

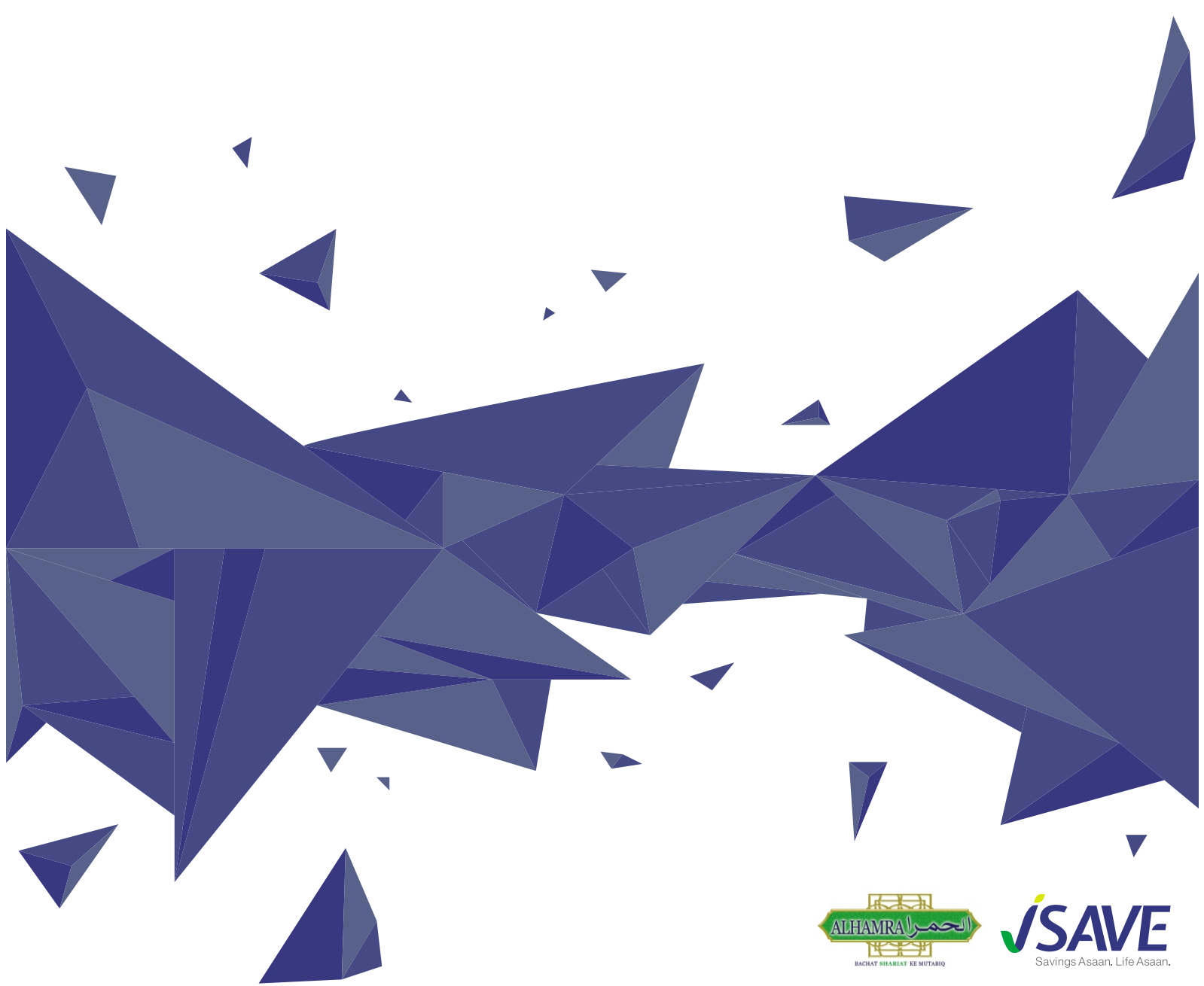


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2022
(UNAUDITED)

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



Vision

“To be the most coveted Savings and Investment company,
while leading the effort to make the saving
population and industry grow”

Mission

“To be the preferred Savings and Investment Manager in Pakistan
by being best in class in customer services
and maximizing stakeholders’ value”

Core Values

HONESTY

We ensure to build trust through responsible actions and honest
relationships with our colleagues, customers and stakeholders

