

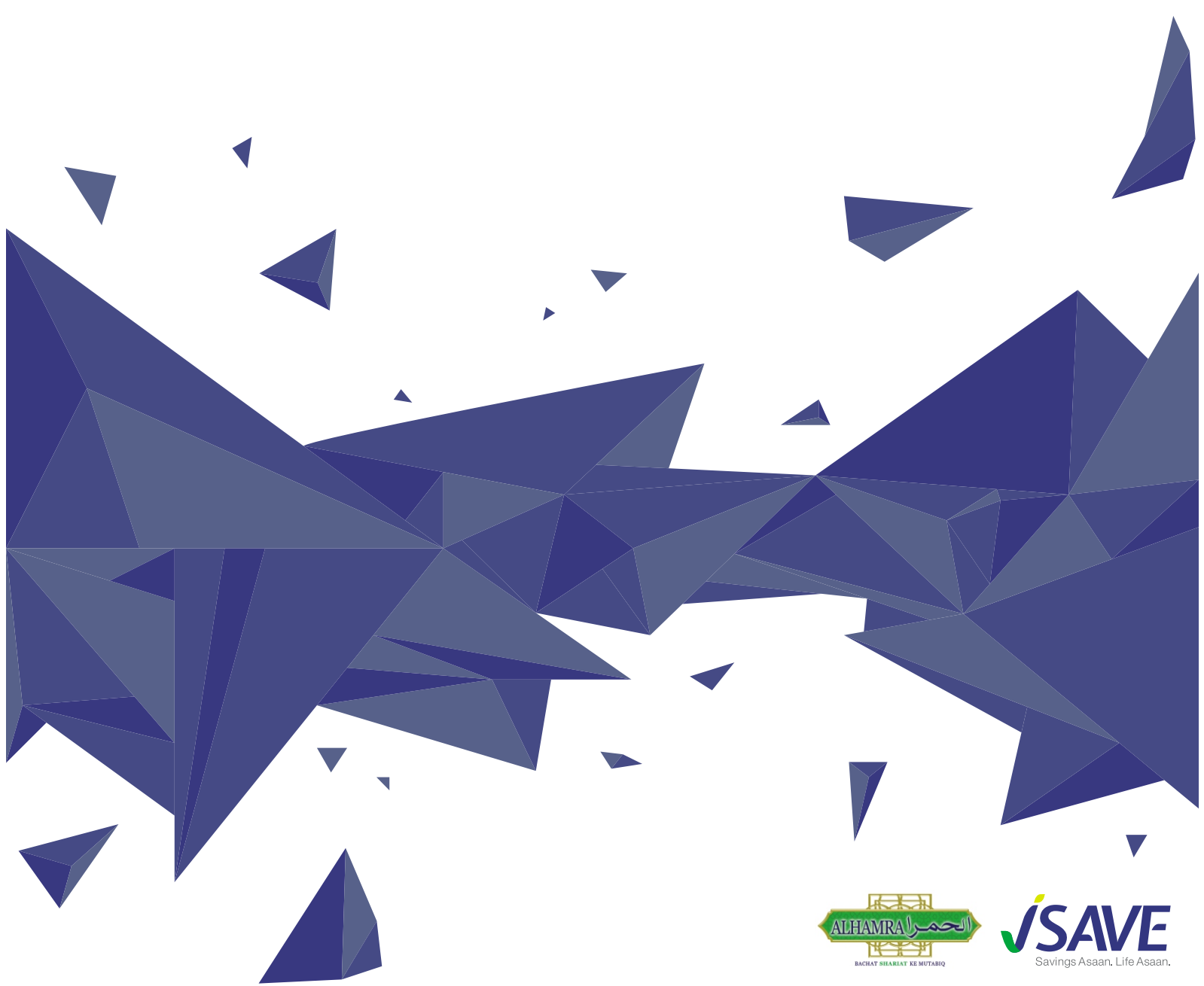


**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2023**  
(UNAUDITED)

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



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## **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

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

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Income Fund** accounts review for the nine months and quarter ended March 31, 2023.

## ECONOMY AND MONEY MARKET REVIEW

The country faced a period of heightened economic challenges, which were further escalated by the worst floods in more than a decade. The floods caused significant damage to infrastructure, crops, and livestock, as well as loss of precious lives. Efforts to shore up international aid, while resulted in significant commitments of near USD 10bn over medium term however the strain, intensified the short term pressures as country is already grappling with depleting foreign exchange reserves while struggling to unlock IMF support.

The county's external position remains precarious with SBP foreign exchange reserves declining to USD 4.2 billion (mere import cover of 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. The government has been aggressively pursuing IMF program - albeit with a delay – to conclude 9th review of the Fund. Despite taking politically unpopular steps like raising energy tariff, letting PKR devalue, slapping additional taxes and raising interest rates, IMF's Staff Level Agreement (SLA) yet eludes us. The delay in the IMF program led to a slowdown in foreign flows from bilateral and multilateral partners leading to erosion in reserves. As a result, the currency remained under severe pressure, with dollar appreciating by 38.6% in 9MFY23 to close at 283.4 near to its all-time high level.

The country posted a current account deficit (CAD) of USD 3.9 billion in first eight months of the fiscal year 2023 (8MFY23) declining by 68% YoY compared to a deficit of USD 12.1 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 9.7% decrease in exports coupled with 21.0% drop in imports led to 29.8% contraction in the trade deficit. The government kept a lid on imports through administrative measures such as imposing import quotas on selective imports. However, these steps have led to an increase in smuggling activity which is also picking away remittances through gray channels. Furthermore, the tight leash on imports is not sustainable as it is causing shortages across various industries impacting overall economic growth.

