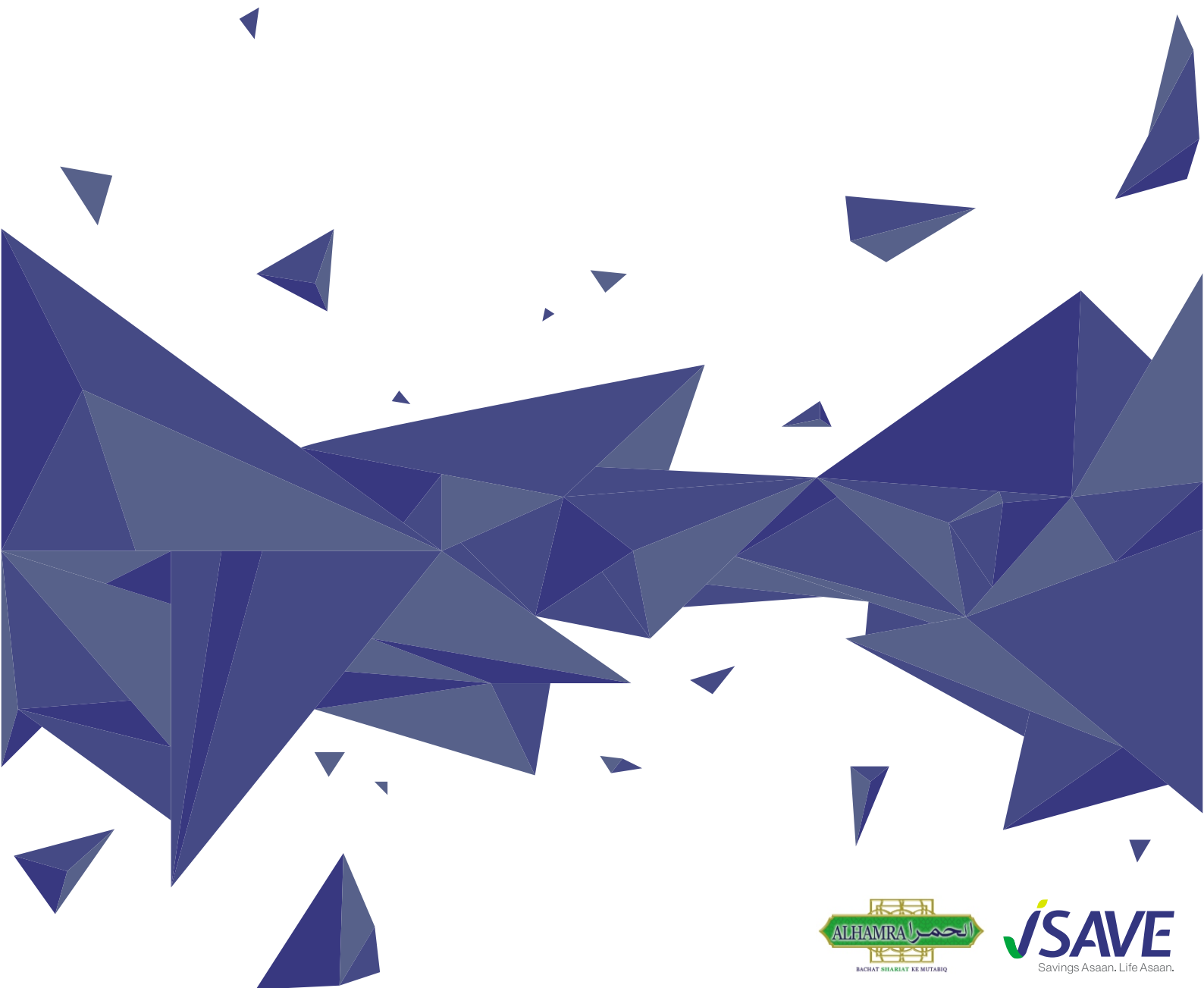


**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

SEPTEMBER  
**2022**  
(UNAUDITED)

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



# **PAKISTAN INCOME ENHANCEMENT FUND**

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## FUND'S INFORMATION

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

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Income Enhancement Fund** accounts review for the quarter ended September 30, 2022.

## **ECONOMY AND MONEY MARKET REVIEW**

The new fiscal year started with unprecedented rainfall and added further woes to the already struggling economy of Pakistan. The country witnessed 3 times more rainfall than 30-year average of 135mm which caused considerable damage to the infrastructure, wiped off crops, devastated livestock and resulted in the loss of precious lives. The floods would directly hit our already fragile economy in the shape of higher inflation, worsening Current Account Deficit (CAD), fiscal strain, and lower GDP growth amid the tough global landscape.

The key crop affected by floods are cotton and rice. We expect the cotton imports to increase by 2.5mn bales which translates into an additional import bill of around USD 1.1bn. Similarly, we expect rice export to decrease by 20% leading to a decline in export of USD 500mn. This would worsen our trade deficit by USD 1.6 billion. The inflation could also escalate in the short term as supply chain disruption would lead to increase in price of perishable food products.