INTEGRITY

We work with integrity in everything we do, and embody our principles
when working with stakeholders as well as internal and external customers.
We assure to promote the integrity for the ultimate benefit for everyone

ETHICS

As a trusted custodian of customer funds, we are committed to
conforming to the highest level of ethical standards in the workplace
that involves putting customer interest first and maintaining
our stakeholders trust in the Company

PROFESSIONALISM

We value everyone and treat our external and internal
customers and our stakeholders with respect, dignity and professionalism

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MCB DCF INCOME 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 Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqjati Bank Limited Habib Bank Limited HBL Mirco Finance Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber	
Auditors	A.F. Ferguson & Co. Chartered Accountants (A Members 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 **MCB DCF Income 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 13.64% as against its benchmark return of 16.74%. The WAM of the fund increased to 1.8 years because of interest rate outlook which was on a rising trend. The fund allocation remained notably in TFCs, PIBs and T-Bills at the end of the period under review. At period-end, the fund was invested 2.40% in Cash, 29.20% in PIBs, 47.8% in T-Bills and 18.64% in TFCs.

The Net Assets of the Fund as at December 31, 2022 stood at Rs 5,937 million as compared to Rs. 4,617 million as at June 30, 2022 registering an increase of 28.59%.

The Net Asset Value (NAV) per unit as at December 31, 2022 was Rs. 114.7423 as compared to opening NAV of Rs. 107.3596 per unit as at June 30, 2022 registering an increase of Rs. 7.3827 per unit.

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

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. 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.

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

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



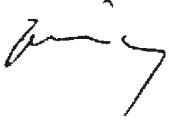
Nasim Beg
Director / Vice Chairman

ڈائریکٹرز رپورٹ

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 نایب سلیم
چیف ایگزیکٹو آفیسر
03 فروری 2023ء

ڈائریکٹرز رپورٹ

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 ہیں 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 ان کمپنیوں پر توجہ مرکوز کی جانی چاہیے جو اپنی اصل قدر کے مقابلے میں بہت کم پر فروخت 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 PER پر تجارت چل رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 11.2 فیصد پر ہے۔

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 فیکسڈ 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 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 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 آپریٹرز 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۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 13.64 فیصد تھا، جبکہ مقررہ معیار کا منافع 16.74 فیصد تھا۔ فنڈ کی پالوزن اوسط میچورٹی بڑھ کر 1.8 سال ہو گئی جس کا سبب سود کی شرح میں زیادتی کا رجحان تھا۔ زیر جائزہ مدت کے اختتام پر فنڈ کا زیادہ تر اختصاص نقد اور ٹرم فنانس سٹریٹگیٹس، ٹی ایف سی، ٹی۔ بلز میں تھا۔ اختتام مدت پر فنڈ کی سرمایہ کاری، نقد میں 2.40 فیصد اور پی آئی بی میں 29.20 فیصد اور ٹی۔ بلز میں 47.8 اور ٹی ایف سی میں 18.64 فیصد تھی۔

31 دسمبر 2022ء کو فنڈ کے خالص اثاثہ جات 5,937 ملین روپے تھے جو 30 جون 2022ء کی سطح 4,617 ملین روپے کے مقابلے میں 28.59 فیصد کا اضافہ ہے۔

31 دسمبر 2022ء کو خالص اثاثہ جاتی قدر (NAV) فی یونٹ 114.7423 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جاتی قدر (NAV) 107.3596 روپے فی یونٹ کے مقابلے میں 7.3827 روپے فی یونٹ اضافہ 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 وجوہ 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 توقع کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے کھینچ کر رکھے گی اور ڈالر کے غیر ضروری اخراجات 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۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی۔ ڈی سی ایف انکم 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) 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 سنکڑ گیا۔ حکومت نے انتظامی اقدامات مثلاً منتخب اشیاء پر درآمدی کوٹے عائد کرنے کے ذریعے درآمدات کو قابو میں رکھا۔ ان درآمدی 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

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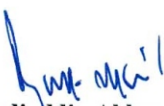
TRUSTEE REPORT TO THE UNIT HOLDERS

MCB DCF INCOME 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 DCF Income 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 **MCB DCF Income 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: RR202210611HQdMX0apD

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
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■ KARACHI ■ LAHORE ■ ISLAMABAD