Headline inflation represented by CPI averaged 27.2% during 9MFY23 as compared to 10.7% in the corresponding period last year. Higher food prices coupled with higher electricity, gas and petroleum prices were the major contributors towards rising CPI. The inflationary pressures were broad based, which is depicted by core inflation increasing to 20.4% compared to 12.3% at the end of last fiscal year. SBP increased the policy rate by a further 100bps to 21.0% in the latest monetary policy held in April 2023. On the fiscal side, FBR tax collection increased by 17.6% in 9MFY23 to PKR 5,156bn compared to PKR 4,385bn in the same period last year and below the target by PKR 304bn.

Secondary markets yields increased in 9MFY23 on account of monetary tightening and an additional bout of inflationary pressures post a massive currency devaluation. The 3,6 and 12 Month T-Bills yield increased by 643, 595 and 585 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 479,226 and 206bps respectively during 9MFY23.

## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 13.65% as against its benchmark return of 18.20%. 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 6.60% in Cash, 59.40% in PIBs, 21.40% in T-Bills and 10.00% in TFCs. The Net Assets of the Fund as at March 31, 2023 stood at Rs 6,632 million as compared to Rs. 4,617 million as at June 30, 2022 registering an increase of 43.64%. The Net Asset Value (NAV) per unit as at March 31, 2023 was Rs. 118.3613 as compared to opening NAV of Rs. 107.3596 per unit as at June 30, 2022 registering an increase of Rs. 11.0017 per unit.

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

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## ECONOMY & MARKET – FUTURE OUTLOOK

We expect FY23 GDP growth to decline to 0.1% 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 -6.9% 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 2.3%.

We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The import bill is expected to decrease by 20% YoY to USD 66 billion as we will witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 5.8 billion (1.7% of GDP) in FY23, a massive drop, when compared with USD 17.4 billion (4.5% of GDP) in FY22.

Media reports indicate positive progress on confirmation of support from friendly countries which will remove the last hurdle towards IMF agreement. Saudi Arabia has confirmed commitment of USD 2bn and Pakistan is hoping for similar commitment for UAE or some other source which would lead to the much-delayed staff-level agreement with IMF. The successful resumption of IMF program is essential as it will allow us to tap funding from bilateral and multilateral sources. Due to ongoing uncertainty other external funding sources including Foreign Direct Investment and Roshan Digital Account also remain muted making IMF even more critical for sustainability of external account and economic stability.

We expect Average FY23 inflation to clock at 29.2% compared to 12.1% in FY22. A second round impact of the currency devaluation will keep inflation numbers elevated for the remainder of the year. SBP has increased interest rates by 1.0% to 21.0% in April-23 MPS to push the real interest rate in positive territory on a forward-looking basis and anchor inflation expectations. In our view, subject to smooth resumption of IMF, Interest Rates appear to be near peak and after a brief phase of current rates, a monetary easing cycle can potentially begin in the later part of the year as the base effect on inflation starts kicking in which will be more pronounced from the start of next calendar year.

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 7.7%, a discount of 61% from its historical average. Similarly, Earning Yield Minus Risk Free Rate are close to 6.8%, 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, resolution of challenges on external account shall be critical in unlocking the huge potential. The market is currently trading at PER of 4.6x, while offering a dividend yield of 12.1%.

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 22.8% during 9MFY23 to PKR 1,491 billion. Total money market funds grew by about 26.8% since June 2022. Within the money market sphere, the conventional funds showed a decline of 1.1% to PKR 441 billion while Islamic funds increased by 82.2% to PKR 411 billion. In addition, the total fixed Income funds increased by about 24.0% since June 2022 to PKR 358 billion. Equity and related funds declined by 21.9% as market witnessed a drop in 9MFY23, eroding AUMs as concern over macroeconomic factors kept investors at bay.



## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023

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In terms of the segment share, Money Market funds were the leader with a share of around 57.1%, followed by Income funds with 24.0% and Equity and Equity related funds having a share of 12.0% as at the end of 9MFY23.

### 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,



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Muhammad Saqib Saleem  
Chief Executive Officer  
April 14, 2023



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Nasim Beg  
Director/Vice Chairman

## ڈائریکٹرز رپورٹ

روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 7.7 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 61 فیصد کمی ہے۔ اسی طرح، Earning Yield Minus Risk Free Rate تقریباً 6.8 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 ضخیم استعداد سے فائدہ اٹھانے کے لیے خارجی میدان کے مسائل سے نمٹنا ضروری ہے۔ موجودہ طور پر مارکیٹ میں 4.6x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 12.1 فیصد پر ہے۔

حاملین 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 اگم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ، جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2023ء کے ابتدائی نو ماہ کے دوران تقریباً 22.8 فیصد بڑھ کر 1,491 بلین روپے ہو گئے۔ مجموعی Money مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 26.8 فیصد اضافہ ہوا۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز 1.1 فیصد بڑھ کر 441 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 82.2 فیصد بڑھ کر 411 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 24.0 فیصد بڑھ کر 358 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 21.9 فیصد کم ہو گئے جس کی وجہ زبردستی جائزہ مدت کے دوران 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 ابتدائی نو ماہ کے اختتام پر Money مارکیٹ فنڈز تقریباً 57.1 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر اگم فنڈز تھے جن کا 24.0 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 12.0 فیصد حصہ تھا۔


### میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں تصحیح سے تعینات قدر کھل گئی ہیں اور طویل المیعاد سرمایہ کاران پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے 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۔

### اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
کراچی، 14 اپریل 2023ء

## ڈائریکٹرز رپورٹ

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 13.65 فیصد تھا، جبکہ مقررہ معیار کا منافع 18.20 فیصد تھا۔ فنڈ کی بالوزن 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 فائنانس سرٹیفکیٹس، ٹی ایف سی، ٹی۔ بلز میں تھا۔ اختتام مدت پر فنڈ کی سرمایہ کاری، نقد میں 6.60 فیصد، پی آئی بی میں 59.40 فیصد، ٹی۔ بلز میں 21.40 فیصد اور ٹی ایف سی میں 10.00 فیصد تھی۔ 31 مارچ 2023ء کو فنڈ کے خالص اثاثہ جات 6,632 ملین روپے تھے جو 30 جون 2022ء کی سطح 4,617 ملین روپے کے مقابلے میں 43.64 فیصد کا اضافہ ہے۔

31 مارچ 2023ء کو خالص اثاثہ جاتی قدر (NAV) نی یونٹ 118.3613 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جاتی قدر (NAV) 107.3596 روپے نی یونٹ کے مقابلے میں 11.0017 روپے نی یونٹ اضافہ ہے۔

### معیشت اور بازار - مستقبل کے امکانات

مالی سال 2023ء میں جی ڈی پی کی ترقی میں 0.1 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور موجودہ غیر یقینی صورتحال کے نتیجے میں معیشت منست 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 6.9 - فیصد متوقع ہے جس کے اسباب طلب میں منست 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 2.3 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 اخراجات کو بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 20 فیصد YoY کم ہو کر 66 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد گوشوں کے حجم سنکڑ جائیں گے۔ چنانچہ ہمیں توقع ہے کہ مالی سال 2023ء میں سی اے ڈی کم ہو کر 5.8 بلین ڈالر (جی ڈی پی کا 1.7 فیصد) ہو جائے گا جو مالی سال 2022ء کے 17.4 بلین ڈالر (جی ڈی پی کے 4.5 فیصد) کے مقابلے میں قابل ذکر کمی ہے۔

میڈیا رپورٹس کے مطابق دوست ممالک سے تعاون کی تصدیق میں مثبت پیش رفت ہوئی ہے جس کی بدولت آئی ایم ایف معاہدے کی راہ میں حائل آخری رکاوٹ دور ہو جائے گی۔ سعودی عرب نے 2 بلین ڈالر کے معاہدے کی تصدیق کی ہے، اور متحدہ عرب امارات سے بھی اسی نوعیت کے معاہدے کی توقع ہے، جس کی بدولت بے حد مطلوب آئی ایم ایف اسٹاف لیول معاہدے کی راہ ہموار ہوگی۔ آئی ایم ایف پروگرام کی کامیابی کی بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو طرفہ اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ موجودہ غیر یقینی صورتحال کے باعث حصول رقم کے دیگر خارجی ذرائع بشمول براہ راست غیر ملکی سرمایہ کاری (FDI) اور روشن ڈیجیٹل اکاؤنٹ بھی کارآمد ثابت نہیں ہو رہے ہیں، اور اس کے نتیجے میں آئی ایم ایف خارجی اکاؤنٹ کی قابلیت بقاء اور معاشی استحکام کے لیے مزید مشکل ہو رہی ہے۔

مالی سال 2023ء میں اوسط مہنگائی 29.2 فیصد متوقع ہے، بالقابل مالی سال 2022ء میں 12.1 فیصد کے۔ روپے کی قدر میں کمی کے اثر کا دوسرا دور سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر رکھے گا۔ ایس بی پی نے اپریل 2023ء MPS میں سود کی شرحوں کو 1.0 فیصد بڑھا کر 21.0 فیصد کر دیا ہے تاکہ حقیقی شرح سود کو ترقی پسندانہ بنیاد پر مثبت علاقے میں لے جایا جاسکے اور مہنگائی کی توقعات کو نگرانہ انداز کیا جاسکے۔

ہم سمجھتے ہیں کہ آئی ایم ایف کی بلا رکاوٹ بحالی سے مشروط سود کی شرحیں بظاہر بلندی کے قریب ہیں، اور موجودہ شرحوں کے ایک مختصر دور کے بعد سال کے اواخر میں مالیاتی تسہیل کا چکر شروع ہو سکتا ہے، کیونکہ مہنگائی پر base effect پڑنے لگے گا جو اگلے سال کے آغاز سے مزید واضح ہوگا۔

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

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی۔ ڈی سی ایف انکم فنڈ کے اکاؤنٹس مختصمہ برائے نو ماہ اور سہ ماہی 31 مارچ 2023ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

ملک گھمبیر معاشی مسائل کے دور سے گزرا ہے اور گزشتہ ایک دہائی سے زائد کے بدترین سیلابوں نے اسے مزید سنگین بنا دیا۔ سیلابوں سے انفراسٹرکچر یعنی ساخت، فصلوں اور مویشیوں کو شدید نقصان پہنچا اور انسانی جانوں کا ضیاع ہوا۔ بین الاقوامی امداد جمع کرنے کی کوششوں کے نتیجے میں اگرچہ درمیانی مدت میں تقریباً 10 بلین ڈالر سے زائد کے وعدے حاصل ہوئے تاہم مختصر مدت کے دباؤ میں اضافہ ہوا کیونکہ ملک پہلے ہی زرمبادلہ کے کم ہوتے ہوئے ذخائر سے نمٹ رہا ہے اور آئی ایم ایف کی امداد حاصل کرنے کی کاوش میں لگا ہوا ہے۔