Agriculture contributes around 22.7% to the country's GDP with livestock having a weight of 14.0% in the overall pie followed by crops with a weightage of 7.8%. The floods would trim FY23 GDP growth number by 0.4% to 2.0%. On the fiscal front, the government will have to increase its spending to rehabilitate the peoples affected by floods. This could increase risk of fiscal slippage and cause us to miss our target of achieving a primary budget surplus of PKR 153bn (0.2% of GDP) in FY23.

The country posted a current account deficit of USD 1.9bn in first two months of fiscal year 2023 (2MFY23) compared to a deficit of USD 2.4bn in the corresponding period last year, registering a 20% improvement over last year. Narrowing trade deficit was the major contributor towards improving CAD as an 11.2% jump in exports coupled with 2.1% drop in imports led to 11% contraction in trade deficit. In addition to CAD, debt repayments put further pressure on the FX reserves, which dropped by another USD 1.9 billion to USD 7.9 billion, hardly enough for 6 weeks. This led PKR to lost its ground against the USD by 11% to close the quarter at PKR 227 against a Dollar.

Headline inflation represented by CPI averaged 25.1% during the quarter as compared to 8.6% in the corresponding period last year. Higher food prices as an aftermath of floods coupled with higher electricity tariff and rising petroleum prices were the major contributors towards rising CPI. The inflationary pressure was broad based which is depicted by core inflation increasing to 15.7% compared to 12.3% at the end of last quarter. SBP increased policy rate by a further 125bps in July-22 monetary policy while maintained interest rates in the latest MPS held in Oct-22. On the fiscal side, FBR tax collection increased by 17.1% in 1QFY23 to PKR 1,635 billion compared to PKR 1,396 billion in the same quarter last year. This exceeded the target by 25bn.

Secondary markets yields increased in the quarter on account of monetary tightening and additional bout of inflationary pressure post floods. The 3,6 and 12 Month T-Bills yield increased by 50, 52 and 44 basis points (bps) respectively while 3 and 5 Years Bond yields rose by 38 and 19bps respectively during the quarter.

## **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 15.99% against its benchmark return of 16.55%.

WAM of fund stood at 1.1 years. The fund was mainly invested in Cash & TFCs.

At period-end, the fund was 58.8% invested in Cash, 17.4% in TFCs. The Net Assets of the fund as at September 30, 2022 stood at Rs. 1,112 million as compared to Rs. 870 million as at June 30, 2022 registering an increase of 27.8%.

The Net Asset Value (NAV) per unit as at September 30, 2022 was Rs. 56.3399 as compared to opening NAV of Rs. 54.1576 per unit as at June 30, 2022 registering an increase of Rs. 2.1823 per unit.

## **ECONOMY & MARKET – FUTURE OUTLOOK**

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector increasing by 4.4%, 7.2% and 6.2% respectively. The GDP growth is projected to decline to 2.0% in FY23 as monetary tightening, rupee devaluation and the recent floods will lead to slowdown in the economy. The

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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loss of cotton and rice crop would trim agriculture growth to 1.2% while industrial growth is expected at clock at -2.5% owing to demand slowdown. The government is taking administrative measures to control imports which will reduce service sector growth to 3.7%.

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 13% YoY to USD 63bn as we may witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 7.3bn (2.0% of GDP) in FY23, a massive drop, when compared with USD 17.4bn (4.5% of GDP) in FY22.

The successful resumption of IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. In addition, the aid commitment by multilateral agencies should lend support to foreign inflows. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account this year to stave off external concerns.

The rupee has now recovered from its recent low as more clarity has emerged on foreign assistance from multilateral agencies. In addition, the statement given by the new finance minister regarding the overvaluation of dollar curbed speculation in the market. However, materialization of foreign inflows will be crucial to build sufficient reserve and lend support to the currency. We expect USD/PKR to close at 240 by fiscal year end on an assumed REER of 95.

We expect Average FY23 inflation to clock at 24.7% assuming international oil stays around USD 100/bbl. The government has increased petroleum and electricity prices, which will lead to a bout of inflationary pressure. We will also witness the second round impact of the currency devaluation which will keep inflation numbers elevated for remainder of the year. Food inflation is also expected to stay elevated due to the recent floods. SBP has already increased policy rate to 15.0% to cool aggregate demand and deescalate inflationary pressure. Given the significant economic slowdown and demand curtailment we do not rule out a scenario where SBP keeps real interest rates negative.

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market appears to have priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 9.4%, a discount of 55% from its historical average. Similarly, risk premiums are close to 7.8%, 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 5.0x, while offering a dividend yield of 10.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

### MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry increased by about 6.3% during 1QFY23 to PKR 1,291bn. Total money market funds grew by about 7.0% since June 2022. Within the money market sphere, the conventional funds showed a growth of 0.6% to PKR 449bn while Islamic funds increased by 19.6% to PKR 270bn. In addition, the total fixed Income funds increased by about 3.3% since June 2022 to PKR 308bn. Equity and related funds declined by 3.6% as market witnessed a decline in 1QFY23 eroding AUMs as concern over macroeconomic factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 55.6%, followed by Income funds with 23.9% and Equity and Equity related funds having a share of 17.2% as at the end of 1QFY23.

