

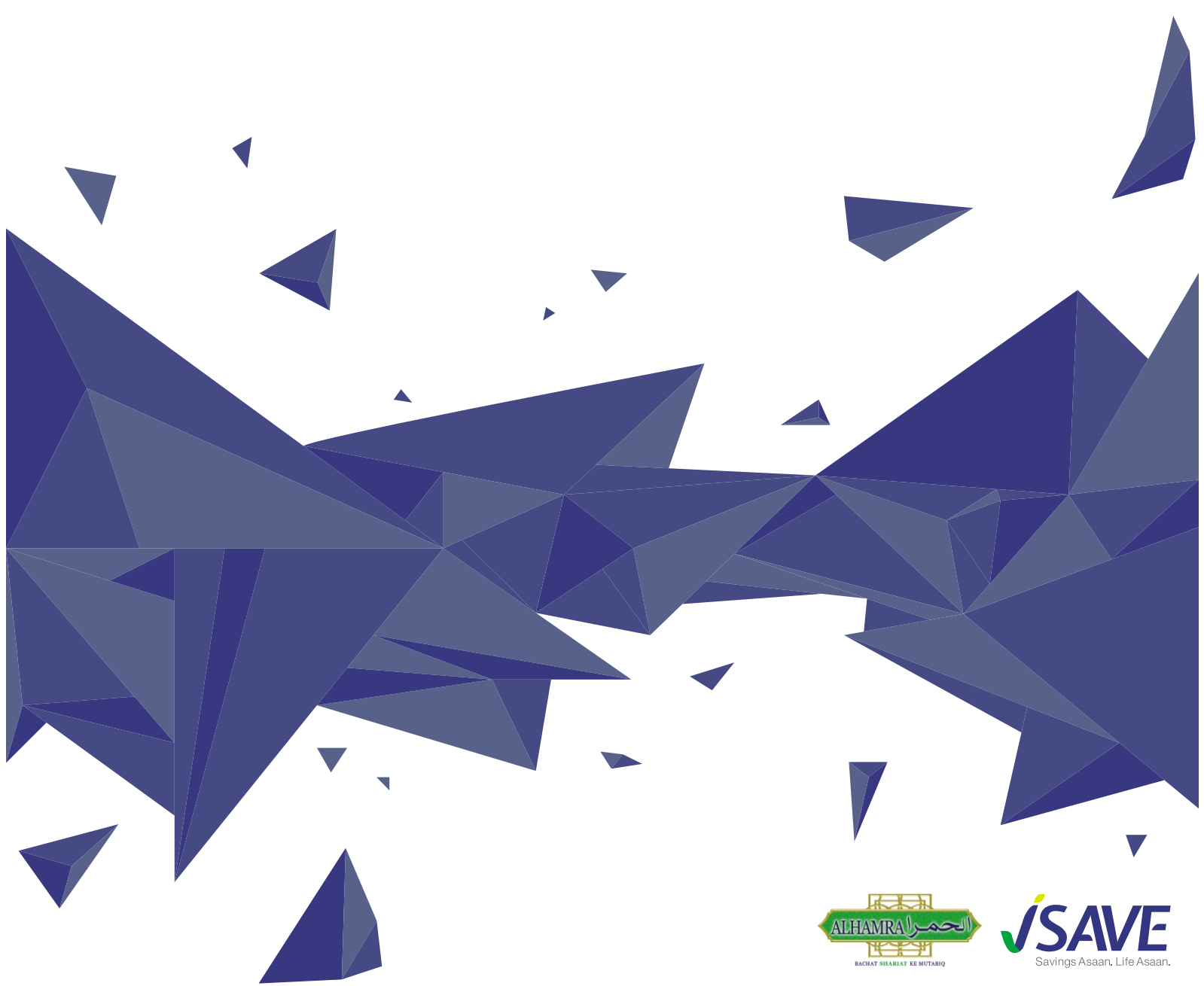


MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

MARCH
2023
(UNAUDITED)

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



PAKISTAN INCOME ENHANCEMENT 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 Taraqati Bank Limited Habib Bank Limited HBL Mirco Finance Bank Limited National Bank of Pakistan The Bank of Khyber	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Income Enhancement 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 country'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 15.95% against its benchmark return of 18.57%. WAM of fund stood at 1.8 years. The fund was mainly invested in T-Bills, PIBs and TFCs. At period-end, the fund was 8.00% invested in Cash, 6.40% in TFCs, 10.10% in T-Bills and 73.40% in PIBs. The Net Assets of the fund as at March 31, 2023 stood at Rs. 1,302 million as compared to Rs. 870 million as at June 30, 2022 registering an increase of 49.66%. The Net Asset Value (NAV) per unit as at March 31, 2023 was Rs. 60.6430 as compared to opening NAV of Rs. 54.1576 per unit as at June 30, 2022 registering an increase of Rs. 6.4854 per unit.

