

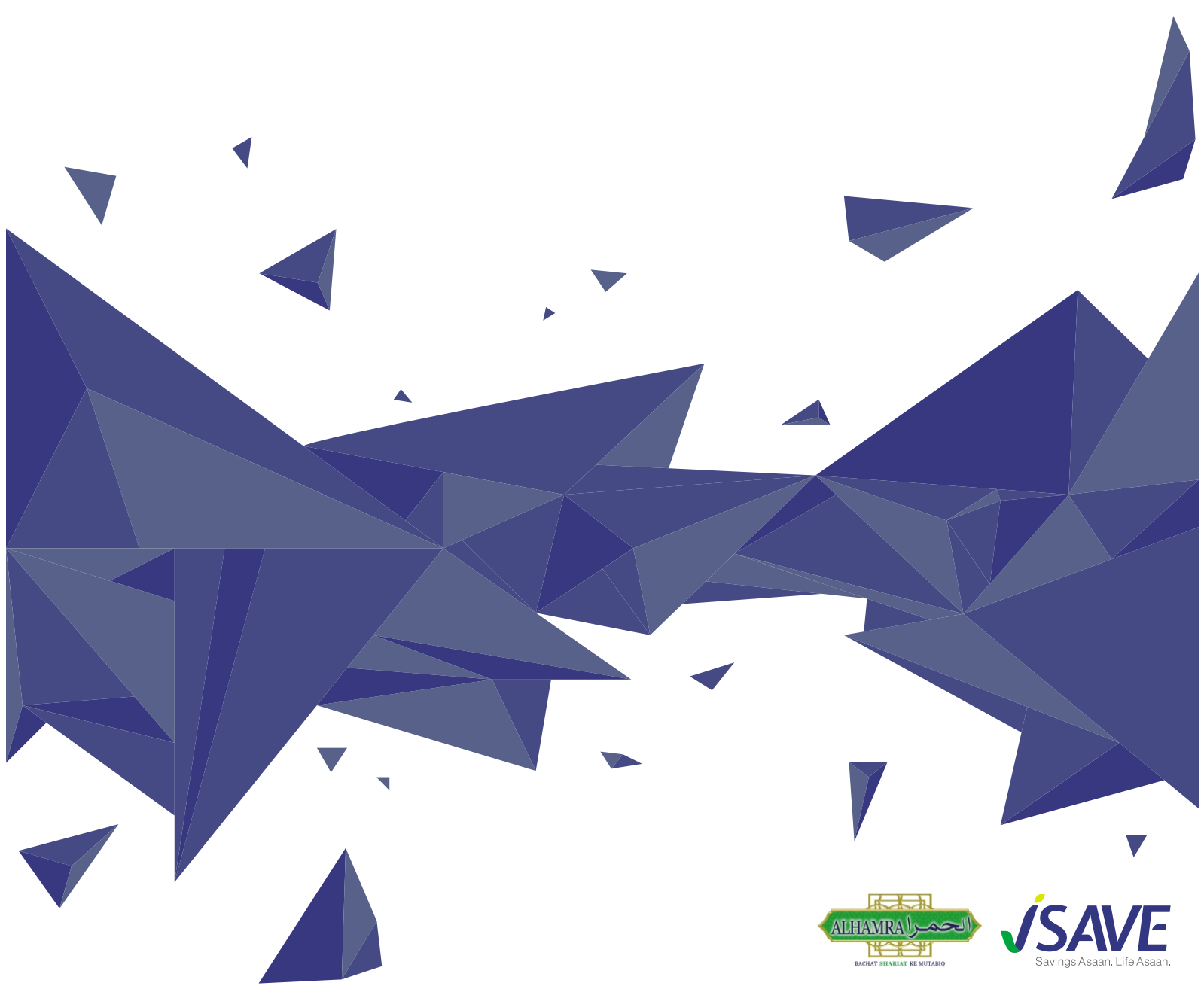


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2022
(UNAUDITED)

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



PAKISTAN CAPITAL MARKET FUND

TABLE OF CONTENTS

1	Fund's Information	265
2	Report of the Directors of the Management Company	266
3	Trustee Report to the Unit Holders	273
4	Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Statements	274
5	Condensed Interim Statement of Assets And Liabilities	275
6	Condensed Interim Income Statement (Un-audited)	276
7	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	277
8	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	278
9	Condensed Interim Cash Flow Statement (Un-audited)	279
10	Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	280

FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Capital Market Fund** accounts review for the half year ended December 31, 2022.

ECONOMY AND MONEY MARKET REVIEW

The macroeconomic landscape continued to remain challenging. The economy was jolted with the worst floods in more than a decade, which caused severe damage to the infrastructure, wiped off crops, devastated livestock and resulted in the loss of precious lives. Earlier, elevated commodity prices due to pent up demand post covid restrictions saw another upward push due to escalation of Russia-Ukraine conflict.

SBP foreign exchange reserves have fallen to critically low levels of USD 3.2 billion (import cover of less than 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. Due to tough impact on vast majority of poor population, government has been reluctant to agree to harsh steps which are pre-condition to IMF loans such as increasing electricity, gas and petrol prices. Unlocking IMF funding however remains critical as the delay in the IMF program is leading to a slowdown in foreign flows from bilateral and multilateral partners.

The country posted a current account deficit (CAD) of USD 3.1 billion in first five months of the fiscal year 2023 (5MFY23) declining by 57% YoY compared to a deficit of USD 7.2 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 2.0% decrease in exports coupled with 16.2% drop in imports led to 26% contraction in trade deficit. The government initially kept a lid on imports through administrative measures such as imposing import quotas on selective imports. These import restrictions helped the Rupee gain some strength against the USD, from a low of 240 in July 2022 to PKR 226.4 at December 2022 end.

Headline inflation represented by CPI averaged 25.0% during the half as compared to 9.8% 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 pressures were broad based which is depicted by core inflation increasing to 16.4% compared to 12.3% at the end of last fiscal year. SBP increased the policy rate by a further 100bps to 16.0% in the latest monetary policy held in November 2022. On the fiscal side, FBR tax collection increased by 17.0% in 1HFY23 to PKR 3,428 billion compared to PKR 2,929 billion in the same period last year. This missed the target by 218 billion.

Secondary markets yields increased in the half on account of monetary tightening and an additional bout of inflationary pressures post floods. The 3,6 and 12 Month T-Bills yield increased by 171, 184 and 170 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 219,168 and 78bps respectively during 1HFY23.