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

	December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
Note	----- (Rupees in '000) -----	
ASSETS		
Balances with banks	4 145,582	3,780,064
Investments	5 5,453,607	1,563,944
Mark-up and other receivables	78,031	79,685
Advances, deposits and prepayments	6 488,829	166,522
Total assets	6,166,049	5,590,215
LIABILITIES		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7 17,880	12,172
Payable to Central Depository Company of Pakistan Limited - Trustee	8 411	316
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9 520	866
Payable against purchase of investments	-	821,364
Accrued and other liabilities	10 210,241	138,182
Total liabilities	229,052	972,900
NET ASSETS	<u>5,936,997</u>	<u>4,617,315</u>
Unit holders' fund (as per statement attached)	<u>5,936,997</u>	<u>4,617,315</u>
Contingencies and commitments	11	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	<u>51,741,992</u>	<u>43,007,935</u>
	----- (Rupees) -----	
NET ASSET VALUE PER UNIT	<u>114.7423</u>	<u>107.3596</u>

The annexed notes from 1 to 19 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	Six months period ended December 31,		Quarter ended December 31,	
		2022	2021	2022	2021
(Rupees in '000)					
INCOME					
Income from government securities		233,214	68,907	152,790	41,603
Income from term finance certificates		68,108	25,192	42,857	14,050
Net loss on sale of investments		(10,072)	(26,433)	(14,196)	(16,246)
Mark-up on bank deposits and term deposit receipts		120,694	62,008	38,202	34,453
Income on Placements		496	-	-	-
Income from Margin Trading System (MTS) - net		-	4,485	-	595
Dividend income		-	24,530	-	2,267
Income / (loss) from spread transactions - net		-	19,687	-	(21,809)
Net unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'	5.5	1,959	9,824	4,726	45,594
Other income		904	1,517	348	1,001
Total income		415,303	189,717	224,727	101,508
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	38,972	31,508	20,767	15,993
Sindh sales tax on remuneration of the Management Company	7.2	5,066	4,094	2,699	2,079
Allocated expenses	7.3	2,598	2,100	1,384	1,066
Selling and marketing expenses	7.4	10,132	8,917	5,399	4,158
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8	1,949	1,575	1,039	799
Sindh sales tax on remuneration of the trustee		253	205	135	104
Annual fee to the Securities and Exchange Commission of Pakistan	9	520	420	277	213
Auditors' remuneration		428	357	237	168
Brokerage, settlement and bank charges		1,150	7,626	856	1,558
Legal and professional charges		81	1,072	14	33
Others		273	266	113	115
Total operating expenses		61,422	58,140	32,920	26,286
Net income from operating activities		353,881	131,577	191,807	75,222
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	42,902	-	-
Net income for the period before taxation		353,881	174,479	191,807	75,222
Taxation	12	-	-	-	-
Net income for the period after taxation		353,881	174,479	191,807	75,222
Allocation of net income for the period:					
Net income for the period after taxation		353,881	174,479		
Income already paid on units redeemed		(29,929)	(15,109)		
		323,952	159,370		
Accounting income available for distribution:					
- Relating to capital gains		-	-		
- Excluding capital gains		323,952	159,370		
		323,952	159,370		
Earnings per unit	14				

The annexed notes from 1 to 19 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 December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	353,881	174,479	191,807	75,222
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>353,881</u>	<u>174,479</u>	<u>191,807</u>	<u>75,222</u>

The annexed notes from 1 to 19 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	4,197,230	420,085	4,617,315	3,234,571	411,379	3,645,950
Issuance of 18,443,307 units (2021: 10,910,818 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,980,066	-	1,980,066	1,168,023	-	1,168,023
- Element of income	67,675	-	67,675	17,481	-	17,481
	2,047,741	-	2,047,741	1,185,504	-	1,185,504
Redemption of 9,709,250 units (2021: 6,318,948 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,042,381	-	1,042,381	676,455	-	676,455
- Element of loss	9,631	29,929	39,560	1,279	15,109	16,388
	1,052,012	29,929	1,081,941	677,734	15,109	692,843
Total comprehensive income for the period	-	353,881	353,881	-	174,479	174,479
Net assets at the end of the period	<u>5,192,960</u>	<u>744,037</u>	<u>5,936,997</u>	<u>3,742,341</u>	<u>570,749</u>	<u>4,313,090</u>
Undistributed income brought forward comprising of:						
- Realised income	413,270			395,044		
- Unrealised income	6,815			16,335		
Undistributed income brought forward	420,085			411,379		
Accounting income available for distribution:						
- Relating to capital gains	-			-		
- Excluding capital gains	323,952			159,370		
	323,952			159,370		
Undistributed income carried forward	<u>744,037</u>			<u>570,749</u>		
Undistributed income carried forward comprising of:						
- Realised income	742,078			560,925		
- Unrealised income	1,959			9,824		
	744,037			570,749		
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	<u>107.3596</u>			<u>107.0518</u>		
Net asset value per unit at the end of the period	<u>114.7423</u>			<u>111.5944</u>		

