

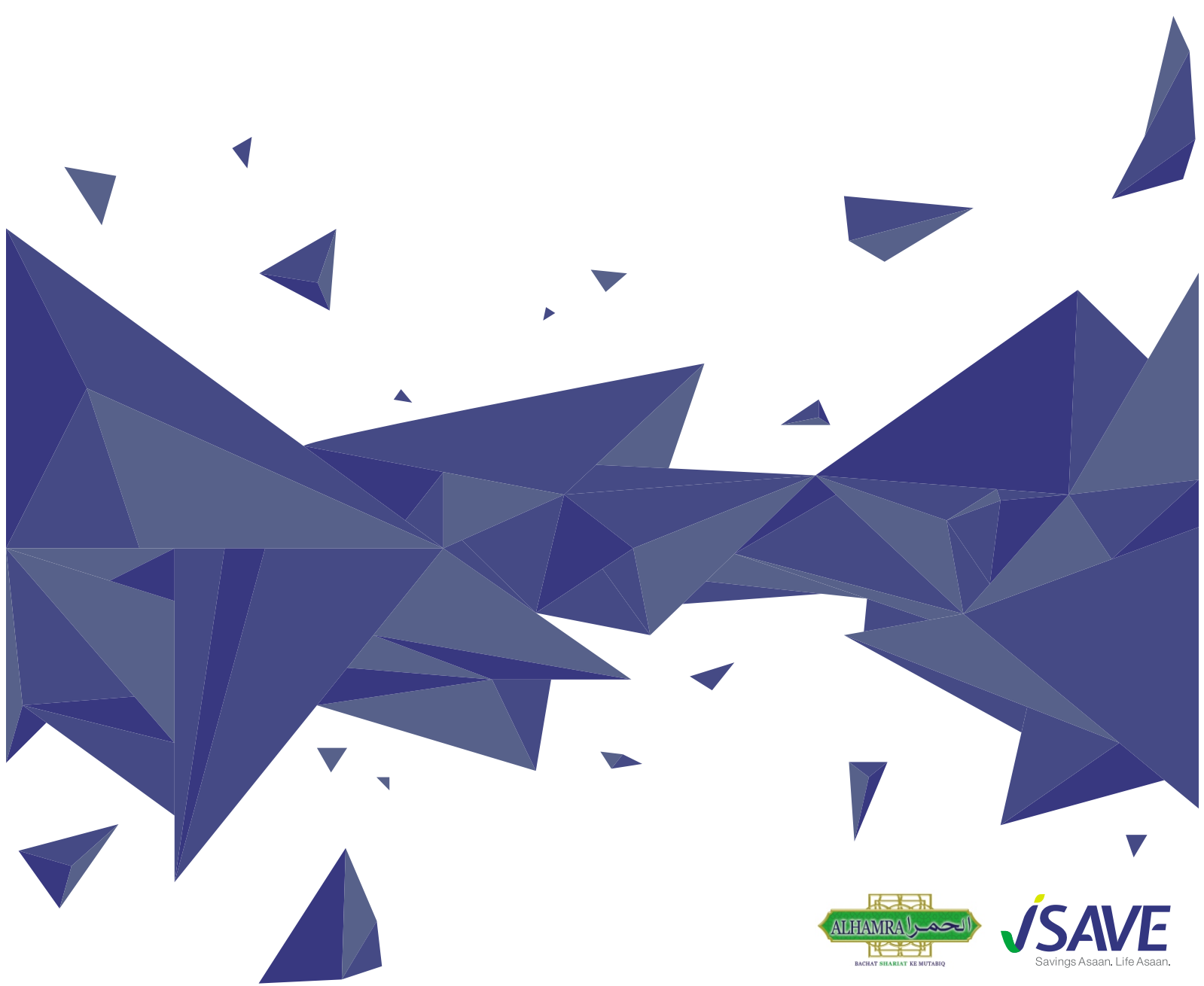


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2022
(UNAUDITED)

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



MCB PAKISTAN STOCK MARKET FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director 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 Silk Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Habib Metropolitan Bank Limited Standard Chartered Bank Limited United Bank Limited JS Bank Limited National Bank Of Pakistan The Bank of Khyber	
Auditors	Ernst & Young Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Stock 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, PSM generated a return of -7.75% as compared to a return of -2.70% witnessed by the KSE-100 Index. Overall equity exposure stood at 94.20% on December 31, 2022. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. The allocation was mainly held in Commercial Banks, Cement and Food.

The Net Assets of the fund as at December 31, 2022 stood at Rs. 5,930 million as compared to Rs. 8,875 million as at June 30, 2022 registering a decrease of 33.18%.

The Net Asset Value (NAV) per unit as at December 31, 2022 was Rs. 79.7968 as compared to opening NAV of Rs. 86.5039 per unit as at June 30, 2022 registering a decrease of 7.75% 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.

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.