EQUITY MARKET REVIEW

The KSE-100 index closed in negative territory, declining by 1,120 points (-2.7%) in 1HFY23 to close at 40,420 points. The initial exuberance on the account of the resumption of the IMF program and support from friendly countries soon washed away with catastrophic floods, which further deteriorated the already ailing economic conditions of the country. The period under review was marked with elevated inflation (CPI clocking in at a 47-year high), depleting SBP Reserves (lowest levels since April 2014), and a surprise interest rate hike by 100bps, which kept investors in a grim situation. Moreover, continuous delay in the completion of the 9th review under the IMF Program amid political turbulence in the country further dented investors' sentiments.

Foreigners remained net sellers with an outflow of USD 1 million, while on the local front, Mutual Funds offloaded about USD 64 million, which was largely absorbed by Banks and individuals with net buying of USD 50 million and USD 48 million respectively. During the first half, average trading volumes saw a

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

decline to 219 million shares compared to about 240 million shares during the preceding half. Similarly, the average trading value during the half saw a drop of 23% over the last half to near USD 30 million.

Commercial Banks, Auto Assemblers, Pharmaceuticals and Chemicals sector were the major contributors to the index decline posting -542/-429/-322/-160 points, respectively. Banking sector struggled to foreign selling pressure despite positing healthy earnings growth and strong balance sheets. Automobile Assemblers struggled due to poor volumetric sales thanks to restrictions imposed by SBP. On the flip side, Technology sector added 964 points to the index.

FUND PERFORMANCE

During the period under review, the fund posted a return of -1.88% compared to the return of -0.13% posted by the benchmark. On the equities front, the overall allocation stood at 58.60% and 39.8% cash. The exposure was mainly held in Commercial Banks, Cement, Technology and Oil & Gas Exploration Companies. On the fixed income side, the fund maintained its exposure towards cash to benefit from attractive rates offered by banks.

The Net Assets of the Fund as at December 31, 2022 stood at Rs. 339 million as compared to Rs. 382 million as at June 30, 2022 registering a decrease of 11.25%.

The Net Asset Value (NAV) per unit as at December 31, 2022 was Rs. 10.45 as compared to opening NAV of Rs. 10.65 per unit as at June 30, 2022 showing a decrease of Rs. 0.2 per unit.

ECONOMY & MARKET – FUTURE OUTLOOK

We expect FY23 GDP growth to decline to 0.6% as monetary tightening, rupee devaluation and the prevailing uncertainty will lead to slowdown in the economy. The loss of cotton and rice crop in the aftermath of floods would trim agriculture growth to 0.4% while industrial growth is expected at clock at -6.8% owing to demand slowdown and shortage of raw materials. The government is taking administrative measures to control imports, which may reduce service sector growth to 3.1%.

We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 18% YoY to USD 59 billion as we will witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 6.8 billion (2.0% of GDP) in FY23, a massive drop, when compared with USD 17.4 billion (4.5% of GDP) in FY22.

The successful resumption of IMF program will unlock funding from bilateral and multilateral sources. The aid commitment by multilateral agencies in the aftermath of floods 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 in the medium term to stave off external concerns.

The rupee has recovered from its recent low due to continuous drain in forex reserves encouraging spreads in Interbank and open market to widen significantly. We believe that restoring a market based exchange rate would bring equilibrium by incentivizing exports and remittances and discouraging imports. Thus we expect USD/PKR to close at 251 by fiscal year end on an assumed REER of 90.

We expect Average FY23 inflation to clock at 24.8% compared to 12.1% in FY22. We foresee the second round impact of the currency devaluation and expected increase in petroleum, electricity and gas prices, which will keep inflation numbers elevated for remainder of the year. SBP has increased the policy rate to 16.0% to cool aggregate demand and deescalate inflationary pressures. Given the significant economic challenges, we do not rule out a scenario where SBP further increases interest rates in the next monetary policy. We expect monetary easing cycle to begin in second half of CY23 where decline in inflation can provide some breather.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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 9.1%, a discount of 55% from its historical average. Similarly, Earning Yield Minus Risk Free Rate are close to 7.1%, compared to historical average of 2.7% 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. However, we do not see this potential translating into gains, unless issues on the external fronts are dealt with. The market is currently trading at PER of 4.8x, while offering a dividend yield of 11.2%.

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 funds industry increased by about 26.1% during 1HFY23 to PKR 1,531 billion. Total money market funds grew by about 34.2% since June 2022. Within the money market sphere, the conventional funds showed a growth of 19.8% to PKR 535 billion while Islamic funds increased by 62.7% to PKR 367 billion. In addition, the total fixed Income funds increased by about 24.1% since June 2022 to PKR 370 billion. Equity and related funds declined by 13.3% as market witnessed a drop in 1HFY23, 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 58.9%, followed by Income funds with 24.2% and Equity and Equity related funds having a share of 13.0% as at the end of 1HFY23.

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.

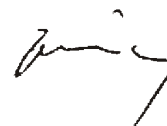
ACKNOWLEDGEMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 03, 2023



Nasim Beg
Director / Vice Chairman

ڈائریکٹرز رپورٹ

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ 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 خالص اثاثہ جات مالی سال 2023ء کے نصف اول کے دوران تقریباً 26.1 فیصد بڑھ کر 1,531 بلین روپے ہو گئے۔ مجموعی منی مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 34.2 فیصد اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 19.8 فیصد بڑھ کر 535 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 62.7 فیصد بڑھ کر 367 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 24.1 فیصد بڑھ کر 370 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 13.3 فیصد کم ہو گئے جس کی وجہ مالی سال 2023ء کے نصف اول میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانتظامیہ 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 کے نصف اول کے اختتام پر منی مارکیٹ فنڈز تقریباً 58.9 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.2 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 13.0 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے منی مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد 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 کھل گئی ہیں اور طویل المیعاد سرمایہ کاران پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