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

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

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,



Muhammad Saqib Saleem
Chief Executive Officer
April 14, 2023



Nasim Beg
Director/Vice Chairman

ڈائریکٹرز رپورٹ

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 کے 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 اہم 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 فیکسڈ 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 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 اہم 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

سوڈی 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 آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

اظہار تشکر

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

من جانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



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

ڈائریکٹرز رپورٹ

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 15.95 فیصد تھا، جبکہ مقررہ معیار کا منافع 18.57 فیصد تھا۔ فنڈ کی بالوزن اوسط میچورٹی 8.1 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری نقد اور ٹرم فنانس سرٹیفکیٹس، پی آئی بی، ٹی ایف سی، میں تھی جو اختتام مدت پر سرمایہ کاری نقد میں 8 فیصد ٹی ایف سی میں 6.40 فیصد ٹی بلز 10.10 فیصد اور پی آئی بی میں 73.40 فیصد تھی۔ 31 مارچ 2023ء کو فنڈ کے خالص اثاثہ جات 1,302 ملین روپے تھے جو 30 جون 2022ء کی سطح 870 ملین روپے کے مقابلے میں 49.66 فیصد کا اضافہ ہے۔ 31 مارچ 2023ء کو خالص اثاثہ جات قدر (NAV) نی یونٹ 60.6430 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جات قدر (NAV) 54.1576 روپے نی یونٹ کے مقابلے میں 6.4854 روپے نی یونٹ کا 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 اخراجاتی 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 کشیدہ لہجہ 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، بالمقابل 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 لنگر انداز کیا جاسکے۔

ہم سمجھتے ہیں کہ آئی ایم ایف کی پلار کاؤٹ 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 نے لگے گا جو اگلے سال کے آغاز سے مزید واضح ہوگا۔

کیپٹل 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 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

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم انہاسمنٹ فنڈ کے اکاؤنٹس مختتمہ 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 مشتبه 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-بلنز 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 (Unaudited)	June 30, 2022 (Audited)
Note	------(Rupees in '000)-----	
ASSETS		
Balances with banks	4 117,652	676,103
Investments	5 1,328,817	536,402
Mark-up, dividend and other receivables	24,122	16,175
Advances, deposits and prepayments	6,095	3,274
Receivable Against Margin Trading System	-	1
Receivable from National Clearing Company of Pakistan Limited	2,181	2,181
Total assets	1,478,867	1,234,136
LIABILITIES		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6 2,939	3,804
Payable to Central Depository Company of Pakistan Limited - Trustee	97	60
Payable to the Securities and Exchange Commission of Pakistan (SECP)	183	213
Payable against purchase of investments	148,651	335,236
Payable against redemption of units	2,079	2,079
Accrued and other liabilities	7 22,844	22,386
Total liabilities	176,793	363,778
NET ASSETS	<u>1,302,074</u>	<u>870,358</u>
Unit holders' fund (as per statement attached)	<u>1,302,074</u>	<u>870,358</u>
Contingencies and commitments	8	
	(Number of units)	
NUMBER OF UNITS IN ISSUE	<u>21,471,156</u>	<u>16,070,836</u>
	------(Rupees)-----	
NET ASSET VALUE PER UNIT	<u>60.6430</u>	<u>54.1576</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