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

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

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2023ء کے نصف اول کے دوران تقریباً 26.1 فیصد بڑھ کر 1,531 بلین روپے ہو گئے۔ مجموعی Money مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 34.2 فیصد اضافہ ہوا ہے۔ Money 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 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 کے نصف اول کے اختتام پر Money 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 Money مارکیٹ فنڈز میں زیادہ آمد و رفت 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 سبقت 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 چیئر مین

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
03 فروری 2023ء

ڈائریکٹرز رپورٹ

توقع ہے کہ مالی سال 2023ء میں سی اے ڈی 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 وقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی یورو بانڈ یا سٹاک 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 انٹربینک 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 منسبت روی اور مانگ میں کمی کے باعث اس بات کا امکان خارج از بحث نہیں ہے کہ ایس بی پی اگلی مائٹری 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 مدنظر رکھا ہے۔ مارکیٹ cap 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 اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ تاہم ہمیں نہیں لگتا کہ خارجی جہات کے مسائل سے نمٹے بغیر اس استعداد سے منافع حاصل ہوں گے۔ موجودہ طور پر مارکیٹ میں 4.8x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 11.2 فیصد پر ہے۔

حاصلین قرض کے لیے ہم توقع کرتے ہیں کہ Money 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۔

ڈائریکٹرز رپورٹ

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۔ زیر 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۔ دوران نصف اول اوسط تجارتی حجم 219 ملین حصص رہا، جبکہ سابقہ نصف میں تقریباً 240 ملین حصص رہا تھا۔ اسی طرح، دوران 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 -542، -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

دوران مدت فنڈ نے (7.75) فیصد منافع حاصل کیا، جبکہ کراچی اسٹاک ایکسچینج کے ایس ای-100 کا منافع (2.70) فیصد تھا۔ 31 دسمبر 2022ء کے اختتام پر ایکویٹی میں مجموعی شمولیت 94.20 فیصد تھی۔ فنڈ خارجی عوامل کے حوالے سے چونکہ ربا اور بنیادی نوعیت کی تبدیلیوں کے پیش نظر سرمایہ کاری کی حکمت عملی میں ترمیم کی گئی۔ زیادہ تر اختصاص کمرشل بینکوں، سیمنٹ اور کھانے کی کمپنیوں میں رکھا گیا۔

31 دسمبر 2022ء کو فنڈ کے خالص اثاثہ جات 5,930 ملین روپے تھے جو 30 جون 2022ء کی سطح 8,875 ملین روپے کے مقابلے میں 33.18 فیصد کمی ہے۔

31 دسمبر 2022ء کو خالص اثاثہ جاتی قدر (NAV) فی یونٹ 79.7968 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جاتی قدر (NAV) 86.5039 روپے فی یونٹ کے مقابلے میں 7.75 روپے فی یونٹ 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 سنست 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 ہو کر 0.4 فیصد ہو جائے گی جبکہ صنعتی ترقی 6.8- فیصد متوقع ہے جس کی وجہ مانگ میں سنست 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 امید کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے کھینچ کر رکھے گی اور ڈالر کے غیر ضروری اخراجی 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 سکڑ جائیں گے۔ چنانچہ ہمیں

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ 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 درآمدی ادائیگیوں کو پورا کر سکتے ہیں) یا لمقابلہ 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 دو 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، یا لمقابلہ 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 سنکڑ 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۔

ہیڈلائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط دورانِ 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 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 میں 16.4 فیصد کی 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 تھے۔ اس طرح ہدف سے 218 بلین روپے کم ٹیکس وصول ہوا۔

ثانوی مارکیٹوں کی پیداوار میں دورانِ ششماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دورانِ 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۔

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۔

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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

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

Fax: (92-21) 34326021 - 23

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Email: info@cdcpak.com



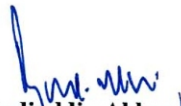
TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN STOCK 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 MCB Pakistan Stock Market Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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



EY Ford Rhodes
Chartered Accountants
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To the Unit holders of MCB Pakistan Stock Market Fund

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **MCB Pakistan Stock Market Fund** (the Fund) as at **31 December 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, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this 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 financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 16 February 2023

Place: Karachi

UDIN Number: AR202210076zxDvsUJrl

A member firm of Ernst & Young Global Limited

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

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	148,216	329,797
Investments	5	5,884,607	8,600,491
Receivable against sale of investments		190,720	148,458
Dividend and mark-up receivables		1,651	5,318
Advances, deposits and other receivables		19,830	18,409
Total assets		6,245,024	9,102,473
LIABILITIES			
Payable to the Management Company		39,327	48,463
Payable to the Trustee		766	920
Payable to the Securities and Exchange Commission of Pakistan	6	839	2,231
Payable against purchase of investments		197,868	100,314
Accrued expenses and other liabilities	7	75,574	74,827
Payable against redemption of units		386	386
Total liabilities		314,760	227,141
NET ASSETS		5,930,264	8,875,332
Unit holders' fund (as per statement attached)		5,930,264	8,875,332
Contingencies and Commitments	8		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		74,317,034	102,600,400
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		79.7968	86.5039