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۔

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
03 فروری 2023ء

ڈائریکٹرز رپورٹ

ہو کر 0.4 فیصد ہو جائے گی جبکہ صنعتی ترقی 6.8- فیصد متوقع ہے جس کی وجہ مانگ میں منسست روی اور خام مال کی قلت ہیں۔ حکومت درآمدات پر قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس کے باعث خدمات کے شعبے کی ترقی کم ہو کر 3.1 فیصد ہو جائے گی۔ ہم حکومت سے توقع کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے کھینچ کر رکھے گی اور ڈالر کے غیر ضروری اخراجاتی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 18 فیصد YoY کم ہو کر 59 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد گوشوں کے حجم سنکڑ جائیں گے۔ چنانچہ ہمیں توقع ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ (CAD) کم ہو کر 6.8 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) ہو جائے گا جو مالی سال 2022ء کے 17.4 بلین ڈالر (جی ڈی پی کے 4.5 فیصد) کے مقابلے میں ایک 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۔ سیلاب کی تباہ کاریوں کے ضمن میں 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 دقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی یورو بانڈ یا سنکک جاری کریں۔ ایف ڈی آئی اور آر ڈی اے سے حاصل ہونے والی آمدنیاں بھی موجودہ معاشی مشکلات کے باعث متوقع طور پر رُک رہیں گی۔ چنانچہ ہمیں درمیانی مدت میں قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی خدشات ختم ہو سکیں۔

غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی کی وجہ سے روپیہ اپنی حالیہ کم ترین سطح سے بحال ہوا ہے جس سے انٹرنیٹک اور اوپن مارکیٹ میں فرق کو نمایاں طور پر وسیع کرنے کی حوصلہ افزائی ہوئی ہے۔ ہم سمجھتے ہیں کہ مارکیٹ پر مبنی شرح زرمبادلہ سے توازن پیدا ہوگا کیونکہ برآمدات اور ترسیلات زر میں ترغیبات پیدا ہوں گی اور درآمدات کی حوصلہ شکنی ہوگی۔ چنانچہ ہماری توقع ہے کہ 90 کے مفروضہ REER پر مالی سال کے اختتام پر ڈالر/روپیہ تقریباً 251 روپے پر ہوگا۔

مالی سال 2023ء میں اوسط مہنگائی 24.8 فیصد متوقع ہے، بالمقابل مالی سال 2022ء میں 12.1 فیصد کے روپے کی قدر میں کمی کے اثر کا دوسرا دور، اور پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ بھی متوقع ہے، جس کے باعث سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر رہیں گے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 16.0 فیصد کر دیا ہے تاکہ مجموعی مانگ اور مہنگائی کے دباؤ سے نمٹا جاسکے۔ معیشت میں قابل ذکر منسست روی اور مانگ میں کمی کے باعث اس بات کا امکان خارج از بحث نہیں ہے کہ ایس بی پی اگلی ماہیٹری پالیسی میں شروع سود میں مزید اضافہ کرے۔ ہمیں اُمید ہے کہ مالی سال 2023ء کی دوسری ششماہی میں مالیاتی تسہیل کا دور شروع ہوگا، اور مہنگائی میں کمی سے حالات میں بہتری آئے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے بظاہر شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ کی قدر کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.1 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 55 فیصد کمی ہے۔ اسی طرح، Earning Yield Minus Risk Free Rate تقریباً 7.1 فیصد ہیں، اور ان کے قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر مارکیٹ میں ہونے والی تجارت میں بھرپور کمی کا پتہ چلتا ہے۔ ہم سمجھتے ہیں کہ شعبہ جات اور اسٹاکس کا بہت قریبی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیوں پر توجہ مرکوز کی جانی چاہیے جو اپنی اصل قدر کے مقابلے میں بہت کم پرفورمنٹ ہو رہی ہیں۔ تاہم ہمیں نہیں لگتا کہ خارجی جہات کے مسائل سے نمٹے بغیر اس استعداد سے منافع حاصل ہوں گے۔ موجودہ حالات پر مارکیٹ میں 4.8x کے PER پر تجارت چل رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 11.2 فیصد پر ہے۔

ڈائریکٹرز رپورٹ

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج KSE-100 انڈیکس منفی علاقے میں بند ہوا؛ دورانِ ششماہی 1,120 پوائنٹس (2.7 فیصد) کم ہو کر 40240 پوائنٹس پر بند ہوا۔ آئی ایم ایف پروگرام کی بحالی اور دوست ممالک کی طرف سے تعاون کے حوالے سے جو ابتدائی جوش و خروش تھا وہ جلد ہی تباہ کن سیلابوں کی نذر ہو گیا جس کے نتیجے میں پہلے سے بد حال ملکی معیشت مزید ابتر ہو گئی۔ زیرِ جائزہ مدت میں مہنگائی میں اضافہ ہوا (سی پی آئی گزشتہ 47 برسوں کی بلند ترین سطح پر پہنچ گیا) جس کے باعث ایس بی پی کے ذخائر کم ہو گئے (اور اپریل 2014ء سے اب تک کی پست ترین سطح پر پہنچ گئے)، اور شرح سود میں 100bps کے غیر متوقع اضافے کے باعث سرمایہ کار تشویش کا شکار رہے۔ مزید برآں، آئی ایم ایف پروگرام کے تحت نویں (9th) جائزے میں مسلسل تاخیر اور ملک میں سیاسی افراتفری نے سرمایہ کاروں کو مزید پریشانی سے دوچار کر دیا۔

غیر ملکی افراد 1 ملین ڈالر اخراجی بہاؤ کے ساتھ خالص خریدار رہے، جبکہ مقامی جہت میں میوچل فنڈز نے 64 ملین ڈالر کی فروخت کی جس کے بڑے خریدار بینک (50 ملین ڈالر) اور افراد (48 ملین ڈالر) تھے۔ دورانِ نصف اول اوسط تجارتی حجم 219 ملین حصص رہا، جبکہ سابقہ نصف میں تقریباً 240 ملین حصص رہا تھا۔ اسی طرح، دورانِ ششماہی اوسط تجارتی قدر گزشتہ ششماہی کے مقابلے میں 23 فیصد کم ہو کر تقریباً 30 ملین ڈالر ہو گئی۔ انڈیکس میں کمی میں اہم ترین کردار کمرشل بینکوں، گاڑیوں کی اسمبلنگ، دواسازی اور کیمیکل کے شعبوں نے ادا کیا جنہوں نے بالترتیب -429، -332 اور -160 پوائنٹس کم کیے۔ بینکاری کے شعبے کی ناقص کارکردگی کی وجہ گھانا کا ڈیفالٹ ہے جہاں مقامی قرض کو دوبارہ شیڈیول کیا گیا۔ گاڑیوں کی اسمبلنگ کی کمپنیاں فروخت کے ناقص حجم کے باعث مشکل کا شکار ہوئیں جس کی وجہ ایس بی پی کی عائد کردہ پابندیاں ہیں۔ دوسری جانب ٹیکنالوجی کے شعبے نے انڈیکس میں 964 پوائنٹس کا اضافہ کیا۔

فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے (1.88) فیصد منافع پوسٹ کیا، جبکہ مقررہ معیار کا پوسٹ کردہ منافع (0.13) فیصد تھا۔ ایکویٹیز میں مجموعی اختصاص 58.60 فیصد اور نقد میں 39.8 فیصد تھا۔ زیادہ تر شمولیت کمرشل بینکوں، سیمنٹ، ٹیکنالوجی، اور تیل اور گیس کی دریافت کی کمپنیوں میں تھی۔

مقررہ آمدنی کی جہت میں فنڈ نے نقد میں اپنی شمولیت برقرار رکھی تاکہ بینکوں کی پیش کردہ پُرکشش شرحوں سے استفادہ ہو سکے۔ 31 دسمبر 2022ء کو فنڈ کے خالص اثاثہ جات 339 ملین روپے تھے جو 30 جون 2022ء کی سطح 382 ملین روپے کے مقابلے میں 11.25 فیصد کمی ہے۔ 31 دسمبر 2022ء کو خالص اثاثہ جاتی قدر (NAV) فی یونٹ 10.45 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جاتی قدر (NAV) 10.65 روپے فی یونٹ کے مقابلے میں 0.2 روپے فی یونٹ کی کمی ہے۔

معیشت اور بازار - مستقبل کے امکانات

مالی سال 2023ء میں جی ڈی پی کی ترقی میں 0.6 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور موجودہ غیر یقینی صورتحال کے نتیجے میں معیشت سست روی کا شکار ہو جائے گی۔ سیلاب کی تباہ کاریوں کے ضمن میں کپاس اور چاول کی فصلوں کے ضیاع کے باعث زراعت کی ترقی متاثر

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کپیٹل مارکیٹ کے اکاؤنٹس مختتمہ 31 دسمبر 2022ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

ملک کا مجموعی معاشیاتی منظر بدستور ناخوشگوار رہا۔ معیشت گزشتہ دہائی سے زیادہ کے بدترین سیلاب کے باعث شدید متاثر ہوئی جس سے انتظامی ڈھانچے کو گھمبیر نقصان پہنچا، فصلوں کا صفایا ہو گیا، مویشی ہلاک ہوئے اور قیمتی جانیں ضائع ہوئیں۔ اس سے قبل، کووڈ پابندیوں کے بعد اجناس کی بڑھتی ہوئی مانگ کی وجہ سے اشیاء کی قیمتوں میں روس-یوکرین کے تنازعہ کی وجہ سے مزید اضافہ دیکھا گیا۔

ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 3.2 بلین ڈالر ہو گئے ہیں (جو صرف تین ہفتوں کا درآمداتی ادائیگیوں کو پورا کر سکتے ہیں) بالمتقابل مالی سال کے آغاز پر جو 9.8 بلین ڈالر تھے۔ غریب آبادی کی اکثریت پر کڑے اثرات کی وجہ سے حکومت سخت اقدامات پر راضی ہونے سے گریزاں ہے جو آئی ایم ایف کے قرضوں کی پیشگی شرط ہیں جیسے بجلی، گیس اور پیٹرول کی قیمتوں میں اضافہ۔ تاہم آئی ایم ایف کی فنڈنگ کو غیر مقفل کرنا بہت اہم ہے کیونکہ آئی ایم ایف پروگرام میں تاخیر و طرفہ اور کثیر جہتی شراکت داروں سے غیر ملکی بہاؤ میں سست روی کا باعث بن رہی ہے۔

ملک نے مالی سال 2023 کے پہلے پانچ ماہ میں 3.1 بلین ڈالر کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو 57 سال در سال کم تھا، بالمتقابل گزشتہ سال مماثل مدت میں 7.2 بلین ڈالر تجارتی خسارے میں کمی کرنٹ اکاؤنٹ خسارے (CAD) میں بہتری کا اہم ترین سبب تھی کیونکہ برآمدات میں 2 فیصد کمی کے ساتھ ساتھ درآمدات میں 16.2 فیصد کمی کے نتیجے میں تجارتی خسارہ 26 فیصد سکڑ گیا۔ حکومت نے انتظامی اقدامات مثلاً منتخب اشیاء پر درآمداتی کوٹے عائد کرنے کے ذریعے درآمدات کو قابو میں رکھا۔ ان درآمداتی پابندیوں سے روپے کو بمقابلہ ڈالر کچھ تقویت حاصل ہوئی اور روپے کی قدر جولائی 2022ء میں 240 کی پست سطح سے اٹھ کر دسمبر 2022ء کے اختتام تک 226.4 ہو گئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط دوران ششماہی 25.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 9.8 فیصد تھا۔ سیلابوں کے نتیجے میں اشیاء خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پیٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ وسیع پیمانے پر تھا جس کا اظہار بنیادی افراط زر (core inflation) میں 16.4 فیصد کمی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے نومبر 2022ء کی تازہ ترین ماہی پالیسی میں پالیسی شرح کو مزید 100 بیسیس پوائنٹس (بی پی ایس) بڑھا کر 16.0 فیصد کر دیا۔ مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی میں مالی سال 2023ء کی پہلی ششماہی میں 17.0 فیصد اضافہ ہوا اور 3,428 بلین روپے ٹیکس جمع ہوا، جبکہ گزشتہ سال مماثل مدت میں 2,929 بلین روپے تھا۔ اس طرح ہدف سے 218 بلین روپے کم ٹیکس وصول ہوا۔

ثانوی مارکیٹوں کی پیداوار میں دوران ششماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دوران ششماہی 3، 6 اور 12 ماہانہ ٹی-بلنز کے منافع جات میں بالترتیب 171، 184 اور 170 بی پی ایس، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں بالترتیب 168، 219 اور 78 بی پی ایس کا اضافہ ہوا۔

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com




TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET FUND

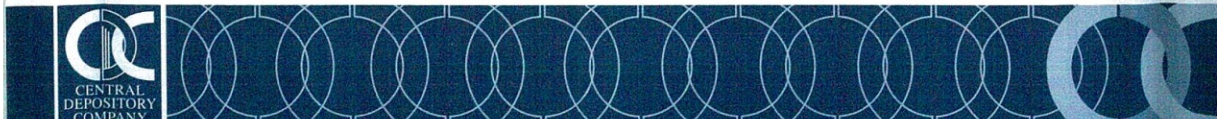
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Capital 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 six months period ended December 31, 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: February 20, 2023



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



A.F. FERGUSON & CO.