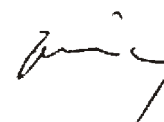
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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 March 31,		Quarter ended March 31,	
	2023	2022	2023	2022
Note------(Rupees in '000)-----				
INCOME				
Income from government securities	90,402	22,778	48,523	11,040
Income from term finance certificates	26,911	13,786	8,334	5,788
Capital gain / (loss) on sale of investments - net	4,507	(14,141)	(277)	(202)
Mark-up on bank deposits	33,416	31,054	4,911	13,591
Dividend income	-	7,114	-	-
Income from spread transactions	-	16,930	-	-
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net 5.1 to 5.3	(5,381)	4,061	(5,152)	(147)
Other income	188	646	77	134
Total income	150,043	82,228	56,416	30,204
EXPENSES				
Remuneration of MCB-Arif Habib Savings and Investments Limited- Management Company	4,386	7,600	1,455	2,417
Sindh sales tax on remuneration of Management Company	570	988	189	314
Allocated expenses	1,301	816	528	277
Remuneration of Central Depository Company of Pakistan Limited - Trustee	687	614	264	209
Sindh sales tax on remuneration of the Trustee	89	80	34	27
Selling and marketing expenses	3,439	165	1,759	-
Annual fee to the Securities and Exchange Commission of Pakistan	183	163	70	55
Brokerage, settlement charges and bank charges	694	2,236	208	137
Fees and subscription	648	804	139	126
Auditors' remuneration	621	462	165	131
Legal and professional charges	157	512	76	40
Other expenses	28	31	14	16
Total expenses	12,803	14,471	4,901	3,749
Net income from operating activities	137,240	67,757	51,515	26,455
Reversal of provision against Sindh Workers' Welfare Fund	-	(9,434)	-	-
Net income for the period before taxation	137,240	77,191	51,515	26,455
Taxation	-	-	-	-
Net income for the period after taxation	137,240	77,191	51,515	26,455
Allocation of net income for the period:				
Net income for the period	137,240	77,191		
Income already paid on units redeemed	(32,085)	(24,736)		
	105,155	52,455		
Accounting income available for distribution				
- Relating to capital gains	-	-		
- Excluding capital gains	105,155	52,455		
	105,155	52,455		

Earnings per unit

11

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

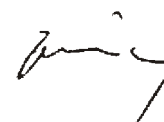
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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)-----			
Net income for the period after taxation	137,240	77,191	51,515	26,455
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>137,240</u>	<u>77,191</u>	<u>51,515</u>	<u>26,455</u>

The annexed notes from 1 to 16 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 period ended March 31, 2023			Nine months period ended March 31, 2022		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	766,138	104,220	870,358	526,749	102,847	629,596
Issue of 32,344,454 units (2022: 41,520,406 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,751,698	-	1,751,698	2,238,013	-	2,238,013
- Element of income	89,982	-	89,982	89,111	-	89,111
	1,841,680	-	1,841,680	2,327,124	-	2,327,124
Redemption of 26,944,134 units (2022: 35,044,944 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,459,230	-	1,459,230	1,888,975	-	1,888,975
- Element of income	55,889	32,085	87,974	66,595	24,736	91,331
	1,515,119	32,085	1,547,204	1,955,570	24,736	1,980,306
Total comprehensive income for the period	-	137,240	137,240	-	77,191	77,191
Net assets at the end of the period	1,092,699	209,375	1,302,074	898,303	155,302	1,053,605
Undistributed income brought forward comprising of:						
- Realised		102,893			95,758	
- Unrealised loss		1,327			7,089	
		104,220			102,847	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		105,155			52,455	
		105,155			52,455	
Undistributed income carried forward		209,375			155,302	
Undistributed income carried forward comprising of:						
- Realised		214,756			151,241	
- Unrealised		(5,381)			4,061	
		209,375			155,302	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period	54.1576			53.9015		
Net asset value per unit at the end of the period	60.6430			58.0308		

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

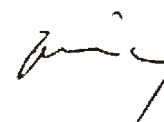
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Nine months period ended	
	March 31, 2023	March 31, 2022
	Note	------(Rupees in '000)-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	137,240	77,191
Adjustments for non cash and other items:		
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5,381	(4,061)
Provision for Sindh Workers' Welfare Fund (SWWF)	-	9,434
	142,621	82,564
(Increase) / decrease in assets		
Investments - net	(649,111)	21,600
Mark-up, dividend and other receivables	(7,947)	(6,919)
Advances, deposits and prepayments	(2,821)	(8)
Receivables against sale of investment	-	4,699
Receivable Against Margin Trading System	1	2,257
Receivable from National Clearing Company of Pakistan Limited	-	15,288
	(659,878)	36,917
(Decrease) / Increase in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(864)	(31)
Payable to Central Depository Company of Pakistan Limited - Trustee	37	31
Payable to the Securities and Exchange Commission of Pakistan	(31)	25
Payable against purchase of investments	(186,585)	250,896
Accrued and other liabilities	458	(19,017)
	(186,985)	231,904
Net cash (used in) / generated from operating activities	(704,242)	351,385
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	1,841,680	2,327,124
Payments on redemption of units	(1,547,204)	(1,980,306)
Net cash generated from financing activities	294,476	346,818
Net (decrease) / increase in cash and cash equivalents during the period	(409,766)	698,203
Cash and cash equivalents at the beginning of the period	676,103	156,989
Cash and cash equivalents at the end of the period	10 266,337	855,192