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

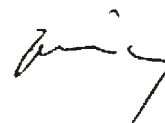
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2022	2021	2022	2021
----- (Rupees in '000) -----					
INCOME					
Financial income on:					
- Government securities		3,677	279	3,677	279
- Bank balances		21,813	15,332	8,007	7,131
Dividend income		333,526	369,818	163,498	194,000
Loss on sale of investments - net		(43,861)	(383,233)	(128,644)	(358,027)
Unrealised (loss) / gain on re-measurement of investments classified as at fair value through profit or loss - net	5.1	(720,313)	(385,337)	(544,499)	428,497
Other income		163	64	84	33
Total income		(404,995)	(383,077)	(497,877)	271,913
EXPENSES					
Remuneration of the Management Company		83,880	121,175	38,915	58,295
Sindh sales tax on remuneration of the Management Company		10,904	15,753	5,059	7,579
Remuneration of the Trustee		4,698	6,563	2,198	3,167
Sindh sales tax on remuneration of the Trustee		611	853	286	412
Annual fee of the Securities and Exchange Commission of Pakistan	6	839	1,212	389	583
Allocated expenses	9	4,194	6,059	1,946	2,915
Selling and marketing expenses	10	54,522	78,763	25,295	37,891
Auditors' remuneration		701	616	426	349
Securities transaction cost		16,299	27,389	8,790	13,029
Settlement and bank charges		1,357	2,022	650	975
Legal and professional charges		81	471	14	36
Fees and subscriptions		14	14	7	7
Total expenses		178,100	260,890	83,975	125,238
Net (loss) / income for the period before taxation		(583,095)	(643,967)	(581,852)	146,675
Reversal for Sindh Workers' Welfare Fund		-	(120,605)	-	-
Net (loss) / income for the period before taxation		(583,095)	(523,362)	(581,852)	146,675
Taxation	11	-	-	-	-
Net (loss) / income for the period		(583,095)	(523,362)	(581,852)	146,675
Earnings per unit	12				
Allocation of net income for the period					
Net loss for the period after taxation		-	-	-	-
(Loss) / income already paid on units redeemed		-	-	-	-
Accounting income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	-	-

The annexed notes 1 to 17 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**

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net (loss) / income for the period	(583,095)	(523,362)	(581,852)	146,675
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(583,095)	(523,362)	(581,852)	146,675

The annexed notes 1 to 17 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**

	Half year ended December 31, 2022			Half year 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	5,460,672	3,414,660	8,875,332	7,165,600	5,231,582	12,397,182
Issuance of 9,784,687 (2021: 27,833,930) units:						
- Capital value (at net asset value per unit at the beginning of the period) at Rs. 86.5039	846,413	-	846,413	2,884,414	-	2,884,414
- Element of income / (loss)	7,802	-	7,802	(54,055)	-	(54,055)
	854,215	-	854,215	2,830,359	-	2,830,359
Redemption of 38,068,053 (2021: 33,344,540) units:						
- Capital value (at net asset value per unit at the beginning of the period) at Rs. 86.5039	3,293,035	-	3,293,035	3,455,475	-	3,455,475
- Element of income	(76,847)	-	(76,847)	(55,338)	-	(55,338)
	3,216,188	-	3,216,188	3,400,137	-	3,400,137
Total comprehensive loss for the period	-	(583,095)	(583,095)	-	(523,362)	(523,362)
Distributions during the period	-	-	-	-	-	-
Net loss for the period less distribution	-	(583,095)	(583,095)	-	(523,362)	(523,362)
Net assets as at the end of the period	3,098,699	2,831,565	5,930,264	6,595,822	4,708,220	11,304,042

Undistributed income

brought forward comprising of:

- Realised	4,798,062	4,508,639
- Unrealised	(1,383,402)	722,943
	3,414,660	5,231,582

Accounting income available for distribution:

- Relating to capital gains	-	-
- Excluding capital gains	-	-
	-	-

Net loss for the period after taxation (583,095) (523,362)

Distribution during the period - -

Undistributed income carried forward 2,831,565 4,708,220

Undistributed income carried forward:

- Realised	3,551,878	5,093,557
- Unrealised	(720,313)	(385,337)
	<u>2,831,565</u>	<u>4,708,220</u>

(Rupees)

(Rupees)

Net assets value per unit at beginning of the period 86.5039 103.6294

Net assets value per unit at end of the period 79.7968 99.0545

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

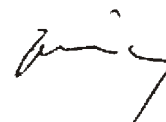
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Half year ended	
	December 31,	
	2022	2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(583,095)	(523,362)
Adjustments for non cash and other items:		
Financial income	(21,813)	(15,332)
Dividend income	(333,526)	(369,818)
Unrealised loss on re-measurement of investments classified as at fair value through profit or loss - net	720,313	385,337
Loss on sale of investments - net	43,861	383,233
Reversal for Sindh Workers' Welfare Fund (SWWF)	-	(120,605)
	<u>(174,260)</u>	<u>(260,547)</u>
Decrease in assets		
Investments - net	1,951,710	138,340
Receivable against sale of investments	(42,262)	318,631
Advances, deposits and receivables	(1,421)	54,673
	<u>1,908,027</u>	<u>511,644</u>
Increase in liabilities		
Payable to Management Company	(9,136)	(3,373)
Payable to the Trustee	(154)	(95)
Payable to the Securities and Exchange Commission of Pakistan	(1,392)	(1,074)
Payable against purchase of investments	97,554	110,188
Accrued expenses and other liabilities	747	(3,818)
Payable against redemption of units	-	(68,754)
	<u>87,619</u>	<u>33,074</u>
Dividend received	334,909	385,395
Financial income received	24,097	14,295
Net cash generated from operating activities	<u>2,180,392</u>	<u>683,861</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	854,215	2,830,359
Amount paid on redemption of units	(3,216,188)	(3,400,137)
Net cash used in financing activities	<u>(2,361,973)</u>	<u>(569,778)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(181,581)</u>	<u>114,083</u>
Cash and cash equivalents at the beginning of the period	329,797	265,332
Cash and cash equivalents at the end of the period	<u>148,216</u>	<u>379,415</u>

The annexed notes 1 to 17 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 MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is located at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 06, 2022 to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards 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;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed 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 IAS 34 Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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

- 2.2 The disclosures made in 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 published audited financial statements of the Fund for the year ended June 30, 2022.
- 2.3 In compliance with schedule V of the NBFC Regulations, the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2022.
- 2.4 These condensed interim financial statements are presented in Pakistani Rupee, which is the functional and presentation currency of the Fund.