### MUTUAL FUND INDUSTRY OUTLOOK

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, a correction in stock prices has opened up valuations and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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### ACKNOWLEDGMENT

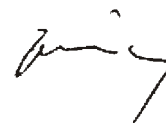
The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
October 21, 2022



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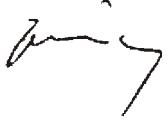
**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹرز رپورٹ

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز 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 او اے س چیئر مین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 اکتوبر 2022ء



## ڈائریکٹرز رپورٹ

کے باعث ایس بی پی کے حقیقی شروع سود کو منفی رکھنے کا امکان خارج از بحث نہیں ہے۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹی، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھٹل گئی ہے۔ مارکیٹ نے بظاہر 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 9.4 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 55 فیصد کمی ہے۔ اسی طرح، خطرات کے پرمیئم 7.8 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھر پور 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 بھر پور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 5.0x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 10.2 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی، اور پُرکشش شرحوں پر انکم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2023ء کی پہلی سہ ماہی کے دوران تقریباً 6.3 فیصد بڑھ کر 1,291 بلین روپے ہو گئے۔ مجموعی Money مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 7.0 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 0.6 فیصد بڑھ کر 449 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 19.6 فیصد بڑھ کر 270 بلین روپے ہو گئے۔ مزید برآں، مجموعی فیکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 3.3 فیصد بڑھ کر 308 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 3.6 فیصد کم ہو گئے جس کی وجہ مالی سال 2023ء کی پہلی سہ ماہی میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانظامیہ میں کمی ہے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2023ء کی پہلی سہ ماہی کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.6 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 23.9 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 17.2 فیصد حصہ تھا۔

### میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں آمدورفت میں اضافے کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعا دس سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں تصحیح سے تعینات قدر کھٹل گئی ہیں اور طویل المیعا دس سرمایہ کاران بے حد پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھر پور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

## ڈائریکٹر رپورٹ

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 15.99 فیصد تھا، جبکہ مقررہ معیار کا منافع 16.55 فیصد تھا۔  
فنڈ کی پالوزن اوسط میچورٹی 1.1 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سٹریٹجیکس (ٹی ایف سی) میں تھی جو اختتام مدت پر بالترتیب 58.8 فیصد اور 17.4 فیصد تھی۔

30 ستمبر 2022ء کو فنڈ کے net اثاثہ جات 1,112 ملین روپے تھے جو 30 جون 2022ء کی سطح 870 ملین روپے کے مقابلے میں 27.8 فیصد کا اضافہ ہے۔

30 ستمبر 2022ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 56.3399 روپے تھی جو 30 جون 2022ء کو ابتدائی این اے وی 54.1576 روپے فی یونٹ کے مقابلے میں 2.1823 روپے فی یونٹ کا اضافہ ہے۔

### معیشت اور بازار - مستقبل کے امکانات

مالی سال 2022ء میں پاکستان کی مجموعی ملکی پیداوار (ج ڈی پی) کی ترقی 6.0 فیصد تھی۔ زراعت، صنعت اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.0 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور حالیہ سیلابوں کے نتیجے میں معیشت سست رفتاری کا شکار ہوگی۔ کپاس اور چاول کی فصل میں نقصان کے باعث زرعی ترقی سنکڑ کر 1.2 فیصد ہو جائے گی جبکہ صنعتی ترقی (مانگ میں سست رفتاری کے باعث) (2.5) فیصد متوقع ہے۔ حکومت درآمدات پر قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس سے خدمات کے شعبے کی ترقی سنکڑ کر 3.7 فیصد ہو جائے گی۔

بین الاقوامی اشیاء کی قیمتیں حالیہ بلند سطح سے نیچے آئی ہیں لیکن توانائی کی قیمتیں ابھی تک آسمان سے باتیں کر رہی ہیں۔ ہم اُمید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام ڈالے رکھے گی اور ڈالر کے غیر ضروری اخراجات کو کم کرنے کی کوشش کرے گی۔ درآمدات متوقع طور پر 13 فیصد سال در سال (YoY) کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد شعبوں میں خجما تھی سنکڑ دیکھا جائے گا۔ چنانچہ مالی سال 2023ء میں سی اے ڈی متوقع طور پر کم ہو کر 7.3 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) ہو جائے گا، جو مالی سال 2022ء (17.4 بلین ڈالر - جی ڈی پی کا 4.5 فیصد) کے مقابلے میں بڑی کمی ہے۔

آئی ایم ایف پروگرام کی کامیابی بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو جہتی اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ علاوہ ازیں، کثیر الجہتی ایجنسیوں کی طرف سے امداد کے وعدے سے غیر ملکی آمدنی بہاؤ کو معاونت حاصل ہوگی۔ تاہم ہماری خارجی حالت اب بھی غیر یقینی ہے کیونکہ وقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی یورو بانڈ یا سنکھک جاری کریں۔ FDI اور RDA سے حاصل ہونے والی آمدنیاں بھی موجودہ معاشی مشکلات کے باعث متوقع طور پر کم رہیں گی۔ چنانچہ اس سال ہمیں ایک قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی خدشات ختم ہو سکیں۔