The annexed notes from 1 to 19 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**

	<u>Six months period ended</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	353,881	174,479
Adjustments for:		
Dividend income	-	(24,530)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5 (1,959)	(9,824)
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)	-	(42,902)
	<u>351,922</u>	<u>97,223</u>
Increase in assets		
Investments - net	(936,442)	(1,277,994)
Mark-up, dividend and other receivables	1,654	338
Receivable against sale of investments	-	386,229
Receivable against Margin Trading System (MTS)	-	48,070
Advances, deposits and prepayments	(322,307)	(311,683)
	<u>(1,257,095)</u>	<u>(1,155,040)</u>
(Decrease) / increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	5,708	1,829
Payable to Central Depository Company of Pakistan Limited - Trustee	95	27
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(346)	(387)
Payable against purchase of investments	(821,364)	208,988
Accrued and other liabilities	72,059	43,340
	<u>(743,848)</u>	<u>253,797</u>
Dividend received	-	25,446
Net cash used in operating activities	<u>(1,649,021)</u>	<u>(778,574)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	2,047,741	1,185,504
Payments on redemption of units	(1,081,941)	(692,843)
Net cash generated from financing activities	<u>965,801</u>	<u>492,661</u>
Net decrease in cash and cash equivalents during the period	<u>(683,221)</u>	<u>(285,913)</u>
Cash and cash equivalents at the beginning of the period	3,780,064	4,011,776
Cash and cash equivalents at the end of the period	13 <u><u>3,096,844</u></u>	<u><u>3,725,863</u></u>

The annexed notes from 1 to 19 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 DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 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 as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the "Sindh Trusts Act, 2020". 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 NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund and has been categorised as "Income 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 to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 date d October 06, 2022 (2021: 'AM1 dated October 06, 2021) to the Management Company and "AA-(f)" as stability rating dated September 9, 2022 (2021: 'AA-(f)" as stability rating dated September 9, 2021) to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 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 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 are 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.

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 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 accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2022.

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 new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after 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	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		------(Rupees in '000)-----	
Current accounts		17,416	5
Savings accounts	4.1	<u>128,166</u>	<u>3,780,059</u>
	4.2	<u>145,582</u>	<u>3,780,064</u>

4.1 These carry profit at rates ranging from 11% to 17.75% per annum (June 30, 2022: 5.5% to 17.5% per annum).

4.2 These includes balances with related parties of Rs. 17.418 million (June 30, 2022: Rs. 0.126 million) maintained with MCB Bank Limited and Rs. 0.011 million (June 30, 2022: Rs. 0.011 million) maintained with MCB Islamic Bank Limited.

5 INVESTMENTS	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		------(Rupees in '000)-----	
At fair value through profit or loss			
Government securities	5.1	4,787,398	1,049,684
Letter of placements	5.2	-	-
Listed debt securities	5.3	-	-
Unlisted debt securities	5.4	<u>666,209</u>	<u>514,260</u>
		<u>5,453,607</u>	<u>1,563,944</u>