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Fund for the year ended June 30, 2022.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting 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.

3.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial statements.

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

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

Standards, interpretations and amendments	Effective date
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023

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

Standards, interpretations and amendments	Effective date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.	

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

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

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
4. BALANCES WITH BANKS			
In current accounts	4.1	21,676	24,794
In savings accounts	4.2	126,541	305,003
		<u>148,216</u>	<u>329,797</u>

4.1 These include a balance of Rs.12.23 (June 30, 2022: Rs.15.348) million maintained with MCB Bank Limited, a related party.

4.2 These carry profits at the rates ranging from 12.25% to 17.05% (June 30, 2022: 5.50% to 17.05%) per annum and include Rs.49.252 (June 30, 2022: Rs.231.477) million maintained with MCB Bank Limited, a related party which carries profit at the rate of 14.50% (June 30, 2022: 5.50%) per annum.

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
5. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	5.1	5,884,607	8,600,491
Government securities	5.2	-	-
		<u>5,884,607</u>	<u>8,600,491</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 - at fair value through profit or loss

Name of the investee company	No. of shares					Balance as at December 31, 2022				Market value as a % of net assets of the Fund	% of paid-up capital of the investee company	
	As at July 01, 2022	Purchased during the period	Bonus / right issue during the period / Dividend in Specie	Sold during the period	As at December 31, 2022	Carrying Value	Market value as at December 31, 2022	Unrealised gain / (loss)				
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise												
Automobile assembler												
Honda Atlas Cars Limited	55,100	40,000	-	95,100	-	-	-	-	-	-	-	-
Indus Motors Company Limited	-	42,300	-	42,300	-	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	25,373	40,000	-	65,373	-	-	-	-	-	-	-	-
Automobile parts and accessories												
Agriauto Industries Limited*	154,600	-	34,900	25,630	163,870	17,567	14,062	(3,505)	0.24%	0.46%		
Atlas Battery Limited	13,000	9,800	3,250	1,587	24,463	3,523	3,989	466	0.07%	0.07%		
Ghandhara Tyre & Rubber Company Limited	1,129,500	100,000	-	74,895	1,154,605	39,531	31,174	(8,357)	0.53%	0.95%		
Thal Limited*	370,400	15,000	-	27,944	357,456	95,202	69,082	(26,120)	1.16%	0.44%		
					1,700,394	155,823	118,307	(37,516)	2.00%	1.92%		
Cable and electrical goods												
Pak Elektron Limited	6,000,000	2,525,000	-	3,266,124	5,258,876	85,033	68,102	(16,931)	1.15%	0.61%		
					5,258,876	85,033	68,102	(16,931)	1.15%	0.61%		
Cement												
Bestway Cement Limited	621,500	52,200	-	532,497	141,203	18,015	18,075	60	0.30%	0.02%		
Cherat Cement Company Limited	1,035,187	1,060,940	-	1,073,071	1,023,056	104,062	104,249	187	1.76%	0.53%		
D.G. Khan Cement Company Limited	4,048,278	1,079,159	-	5,127,437	-	-	-	-	-	-		
Fauji Cement Company Limited	34,351,000	13,066,000	5,055,250	11,856,590	40,615,660	518,426	488,200	(30,226)	8.23%	1.66%		
Ghanbwal Cement Ltd	104,000	-	-	6,335	97,665	1,904	1,562	(342)	0.03%	0.02%		
Kohat Cement Company Limited	820,870	-	-	820,870	-	-	-	-	-	-		
Lucky Cement Limited	795,392	242,363	-	702,961	334,794	155,942	149,512	(6,430)	2.52%	0.10%		
Maple Leaf Cement Factory Limited	6,848,546	9,340,439	-	5,293,107	10,895,878	282,725	245,920	(36,805)	4.15%	1.02%		
Pioneer Cement Limited	-	200,000	-	200,000	-	-	-	-	-	-		
					53,108,256	1,081,074	1,007,518	(73,556)	16.99%	3.35%		
Chemical												
Archroma Pakistan Limited	32,250	15,000	-	3,113	44,137	23,154	19,244	(3,910)	0.32%	0.13%		
Dynea Pakistan Limited	24,700	-	-	24,700	-	-	-	-	-	-		
Nimir Resins Limited	860,000	126,500	-	986,500	-	-	-	-	-	-		
					44,137	23,154	19,244	(3,910)	0.32%	0.13%		
Commercial banks												
Allied Bank Limited	-	200,000	-	200,000	-	-	-	-	-	-		
Bank Al Habib Limited	153,091	1,158,782	-	884,333	427,540	23,616	23,634	18	0.40%	0.04%		
Bank AIFalah Limited	7,227,192	6,596,921	-	10,310,699	3,513,414	113,583	105,894	(7,689)	1.79%	0.20%		
BankIslami Pakistan Limited	5,845,000	3,667,000	-	6,503,431	3,008,569	36,075	40,194	4,119	0.68%	0.27%		
Faysal Bank Limited	8,554,000	540,000	-	6,021,199	3,072,801	71,583	79,370	7,787	1.34%	0.20%		
Habib Bank Limited	5,059,261	3,158,317	-	2,941,772	5,275,806	417,207	336,227	(80,980)	5.67%	0.36%		
Habib Metropolitan Bank Limited	3,163,500	1,723,000	-	1,851,449	3,035,051	115,119	103,040	(12,079)	1.74%	0.29%		
MCB Bank Limited	42,500	136,429	-	178,929	-	-	-	-	-	-		
Meezan Bank Limited	6,218,543	1,311,313	599,256	4,294,251	3,834,861	400,195	381,722	(18,473)	6.44%	0.21%		
United Bank Limited	3,773,488	891,065	-	1,355,977	3,308,576	375,103	333,339	(41,764)	5.62%	0.27%		
					25,476,618	1,552,481	1,403,420	(149,061)	23.68%	1.84%		