روپے کی قدر حالیہ پست سطح سے بحال ہوئی ہے کیونکہ کثیر الجہتی ایجنسیوں سے غیر ملکی امداد کے حوالے سے صورتحال مزید واضح ہوئی ہے۔ علاوہ ازیں، نئے وزیر خزانہ کے ڈالر کی بیش قدری سے متعلق بیان سے بازار میں قیاس آرائی میں کمی ہوئی۔ تاہم خاطر خواہ ذخائر جمع کرنے اور روپے کو سہارا فراہم کرنے کے لیے غیر ملکی آمدنی بہاؤ کا عملی جامہ پہننا بے حد ضروری ہوگا۔ ہماری توقع کے مطابق مالی سال کے اختتام پر (REER کے 95 ہونے کے مفروضے پر) ڈالر کے مقابلے میں روپے کی قدر 240 ہوگی۔

مالی سال 2023ء میں اوسط مہنگائی 24.7 فیصد متوقع ہے، بشرطیکہ تیل بین الاقوامی سطح پر تقریباً 100 ڈالر فی بیرل پر برقرار رہے۔ حکومت نے پٹرول اور بجلی کی قیمتوں میں اضافہ کیا ہے جس کے نتیجے میں مہنگائی کی دباؤ میں شدت آئے گی۔ روپے کی قدر میں کمی کے اثر کا دوسرا دور بھی دیکھنے میں آئے گا جس کے باعث سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر رہیں گے۔ حالیہ سیلابوں کے سبب اشیاء خورد و نوش کی قیمتیں بھی بلند رہنے کا امکان ہے۔ اسٹیٹ بینک آف پاکستان نے پہلے ہی پالیسی شرح کو بڑھا کر 15.0 فیصد کر دیا ہے تاکہ مجموعی مانگ اور مہنگائی کے دباؤ سے نمٹا جاسکے۔ معیشت میں اچھی خاصی سست رفتاری اور مانگ میں کمی

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

منجانب بورڈ آف ڈائریکٹرز پاکستان انکم انہنٹ فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مختتمہ 30 ستمبر 2022ء پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

نئے مالی سال کا آغاز فقید المثل برسات سے ہوا جس نے پاکستان کی مسائل میں گھری معیشت کو مزید مشکلات سے دوچار کر دیا۔ ملک میں گزشتہ تیس برسوں کی اوسط بارش 135mm سے تین گنا زیادہ بارشیں ہوئیں جس کے نتیجے میں انتظامی ڈھانچے کو گھمبیر نقصان پہنچا، فصلوں کا صفایا ہو گیا، مویشی ہلاک ہوئے اور قیمتی جانیں ضائع ہوئیں۔ سیلاب ہماری پہلے سے خستہ حال معیشت پر براہ راست وار کریں گے جو مہنگائی میں اضافے، کرنٹ اکاؤنٹ خسارے (سی اے ڈی) میں مزید بگاڑ، مالیاتی تناؤ، اور عالمی سطح پر مشکلات کے نتیجے میں مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی میں کمی کی صورت میں ظاہر ہوگا۔

سیلابوں سے سب سے زیادہ متاثر ہونے والی فصلیں کپاس اور چاول ہیں۔ کپاس کی درآمد میں 2.5 ملین گانٹھیں اضافہ متوقع ہے جس کا مطلب درآمداتی بل میں تقریباً 1.1 بلین ڈالر اضافہ ہے۔ اسی طرح، چاول کی درآمد میں 20 فیصد کمی متوقع ہے جس کے نتیجے میں برآمدات میں 500 ملین ڈالر کمی آئے گی۔ جسکے باعث خسارہ میں 1.6 بلین ڈالر اضافہ ہوگا۔ مہنگائی میں بھی مختصر میعاد میں اضافہ ہو سکتا ہے کیونکہ زنجیر رسد میں بگاڑ کے نتیجے میں جلد خراب ہو جانے والی اشیائے خورد و نوش کی قیمتیں بڑھ جائیں گی۔

زراعت کا جی ڈی پی میں حصہ تقریباً 22.7 فیصد ہے جس میں مویشیوں کا حصہ 14.0 فیصد اور فصلوں کا حصہ 7.8 فیصد ہے۔ سیلابوں کے باعث مالی سال 2023ء میں ترقی کی شرح 0.4 فیصد کم ہو کر 2.0 فیصد رہ جائے گی۔ مالیاتی جہت میں حکومت کو سیلاب متاثرین کی بحالی کے لیے زیادہ رقم خرچ کرنا ہوگی۔ اس کے نتیجے میں مالیاتی اعتبار سے پھسلنے کا خطرہ بڑھ جائے گا اور مالی سال 2023ء میں 153 بلین روپے (جی ڈی پی کا 0.2 فیصد) پر انٹری بجٹ surplus کا ہمارا ہدف چوک سکتا ہے۔