The annexed notes from 1 to 16 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 Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the 'Sindh Trusts Act, 2020' (the Sindh Trust Act). Accordingly, on August 12, 2021 the Trust Deed of the fund had been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2022 to the Management Company and "A+(f)" as stability rating dated March 09, 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

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

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

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

- 2.2 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.
- 2.3 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.
- 2.4 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.
- 2.5 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

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	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
		------(Rupees in '000)-----	
In current accounts		10,234	5,428
In saving accounts	4.1	107,418	670,675
	4.2	<u>117,652</u>	<u>676,103</u>

4.1 These carry mark-up at rates ranging between 12.25% to 19.0% per annum (June 2022: 5.5% to 17.5% per annum).

4.2 These include balances of Rs.10.258 million (June 30, 2022: Rs. 5.440 million) maintained with MCB Bank Limited (a related party).

5 INVESTMENTS	Note	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
		------(Rupees in '000)-----	
Investments at fair value through profit or loss			
Government securities	5.1	1,233,468	329,152
Listed debt securities	5.2	-	-
Unlisted debt securities	5.3	95,349	207,250
		<u>1,328,817</u>	<u>536,402</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'

Tenure	Issue Date	Face value				At March 31, 2023			Market value as a percentage of	
		At July 01, 2022	Purchased during the period	Sales / Matured during the period	At March 31, 2023	Carrying value	Market value	(Diminution) / appreciation	net assets	total investments
----- (Rupees in '000) ----- % -----										
Market Treasury Bills										
- 3 months	July 14, 2022	-	400,000	400,000	-	-	-	-	-	-
- 3 months	July 28, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	August 25, 2022	-	325,000	325,000	-	-	-	-	-	-
- 3 months	September 22, 2022	-	315,000	315,000	-	-	-	-	-	-
- 3 months	October 6, 2022	-	1,530,000	1,530,000	-	-	-	-	-	-
- 3 months	October 20, 2022	-	183,000	183,000	-	-	-	-	-	-
- 3 months	November 3, 2022	-	1,000,000	1,000,000	-	-	-	-	-	-
- 3 months	November 17, 2022	-	1,175,000	1,175,000	-	-	-	-	-	-
- 3 months	January 4, 2023	-	125,000	125,000	-	-	-	-	-	-
- 3 months	January 26, 2023	-	650,000	500,000	150,000	148,651	148,685	33	11.05	12.29
Market Treasury Bills										
- 6 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
-12 months	October 6, 2022	-	325,000	325,000	-	-	-	-	-	-
-12 months	October 20, 2022	-	400,000	400,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 2 years	August 26, 2021	250,000	375,000	500,000	125,000	124,875	124,875	0	0.09	0.10
- 2 years	September 8, 2022	-	1,300,000	450,000	850,000	842,760	839,970	(2,790)	62.41	69.44
Pakistan Investment Bonds										
- 3 years	June 18, 2020	-	30,000	30,000	-	-	-	-	-	-
- 3 years	August 4, 2022	-	650,000	650,000	-	-	-	-	-	-
- 3 years	August 5, 2021	-	250,000	250,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 5 years	May 6, 2021	-	125,000	-	125,000	120,817	119,938	(880)	8.91	9.92
- 5 years	April 29, 2022	100,000	700,000	800,000	-	-	-	-	-	-
- 5 years	October 13, 2022	-	350,000	350,000	-	-	-	-	-	-
- 5 years	November 17, 2022	-	75,000	75,000	-	-	-	-	-	-
As at March 31, 2023						<u>1,237,103</u>	<u>1,233,468</u>	<u>(3,637)</u>		
As at June 30, 2022						<u>330,031</u>	<u>329,152</u>	<u>(879)</u>		