**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	No. of shares				Balance as at December 31, 2022			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2022	Purchased during the period	Bonus / right issue during the period / Dividend in Specie	Sold during the period	As at December 31, 2022	Carrying Value	Market value as at December 31, 2022		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise									
Engineering									
Agha Steel Ind. Ltd	937,000	438,500	-	1,375,500	-	-	-	-	-
Aisha Steel Mills Limited	4,687,030	3,111,316	-	803,716	6,994,630	78,010	57,426	(20,584)	0.97%
Amrell Steels Limited	3,952,500	50,000	-	4,002,500	-	-	-	-	-
International Industries Limited	500,000	-	-	189,203	310,797	32,239	23,515	(8,724)	0.40%
International Steels Limited	328,836	1,369,399	-	677,403	1,020,832	52,939	46,295	(6,644)	0.78%
Mughal Iron & Steel Industries Limited	1,112,255	1,542,840	-	724,227	1,930,868	112,882	93,280	(19,602)	1.57%
					10,257,127	276,070	220,516	(55,554)	3.72%
Fertilizer									
Engro Corporation Limited	444,000	1,339,571	-	339,170	1,444,401	372,048	378,448	6,400	6.38%
Engro Fertilizer Limited	2,666,848	719,217	-	1,612,072	1,773,993	153,632	136,402	(17,230)	2.30%
Fauji Fertilizer Bin Qasim Limited	7,802,500	-	-	3,362,976	4,439,524	89,856	68,058	(21,798)	1.15%
					7,657,918	615,536	582,908	(32,628)	9.83%
Food and personal care products									
Al-Tahir Limited	1,490,000	871,500	236,150	156,236	2,439,414	45,052	41,690	(3,362)	0.70%
Murree Brewery Company	187,450	-	-	19,589	167,861	67,982	61,068	(6,914)	1.03%
Nestle Pakistan Limited	833	-	-	820	13	75	76	1	0.00%
The Organic Meat Company Limited	2,600,000	1,340,500	280,848	3,329,830	891,518	17,739	18,419	680	0.31%
					3,495,806	130,848	121,252	(9,596)	2.04%
Glass and ceramics									
Shabbir Tiles & Ceramics Limited*	1,917,500	2,106,000	-	245,092	3,778,408	54,756	32,494	(22,262)	0.55%
Tariq Glass Industries	700,000	-	-	700,000	-	-	-	-	-
					3,778,408	54,756	32,494	(22,262)	0.55%
Insurance									
Adanjee Life Insurance Company Limited	375,104	-	-	185,000	190,104	4,336	3,705	(631)	0.06%
Jubilee Life Insurance Company Limited	170,800	1,000	-	12,665	159,135	24,064	22,120	(1,944)	0.37%
					349,239	28,400	25,825	(2,575)	0.43%
Leather and tanneries									
Bata Pakistan Limited	26,200	-	-	17,235	8,965	21,336	19,394	(1,942)	0.33%
Service Industries	-	29,100	-	29,100	-	-	-	-	-
					8,965	21,336	19,394	(1,942)	0.33%
Miscellaneous									
Shifa International Hospitals	1,412,960	246,200	-	108,868	1,550,292	267,078	166,036	(101,042)	2.80%
Synthetic Products Limited	1,358,000	175,000	-	93,383	1,439,617	20,236	14,252	(5,984)	0.24%
					2,989,909	287,314	180,288	(107,026)	3.04%
Oil and gas exploration companies									
Mari Petroleum Company Limited	375,133	17,075	-	165,520	226,688	392,865	350,677	(42,188)	5.91%
Oil & Gas Development Company Limited	1,885,297	1,630,000	-	2,085,297	1,430,000	113,150	113,914	764	1.92%
Pakistan Oilfields Limited	244,199	223,867	-	100,771	367,295	147,460	144,292	(3,168)	2.43%
Pakistan Petroleum Limited	1,557,050	1,751,814	-	1,613,630	1,695,234	107,079	115,513	8,434	1.95%
					3,719,217	760,554	724,396	(36,158)	12.21%
Oil and gas marketing companies									
Altoc Petroleum Limited	50,000	-	-	50,000	-	-	-	-	-
Hi-Tech Lubricants Limited	947,000	2,289,000	-	570,877	2,665,123	106,156	68,947	(37,210)	1.16%
Pakistan State Oil Company Limited	-	100,000	-	100,000	-	-	-	-	-
					2,665,123	106,156	68,947	(37,209)	1.16%