مالی سال 2023ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 1.9 بلین ڈالر تھا، جو گزشتہ سال مماثل مدت میں 2.4 بلین ڈالر کے مقابلے میں 20 فیصد بہتری ہے۔ اس کا اہم ترین سبب تجارتی خسارے میں 11 فیصد کمی ہے جو برآمدات میں 11.2 فیصد اضافے اور درآمدات میں 2.1 فیصد کمی کا مجموعی نتیجہ ہے۔ سی اے ڈی کے علاوہ قرضوں کی ادائیگیوں نے بھی زرمبادلہ کے ذخائر پر مزید دباؤ ڈالا، جو مزید 1.9 بلین ڈالر کم ہو کر 7.9 بلین ڈالر رہ گئے ہیں، اور یہ 6 ہفتوں کے لیے بھی بمشکل کافی ہوں گے۔ چنانچہ ڈالر کے مقابلے میں روپے کی قدر 11 فیصد گھٹ کر اختتام سہ ماہی پر 227 روپے فی ڈالر رہ گئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط دوران سہ ماہی 25.1 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 8.6 فیصد تھا۔ سیلابوں کے نتیجے میں اشیائے خورد و نوش کی قیمتوں کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ وسیع پیمانے پر تھا جس کا اظہار core مہنگائی سے ہوتا ہے۔ جس میں 15.7 فیصد ہوا جو گزشتہ سہ ماہی کے اختتام پر 12.3 فیصد تھا۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں جولائی 2022ء کی مانیٹری پالیسی میں مزید 125 بیسیس پوائنٹس (bps) کا اضافہ کیا جبکہ اکتوبر 2022ء میں منعقدہ تازہ ترین MPS میں سود کی شرحوں کو برقرار رکھا۔ مالیاتی جہت میں فیڈرل بورڈ آف ریونیو کی ٹیکس وصولی میں مالی سال 2023ء کی پہلی سہ ماہی میں 17.1 فیصد اضافہ ہوا اور 1,635 بلین روپے ٹیکس جمع ہوا، جبکہ گزشتہ سال مماثل سہ ماہی میں 1,396 بلین روپے تھے۔ اس طرح ہدف سے 25 بلین روپے زیادہ ٹیکس وصول ہوا۔

ثانوی مارکیٹوں کی پیداوار میں دوران سہ ماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دوران سہ ماہی 3، 6 اور 12 ماہانہ ٹریڈری بلنز (ٹی-بلنز) کے منافع جات میں بالترتیب 50، 52 اور 44 بی پی ایس، جبکہ 3 اور 5 سالہ بانڈز کے منافع جات میں بالترتیب 38 اور 19 بی پی ایس کا اضافہ ہوا۔

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2022**

	September 30, 2022 (Unaudited) Note	June 30, 2022 (Audited)
	(Rupees in '000)	
<b>ASSETS</b>		
Balances with banks	668,789	676,103
Investments	446,151	536,402
Receivable against marginal trading system	-	1
Dividend, profit and other receivable	17,168	16,175
Advances, deposits and prepayments	3,145	3,274
Receivable from National Clearing Company of Pakistan Limited	2,181	2,181
<b>Total assets</b>	<b>1,137,434</b>	<b>1,234,136</b>
<b>LIABILITIES</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,163	3,804
Payable to Central Depository Company of Pakistan Limited - Trustee	72	60
Payable to the Securities and Exchange Commission of Pakistan	49	213
Payable against redemption of units	2,079	2,079
Payable against purchase of Investments	-	335,236
Accrued expenses and other liabilities	22,247	22,386
<b>Total liabilities</b>	<b>25,610</b>	<b>363,778</b>
<b>NET ASSETS</b>	<b>1,111,824</b>	<b>870,358</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>1,111,824</b>	<b>870,358</b>
<b>Contingencies and Commitments</b>	7	
	(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>19,734,220</b>	<b>16,070,836</b>
	(Rupees)	
<b>NET ASSETS VALUE PER UNIT</b>	<b>56.3399</b>	<b>54.1576</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

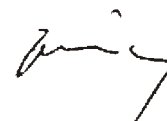
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Note	Quarter Ended September 30,	
		2022	2021
(Rupees in '000)			
<b>INCOME</b>			
Income from government securities		10,613	1,405
Income from Term Finance Certificates		7,493	3,480
Profit on bank deposits		19,957	4,961
Income from Margin Trading System (MTS)		-	1
Dividend income		-	5,837
Capital gain / (loss) on sale of investments - net		4,924	(848)
Income on spread transactions		-	14,048
Net unrealised gain on derivatives		-	5,585
Unrealised (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net		(1,269)	(15,684)
Other income		64	274
<b>Total income</b>		<b>41,782</b>	<b>19,059</b>
<b>EXPENSES</b>			
Remuneration of Management Company		1,594	1,993
Sindh sales tax on remuneration of Management Company		207	259
Remuneration of Central Depository Company of Pakistan Limited - Trustee		183	142
Sindh Sales tax on remuneration of Central Depository Company of Pakistan Limited - Trustee		24	19
Annual fee to Securities and Exchange Commission of Pakistan		49	38
Allocated expenses		294	189
Selling and Marketing		507	165
Securities transaction cost		134	1,349
Fees and subscription		131	214
Legal and professional charges		67	435
Auditors' remuneration		168	145
Bank charges		78	58
Printing and related costs		31	28
<b>Total expenses</b>		<b>3,467</b>	<b>5,034</b>
<b>Net income from operating activities</b>		<b>38,315</b>	<b>14,025</b>
Sindh Workers' Welfare Fund		-	9,434
<b>Net income for the period before taxation</b>		<b>38,315</b>	<b>23,459</b>
Taxation	8	-	-
<b>Net income for the period after taxation</b>		<b>38,315</b>	<b>23,459</b>
<b>Allocation of net income for the period:</b>			
Net income for the period		38,315	23,459
Income already paid on units redeemed		(5,141)	(1,059)
		<b>33,174</b>	<b>22,400</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		2,880	-
- Excluding capital gains		30,293	22,400
		<b>33,174</b>	<b>22,400</b>
<b>Earnings per unit</b>	9		