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

5.1 Government securities

Name of security	Date of issue	Face value				Balance 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 appreciation / (diminution)	net assets of the fund	total investments
					(Rupees in '000)			%		
Market Treasury Bills										
- 3 months	April 28, 2022	-	2,200,000	2,200,000	-	-	-	-	-	-
- 3 months	July 14, 2022	-	4,364,680	4,364,680	-	-	-	-	-	-
- 3 months	July 28, 2022	-	7,675,000	7,675,000	-	-	-	-	-	-
- 3 months	August 25, 2022	-	1,675,000	1,675,000	-	-	-	-	-	-
- 3 months	September 22, 2022	-	925,000	925,000	-	-	-	-	-	-
- 3 months	October 6, 2022	-	2,550,000	2,550,000	-	-	-	-	-	-
- 3 months	October 20, 2022	-	710,000	710,000	-	-	-	-	-	-
- 3 months *	November 17, 2022	-	3,800,000	800,000	3,000,000	2,948,385	2,951,262	2,877	49.71	54.12
Market Treasury Bills										
- 6 months	July 28, 2022	-	242,110	242,110	-	-	-	-	-	-
- 6 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
- 6 months	February 10, 2022	-	200,000	200,000	-	-	-	-	-	-
- 6 months	April 21, 2022	-	250,000	250,000	-	-	-	-	-	-
- 6 months	June 2, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
Market Treasury Bills										
- 12 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
- 12 months	January 27, 2022	-	26,850	26,850	-	-	-	-	-	-
- 12 months	June 30, 2022	-	63,050	63,050	-	-	-	-	-	-
- 12 months	December 30, 2021	-	11,205	11,205	-	-	-	-	-	-
- 12 months	February 10, 2022	-	89,000	89,000	-	-	-	-	-	-
- 12 months	August 25, 2022	-	2,660	2,660	-	-	-	-	-	-
- 12 months	March 10, 2022	-	125,165	125,165	-	-	-	-	-	-
- 12 months	April 21, 2022	-	450	450	-	-	-	-	-	-
- 12 months	October 20, 2022	-	1,716,000	1,716,000	-	-	-	-	-	-
Pakistan Investment Bonds										
Pakistan Investment Bonds										
- 02 years	November 5, 2020	100,000	100,000	200,000	-	-	-	-	-	-
- 02 years	August 26, 2021	475,000	475,000	950,000	-	-	-	-	-	-
- 02 years**	September 8, 2022	-	900,000	-	900,000	890,856	890,730	(126)	15.00	16.33
Pakistan Investment Bonds										
- 03 years**	August 5, 2021	-	250,000	250,000	-	-	-	-	-	-
- 03 years	October 7, 2021	-	2,375,000	2,375,000	-	-	-	-	-	-
- 03 years	April 7, 2022	250,000	3,900,800	3,900,800	250,000	244,833	245,150	317	4.13	4.50
- 03 years	August 4, 2022	-	1,800,000	1,800,000	-	-	-	-	-	-
- 03 years	September 8, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years**	May 6, 2021	-	650,000	-	650,000	626,519	628,355	1,836	10.58	11.52
- 05 years	April 29, 2022	200,000	600,000	800,000	-	-	-	-	-	-
- 05 years	October 13, 2022	-	500,000	500,000	-	-	-	-	-	-
- 05 years	November 17, 2022	-	225,000	225,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 10 years**	August 22, 2019	35,000	-	-	35,000	35,000	34,573	(427)	0.58	0.63
Government Debt Security										
GOP Ijara Sukuk										
- 05 years (note 5.1.1)	June 24, 2020	37,500	-	-	37,500	37,400	37,328	(73)	0.63	0.68
Total as at December 31, 2022						4,538,160	4,787,398	4,405		
Total as at June 30, 2022						1,052,107	1,049,684	(2,423)		

* These will mature latest by February 9, 2023 and carry effective yield with rate of 15.46% per annum.

** These will mature latest by September 8, 2024 and carry effective yield with rates ranging from 16.16% to 17.64% per annum.

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

5.1.1 The Ijara Sukuk having face value of Rs. 37.5 million (June 30, 2022: Rs. 37.5 million) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin and marked to market losses in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5.2 Letter of placements

Name of Investee Company	Issue Date	Face value				As at December 31, 2022		Market value as a percentage of	
		At July 01, 2022	Purchases during the year	Matured during the year	At December 31, 2022	Carrying value	Market value	net assets	total investments

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

Askari Bank Limited	October 3, 2022	-	400,000	400,000	-	-	-	-	-
As at December 31, 2022						<u>-</u>	<u>-</u>		
As at June 30, 2022						<u>-</u>	<u>-</u>		

5.3 Listed debt securities - term finance certificates of Rs. 5,000 each (unless stated otherwise)

Name of investee company	Number of certificates				Balance as at December 31, 2022			Market value as a percentage of	
	As at July 01, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised appreciation	net assets	total investments

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

Financial Services

Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.3.1)	10,000	-	-	10,000	27,548				
Less: Provision for impairment					(27,548)				
As at December 31, 2022					<u>-</u>	<u>-</u>	<u>-</u>		
As at June 30, 2022					<u>-</u>	<u>-</u>	<u>-</u>		