ملک کی خارجی صورتحال غیر یقینی رہی کیونکہ ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 4.2 بلین ڈالر (صرف 3 ہفتوں کا درآمداتی cover) جبکہ مالی سال کے آغاز میں 9.8 بلین ڈالر تھے۔ حکومت متحزک انداز میں آئی ایم ایف پروگرام پر عمل کرتے ہوئے - اگرچہ کچھ تاخیر کے ساتھ - فنڈ کا نواں (9th) جائزہ پایہ تکمیل تک پہنچانے کے لیے پرعزم ہے۔

سیاسی اعتبار سے ناپسندیدہ فیصلوں مثلاً بجلی اور گیس کی قیمت بڑھانے، روپے کی قدر میں کمی ہونے دینا، اضافی ٹیکس لگانے، اور سود کی شرحوں میں اضافہ کرنے کے باوجود آئی ایم ایف کا اسٹاف لیول ایگریمنٹ (SLA) اب بھی ہمارے ہاتھ نہیں آیا ہے۔ آئی ایم ایف پروگرام میں تاخیر کے باعث دو طرفہ اور کثیرالہجہتی شراکت داروں سے غیر ملکی امداد دست روی کا شکار ہوئیں اور ذخائر میں کمی ہوئی۔ اس کے نتیجے میں روپے پر شدید دباؤ رہا اور مالی سال 2023ء میں ڈالر کی قدر 38.6 فیصد بڑھ کر 283.4 روپے ہو گئی جو اب تک کی بلند ترین سطح ہے۔

مالی سال 2023ء کے ابتدائی آٹھ ماہ میں ملک نے 3.9 بلین ڈالر کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) پوسٹ کیا، جو سال گزشتہ کی مماثل مدت کی سطح 12.1 بلین ڈالر کے مقابلے میں 68 فیصد YoY کمی ہے۔ سی اے ڈی میں بہتری میں اہم ترین کردار تجارتی خسارے میں کمی کا ہے۔ برآمدات میں 9.7 فیصد کمی کے ساتھ ساتھ درآمدات میں 21.0 فیصد کمی کی بدولت تجارتی خسارہ 29.8 فیصد سے سنکڑ گیا۔ حکومت نے انتظامی اقدامات کے ذریعے درآمدات کو قابو میں رکھا، مثلاً منتخب درآمدات پر درآمداتی کوٹوں کا نفاذ۔ تاہم ان اقدامات سے اسمگلنگ (غیر قانونی درآمدات) کی سرگرمیوں میں اضافہ ہوا ہے اور مشتہ ذرائع سے ترسیلات زر ضائع ہو رہی ہیں۔ علاوہ ازیں، درآمدات کو سختی سے قابو میں رکھنا پائیدار عمل نہیں ہے کیونکہ اس سے مختلف صنعتوں میں کمی پیدا ہو رہی ہے جس کے نتیجے میں مجموعی معاشی ترقی متاثر ہو رہی ہے۔

ہیڈ لائن افراط زر، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2023ء کے ابتدائی نو ماہ کے دوران 27.2 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 10.7 فیصد تھا۔ اشیائے خورد و نوش کی قیمتوں کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ وسیع پیمانے پر تھا جس کا اظہار core مہنگائی میں 20.4 فیصد کی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے اپریل 2023ء کی تازہ ترین مانیٹری پالیسی میں پالیسی شرح کو مزید 100 بیسیس پوائنٹس (بی پی ایس) بڑھا کر 21.0 فیصد کر دیا۔ مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی میں مالی سال 2023ء کے ابتدائی نو ماہ میں 17.6 فیصد اضافہ ہوا اور 5,156 بلین روپے ٹیکس جمع ہوئے، جبکہ گزشتہ سال مماثل مدت میں 4,385 بلین روپے تھا اور ہدف سے 304 بلین روپے کم تھا۔

ثانوی مارکیٹوں کی پیداوار میں مالی سال 2023ء کے ابتدائی نو ماہ میں اضافہ ہوا جس کے اسباب مالیاتی سختی اور روپے کی قدر میں خطیر کمی کے بعد مہنگائی کے دباؤ کی نئی لہر ہے۔ 3، 6 اور 12 ماہانہ ٹی۔ پلنز کے منافع جات میں بالترتیب 643,595 اور 585 بی پی ایس، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں بالترتیب 479,226 اور 206 بی پی ایس کا اضافہ ہوا۔

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2023**

	March 31, 2023 (Un-Audited)	June 30, 2022 (Audited)
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Balances with banks	460,006	3,780,064
Investments	6,338,830	1,563,944
Mark-up, dividend and other receivables	124,592	79,685
Advances, deposits and prepayments	73,024	166,522
<b>Total assets</b>	<b>6,996,451</b>	<b>5,590,215</b>
<b>LIABILITIES</b>		
Payable to MCB-Arif Habib Savings & Investments Limited - Management Company	23,033	12,172
Payable to Central Depository Company of Pakistan Limited - Trustee	468	316
Payable to the Securities and Exchange Commission of Pakistan	833	866
Payable against purchase of investments	-	821,364
Accrued and other liabilities	340,167	138,182
<b>Total liabilities</b>	<b>364,501</b>	<b>972,900</b>
<b>NET ASSETS</b>	<b>6,631,950</b>	<b>4,617,315</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>6,631,950</b>	<b>4,617,315</b>
<b>Contingencies and commitments</b>	8	
	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>56,031,431</b>	<b>43,007,935</b>
	----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>	<b>118.3613</b>	<b>107.3596</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023**