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Capital Market Fund** (the Fund) as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2022. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Junaid Mesia**

Dated: February 22, 2023

Karachi

UDIN: RR202210611pJXUxVrdW

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2022

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
Note	----- (Rupees in '000) -----	
ASSETS		
Balances with banks	4 144,984	41,404
Investments	5 213,954	376,458
Profit receivable	1,049	728
Advances, deposits and other receivables	4,791	4,790
Total assets	<u>364,778</u>	<u>423,380</u>
LIABILITIES		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6 1,145	1,243
Payable to Central Depository Company of Pakistan Limited - Trustee	7 68	72
Payable to the Securities and Exchange Commission of Pakistan (SECP)	8 37	89
Payable against purchase of investments	14,515	30,501
Payable against redemption of units	216	216
Accrued and other liabilities	9 9,729	9,650
Total liabilities	<u>25,710</u>	<u>41,771</u>
NET ASSETS	<u>339,068</u>	<u>381,609</u>
Unit holders' fund (as per statement attached)	<u>339,068</u>	<u>381,609</u>
Contingencies and commitments	10	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	<u>32,433,841</u>	<u>35,840,544</u>
	----- (Rupees) -----	
NET ASSET VALUE PER UNIT	<u>10.45</u>	<u>10.65</u>

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

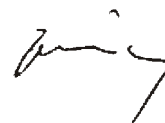
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Six months period ended		Quarter ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Note ----- (Rupees in '000) -----				
INCOME				
Capital loss on sale of investments - net	(4,394)	(10,817)	(3,882)	(1,146)
Dividend income	14,205	8,993	5,652	4,368
Income from government securities	3,729	3,246	3,091	1,830
Income from term finance certificates	11	21	4	10
Profit on bank deposits	5,841	2,830	2,159	1,076
Income on deposit with NCCPL exposure margin	95	41	51	21
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5 (15,638)	(10,945)	(11,681)	4,217
Total income / (loss)	3,849	(6,631)	(4,606)	10,376
EXPENSES				
Remuneration of MCB-Arif Habib Savings & Investments Limited - Management Company	6.1 6,210	7,793	3,000	3,886
Sindh Sales tax on remuneration of the Management Company	6.2 807	1,013	390	505
Allocated expenses	6.3 185	233	89	116
Remuneration of Central Depository Company of Pakistan Limited - Trustee	372	465	180	232
Sindh sales tax on remuneration of the Trustee	48	60	23	30
Selling and marketing expenses	6.4 -	-	-	-
Annual fee to the Securities and Exchange Commission of Pakistan	8 37	47	18	24
Securities transaction cost	498	796	314	410
Settlement and bank charges	216	306	94	166
Fees and subscription	14	14	7	7
Auditors' remuneration	504	341	336	196
Printing and related costs	14	13	(17)	(12)
Legal and professional charges	80	469	13	35
Total operating expenses	8,985	11,550	4,447	5,595
Net (loss) / income from operating activities	(5,136)	(18,181)	(9,053)	4,781
Reversal of provision Sindh Workers' Welfare Fund (SWWF)	-	6,269	-	-
Net (loss) / income for the period before taxation	(5,136)	(11,912)	(9,053)	4,781
Taxation	11 -	-	-	-
Net (loss) / income for the period after taxation	(5,136)	(11,912)	(9,053)	4,781
Allocation of net income for the period:				
Net income for the period after taxation	-	-	-	-
Income already paid on units redeemed	-	-	-	-
Accounting income available for distribution:				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	-	-	-	-

Earnings per unit

13

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Six months period ended		Quarter ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(5,136)	(11,912)	(9,053)	4,781
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(5,136)</u>	<u>(11,912)</u>	<u>(9,053)</u>	<u>4,781</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Six months period ended December 31, 2022			Six months period ended December 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	372,388	9,221	381,609	408,071	58,592	466,663
Issuance of 721,659 units (2021: 4,042,659 units):						
- Capital value (at net asset value per unit at the beginning of the period)	7,686	-	7,686	48,512	-	48,512
- Element of loss	(11)	-	(11)	(213)	-	(213)
	7,675	-	7,675	48,299	-	48,299
Redemption of 4,128,362 units (2021: 3,819,663 units):						
- Capital value (at net asset value per unit at the beginning of the period)	43,967	-	43,967	45,836	-	45,836
- Element of loss / (income)	1,113	-	1,113	(236)	-	(236)
	45,080	-	45,080	45,600	-	45,600
Total comprehensive loss for the period	-	(5,136)	(5,136)	-	(11,912)	(11,912)
Net assets at the end of the period	<u>334,983</u>	<u>4,085</u>	<u>339,068</u>	<u>410,770</u>	<u>46,680</u>	<u>457,450</u>
Undistributed income brought forward comprising of:						
- Realised income	44,947			41,469		
- Unrealised (loss) / income	(35,726)			17,123		
	9,221			58,592		
Net loss for the period after taxation		(5,136)		(11,912)		
Undistributed income carried forward		<u>4,085</u>		<u>46,680</u>		
Undistributed income carried forward comprising of:						
- Realised income	19,723			57,625		
- Unrealised loss	(15,638)			(10,945)		
	4,085			46,680		
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	<u>10.65</u>			<u>12.00</u>		
Net asset value per unit at the end of the period	<u>10.45</u>			<u>11.70</u>		

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


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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Note	Six months period ended	
		December 31, 2022	December 31, 2021
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period after taxation		(5,136)	(11,912)
Adjustments for:			
Dividend income		(14,205)	(8,993)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5	15,638	10,945
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(6,269)
		<u>(3,703)</u>	<u>(16,229)</u>
Decrease / (increase) in assets			
Investments - net		116,965	(55,238)
Receivable against sale of investments		-	19,078
Dividend and profit receivables		(321)	(225)
Advances, deposits and other receivables		(1)	(8)
		<u>116,643</u>	<u>(36,393)</u>
Decrease in liabilities			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		(98)	122
Payable to Central Depository Company of Pakistan Limited - Trustee		(4)	(2)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(52)	(47)
Payable against purchase of investments		(15,986)	(952)
Accrued and other liabilities		79	394
		<u>(16,061)</u>	<u>(485)</u>
Dividend received		14,205	8,993
Net cash generated from / (used in) operating activities		<u>111,084</u>	<u>(44,114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		7,675	48,299
Payments on redemption of units		(45,080)	(45,600)
Net cash (used in) / generated from financing activities		<u>(37,405)</u>	<u>2,699</u>
Net increase / (decrease) in cash and cash equivalents during the period		<u>73,679</u>	<u>(41,415)</u>
Cash and cash equivalents at the beginning of the period		71,305	186,376
Cash and cash equivalents at the end of the period	12	<u><u>144,984</u></u>	<u><u>144,961</u></u>