5.4 Unlisted debt securities - term finance and sukuk certificates of Rs. 5,000 each (unless stated otherwise)

Name of investee company	Number of certificates				Balance as at December 31, 2022			Market value as a percentage of	
	As at July 01, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised (diminution) / appreciation	net assets	total investments

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

Commercial banks

Askari Bank Limited VII - TFC (March 17, 2020)**	50	-	-	50	50,750	50,382	(368)	0.85	0.92
Samba bank limited (March 1, 2021)*	850	-	-	850	85,286	84,822	(464)	1.43	1.56
Bank Al Habib Limited- TFC - II * (September 30, 2021)	35,000	35,000	-	70,000	358,960	358,256	(704)	6.03	6.57
The Bank of Punjab Limited TFC - I * (December 23, 2016)	1,200	-	-	1,200	120,191	119,712	(479)	2.02	2.20
					615,187	613,172	(2,015)	10.33	11.25

Chemicals

Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk* (February 02, 2017)	500	-	-	500	9,583	9,583	-	0.16	0.18
					9,583	9,583	-	0.16	0.18

Investment Bank

Jahangir Siddiqui and Company Limited - TFC (July 18, 2017)	10,000	-	-	10,000	12,890	12,724	(166)	0.21	0.23
Jahangir Siddiqui & Company Limited - TFC (March 06, 2018)	18,000	-	-	18,000	30,995	30,730	(265)	0.52	0.56
					43,885	43,454	(431)	0.73	0.79

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

Name of investee company	Number of certificates				Balance as at December 31, 2022			Market value as a percentage of	
	As at July 01, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised (diminution) / appreciation	net assets	total investments
----- (Rupees in '000) ----- % -----									
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.3.1)	10,400	-	-	10,400	21,983				
Less: Provision for impairment					(21,983)				
					-				
New Allied Electronics Industries (Private) Limited Sukuk (July 27, 2007) (refer note 5.3.1)	112,000	-	-	112,000	35,063				
Less: Provision for impairment					(35,063)				
					-				
As at December 31, 2022					668,655	666,209	(2,446)		
As at June 30, 2022					505,022	514,260	9,238		

* Nominal value of these term finance certificates and sukuk certificate is Rs.100,000 per certificate.

** Nominal value of these term finance certificates is Rs.1,000,000 per certificate.

5.4.1 Due to continuous default on repayment of coupon by the issuer, the Fund had classified these investments as non-performing debt securities. The Fund had also suspended further accrual of mark-up there against.

5.4.2 Significant terms and conditions of term finance certificates and other securities outstanding as at December 31, 2022 are as follows:

----- Un-audited -----							
Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
Unlisted debt securities							
The Bank of Punjab - December 23, 2016	1,200	100,000	99,760	6M KIBOR+1%	December 23, 2026	Unsecured	AA
Ghani Chemical Industries Ltd. (Formerly: Ghani Gases Ltd.) - February 2, 2017	500	100,000	20,833	3M KIBOR+1%	February 2, 2023	Unsecured	A
Jahangir Siddiqui And Company Limited - July 18, 2017	10,000	5,000	1,250	6M KIBOR+1.4%	July 18, 2023	Secured	AA+
Jahangir Siddiqui and Company Limited - March 6, 2018	18,000	5,000	1,666	6M KIBOR+1.4%	March 6, 2023	Secured	AA+
Askari Bank Limited TFC VII - March 17, 2020	50	1,000,000	1,000,000	6M KIBOR+1.2%	March 17, 2030	Unsecured	AA
Samba Bank Limited - March 1, 2021	850	5,000	99,940	6M KIBOR+1.35%	March 1, 2031	Secured	AA-
Bank Alhabib Limited - September 30, 2021	70,000	5,000	4,998	6M KIBOR+0.75%	September 30, 2031	Unsecured	AAA

5.4.3 Details of non-compliant investments with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2022, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates.

----- Un-audited -----						
Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of total investments
----- (Rupees in '000) ----- % -----						
Listed debt securities						
Saudi Pak Leasing Company Limited	TFC	27,548	(27,548)	-	-	-
Unlisted debt securities						
New Allied Electronics Industries (Private) Limited	TFC	21,983	(21,983)	-	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	35,063	(35,063)	-	-	-

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

5.5 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	December 31, 2022 (Un-audited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
Market value of investments	5.1, 5.2, 5.3 & 5.4	5,453,607	1,563,944
Less: Carrying value of investments	5.1, 5.2, 5.3 & 5.4	<u>5,451,648</u>	<u>1,557,129</u>
		<u>1,959</u>	<u>6,815</u>

6 ADVANCES, DEPOSITS AND PREPAYMENTS

6.1 This includes an amount of Rs. 145 million and Rs. 322 million (June 30, 2022: Nil) paid as advance against subscription of IPO of Meezan Bank Limited and Nishat Mills Limited (a related party) respectively.