	Nine months period ended		Quarter ended	
	March 31,		March 31,	
Note	2023	2022	2023	2022
	(Rupees in '000)			
<b>INCOME</b>				
Net loss on sale of investments	(19,430)	(33,047)	(9,358)	(6,614)
Profit on bank deposits and term deposit receipts	139,905	111,859	18,715	49,851
Income from government securities	455,221	127,217	222,007	58,310
Income from term finance certificates and sukuk certificates	106,033	43,262	37,925	18,070
Dividend income	-	24,530	-	-
Income from spread transactions - net	-	19,687	-	-
Profit on margin trading system	-	4,488	-	3
Unrealised diminution on re-measurement of investments classified as ' financial assets at fair value through profit or loss' - net	(29,481)	11,868	(31,440)	2,044
Other income	1,457	2,173	553	656
<b>Total income</b>	653,705	312,037	238,402	122,320
<b>EXPENSES</b>				
Remuneration of the Management Company	61,938	47,185	22,966	15,677
Sindh Sales tax on remuneration of the Management Company	8,052	6,132	2,986	2,038
Expenses allocated by the Management Company	4,129	3,205	1,531	1,105
Remuneration of the Trustee	3,094	2,404	1,145	829
Sindh Sales Tax on trustee fee	409	313	156	108
Selling and marketing expenses	16,104	13,226	5,972	4,309
Annual fee to Securities and Exchange Commission of Pakistan	833	641	313	221
Brokerage, settlement and bank charges	1,715	7,641	565	15
Auditors' remuneration	615	559	187	202
Legal and professional charges	157	1,113	76	41
Others	413	828	140	562
<b>Total operating expenses</b>	97,458	83,246	36,036	25,106
<b>Net income from operating activities</b>	556,248	228,791	202,367	97,214
(Reversal) / Provision for Sindh Workers' Welfare Fund (SWWF)	-	(42,902)	-	-
<b>Net income for the period before taxation</b>	556,248	271,693	202,367	97,214
Taxation	9	-	-	-
<b>Net income for the period after taxation</b>	556,248	271,693	202,367	97,214
<i>Allocation of net income for the period:</i>				
Net income for the period after taxation	556,248	271,693		
Income already paid on units redeemed	(80,095)	(32,934)		
	476,153	238,759		
<i>Accounting income available for distribution:</i>				
- Relating to capital gains	-	-		
- Excluding capital gains	476,153	238,759		
	476,153	238,759		

**Earnings per unit**

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023**

	Nine months period ended March 31,		Quarter ended March 31,	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	556,248	271,693	202,367	97,214
Other comprehensive Income for the period:	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>556,248</u>	<u>271,693</u>	<u>202,367</u>	<u>97,214</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Nine Months ended March 31, 2023			Nine Months ended March 31, 2022		
	(Rupees in '000)					
	Capital value	Undistri-buted income	Total	Capital value	Undistri-buted income	Total
<b>Net assets at beginning of the period</b>	4,197,230	420,085	4,617,315	3,234,571	411,379	3,645,950
Issuance of 17,058,333 units (2021: 121,264,398 units)						
- Capital value (at net asset value per unit at the beginning of the period)	3,464,123	-	3,464,123	1,826,124	-	1,826,124
- Element of income	185,443	-	185,443	52,120	-	52,120
	3,649,566	-	3,649,566	1,878,245	-	1,878,245
Redemption of 11,237,444 units (2021: 123,610,488 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,065,927)	-	(2,065,927)	(1,202,989)	-	(1,202,989)
-Element of income	(45,158)	(80,095)	(125,252)	(14,015)	(32,934)	(46,949)
	(2,111,085)	(80,095)	(2,191,179)	(1,217,004)	(32,934)	(1,249,937)
Total comprehensive income for the period	-	556,248	556,248	-	271,693	271,693
	-	556,248	556,248	-	271,693	271,693
<b>Net assets at end of the period</b>	<b>5,735,711</b>	<b>896,238</b>	<b>6,631,950</b>	<b>3,895,812</b>	<b>650,138</b>	<b>4,545,951</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised gain		413,270			395,044	
- Unrealised loss		6,815			16,335	
		420,085			411,379	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		476,153			238,759	
		476,153			238,759	
Undistributed income carried forward		896,238			650,138	
<b>Undistributed income carried forward comprising of:</b>						
- Realised gain		925,719			638,270	
- Unrealised loss		(29,481)			11,868	
		896,238			650,138	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		107.3596			107.0518	
Net assets value per unit at end of the period		118.3613			113.9944	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Nine Months ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	556,248	271,693
<b>Adjustments for:</b>		
Dividend Income	(0)	(24,530)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	-	(42,902)
Net unrealised loss on revaluation of investments 'at fair value through profit or loss - held-for-trading'	29,481	(11,868)
	585,728	192,393
<b>Decrease / (increase) in assets</b>		
Investments	(4,804,365)	388,359
Mark-up, dividend and other receivables	(44,907)	(12,316)
Receivable against sale of investments	-	386,229
Receivable against Margin Trading System (MTS)	-	49,596
Advances, deposits and prepayments	93,498	(120,392)
	(4,755,774)	691,476
<b>Increase / (Decrease) in liabilities</b>		
Payable to MCB Arif Habib Savings and Investments Limited - Management Company	10,861	2,984
Payable to Central Depository Company of Pakistan Limited - Trustee	152	49
Annual fee payable to SECP	(33)	(166)
Payable against purchase of investments	(821,364)	(664,847)
Accrued and other liabilities	201,984	167,866
	(608,400)	(494,114)
Dividend Received	-	24,530
<b>Net cash generated from / (used in) operating activities</b>	(4,778,446)	414,285
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units (excluding additional units)	3,649,566	1,878,245
Payments on redemption of units	(2,191,179)	(1,249,937)
Dividend paid	-	-
<b>Net cash used in from financing activities</b>	1,458,387	628,307
<b>Net decrease in cash and cash equivalents during the period</b>	(3,320,059)	1,042,592
Cash and cash equivalents at beginning of the period	3,780,064	3,014,318
<b>Cash and cash equivalents at end of the period</b>	460,006	4,056,911