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

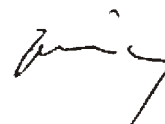
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Capital 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 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 September 30, 2003 consequent to which the Trust Deed was executed on October 27, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on August 13, 2021 the Trust Deed of the fund had 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 Pakistan Capital Market Fund as a closed-end scheme was authorized by SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities, secured debt securities, money market transactions and reverse re-purchase transactions.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2022 (2021: 'AM1' dated October 6, 2021) to the Management Company.
- 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

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

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

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

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 the 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, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2022.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

4	BALANCES WITH BANKS	Note	(Un-Audited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022 -----
	In current accounts		4,181	3,397
	In saving accounts	4.1	140,803	38,007
		4.2	<u>144,984</u>	<u>41,404</u>

4.1 These carry profit at the rates ranging from 12.75% to 17.05% per annum (June 30, 2022: 5.50% to 17.05% per annum).

4.2 These include a balance of Rs.1.606 million (June 30, 2022: Rs. 1.929 million) maintained with MCB Bank Limited (a related party).

5	INVESTMENTS	Note	(Un-Audited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022 -----
	At fair value through profit or loss			
	Listed equity securities	5.1	213,871	250,669
	Government securities	5.2	-	125,534
	Unlisted debt security	5.3	83	255
			<u>213,954</u>	<u>376,458</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

5.1 Listed equity securities

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

Name of the investee company	As at July 1, 2022	Purchases during the period	Bonus / right issue during the period / dividend in specie	Sold during the period	As at December 31, 2022	As at December 31, 2022			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised (diminution) / appreciation	Net assets of the fund	Total investments	
-----Number of shares-----						-----Rupees in '000'-----			-----%-----		
Automobile Parts And Accessories											
Gandhara Tyre & Rubber Company Limited	-	42,000	-	42,000	-	-	-	-	-	-	-
Panther Tyres Limited *	319	-	-	319	-	-	-	-	-	-	-
Thal Limited **	19,100	-	-	10,000	9,100	2,453	1,759	(694)	0.52	0.82	0.01
						2,453	1,759	(694)	0.52	0.82	0.01
Cement											
Cherat Cement Company Limited	11,000	-	-	11,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited ***	64,000	18,000	-	82,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	1,240,000	281,000	183,750	531,000	1,173,750	14,923	14,108	(815)	4.16	6.59	0.05
Gharibwal Cement Limited	90,000	-	-	29,500	60,500	1,180	967	(213)	0.29	0.45	0.02
Maple Leaf Cement Factory Limited	187,436	179,000	-	225,732	140,704	3,756	3,176	(580)	0.94	1.48	0.01
Lucky Cement Limited *	40,500	-	-	26,300	14,200	6,518	6,341	(177)	1.87	2.96	-
						26,377	24,592	(1,785)	7.25	11.49	0.08
Commercial Banks											
Bank Alfalah Limited	235,000	356,000	-	239,000	352,000	11,262	10,609	(653)	3.13	4.96	0.02
BankIslami Pakistan Limited	715,000	194,000	-	125,000	784,000	9,854	10,474	620	3.09	4.90	0.07
Faysal Bank Limited (note 5.1.1)	565,000	120,000	-	415,000	270,000	6,616	6,974	358	2.06	3.26	0.02
Habib Bank Limited	157,000	121,000	-	132,000	146,000	10,435	9,305	(1,130)	2.74	4.35	0.01
Habib Metropolitan Bank Limited (note 5.1.1)	225,000	-	-	-	225,000	8,786	7,639	(1,147)	2.25	3.57	0.02
United Bank Limited (note 5.1.1)	83,500	177,500	-	71,000	190,000	21,427	19,142	(2,285)	5.65	8.95	0.02
Meezan Bank Limited	141,200	52,000	14,120	61,200	146,120	15,219	14,545	(674)	4.29	6.80	0.01
						83,599	78,688	(4,911)	23.21	36.78	0.17
Engineering											
Aisha Steel Mills Limited ***	190,000	-	-	190,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	30,000	-	7,000	23,000	1,442	1,111	(331)	0.33	0.52	0.01
						1,442	1,111	(331)	0.33	0.52	0.01
Fertilizer											
Engro Fertilizers Limited *	39,511	-	-	9,000	30,511	2,704	2,346	(358)	0.69	1.10	-
Engro Corporation Limited	30,000	59,000	-	10,000	79,000	21,702	20,699	(1,003)	6.10	9.67	0.01
Fatima Fertilizer Company Limited * & ***	4,000	-	-	-	4,000	151	134	(17)	0.04	0.06	-
						24,557	23,179	(1,378)	6.84	10.83	0.01
Food & Personal Care Products											
Shezan International Limited	10,956	-	-	-	10,956	1,863	1,623	(240)	0.48	0.76	0.11
The Organic Meat Company Limited	161,500	100,000	15,210	164,500	112,210	2,202	2,318	116	0.68	1.08	0.08
						4,065	3,941	(124)	1.16	1.84	0.19
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited **	204,500	-	-	-	204,500	2,992	1,759	(1,233)	0.52	0.82	0.09
Tariq Glass Industries Limited	25,000	-	-	25,000	-	-	-	-	-	-	-
						2,992	1,759	(1,233)	0.52	0.82	0.09
Leather & Tanneries											
Service GlobalFootwear Limited	426	-	-	426	-	-	-	-	-	-	-
Service Industries Limited	13	-	-	13	-	-	-	-	-	-	-
						-	-	-	-	-	-
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	15,378	-	-	6,378	9,000	15,658	13,923	(1,735)	4.11	6.51	0.01
Oil & Gas Development Company Limited *	50	110,000	-	50	110,000	8,452	8,763	311	2.58	4.10	-
Pakistan Oilfields Limited *	-	4,077	-	-	4,077	1,613	1,602	(11)	0.47	0.75	-
Pakistan Petroleum Limited *	120,190	90,000	-	120,190	90,000	6,063	6,133	70	1.81	2.87	-
						31,786	30,421	(1,365)	8.97	14.23	0.01
Pharmaceuticals											
Citi Pharma Limited	112,000	-	-	26,000	86,000	2,807	2,077	(730)	0.61	0.97	0.04
Ferozsons Laboratories Limited	-	10,500	2,100	12,600	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	19,500	-	-	-	19,500	4,647	3,196	(1,451)	0.94	1.49	0.02
						7,454	5,273	(2,181)	1.56	2.46	0.06
Balance carried forward						184,725	170,723	(14,002)			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