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

5.2 Listed debt securities - Term Finance Certificates / Sukuks - 'at fair value through profit or loss'

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

Name of investee company	Number of Certificates					At March 31, 2023			Market value as a percentage of	
	At July 1, 2022	Purchased during the period	Matured during the period	Disposed during the period	At March 31, 2023	Carrying value	Market value	Appreciation/ (diminution)	Net assets	Total investment

-----Rupees in '000----- %-----

Real Estate investment and services

Pace Pakistan Limited (15-02-08) (note 5.6)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				
						-	-	-	-	-
As at March 31, 2023						-	-	-		
As at June 30, 2022						-	-	-		

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

5.3 Unlisted debt securities - Term Finance Certificates - 'at fair value through profit or loss'

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

Name of investee company	Number of Certificates					As At March 31, 2023			Market value as a percentage of	
	As at July 1, 2022	Purchased during the period	Matured during the period	Disposed during the period	As At March 31, 2023	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment

----- Rupees in '000 ----- %-----

Financial Institutions										
Askari Bank Limited VII - TFC (March 17, 2020)**	20	-	-	-	20	20,300	19,981	(319)	1.53%	1.50%
Samba Bank Limited TFC-I (March 01, 2021)*	400	-	-	-	400	40,126	39,968	(158)	3.07%	3.01%
The Bank of Punjab Limited TFC - I (December 23, 2016)*	550	-	550	-	-	-	-	-	0.00%	0.00%
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	-	-	-	17,000	10,957	10,714	(242)	0.82%	0.81%
Bank AL-Habib Limited-TFC-II (September 30, 2021)	5,000	-	-	-	5,000	25,710	24,685	(1,025)	1.90%	1.86%
Pak Elektron Limited Sukuk-II (November 15, 2021)**	35	-	35	-	-	-	-	-	0.00%	0.00%
Construction and Material										
Byco Petroleum Limited - Sukuk (January 18, 2017)*	20	-	20	-	-	-	-	-	0.00%	0.00%
Eden Housing Limited - Sukuk (March 31, 2008) (note 5.6)	10,415	-	-	-	10,415	10,251				
- Due but not received						(10,251)				
Less: Provision for impairment						-	-	-	-	-
As at March 31, 2023						97,093	95,349	(1,744)		
As at June 30, 2022						205,044	207,250	2,206		

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

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

5.4 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed 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 of 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. The Fund holds 100% provision against such investments as enumerated below:

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

Category of non-compliant investment	Name of investee Company	Unaudited				
		Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		Rupees in '000'			%	
Investment in debt securities	a) Pace Pakistan Limited (note 5.3)	74,910	74,910	-	-	-
	b) Eden Housing Limited (note 5.4)	10,251	10,251	-	-	-

6	PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	Note	March 31,	June 30,
			2023 (Un-audited) ----- (Rupees in '000) -----	2022 (Audited)
	Management remuneration Payable	6.1	505	1,004
	Sindh Sales Tax payable on remuneration of the Management Company	6.2	66	130
	Allocated expense payable		172	70
	Selling and marketing expenses payable		1,759	150
	Sales load payable (including indirect taxes)		437	2,450
			<u>2,939</u>	<u>3,804</u>

6.1 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. As per the offering document, the management company charged management fees at the rate of up to 15% of the gross earnings of the scheme, calculated on a daily basis.

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2021: 13%).

In accordance with NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). The Management Company has charged actual expenses related to registrar services, accounting, operations and valuation services to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

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

7	ACCRUED AND OTHER LIABILITIES	Note	March 31,	June 30,
			2023 (Unaudited) ----- (Rupees in '000) -----	2022 (Audited)
	Provision for federal excise duty payable on:			
	- Remuneration of the management fee	7.1	16,590	16,590
	- Sales load		4,746	4,746
	Brokerage payable		2	16
	Capital gain tax payable		949	541
	Auditors' remuneration payable		501	386
	Printing expenses payable		35	40
	Legal advisor fee payable		21	35
	Other payable		-	32
			<u>22,844</u>	<u>22,386</u>

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

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2022. Had the provision for FED not been made, the Net Assets Value of the Fund as at March 31, 2023 would have been higher by Rs 0.9936 (June 30, 2022: Rs 1.33) per unit.