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

## 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 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 NBFC Rules through a certificate of registration issued by the 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 funds in medium term assets in order to provide higher return to the unit holders.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2022 to the Management Company and a stability rating of 'AA-(f)' dated March 9, 2023 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

- 2.1.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
  - The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2022. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2023 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2022, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2022.
- 2.1.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.1.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

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

		March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
4	BALANCES WITH BANKS	Note -----(Rupees in '000)-----	
	Current accounts	44,358	5
	Savings accounts	4.1 415,647	3,780,059
		4.2 <u>460,006</u>	<u>3,780,064</u>
<b>4.1</b>	These carry profit at rates ranging from 12.25% to 19% per annum (June 30, 2022: 5.5% to 17.5% per annum).		
<b>4.2</b>	These includes balances with related parties of Rs. 44.38 million (June 30, 2022: Rs. 0.124 million) maintained with MCB Bank Limited and Rs. 0.011 million (June 30, 2022: Rs. 0.011 million) maintained with MCB Islamic Bank Limited.		

		March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
5	INVESTMENTS	Note -----(Rupees in '000)-----	
<b>5.1</b>	<b>At fair value through profit or loss</b>		
	Government securities	5.1.1 5,685,715	1,049,684
	Listed debt securities	5.1.2 -	-
	Unlisted debt securities	5.1.3 <u>653,115</u>	<u>514,260</u>
		<u>6,338,830</u>	<u>1,563,944</u>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

## 5.1 Government securities - 'at fair value through profit or loss - held-for-trading'

Name of security	Note	Date of issue	Face value				Balance as at March 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2022	Purchased during the period	Disposed/ matured during the period	As at March 31, 2023	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees in '000)											
<b>Treasury Bills - 3 months</b>											
Treasury Bills		28-Apr-22	-	2,200,000	2,200,000	-	-	-	-	0.00%	0.00%
Treasury Bills		14-Jul-22	-	4,364,680	4,364,680	-	-	-	-	0.00%	0.00%
Treasury Bills		28-Jul-22	-	7,675,000	7,675,000	-	-	-	-	0.00%	0.00%
Treasury Bills		25-Aug-22	-	1,675,000	1,675,000	-	-	-	-	0.00%	0.00%
Treasury Bills		22-Sep-22	-	925,000	925,000	-	-	-	-	0.00%	0.00%
Treasury Bills		6-Oct-22	-	2,550,000	2,550,000	-	-	-	-	0.00%	0.00%
Treasury Bills		20-Oct-22	-	710,000	710,000	-	-	-	-	0.00%	0.00%
Treasury Bills		3-Nov-22	-	3,855,700	3,855,700	-	-	-	-	0.00%	0.00%
Treasury Bills		17-Nov-22	-	4,700,000	4,700,000	-	-	-	-	0.00%	0.00%
Treasury Bills		15-Dec-22	-	1,600,000	1,600,000	-	-	-	-	0.00%	0.00%
Treasury Bills*		29-Dec-22	-	1,500,000	-	1,500,000	1,496,234	1,495,943	(291)	22.6%	23.60%
Treasury Bills		4-Jan-23	-	1,125,000	1,125,000	-	-	-	-	0.00%	0.00%
Treasury Bills		26-Jan-23	-	1,500,000	1,500,000	-	-	-	-	0.00%	0.00%
<b>Treasury Bills - 6 months</b>											
Treasury Bills		02-Jun-22	-	1,000,000	1,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills		06-Oct-22	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		10-Feb-22	-	200,000	200,000	-	-	-	-	0.00%	0.00%
Treasury Bills		14-Jul-22	-	72,000	72,000	-	-	-	-	0.00%	0.00%
Treasury Bills		21-Apr-22	-	250,000	250,000	-	-	-	-	0.00%	0.00%
Treasury Bills		28-Jul-22	-	242,110	242,110	-	-	-	-	0.00%	0.00%
<b>Treasury Bills - 12 months</b>											
Treasury Bills		06-Oct-22	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills		10-Feb-22	-	89,000	89,000	-	-	-	-	0.00%	0.00%
Treasury Bills		10-Mar-22	-	125,165	125,165	-	-	-	-	0.00%	0.00%
Treasury Bills		20-Oct-22	-	1,718,190	1,718,190	-	-	-	-	0.00%	0.00%
Treasury Bills		21-Apr-22	-	450	450	-	-	-	-	0.00%	0.00%
Treasury Bills		25-Aug-22	-	2,660	2,660	-	-	-	-	0.00%	0.00%
Treasury Bills		27-Jan-22	-	26,850	26,850	-	-	-	-	0.00%	0.00%
Treasury Bills		30-Dec-21	-	11,205	11,205	-	-	-	-	0.00%	0.00%
Treasury Bills		30-Jun-22	-	63,050	63,050	-	-	-	-	0.00%	0.00%
<b>Pakistan Investment Bonds</b>											
Pakistan Investment Bonds											
- 02 years**		5-Nov-20	200,000	200,000	400,000	-	-	-	-	0.00%	0.00%
- 02 years**		26-Aug-21	475,000	1,900,000	950,000	1,425,000	1,421,849	1,423,575	1,726	21.47%	22.46%
- 02 years**		8-Sep-22	-	3,500,000	1,650,000	1,850,000	1,834,313	1,828,170	(6,143)	27.57%	28.84%
<b>Pakistan Investment Bonds</b>											
- 03 years		18-Jun-20	-	70,000	70,000	-	-	-	-	0.00%	0.00%
- 03 years		5-Aug-21	-	250,000	250,000	-	-	-	-	0.00%	0.00%
- 03 years		7-Oct-21	-	2,375,000	2,375,000	-	-	-	-	0.00%	0.00%
- 03 years		7-Apr-22	250,000	4,150,800	4,150,800	250,000	245,732	243,750	(1,982)	3.68%	3.85%
- 03 years		4-Aug-22	-	3,750,000	3,750,000	-	-	-	-	0.00%	0.00%
- 03 years		8-Sep-22	-	1,000,000	1,000,000	-	-	-	-	0.00%	0.00%
<b>Pakistan Investment Bonds</b>											
- 05 years		6-May-21	-	650,000	-	650,000	628,250	623,675	(4,575)	9.40%	9.84%
- 05 years		17-Nov-22	-	975,000	975,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds											
- 10 years**		22-Aug-19	35,000	-	-	35,000	35,000	33,436	(1,565)	0.50%	0.53%
<b>GOP Ijara Sukuk</b>											
- 05 years***		24-Jun-20	37,500	-	-	37,500	37,410	37,166	(244)	0.56%	0.59%
<b>Total as at March 31, 2023</b>							<b>5,698,788</b>	<b>5,685,715</b>	<b>(13,074)</b>		
Total as at June 30, 2022							1,052,107	1,049,684	(2,423)		