Name of the investee company	As at July 1, 2022	Purchases during the period	Bonus / right issue during the period / dividend in specie	Sold during the period	As at December 31, 2022	As at December 31, 2022			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised (diminution) / appreciation	Net assets of the fund	Total investments	
						-----Rupees in '000'-----			----- % -----		
Balance brought forward						184,725	170,723	(14,002)			
Power Generation & Distribution											
Nishat Chunian Power Limited ***	-	210,929	-	210,929	-	-	-	-	-	-	-
Paper and Board											
Packages Limited	16,700	-	-	1,200	15,500	6,182	5,737	(445)	1.69	2.68	0.02
						6,182	5,737	(445)	1.69	2.68	0.02
Tobacco											
Pakistan Tobacco Company Limited *	-	4,000	-	-	4,000	3,496	3,856	360	1.14	1.80	-
						3,496	3,856	360	1.14	1.80	-
Refinery											
Attock Refinery Limited	7,500	-	-	7,500	-	-	-	-	-	-	-
Miscellaneous											
Shifa International Hospitals Limited	33,000	-	-	-	33,000	5,913	3,534	(2,379)	1.04	1.65	0.05
Synthetic Products Enterprises Limited	930	-	-	930	-	-	-	-	-	-	-
						5,913	3,534	(2,379)	1.04	1.65	0.05
Technology & Communication											
Air Link Communication Limited	93,000	-	-	93,000	-	-	-	-	-	-	-
Systems Limited	14,500	32,800	-	12,000	35,300	14,528	17,083	2,555	5.04	7.98	0.01
						14,528	17,083	2,555	5.04	7.98	0.01
Textile Composite											
Gul Ahmed Textile Mills Limited	153,352	-	-	35,000	118,352	4,002	2,916	(1,086)	0.86	1.36	0.02
Interloop Limited	-	127,383	4,000	30,000	101,383	6,136	5,743	(393)	1.69	2.68	0.01
Kohinoor Textile Mills Limited	90,541	-	-	-	90,541	4,526	4,279	(247)	1.26	2.00	0.03
Nishat (Chunian) Limited ***	355,000	30,000	-	385,000	-	-	-	-	-	-	-
Nishat Mills Limited ***	55,000	15,000	-	70,000	-	-	-	-	-	-	-
						14,664	12,938	(1,726)	3.82	6.05	0.06
Total at December 31, 2022						<u>229,508</u>	<u>213,871</u>	<u>(15,637)</u>			
Total at June 30, 2022						<u>285,875</u>	<u>250,669</u>	<u>(35,206)</u>			

* Nil figures due to rounding off

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

*** These represents transactions in shares of related parties

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

Name of security	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022
	--- (Number of shares) ---		----- (Rupees in '000) -----	
Faysal Bank Limited	250,000	250,000	6,458	5,765
Habib Metropolitan Bank Limited	100,000	100,000	3,395	3,905
United Bank Limited	75,000	75,000	7,556	8,485
	<u>425,000</u>	<u>425,000</u>	<u>17,409</u>	<u>18,155</u>

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio. The management is confident that the decision of the constitutional petition will be in favour of the CISs. During the year ended June 30, 2020, the Fund has reclassified the amount of these shares from "investments" to "advances, deposits and other receivables" based on the market value of these shares on November 13, 2020.

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

As at December 31, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.234 million (June 30, 2022: 0.22 million).

5.2 Market Treasury Bills

Name of security	Date of issue	Face Value				As at December 31, 2022			Market value as a percentage of	
		As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022	Carrying value	Market value	Unrealised diminution	Net assets of the fund	Total investments
----- (Rupees in '000) ----- % -----										
Market Treasury Bills										
- 3 months	April 21, 2022	30,000	-	30,000	-	-	-	-	-	-
- 3 months	April 21, 2022	-	30,000	30,000	-	-	-	-	-	-
- 3 months	May 19, 2022	-	8,000	8,000	-	-	-	-	-	-
- 3 months	July 28, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	November 17, 2022	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
- 6 months	April 21, 2022	100,000	-	100,000	-	-	-	-	-	-
- 6 months	January 27, 2022	-	11,000	11,000	-	-	-	-	-	-
- 6 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 03 years	August 5, 2021	-	250,000	250,000	-	-	-	-	-	-
- 03 years	August 4, 2022	-	300,000	300,000	-	-	-	-	-	-
- 03 years	August 4, 2022	-	300,000	300,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years	April 29, 2022	-	300,000	300,000	-	-	-	-	-	-
- 05 years	October 13, 2022	-	300,000	300,000	-	-	-	-	-	-
Total as at December 31, 2022						-	-	-		
Total as at June 30, 2022						126,059	125,534	(525)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

5.3 Unlisted debt security

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates					As at December 31, 2022			Market value as a percentage of	
	As at July 1, 2022	Purchased during the period	Matured during the period	Sold of during the period	As at December 31, 2022	Carrying value	Market value	Unrealised appreciation	Net assets of the fund	Total investment
Byco Petroleum Pakistan Limited - Sukuk (January 18, 2017)	10	-	-	-	10	84	83	1	0.02	0.04
Total as at December 31, 2022						<u>84</u>	<u>83</u>	<u>1</u>		
Total as at June 30, 2022						<u>250</u>	<u>255</u>	<u>5</u>		

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

5.4 Significant terms and conditions of sukuk certificates outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
Byco Petroleum Pakistan Limited - Sukuk	10	100,000	8,333	3M Kibor+1.05%	January 18, 2023	Secured	AAA

Note (Un-Audited) (Audited)
December 31, 2022 June 30, 2022
----- (Rupees in '000) -----