7 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	Note	December 31, 2022 (Un-audited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
Management remuneration payable	7.1	7,280	5,596
Sindh sales tax payable on remuneration of the Management Company	7.2	946	727
Allocated expenses payable	7.3	485	373
Selling and marketing expenses payable	7.4	5,399	4,385
Sales load payable (including indirect taxes)		<u>3,770</u>	<u>1,091</u>
		<u>17,880</u>	<u>12,172</u>

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company 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 management fee at the rate upto, 1.5% (June 30, 2022: 1.5%) of the average net assets of scheme, calculated on a daily basis.

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

7.3 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 expenses have also been approved by the Board of Directors of the Management Company.

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

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (December 31, 2021: 0.075%) of average daily net assets of the Fund during the period.

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

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

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.075% (December 31, 2021: 0.075%) of average daily net assets of the Fund during the period.

10 ACCRUED AND OTHER LIABILITIES	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees in '000) -----	
Provision for Federal Excise Duty payable on:			
- Remuneration of the Management Company	10.1	99,060	99,060
- Sales load	10.1	27,933	27,933
Auditors' remuneration payable		383	548
Withholding tax payable		1,174	3,666
Brokerage payable		241	35
Dividend payable		5	5
Other payables		81,445	6,935
		<u>210,241</u>	<u>138,182</u>

10.1 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, 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 (SCP) 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 126.993 million (June 30, 2022: Rs 126.993 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 Rs. 2.45 per unit (June 30, 2022: Rs. 2.95 per unit).

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

On November 03, 2020, DCF Income Fund (DCFIF) received a notice of tax demand for the Tax Year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR raised objection on claiming of "income already paid on units redeemed" as part of distribution and thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR is of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not "Cash Dividend". The ACIR raised tax demand of Rs. 73.376 million on the Fund in respect of the Tax Year 2018. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA), Stay Order was duly granted by CIRA. On November 25, 2021, Assessment Order issued by ACIR was remanded back by CIRA. Since then, no notice / Order has yet been issued from FBR.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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On December 01, 2021, DCF Income Fund (DCFIF) received a notice of tax demand for the Tax Year 2017 from the Additional Commissioner (Inland) Revenue (ACIR), whereby ACIR raised objections on claiming of "provision against debt securities" amounting to Rs. 7.943 million and adjustment of the "Element of loss and capital losses" amounting to Rs. 151.140 million while arriving at the declared accounting income of the Fund and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR raised a tax demand of Rs 138.821 million. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA).

On March 31, 2022, a favorable Appellate Order was passed by Commissioner Appeals whereby it was directed that the benefit of Element of Loss should be allowed to the Company.

On June 14, 2022, FBR being aggrieved with said Order filed Appeal with Appellate Tribunal Inland Revenue. Management Company, in consultation with its advisor, anticipates a favorable outcome of the case.

11.2 Commitments

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

12 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 Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these condensed interim financial statements during the period.

	December 31, 2022	December 31, 2021
	----- (Un-audited) -----	
	----- (Rupees in '000) -----	
13 CASH AND CASH EQUIVALENTS		
Balances with banks	145,582	3,725,863
Treasury bills maturing within 3 months	2,951,262	-
	<u>3,096,844</u>	<u>3,725,863</u>

14 EARNINGS PER UNIT

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

15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 2.36% (December 31, 2021: 2.78%) which includes 0.22% (December 31, 2021: 0.24%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2021: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "income scheme". Provided that in addition to the prescribed limit, income schemes which invest in Margin Trading System (MTS) and / or ready future spread transaction, may charge additional MTS and / or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme.