\* These will mature latest by April 06, 2023 and carry effective yield with rates ranging from 17.15% to 19.2% per annum.

\*\* These will mature latest by August 22, 2023 and carry effective yield with rates ranging from 17.94% to 20.97% per annum.

\*\*\* These will mature latest by June 24, 2025 and carry effective yield of 14.85% to 16.75% per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

**5.1.2 Listed debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss'**

Name of investee company	Number of certificates				Balance as at March 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2022	Purchased during the period	Disposed during the period	As at March 31, 2023	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----									
<b>Financial Services</b>									
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.4.1)	10,000	-	-	10,000	27,548	-	-	-	-
Less: Provision for impairment					(27,548)	-	-	-	-
<b>As at March 31, 2023</b>					<b>-</b>	<b>-</b>	<b>-</b>		
As at June 30, 2022					-	-	-		

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

**5.1.3 Unlisted debt securities - term finance and sukuk certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss'**

Name of investee company	Number of certificates				Balance as at March 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2022	Purchased during the period	Disposed/ Matured during the period	As at March 31, 2023	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----									
<b>Commercial banks</b>									
Askari Bank Limited VII - TFC (March 17, 2020)**	50	-	-	50	50,750	49,953	(797)	0.75%	0.79%
Samba bank limited (March 1, 2021)*	850	-	-	850	85,269	84,932	(337)	1.28%	1.34%
The Bank of Punjab Limited TFC-I * (December 23, 2016)	1,200	-	1,200	-	-	-	-	0.00%	0.00%
Bank Al Habib Ltd. (September 30, 2021)	35,000	35,000	-	70,000	358,888	345,593	(13,295)	5.21%	5.45%
Meezan bank limited (December 16, 2021)**	145	-	-	145	145,000	143,435	(1,565)	2.16%	2.26%
					639,907	623,913	(15,994)	9.41%	9.84%
<b>Chemicals</b>									
Ghani Gases Limited - Sukuk *(February 02, 2017)	500	-	-	500	7,667	7,667	-	0.12%	0.12%
					7,667	7,667	-	0.12%	0.12%
<b>Investment Bank</b>									
Jahangir Siddiqui and Company Limited-TFC-III- July 18, 2017	10,000	-	-	10,000	6,445	6,303	(142)	0.10%	0.10%
Jahangir Siddiqui & Co. Ltd. - TFC (March 06, 2018)	18,000	-	-	18,000	15,504	15,234	(270)	0.23%	0.24%
					21,949	21,537	(412)	0.32%	0.34%
<b>Household goods</b>									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.4.1)	10,400	-	-	10,400	21,983	-	-	-	-
Less: Provision for impairment					(21,983)	-	-	-	-
New Allied Electronics Industries (Private) Limited Sukuk (July 25, 2007) (refer note 5.4.1)	112,000	-	-	112,000	35,063	-	-	-	-
Less: Provision for impairment					(35,063)	-	-	-	-
<b>As at March 31, 2023</b>					<b>669,523</b>	<b>653,115</b>	<b>(16,406)</b>		
As at June 30, 2022					505,022	514,260	9,238		

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

\*\* Nominal value of this sukuk certificate is Rs.1,000,000 per certificate.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

### 5.1.4 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 March 31, 2023, 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 respective issuer in repayment of coupon due on respective dates.