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

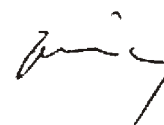
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter Ended	
	2022	2021
	(Rupees in '000)	
	2022	2021
Note		
Net income for the period after taxation	38,315	23,459
Other Comprehensive Income	-	-
<b>Total comprehensive income for the period</b>	<b>38,315</b>	<b>23,459</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter Ended					
	September 30, 2022			September 30, 2021		
	(Rupees in '000)					
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	
<b>Net assets at beginning of the period</b>	766,138	104,220	870,358	526,749	102,847	629,596
Issue of units 13,824,324 (2021: 7,279,263 units) including additional units						
- Capital value (at net asset value per unit at the beginning of the period)	748,693	-	748,693	392,363	-	392,363
- Element of income	15,963	-	15,963	6,917	-	6,917
	<b>764,656</b>	<b>-</b>	<b>764,656</b>	399,280	-	399,280
Redemption of 10,160,940 units (2021: 2,199,831 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(550,292)	-	(550,292)	(118,574)	-	(118,574)
- Element of income	(6,072)	(5,141)	(11,213)	(1,045)	(1,059)	(2,104)
	<b>(556,364)</b>	<b>(5,141)</b>	<b>(561,505)</b>	(119,619)	(1,059)	(120,678)
Total comprehensive income for the period	-	38,315	38,315	-	23,459	23,459
	-	-	-	-	-	-
	-	38,315	38,315	-	23,459	23,459
<b>Net assets at end of the period</b>	<b>974,430</b>	<b>137,394</b>	<b>1,111,824</b>	<b>806,410</b>	<b>125,247</b>	<b>931,657</b>
Undistributed income brought forward						
- Realised		102,893			95,758	
- Unrealised		1,327			7,089	
		<b>104,220</b>			<b>102,847</b>	
Accounting income available for distribution						
- Relating to capital gains		2,880			-	
- Excluding capital gains		30,293			22,400	
		<b>33,174</b>			<b>22,400</b>	
Cash distribution during the period		-			-	
Undistributed income carried forward		<b>137,394</b>			<b>125,247</b>	
Undistributed income carried forward						
- Realised		138,663			140,930	
- Unrealised		(1,269)			(15,684)	
		<b>137,394</b>			<b>125,247</b>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<b>54.1576</b>			<b>53.9015</b>
Net assets value per unit at end of the period			<b>56.3399</b>			<b>55.5883</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter Ended	
	September 30, 2022	September 30, 2021
(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	38,315	23,459
<b>Adjustments for non cash and other items:</b>		
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net	1,269	15,684
	<u>39,584</u>	<u>39,143</u>
<b>(Decrease) / Increase in assets</b>		
Investments - net	88,983	(75,810)
Dividend, profit and other receivable	(993)	(9,381)
Receivable against marginal trading system	1	2,257
Receivables against sale of investment	-	4,699
Advance against subscription of Term Finance Certificate	-	(25,000)
Advances, deposit and prepayments	129	192
Receivable from National Clearing Company of Pakistan Limited	-	5,722
	<u>88,120</u>	<u>(97,321)</u>
<b>(Decrease) / Increase in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(2,641)	75
Payable to Central Depository Company of Pakistan Limited - Trustee	12	15
Payable to the Securities and Exchange Commission of Pakistan	(164)	(99)
Payable against purchase of investment	(335,236)	-
Accrued expenses and other liabilities	(139)	(8,575)
	<u>(338,168)</u>	<u>(8,584)</u>
<b>Net cash (used in) operating activities</b>	<u>(210,464)</u>	<u>(66,763)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units (excluding additional units)	764,656	399,280
Payment against redemption and conversion of units	(561,505)	(120,678)
<b>Net cash generated from financing activities</b>	<u>203,151</u>	<u>278,602</u>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<u>(7,314)</u>	<u>211,839</u>
Cash and cash equivalents at beginning of the period	676,103	156,989
<b>Cash and cash equivalents at end of the period</b>	<u><u>668,789</u></u>	<u><u>368,828</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements


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



Chief Executive Officer



Chief Financial Officer



Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2022 to the Management Company and "A+(f)" as stability rating dated September 09, 2022 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
  - The NBFC Rules, the Non-Banking Finance Companies and 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

- 2.1.2 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2022 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2022, whereas the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2021.
- 2.1.3 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

3.1.4 'In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.

3.1.5 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2022.

4	BALANCES WITH BANKS	Note	Sep 30, 2022 (Un-audited) (Rupees in '000)	June 30, 2022 (Audited)
	In current accounts	4.1	10,303	5,428
	In saving accounts	4.2	658,486	670,675
			<u>668,789</u>	<u>676,103</u>

4.1 This includes balances of Rs. 10.276 million (June 30, 2022: Rs. 5.440 million) maintained with MCB Bank Limited (a related party).