8 CONTINGENCIES AND COMMITMENTS

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

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

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.

	------(Unaudited)-----	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----	
10 CASH AND CASH EQUIVALENTS		
Balances with banks	117,652	855,192
Market Treasury Bills maturing within 3 months	148,685	-
	266,337	855,192

11 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.

12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

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

For the nine months period ended March 31, 2023 (unaudited)							
As at July 01, 2022	Issued for cash	Redeemed	As at March 31, 2023	As at July 01, 2022	Issued for cash	Redeemed	As at March 31, 2023
----- Units -----				----- (Rupees in '000) -----			

Associated Companies:

D.G. Khan Cement Company Limited - Employees Provident Fund Trust	477,036	-	-	477,036	25,835	-	-	28,929
Key management personnel	4	250,145	250,148	1	-	14,119	14,144	-
Unit holders holding 10% or more units*	2,231,978	2,457,255	-	4,689,233	120,879	142,381	-	284,369

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

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

For the nine months period ended March 31, 2022 (unaudited)							
As at July 01, 2021	Issued for cash	Redeemed	As at March 31, 2022	As at July 01, 2021	Issued for cash	Redeemed	As at March 31, 2022
----- Units -----				----- (Rupees in '000) -----			

Associated Companies:

Security General Insurance Company Limited								
Employees Provident Fund Trust	46,809	-	-	46,809	2,523	-	-	2,716

Mandate Under Discretionary Portfolio

Services *	8	-	8	-	-	-	1	-
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Unit holders holding 10% or more units*	1,892,804	-	-	1,892,804	102,011	-	-	109,841
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* This reflects the position of related party / connected persons status as at March 31, 2022.

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	4,956	8,588
Allocated expenses	1,301	816
Selling and marketing expenses	3,439	165
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	776	694
CDC settlement charges	6	177
Arif Habib Limited		
Brokerage expense	1	-
MCB Bank Limited		
Profit on bank deposits	71	21
Bank charges	14	20
Aisha Steel Mills Limited		
Purchase of shares Nil (March 31, 2022: 536,500)	-	13,026
Sale of shares Nil (March 31, 2022: 1,060,500)	-	26,766
D.G. Khan Cement Company Limited		
Purchase of shares Nil (March 31, 2022: 149,000)	-	16,035
Sale of shares Nil (March 31, 2022: 186,500)	-	20,913
Nishat Mills Limited		
Purchase of shares Nil (March 31, 2022: 16,500)	-	1,590
Sale of shares Nil (March 31, 2022: 16,500)	-	1,603
Nishat Chunian Limited		
Purchase of shares Nil (March 31, 2022: 853,500)	-	42,693
Sale of shares Nil (March 31, 2022: 853,500)	-	43,103
Power Cement Limited		
Purchase of shares Nil (March 31, 2022: 207,500)	-	1,742
Sale of shares Nil (March 31, 2022: 207,500)	-	1,758
Pak Electron Limited		
Purchase of shares Nil (March 31, 2022: 991,000)	-	29,792
Sale of shares Nil (March 31, 2022: 1,254,500)	-	30,054

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

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

	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
12.3 Amount outstanding as at period end / year end		
MCB-Arif Habib Savings & Investments Limited - Management Company		
Management remuneration payable	505	1,004
Sindh Sales Tax payable on remuneration of the Management Company	66	130
Allocated expenses payable	172	70
Selling and marketing expenses payable	1,759	150
Sales load payable (including indirect taxes)	437	2,450
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	86	53
Sindh Sales tax payable on remuneration of Trustee	11	7
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	10,259	5,440

13 TOTAL EXPENSE RATIO

The total annualized expense ratio of the fund from July 01, 2022 to March 31, 2023 is 1.40 % (March 31, 2022: 1.77%) and this includes 0.09% (March 31, 2022: 0.16%) representing Government Levy.

14 GENERAL

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

14.2 Certain prior period's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are material re-arrangements / re-classifications to report.

15 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;

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

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

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

16 DATE OF AUTHORISATION FOR ISSUE

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

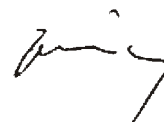
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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

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