**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	No. of shares				Balance as at December 31, 2022			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company	
	As at July 01, 2022	Purchased during the period	Bonus / right issue during the period / Dividend in Specie	Sold during the period	As at December 31, 2022	Carrying Value	Market value as at December 31, 2022			Unrealised gain / (loss)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Paper and Board										
Century Paper & Board Mills Limited	713,500	-	27,550	741,000	50	3	2	(1)	0.00%	0.00%
Cherat Packaging Limited	44,600	-	3,570	48,100	70	7	7	-	0.00%	0.00%
Packages Limited	576,700	46,100	-	239,184	383,616	153,118	141,999	(11,119)	2.39%	0.43%
Security Papers Limited	591,200	145,500	-	58,399	678,301	77,624	63,455	(14,169)	1.07%	1.14%
					1,062,037	230,752	205,462	(25,290)	3.46%	1.57%
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	-	-	-	-	-	-	-	-	-	-
AGP Limited	729,182	546,263	-	292,367	983,078	81,280	63,890	(17,390)	1.08%	0.35%
Citi Pharma limited	4,500,000	2,266,718	-	2,394,359	4,372,359	136,115	105,592	(30,523)	1.78%	1.91%
Ferozsons Laboratories Limited	30,000	197,100	34,220	44,091	217,229	47,065	29,880	(17,185)	0.50%	0.50%
Glaxosmithkline Consumer Healthcare Pakistan Limited	340,900	7,000	-	21,662	326,238	77,538	53,470	(24,068)	0.90%	0.28%
Highnoon Laboratories Limited	19,985	-	-	19,985	-	-	-	-	-	-
The Searle Company Limited	469,317	-	-	469,317	-	-	-	-	-	-
					5,898,904	341,998	252,832	(89,166)	4.26%	3.04%
Power generation and distribution										
Hub Power Company Limited	841,400	3,013,714	-	2,376,248	1,478,866	98,154	93,287	(4,867)	1.57%	0.11%
Nishat Chumian Power Limited	-	-	2,618,132	2,618,132	-	-	-	-	-	-
					1,478,866	98,154	93,287	(4,867)	1.57%	0.11%
Refinery										
Attock Refinery Limited	1,016,000	-	-	1,016,000	-	-	-	-	-	-
					-	-	-	-	-	-
Technology and communication										
Air Link Communication Ltd	3,031,000	5,000	-	1,147,196	1,888,804	76,231	55,871	(20,360)	0.94%	0.48%
Hum Network Limited**	6,200,000	300,000	1,238,400	7,738,000	400	2	2	-	0.00%	0.00%
Octopus Digital Limited	225,000	325,000	-	549,896	104	7	6	(1)	0.00%	0.00%
Systems Limited	500,000	-	-	30,458	469,542	154,883	227,225	72,342	3.83%	0.16%
TRG Pakistan Limited	250,000	100,000	-	350,000	-	-	-	-	0.00%	0.00%
					2,358,850	231,123	283,103	51,980	4.77%	0.64%
Tobacco										
Pakistan Tobacco Company Limited	-	52,050	-	3,171	48,879	42,735	47,115	4,380	0.79%	0.02%
					48,879	42,735	47,115	4,380	0.79%	0.02%
Textile composite										
Gul Ahmed Textile Mills Limited	2,948,940	2,091,031	-	307,010	4,732,961	153,477	116,620	(36,857)	1.97%	0.77%
Interloop Limited	862,686	3,024,043	135,856	1,005,314	3,017,271	178,633	170,928	(7,705)	2.88%	0.32%
Kohinoor Textile Mills Limited	1,444,718	-	-	528,664	916,054	45,803	43,284	(2,519)	0.73%	0.31%
Nishat (Chumian) Limited	5,373,058	1,472,703	-	6,845,761	-	-	-	-	-	-
Nishat Mills Limited	2,477,545	457,375	-	1,491,716	1,443,204	103,707	79,362	(24,345)	1.34%	0.41%
					10,109,490	481,620	410,194	(71,426)	6.92%	1.81%

**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	No. of shares					Balance as at December 31, 2022			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2022	Purchased during the period	Bonus / right issue during the period / Dividend in Specie	Sold during the period	As at December 31, 2022	Carrying Value	Market value as at December 31, 2022	Unrealised gain / (loss)		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Textile Spinning										
Gadoon Textile	29,000	-	-	29,000	-	-	-	-	-	-
Transport										
Pakistan International Bulk Terminal Limited	3,800,000	-	-	3,800,000	-	-	-	-	-	-
Total as at December 31, 2022 (Un-audited)						6,604,920	5,884,607	(720,313)		
Total as at June 30, 2022 (Audited)						9,983,897	8,600,490	(1,383,399)		

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

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

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

	(Un-audited) December 31, 2022	(Audited) June 30, 2022	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Bank Alfalah Limited	1,000,000	-	30,140	-
Fauji Cement Company Limited	10,000,000	-	120,200	-
D.G Khan Cement Company Limited	-	2,000,000	-	125,000
Oil & Gas Development Company Limited	-	1,000,000	-	78,670
The Hub Power Company Limited	-	750,000	-	51,127
	11,000,000	3,750,000	150,340	254,797

5.1.2 There is no change in the status of matter related to bonus shares as reported in notes to the annual financial statements of the Fund for the year ended June 30, 2022. 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.3.656 million (June 30, 2022: Rs.3.764 million).