5.5 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss

Market value of investments	5.1, 5.2 & 5.3	213,954	376,458
Carrying value of investments	5.1, 5.2 & 5.3	<u>229,592</u>	<u>412,184</u>
		<u>(15,638)</u>	<u>(35,726)</u>

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

Management remuneration payable	6.1	988	1,072
Sindh sales tax payable on management remuneration	6.2	128	139
Allocated expenses payable	6.3	29	32
		<u>1,145</u>	<u>1,243</u>

6.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. The Management Company has charged its remuneration at the rate of 3.35% (June 30, 2022: 3.35%) of average daily net assets of the Fund during the period ended December 31, 2022

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2022: 13%)

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

- 6.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

The Management Company has not charged selling and marketing expenses to the fund based on its discretion, these expenses have also been approved by the Board of Directors of the Management Company.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

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

Average net asset value	Tariff per annum
Up to Rs.1,000 million	0.20% per annum of net assets
Amount exceeding Rs.1,000 million	Rs. 2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

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

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (June 30, 2022: 0.02%) of the daily net assets of the Fund.

9 ACCRUED AND OTHER LIABILITIES	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
----- (Rupees in '000) -----			
Provision for Federal Excise Duty payable on:			
- Remuneration of the Management Company	9.1	5,872	5,872
- Sales load	9.1	393	393
Legal and professional charges payable		41	35
Withholding tax payable		-	26
Dividend payable		2,784	2,784
Auditors' remuneration payable		337	351
Brokerage payable		257	150
Other payables		45	39
		<u>9,729</u>	<u>9,650</u>

- 9.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.265 million (June 30, 2022: Rs 6.265 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the SCP. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2022 would have been higher by Re 0.19 per unit (June 30, 2022: Re 0.16 per unit).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

11 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 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements during the period.

	(Un-Audited)	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
12 CASH AND CASH EQUIVALENTS		
Balances with banks	144,984	144,961

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 4.85%,(December 31, 2021: 4.960%) which includes 0.48% (December 31, 2021: 0.48%) representing Government Levy and the SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2021: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "balanced scheme".

15 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

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.

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

	(Un-Audited)	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
15.1 Details of transactions with connected persons are as follows:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the management company and related taxes	7,017	8,806
Allocated expenses	185	233

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	(Un-Audited)	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee and related taxes	420	525
CDS charges	9	21
Group / associated companies		
Arif Habib Limited - Brokerage house		
Brokerage expense*	35	52
Power Cement Limited		
Sale of Nil (2021: 450,000) shares	-	4,140
Aisha Steels Mills Limited		
Purchase of Nil (2021: 533,500) shares	-	8,868
Sale of 190,000 (2021: 128,500) shares	1,598	2,328
Nishat Chunian Limited		
Purchase of 30,000 (2021: 115,000) shares	1,114	4,910
Sale of 385,000 (2021: Nil) shares	13,025	-
Dividend Income including specie dividend	4,099	-
Nishat Chunian Power Limited		
Receipt of 210,929 shares (specie dividend)	3,388	-
Sale of 210,929 (2021: Nil) shares	3,696	-
Dividend Income	1,533	-
Nishat Mills Limited		
Purchase of 15,000 (2021: Nil) shares	1,043	-
Sale of 70,000 (2021: Nil) shares	4,060	-
Dividend Income	280	-
Fatima Fertilizer Company Limited		
Purchase of Nil (2021: 4,000) shares	-	136
MCB Bank Limited		
Purchase of Nil (2021: 38,000) shares	-	5,846
Sale of Nil (2021: 15,000) shares	-	2,318
Bank charges	1	9
Profit on bank deposit	13	12
D.G. Khan Cement Company Limited		
Purchase of 18,000 (2021: Nil) shares	1,137	-
Sale of 82,000 (2021: 38,000) shares	4,842	3,360
Dividend Income	65	-

* 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	(Un-Audited) December 31, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
15.2 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	988	1,072
Sindh sales tax payable on management remuneration	128	139
Allocated expenses payable	29	32
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable (including indirect taxes)	68	72
Security deposit	300	300
Group / Associated Companies:		
MCB Bank Limited		
Balance with Bank	1,606	1,929
Profit receivable on bank deposit	35	35
Arif Habib Limited - Brokerage house		
Brokerage payable *	12	18
Aisha Steels Mills Limited		
Nil (2021: 190,000) shares held	-	2,100
Nishat (Chunian) Limited		
Nil (2021: 355,000) shares held	-	15,900
D.G. Khan Cement Company Limited		
Nil (2021: 64,000) shares held	-	4,000
Nishat Mills Limited		
Nil (2021: 55,000) shares held	-	4,065
Fatima Fertilizer Company Limited		
4,000 (2021: 4,000) shares held	134	151

* 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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

December 31, 2022 (Un-audited)							
As at July 01, 2022	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2022	As at July 01, 2022	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2022
(Units)				(Rupees in '000)			

Directors and executives

of the Management Company *

8	-	-	8	0.08	-	-	0.08
---	---	---	---	------	---	---	------

* This reflects position of related party / connected persons status as at December 31, 2022

** Nil figure due to rounding off

December 31, 2021 (Un-audited)							
As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2021	As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at December 31, 2021
(Units)				(Rupees in '000)			

Directors and executives

of the Management Company *

8	-	-	8	0.09	-	-	0.09
---	---	---	---	------	---	---	------

* This reflects position of related party / connected persons status as at December 31, 2021

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

16.1 Fair value hierarchy

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

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

----- Unaudited -----				
----- December 31, 2022 -----				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----				
Financial assets at fair value through profit or loss				
Listed equity securities	213,871	-	-	213,871
Government securities	-	-	-	-
Unlisted debt security	-	83	-	83
	<u>213,871</u>	<u>83</u>	<u>-</u>	<u>213,954</u>
----- Audited -----				
----- June 30, 2022 -----				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----				
Financial assets at fair value through profit or loss				
Listed equity securities	250,669	-	-	250,669
Government securities	-	125,534	-	125,534
Unlisted debt security	-	255	-	255
	<u>250,669</u>	<u>125,789</u>	<u>-</u>	<u>376,458</u>

17 GENERAL

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

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 03, 2023 by the Board of Directors of the Management Company.

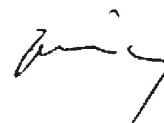
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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

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

URL: www.mcbah.com, **Email:** info@mcbah.com