4.2 These carry profits at the rates ranging from 12.25% to 16.30% (June 30, 2022: 12.25% to 17.50% ) per annum and include Rs. 0.095 (June 30, 2022: Rs. 0.039 ) maintained with MCB Bank Limited, a related party which carries profit at the rate of 12.25% (June 30, 2022: 12.25%).

5	INVESTMENTS	Note	Sep 30, 2022 (Un-audited) (Rupees in '000)	June 30, 2022 (Audited)
	<i>At fair value through profit or loss</i>			
	Government securities	5.1	248,425	329,152
	Listed debt securities	5.2	-	-
	Unlisted debt securities	5.3	197,726	207,250
			<u>446,151</u>	<u>536,402</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

**5.1 Government securities - Fair value through profit or loss**

Tenure	Issue Date	Face value				At Sep 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2022	Purchased during the period	Sales / matured during the period	At Sep 30, 2022	Carrying value	Market value	(Diminution) / appreciation		
-----Rupees in '000----- %-----										
*Treasury bills - 3 months	July 14, 2022	-	500,000	500,000	-	-	-	-	-	-
	July 28, 2022	-	400,000	400,000	-	-	-	-	-	-
<b>Pakistan Investment Bonds - FRB - 2 years</b>	August 26, 2021	250,000	250,000	250,000	250,000	249,119	248,425	(694)	22	56
<b>Pakistan Investment Bonds - 5 years</b>	April 29, 2022	100,000	700,000	800,000	-	-	-	-	-	-
	August 4, 2022	-	300,000	300,000	-	-	-	-	-	-
	August 5, 2021	-	250,000	250,000	-	-	-	-	-	-
<b>As at September 30, 2022 (Unaudited)</b>						<b>249,119</b>	<b>248,425</b>	<b>(694)</b>		
As at June 30, 2022 (Audited)						330,031	329,152	(879)		

**5.2 Listed debt securities - Term Finance Certificates/Sukuks**

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

Name of investee company	Number of Certificates					At Sep 30, 2022			Market value as a percentage of net assets	Market value as a percentage of total investment
	At July 1, 2022	Purchased during the period	Matured during the period	Disposed during the period	At Sep 30, 2022	Carrying value	Market value	diminution		
-----Rupees in '000----- %-----										
<b>Real Estate investment and services</b>										
Pace Pakistan Limited (15-02-08 issue)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				
<b>As at September 30, 2022 (Unaudited)</b>						-	-	-		
As at June 30, 2022 (Audited)						-	-	-		

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

**5.3 Unlisted debt securities - Term Finance Certificates/Sukuks - Fair value through profit or loss**

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

Name of investee company	Number of Certificates				As at Sep 30, 2022			Market value** as a percentage of net assets	Market value** as a percentage of total investment	
	As at July 1, 2022	Purchased during the period	Matured during the period	Disposed during the period	As at Sep 30, 2022	Carrying value*	Market value			Appreciation / (diminution)
	----- Rupees in '000 -----							----- % -----		
<b>Financial Institutions</b>										
Askari Bank Limited (17-3-20 issue)*	20	-	-	-	20	20,300	20,300	-	1.83	4.55
The Bank of Punjab Limited (23-12-16 issue)**	550	-	-	-	550	55,099	54,943	(155)	4.94	12.31
Samba Bank Limited (01-03-2021)	400	-	-	-	400	40,134	40,143	9	3.61	9.00
Jahangir Siddiqui & Company Limited (18-07-2017 issue)***	17,000	-	-	-	17,000	21,913	21,841	(72)	1.96	4.90
Bank AL Habib Ltd. - TFC*** (30-09-2021 issue)	5,000	-	-	-	5,000	25,715	25,565	(150)	2.30	5.73
<b>Construction and Material</b>										
Cinergyco PK Limited (Formerly: Byco Petroleum Pakistan Limited) (18-01-2017 issue)**-Sukuk	20	-	-	-	20	340	337	(2)	0.03	0.08
Pak Elektron Ltd. - Sukuk (15-11-2021)*	35	-	-	-	35	34,800	34,597	(204)	3.11	7.75
Eden Housing Limited - Sukuk - (31-03-2008 issue) - Due but not received	10,415	-	-	-	10,415	10,251	-	-	-	-
Less: Provision for impairment						(10,251)				
						-				
<b>As at September 30, 2022 (Unaudited)</b>						<b>198,301</b>	<b>197,726</b>	<b>(575)</b>		
As at June 30, 2022 (Audited)						205,044	207,250	2,206		

\* Nominal value of this certificate is Rs.1000,000 per certificate.

\*\* Nominal value of this certificate is Rs.100,000 per certificate.

\*\*\* Nominal value of this certificate is Rs.5,000 per certificate.

**5.4 Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net**

		(Unaudited) September 30, 2022	(Audited) June 30, 2022
		'---- (Rupees in '000) ----	
Market value of investments		446,151	536,402
Carrying value of investments	5.1 to 5.3	447,420	535,075
		<u>(1,269)</u>	<u>1,327</u>

**6 ACCRUED EXPENSES AND OTHER LIABILITIES**

	Note	Sep 30, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees in '000)	
Provision for federal excise duty and related taxes on			
- Management fee	6.1	16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		19	16
Capital gain tax payable		245	541
Auditors' remuneration payable		554	386
Printing expense payable		65	40
Legal advisor payable		28	35
Other payable		-	32
		<u>22,247</u>	<u>22,386</u>

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2021. Had the provision for FED not been made, the Net Assets Value of the Fund as at September 30, 2022 would have been higher by Rs 1.08 (June 30, 2022: Rs 1.33) per unit.