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

5.2 Government securities - at fair value through profit or loss

Name of security	Issue date	Face value			Balances as at December 31, 2022		Unrealised gain / (loss)
		As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022	Carrying Value	
Treasury Bills							
Market Treasury Bills - 3 months	28-Jul-2022	-	500,000	500,000	-	-	-
	6-Oct-2022	-	500,000	500,000	-	-	-
	17-Nov-2022	-	500,000	500,000	-	-	-
	22-Sep-2022	-	100,000	100,000	-	-	-
Total as at December 31, 2022 (Un-audited)							
					-	-	-
Total as at June 30, 2022 (Audited)							
					-	-	-

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

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

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.02% (June 30, 2022: 0.02%) of the average daily net assets of the Fund.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty:			
- Management remuneration	7.1	54,774	54,774
- Sales load payable		3,933	3,933
Unclaimed dividends		9,722	9,722
Brokerage payable		6,444	5,527
Auditors' remuneration		609	624
Withholding tax payable		7	172
Printing and related charges payable		30	40
Payable to legal advisor		41	35
Other payable		14	-
		<u>75,574</u>	<u>74,827</u>

7.1 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 note 12.2 to the annual financial statements of the Fund for the year ended June 30, 2022. Had the provision for FED not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2022 would have been higher by Rs.0.79 (2022: Rs.0.57) per unit.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the December 31, 2022 (June 30, 2022: Nil).

9. ALLOCATED EXPENSES

In accordance with 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 charged actual expenses related to registrar services, accounting, operations and valuation services to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

10. SELLING AND MARKETING EXPENSES

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). The Management Company has charged selling and marketing expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

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

11. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to current period as the Management Company intends to distribute in cash the required minimum percentage of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unitholders in the form of cash.

12. Earnings / (loss) per unit

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

13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

For the half year ended December 31, 2022 (Un-audited)								
13.1 Unit Holder's Fund	(Number of units)		(Rupees in '000)		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		Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	
MCB-Arif Habib Savings and Investments Limited - Management Company	1,044,928	565,814	1,610,742	-	90,390	50,000	145,323	-
Group / associated companies / undertakings								
Syed Savail Meekal Hussain	97,462	-	-	97,462	8,431	-	-	7,777
Asghari Beg Memorial Trust	33,038	-	8,522	24,516	2,858	-	735	1,956
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	199,265	-	-	199,265	17,237	-	-	15,901
Adamjee Life Assurance Co. Ltd. (IMF)	39,875,771	-	16,753,736	23,122,035	3,449,409	-	1,357,105	1,845,064
Adamjee Life Assurance Company Limited - DGF	19,165	-	-	19,165	1,658	-	-	1,529
Directors And Key Management Personnel	23,396	371,372	376,335	18,433	2,024	32,676	33,572	1,471
Mandate under discretionary portfolio services	121	1,638,240	421,954	1,216,407	10	136,825	35,142	97,065
Unit holders holding 10% or more	12,564,079	-	-	12,564,079	1,086,942	-	-	1,002,573
For the half year ended December 31, 2021 (Un-audited)								
MCB-Arif Habib Savings and Investment Limited - Management Company	(Number of units)		(Rupees in '000)		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		Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	
MCB-Arif Habib Savings and Investment Limited - Management Company	1,415,391	496,770	1,415,391	496,770	146,676	50,000	140,830	49,207
Group / associated companies / undertakings								
Adamjee Insurance Company Limited - Employees Gratuity Fund	106,179	49,004	155,183	-	11,003	5,097	15,322	-
Adamjee Life Assurance Company Limited - IMF	35,917,385	5,340,247	2,873,582	38,384,050	3,722,097	540,000	293,000	3,802,113
Adamjee Life Assurance Company Limited -NUIL	1,609,457	306,633	1,916,090	-	166,787	32,000	201,356	-
Adamjee Life Assurance Company Limited -DGF	-	19,165	-	19,165	-	2,000	-	1,898
Adamjee Insurance Company Limited - Employees Provident Fund Trust	428,790	191,296	620,086	-	44,435	19,899	63,233	-
D.G. Khan Cement Company Limited - Employees Provident Fund Trust	199,265	-	-	199,265	20,650	-	-	19,738
Asghari Beg Memorial Trust	40,726	-	3,084	37,642	4,220	-	300	3,729
Nasim beg	836	203	1,039	-	87	21	101	-
Syed Savail Meekal Hussain	97,462	-	-	97,462	10,100	-	-	9,654
Directors And Key Management Personnel	139,320	491,837	622,995	8,162	14,438	49,674	63,160	808
Mandate under discretionary portfolio services	1,986,606	1,212,591	641,579	2,557,619	205,871	123,858	65,523	253,344
Unit holders holding 10% or more	11,370,827	1,193,252	-	12,564,079	1,178,352	120,480	-	1,244,529