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
<b>Listed debt securities</b>						
Saudi Pak Leasing Company Limited	TFC	27,548	(27,548)	-	-	-
<b>Unlisted debt securities</b>						
New Allied Electronics Industries (Private) Limited	TFC	21,983	(21,983)	-	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	35,063	(35,063)	-	-	-

6	<b>PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>	<b>March 31, 2023 (Un-audited)</b>	<b>June 30, 2022 (Audited)</b>
		----- (Rupees in '000) -----	
	Remuneration payable	8,281	5,596
	Sindh sales tax on management fee	1,077	727
	Allocated expenses payable	552	373
	Selling and marketing expenses payable	5,971	4,385
	Sales load payable	7,152	1,091
		<u>23,033</u>	<u>12,172</u>

7	<b>ACCRUED AND OTHER LIABILITIES</b>	<b>Note</b>	<b>March 31, 2023 (Un-Audited)</b>	<b>June 30, 2022 (Audited)</b>
			----- (Rupees in '000) -----	
	Federal Excise Duty on remuneration to the Management Company	7.1	99,060	99,060
	Federal Excise Duty and related taxes payable on sales load		27,933	27,933
	Auditors' remuneration		570	548
	Withholding tax payable		2,434	3,666
	Brokerage payable		120	35
	Dividend payable		5	5
	Others		210,044	6,935
			<u>340,167</u>	<u>138,182</u>

### 7.1 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2022. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2023 would have been higher by Rs. 2.27 per unit (June 30, 2022: Re. 2.95 per unit).

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 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.

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.

### 8.2 Commitments

There were no commitments outstanding as at March 31, 2023 and June 30, 2022.

## 9 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 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 Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised 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.

## 10 EARNINGS PER UNIT

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

## 11 TOTAL EXPENSE RATIO

The total annualized expense ratio of the fund from July 01, 2022 to March 31, 2023 is 2.36 % (March 31, 2022: 2.6%) and this includes 0.63% (March 31, 2022: 0.23%) representing Government Levy.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

### 12 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 and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

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:

#### 12.1 Unit Holders' Fund

For the Nine Months ended March 31, 2023 (Un-Audited)								
	As at July 01, 2022	Issuance (including additional units)	Redeemed	As at March 31, 2023	As at July 01, 2022	Issuance	Redeemed	As at March 31, 2023
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / associated companies</b>								
MCB Employees Provident Fund (Pak Staff)	1,823,176	-	-	1,823,176	195,735	-	-	215,793
MCB Employees Pension Fund	1,823,176	-	-	1,823,176	195,735	-	-	215,793
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	5,483	-	-	5,483	589	-	-	649
<b>Key Management Personnell</b>	1	4,750	4,750	1	-	535	539	-
<b>Mandate under discretionary portfolio services*</b>	5	-	5	-	-	1	1	-

\* This reflects the position of related party / connected persons status as at March 31, 2023.

For the nine months ended March 31, 2022 (Un-Audited)								
	As at July 01, 2021	Issuance	Redeemed	As at March 31, 2022	As at July 01, 2021	Issuance	Redeemed	As at March 31, 2022
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / associated companies</b>								
MCB Employees Provident Fund (Pak Staff)	1,677,094	-	-	1,677,094	179,536	-	-	191,179
MCB Employees Pension Fund	1,677,094	-	-	1,677,094	179,536	-	-	191,179
D.G. Khan Cement Company Ltd Employees Provident Fund Trust	5,045	-	-	5,045	540	-	-	575
<b>Mandate under discretionary portfolio services*</b>	2	824	793	33	1,100	90	87	4

\* This reflects the position of related party / connected persons status as at March 31, 2022.

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



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	(Un-Audited)	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----	
<b>12.2 Transactions during the period:</b>		
<b>Management Company</b>		
<b>MCB Arif Habib Savings and Investments Limited</b>		
Remuneration (including indirect taxes)	69,990	53,317
Marketing and Selling Expense	16,104	13,226
Expense allocated by the Management	4,129	3,205
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration (including indirect taxes)	3,503	2,717
Settlement charges	12	651
<b>Group / associated companies</b>		
<b>MCB Bank Limited</b>		
Mark-up on deposit accounts	36	36
Purchase of securities face value Rs.NIL (2022: Sale Rs.504,000,000)	-	485,378
Sale of securities face value Rs.250,000,000 (2022: Sale Rs.504,000,000)	233,668	-
Bank charges	22	30
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage and settlement charges *	62	28
<b>Nishat (Chunian) Limited</b>		
Purchase of NIL (2022: 845,500) shares	-	43,826
Sale of NIL (2022: 845,500) shares	-	44,162
<b>D.G. Khan Cement Company Limited</b>		
Purchase of NIL (2022: 684,000) shares	-	75,264
Sale of NIL (2022:684,000) shares	-	75,851
<b>Nishat Mills Limited</b>		
Purchase of NIL (2022: 57,500) shares	-	5,500
Sale of NIL (2022: 57,500) shares	-	5,548
<b>Power Cement Limited</b>		
Purchase of NIL (2021: 3,500) shares	-	29
Sale of NIL (2021: 3,500) shares	-	29
<b>Aisha Steel Mills Limited</b>		
Purchase of NIL (2022: 1,277,500) shares	-	30,816
Sale of NIL (2022: 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 (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	<b>(Un-Audited) March 31, 2023</b>	<b>(Audited) June 30 2022</b>
	----- (Rupees in '000) -----	
<b>12.3 Balances outstanding at period end:</b>		
<b>Management Company</b>		
<b>MCB-Arif Habib Savings and Investments Limited</b>		
Remuneration payable	8,281	5,596
Sindh sales tax payable on remuneration payable	1,077	727
Allocated expenses payable	552	373
Selling and marketing expenses payable	5,971	4,385
Sales load payable	7,152	1,091
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	200	200
Remuneration payable (including indirect taxes)	468	316
<b>MCB Bank Limited</b>		
Balances with Bank	44,379	126
<b>MCB Islamic Bank Limited</b>		
Balances with bank	11	11
<b>Arif Habib - Brokerage House</b>		
Brokerage and settlement charges payable	18	-

**13. GENERAL**

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

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

**14. 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 close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

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

**Level 1** : quoted prices 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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

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

**15. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on April 14, 2023 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

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

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