### 7 CONTINGENCIES AND COMMITMENTS

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

### 8 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 realized or unrealized 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. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

### 9 EARNINGS PER UNIT

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

### 10 TOTAL EXPENSE RATIO

The annualized total expense ratio of the Fund based on the current period results is 1.43% (September 30, 2021: 2.66%) and this includes 0.12% (September 30, 2021: 0.16%) representing government levy, SECP fee etc.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

### 11 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

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

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

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

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

For the Quarter ended September 30, 2022 (unaudited)								
As at July 01, 2022	Issued for cash	Redeemed	As at Sep 30, 2022	As at July 01, 2022	Issued for cash	Redeemed	As at Sep 30, 2022	
----- Units -----				----- (Rupees in '000) -----				
<b>Associated Companies:</b>								
D.G Khan Cement Company Limited								
Employees Provident Fund Trust	477,036	-	-	477,036	25,835	-	-	26,876
<b>Key management personnel*</b>	-	124,740	124,740	-	-	7,022	7,025	-
<b>Unit holders holding 10% or more units</b>	2,231,978	-	-	2,231,978	120,879	-	-	125,749
								-
For the Quarter ended September 30, 2021 (unaudited)								
As at July 01, 2021	Issued for cash	Redeemed	As at Sep 30, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at Sep 30, 2021	
----- Units -----				----- (Rupees in '000) -----				
<b>Associated Companies:</b>								
Security General Insurance Company								
Limited Employees Provident Fund Trust	50,227	-	-	50,227	2,707	-	-	2,792
<b>Mandate Under Discretionary Portfolio Services *</b>	-	-	-	-	-	-	-	-
<b>Key management personnel*</b>	29,275	40,945	70,220	-	1,578	2,246	3,878	-
<b>Unit holders holding 10% or more units</b>	2,031,021	-	-	2,031,021	109,475	-	-	112,901

\* This reflects position of related party / connected persons status

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

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

	Sep 30, 2022 (Unaudited) ----- (Rupees in '000) -----	Sep 30, 2021 (Unaudited)
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	1,801	2,252
Selling and Marketing	507	165
Allocated expenses including indirect taxes	294	189
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration of the trustee (including indirect taxes)	207	161
CDC settlement charges	3	79
<b>MCB Bank Limited</b>		
Profit on bank deposits	2	-
Purchase of securities Face Value Nil (2021: Nil)	-	-
Bank charges	5	5
<b>Arif Habib Limited</b>		
Brokerage	8	-
<b>Aisha Steel Mills Limited</b>		
Purchase of Nil (2021: 531,500) shares	-	12,937
Sale of Nil (2021: 901,500) shares	-	22,477
<b>D.G. Khan Cement Company Limited</b>		
Purchase of Nil (2021: 136,500) shares	-	14,948
Sale of Nil (2021: 164,000) shares	-	18,948
<b>Nishat (Chunian) Limited</b>		
Purchase of Nil (2021: 847,500) shares	-	41,419
Sale of Nil (2021: 147,000) shares	-	77,212
<b>Nishat Mills Limited</b>		
Purchase of Nil (2021: 15,500) shares	-	1,505
Sale of Nil (2021: 15,000) shares	-	1,471
<b>Pak Elektron Limited</b>		
Purchase of Nil (2021: 985,000) shares	-	29,633
Sale of Nil (2021: 701,500) shares	-	24,104
<b>Power Cement Limited</b>		
Purchase of Nil (2021: 206,000) shares	-	1,733
Sale of Nil (2021: 128,000) shares	-	1,176
<b>Siddiqsons Tin Plate Limited</b>		
Purchase of Nil (2021: 235,000) shares	-	3,950
Sale of Nil (2021: 221,500) shares	-	3,800

	September 30, 2022 (Unaudited) ----- (Rupees in '000) -----	June 30, 2022 (Audited)
<b>11.3 Amount outstanding as at period end / year end</b>		
<b>MCB - Arif Habib Savings &amp; Investments Limited - Management Company</b>		
Remuneration payable	354	1,004
Sindh Sales tax payable on remuneration to the Management Company	46	130
Selling and Marketing	507	150
Sales load payable	127	2,450
Allocated expenses payable	129	70
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	64	53
Sindh Sales tax payable on remuneration of Trustee	8	7
Security deposits	200	200
<b>MCB Bank Limited</b>		
Bank deposits held	10,371	5,440

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

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**12 FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

**13 GENERAL**

**13.1** Figures have been rounded off to the nearest thousand rupees.

**13.2** Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

**14 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 21, 2022 by the Board of Directors of the Management Company.

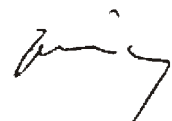
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



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

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

**UAN:** (+92-21) 11-11-622-24 (11-11-MCB-AH)

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