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

	Half year ended	
	December 31,	
	2022	2021
	----- (Rupees in '000) -----	
13.2 Transactions during the period:		
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	94,784	136,928
Marketing and selling expense	54,522	78,763
Allocated expenses	4,194	6,059
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	5,309	7,416
Central Depository Service charges	226	779
Arif Habib Capital Limited - Brokerage House		
Brokerage expense*	785	1,419
Arif Habib Limited		
Sale of Nil (2021: 68,000) shares	-	6,121
MCB Bank Limited		
Bank charges	16	66
Dividend income	-	4
Profit on balances with banks	11,860	11,846
Purchase of 136,429 (2021:1,237,259) shares	16,638	195,869
Sale of 178,929 (2021:1,000,000) shares	22,846	165,071
Adamjee Life Assurance Company Limited - IMF		
Sale of various shares through broker	377,421	-
D.G. Khan Cement Company Limited		
Dividend income	1,320	1,888
Purchase of 1,079,159 (2021: 3,446,576) shares	58,939	299,209
Sale of 5,127,437 (2021: 1,386,840) shares	309,027	154,159
Nishat Mills Limited		
Dividend income	5,859	398
Purchase of 457,375 (2021: 857,500) shares	30,272	75,191
Sale of 1,491,716 (2021: 325,000) shares	106,051	28,224
Adamjee Insurance Company Limited		
Dividend Income	-	1,552
Purchase of Nil (2021: 65,000) shares	-	2,146
Sale of 185,000 (2021: 1,099,500) shares	3,603	41,040
Aisha Steel Mills Limited		
Dividend income	-	3,700
Purchase of 3,111,316 (2021: 6,086,000) shares	35,182	94,694
Sale of 803,716 (2021: 4,311,500) shares	6,169	95,146
Power Cement Limited		
Sale of Nil (2021: 7,193,000) shares	-	63,266

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

	Half year ended	
	December 31,	
	2022	2021
	----- (Rupees in '000) -----	
Lalpir Power Limited		
Dividend income	-	7,191
Sale of Nil (2021: 5,969,000) shares	-	93,074
Nishat Chunian Limited		
Dividend income including Specie Dividend	52,047	16,565
Purchase of 1,472,703 (2021: 5,456,500) shares	54,789	259,335
Sale of 6,845,761 (2021: 1,020,000) shares	246,992	47,939
Nishat Chunian Power Limited		
Dividend Income	13,181	-
Receipt of 2,618,132 shares (Specie Dividend)	42,047	-
Sale of 2,618,132 (2021: Nil) shares	52,438	-
Nishat Power Limited		
Dividend Income	-	2,504
Purchase of Nil (2021: 700,000) shares	-	14,760
International Steels Limited		
Purchase of 1,369,399 (2021: Nil) shares	71,046	-
Sale of 677,403 (2021: Nil) shares	35,371	-
	(Un-audited)	(Audited)
	December 31,	June 30,
	2022	2022
	----- (Rupees in '000) -----	
13.3 Balances outstanding at period end:		
Management Company		
MCB - Arif Habib Savings and Investment Limited - Management Company		
Remuneration payable	11,853	14,623
Sindh sales tax payable on remuneration	1,541	1,901
Sales load payable including related taxes	46	21
Payable against allocated expense	593	31,187
Payable against marketing and selling expenses	25,295	731
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	678	814
Sindh sales tax payable on remuneration	88	106
Security deposit	500	500
Group / associated companies		
MCB Bank Limited		
Bank balance**	61,482	246,826
Mark-up receivable on bank balances	1,067	3,039

**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) -----	
MCB Bank Limited Nil shares (2021: 42,500 shares)	-	5,227
Aisha Steel Limited 6,994,630 shares (2021: 4,687,030 shares)	57,426	51,792
Nishat Mills Limited 1,443,204 shares (2021: 2,477,545 shares)	79,362	183,115
Arif Habib Limited - Brokerage House Brokerage payable *	97	300
Adamjee Life Insurance Company Limited 190,104 shares (2021: 375,104 shares)	3,705	8,556
D.G. Khan Cement Company Limited Nil shares (2021: 4,048,278 shares)	-	253,017
International Steels Limited 1,020,832 shares (2021: Nil shares)	46,295	-
Nishat Chunian Limited Nil shares (2021: 5,373,058 shares)	-	240,659

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

** This represents balances held in current and in savings accounts carrying mark-up at the rate of 14.50% (2021: 5.50%) per annum.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

As at December 31, 2022 and June 30, 2022, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
December 31, 2022 (Un-audited)				
At fair value through profit or loss	<u>5,884,607</u>	<u>-</u>	<u>-</u>	<u>5,884,607</u>
June 30, 2022 (Audited)				
At fair value through profit or loss	<u>8,600,490</u>	<u>-</u>	<u>-</u>	<u>8,600,490</u>

During the period ended December 31, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

15. TOTAL EXPENSE RATIO

The total annualized expense ratio of the fund from July 01, 2022 to December 31, 2022 is 4.25% as on December 31, 2022 (December 31, 2021: 4.30%) and this includes 0.30% (December 31, 2021 0.29%) representing Government Levy.

16. GENERAL

16.1 Prior period's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

16.2 Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

17. DATE OF AUTHORISATION FOR ISSUE

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

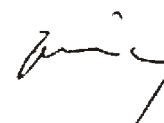
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



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

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