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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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) -----	
16.1 Details of transactions with connected persons are as follows:		
MCB-Arif Habib Savings and Investments Limited		
Remuneration of the Management Company and related taxes	44,038	35,602
Allocated expenses	2,598	2,100
Selling and marketing expenses	10,132	8,917
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee and related taxes	2,202	1,780
Settlement charges	9	587
Group / associated companies		
MCB Bank Limited		
Mark-up on deposit accounts	2	19
Purchase of securities having face value of Nil (2021: 454,000)	-	439,007
Sale of securities having face value of 250,000,000 (2021: Nil)	233,668	-
Bank charges	15	17
Arif Habib Limited - Brokerage House		
Brokerage expense *	28	22
Nishaat (Chunian) Limited		
Purchase of Nil (2021: 845,500) shares	-	43,826
Sale of Nil (2021: 845,500) shares	-	44,162
D.G. Khan Cement Company Limited		
Purchase of Nil (2021: 684,000) shares	-	75,264
Sale of Nil (2021: 684,000) shares	-	75,851
Nishat Mills Limited		
Purchase of Nil (2021: 57,500) shares	-	5,499
Sale of Nil (2021: 57,500) shares	-	5,548
Advance against pre - IPO subscription for sukuk	322,000	-
Profit on pre - IPO subscription for sukuk	8,965	-
Power Cement Limited		
Purchase of Nil (2021: 3,500) shares	-	29
Sale of Nil (2021: 3,500) shares	-	29
Aisha Steel Mills Limited		
Purchase of Nil (2021: 1,277,500) shares	-	30,816
Sale of Nil (2021: 1,277,500) shares	-	31,055

* 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) -----	
16.2 Amounts outstanding at period end:		
MCB-Arif Habib Savings and Investments Limited		
Management remuneration payable	7,280	5,596
Sindh sales tax payable on remuneration of the management company	946	727
Sales load payable (including indirect taxes)	3,770	1,091
Allocated expenses payable	485	373
Selling and marketing expenses payable	5,399	4,385
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable (including indirect taxes)	411	316
Security deposit	200	200
Group / associated companies		
MCB Bank Limited		
Balances with bank	17,418	126
MCB Islamic Bank Limited		
Balances with bank	11	11
Nishat Mills Limited		
Advance against pre - IPO subscription for sukuk	322,000	-
Accrued profit on pre - IPO subscription sukuk	8,965	-
Arif Habib Limited - Brokerage House		
Brokerage payable *	5	-

* 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.

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

For the half year ended December 31, 2022 (Un-audited)							
As at July 01, 2022	Issuance (including additional units)	Redeemed	As at December 31, 2022	As at July 01, 2022	Issuance	Redeemed	As at December 31, 2022
Units				(Rupees in '000)			
Group / associated companies							
MCB Employees' Provident Fund	1,823,176	-	1,823,176	195,736	-	-	209,195
MCB Employees' Pension Fund	1,823,176	-	1,823,176	195,736	-	-	209,195
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	5,483	-	5,483	589	-	-	629
Mandate under discretionary portfolio services*							
	6	-	6	1	-	-	1
Key management personnel*							
	-	4,750	4,750	-	535	539	-

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

**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, 2021 (Un-audited)							
As at July 01, 2021	Issuance (including additional units)	Redeemed	As at December 31, 2021	As at July 01, 2021	Issuance	Redeemed	As at December 31, 2021
				Units ----- (Rupees in '000) -----			

Group / associated companies							
MCB Employees' Provident Fund	1,677,094	-	-	1,677,094	179,536	-	187,154
MCB Employees' Pension Fund	1,677,094	-	-	1,677,094	179,536	-	187,154
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	5,045	-	-	5,045	540	-	563
Mandate under discretionary portfolio services*	2	824	793	33	-	90	4
Key management personnel*	-	-	-	-	-	-	-

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

17 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 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 liabilities is considered not to be significantly different from the respective book values.

17.1 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 (that is, unobservable inputs).

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

----- Unaudited -----			
----- December 31, 2022 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			

Financial assets measured at fair value through profit or loss

Government securities	-	4,787,398	-	4,787,398
Unlisted debt securities	-	666,209	-	666,209
	-	5,453,607	-	5,453,607

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

----- Audited -----			
----- June 30, 2022 -----			
Level 1	Level 2	Level 3	Total

**Financial assets measured at fair value
through profit or loss**

Government securities	-	1,049,684	-	1,049,684
Unlisted debt securities	-	514,260	-	514,260
	-	<u>1,563,944</u>	-	<u>1,563,944</u>

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

18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

19. 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.

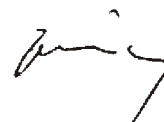
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



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

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