

# QUARTERLY REPORT

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March 31, 2017  
(Unaudited)



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

**Alhamra Islamic Active Allocation Fund  
(Plan-I)**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Abdul Basit	
<b>Trustee</b>	<b>MCB Financial Services Limited</b> 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan. Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
<b>Bankers</b>	MCB Bank Limited Duabi Islamic Bank Pakistan Limited Bank Islami Pakistan Limited United Bank Limited Askari Bank Limited	
<b>Auditors</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants (A Member 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> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++ Asset Manager Rating assigned bt PACRA</b>	

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Active Allocation Plan –I** accounts review for the period ended March 31, 2017 (launched on December 29, 2016).

## ECONOMY AND MONEY MARKET OVERVIEW

Positive trends in domestic economy continued where headline indicators point toward continued recovery. Stable inflation along with investment activities/spending on CPEC related projects provide an enabling environment for economy to build upon a stronger growth phase ahead. Responsiveness until now from various indicators including Large Scale Manufacturing, Credit Offtake and Foreign Direct Investment though has been below expectations however, we believe if the current macroeconomic environment alongwith impetus from CPEC in a stable political environment continues, the lagged indicators would soon start reflecting the expected performance. External Account has again worsened highlighting partly the global trade dynamics and machinery imports for CPEC. Till now chronic weaknesses in the balance of payment account has been funded through borrowing; an unsustainable source to rely on.

Trade deficit increased to USD 15.4 billion in eight months of this fiscal year compared to USD 12.1 billion in same period last year. The subdued trend in exports continued with exports falling by the 2% YoY in 8MFY17. Imports continued their trajectory up increasing by 11.2% YoY in 8MFY17. Oil imports increased by 16% courtesy volumetric growth and increase in oil prices post OPEC's decision to curtail output. The imports of machinery increased by 12% as capital goods for the various infrastructural projects continued to flow in. Remittances decreased marginally by 2% to USD 14.06 billion in 9MFY17 from USD 14.38 billion in same period last year. The cushion to Balance of Payments was provided by financial account of USD 4.5 billion where USD 1.28 billion was contributed from Foreign Direct Investment while the rest was covered through borrowings. Foreign Direct Investment was majorly supported through acquisition of Engro Foods and Dawlance by foreign investors. Overall balance of Balance of Payments stood at negative USD 1.0 billion in 8MFY17 compared to positive USD 1.0 billion in same period last year.

Foreign exchange reserves stood at USD 21.6 billion (31st March, 2017). It is pertinent to note that reserves have decreased by USD 2.5 billion from their peak seen in October, 2016 where deteriorating external account position explaining most of the volatility.

Undergoing appreciation of about 0.08% in 9MFY17, PKR continues to remain resilient against USD which also raises concerns given the relative weakness in other developing economies and also reflected from REER as measured by SBP reaching to a high of 126 depicting significant overvaluation.

Fiscal deficit increased to 2.4% (1H FY17) of GDP as against 2.2% in SPLY. Total revenue declined by 1% majorly because of reduction in income from defence services and SBP's profit. Expenses increased by 11% with PSDP (16% increase) and defence expenditure (11% increase).

The LSM growth clocked in at 3.5% during the period of 7MFY17 with contribution to growth coming from automobiles, construction and consumer goods.

Inflation continued its upward trajectory with nine month inflation averaging 4.01% compared to 2.64% for 9MFY16. The withering of low base effect along with inherent increases in food and housing pricing triggered inflationary pressures alongwith increases in petroleum prices.

M2 growth posted year to date growth of 6.09% by the end of the March, 2017. The deposits grew seasonally by PKR 217 billion in a week supported by quarter end efforts of banks to expand balance sheet size. Moreover, the abnormal accumulation in currency in circulation (CIC) last year triggered after imposition of withholding tax on cash withdrawals has normalized with CIC to M2 ratio at 19%. The Net Domestic Assets increased by PKR 1,064 billion supported by net government sector borrowings of PKR 600 billion.

## EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX)'s rally faltered during 3QFY17 as the index posted a meager return of 0.7%, taking the cumulative 9MFY17 return to ~27%. Foreigners' selling remained unabated as they offloaded USD 162 mn worth of equities during the quarter, taking their total selling to USD ~485 mn during 9MFY17. Local liquidity remained robust with mutual funds, insurance and companies buying USD 131 mn, USD 419 mn and USD 152 mn respectively worth of equities.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive 133% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of tariff protection provided to the local manufacturers provided strong investors interest in the sector. With the returns of 76%, Auto Assemblers remained the second best performers in the market. Launch of the new Honda Civic and Ciaz accompanied by expected launch of Honda BR-V, New Cultus and face-lift of Corolla triggered a rally in the sector. OMC sector also gained 63%, primarily on the back of rally in SNGP as the company announced capital projects worth PKR110 billion to be completed by 2018.

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

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On the flip side, Fertilizers underperformed the benchmark by 26% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, decline in international urea prices in the latter half of 3QFY17 eroded the pricing power of local manufacturers and dampened the potential export margins. Oil & Gas Exploration sector also underperformed the benchmark by 17% as oil prices declined by 3.8% during 9MFY17 as US inventories piled up along with increasing US rig count data. Alongside, news flows regarding OGDC and Mari's divestment by the government of Pakistan kept the performance under check in the sector.

We expect the positive momentum to continue going forward as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.0x, still at a 11.5% discount to the MSCI EM, reflecting further room for re-rating from here.

Going forward, we believe strong local liquidity is expected to mitigate the impact of adverse foreign flows. However, sooner or later, we can expect improved foreign flows in the market because of inclusion in MSCI in May 2017. We recommend our investors to focus on the long term value offered by the local bourse through our equity funds.

### **FUND PERFORMANCE**

The Fund was launched on December 29, 2016; during the period, the fund posted a return of 1.43% against benchmark of 0.67%.

The fund was 34.4% invested in MCB Pakistan Islamic Stock Fund and 65% invested in cash as at 31<sup>st</sup> March 2017.

The Net Assets of the Fund as at March 31, 2017 stood at Rs. 1,625 million. The Net Asset Value (NAV) per unit as at March 31, 2017 was Rs. 101.4315.

### **FUTURE OUTLOOK**

While government stands committed to achieving its GDP growth target of 5.7%, we expect it to remain short of desired numbers owing to below par manufacturing growth. LSM growth has posted a modest growth of 3.5% during 7MFY17, against the full year target of 5.9%. The misery of export-oriented sectors continues to haunt the manufacturing industry, as Textile and Leather industry continue to grow at dismal pace. Going forward, the recently announced export package is expected to provide some support to the export sector, nevertheless, the overvalued currency as depicted from REER (~25% overvalued as per SBP) remains a stumbling block in the way of competitiveness of the country.

The direction of general inflation is expected to be shaped by the trend in crude oil prices and currency outlook. While crude oil prices have stabilized and are expected to continue to do so, government has started to increase petroleum prices by increasing sales tax on petroleum products as tax collection so far has been below target. Similarly, the outlook of currency remains worrisome given the deterioration in external factors. Thus, from next year onwards, we might foresee inflation to kick above 5.0%, compared to current average of ~4.0%.

External account remains a threat to the stabilizing economy, as recent data showed current account deficit worsened to 2.7% of GDP, against the target of 1.5% for full fiscal year. Rising imports, along with weak exports and remittances contributed to the aggravation of external account. We expect the same trend to continue for the foreseeable future until the overvaluation of currency vanishes.

We expect interest rates to remain stable in the short term given stable inflationary trends along with government's increased focus on managing reserves through foreign borrowing. However, exchange rate overvaluation in addition with weak external account suggest a close scrutiny of the emerging trends, as the potential of inflection point remains in a form of monetary tightening.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth. Growing confidence in the economy has led to increase the quantum of investment from initially desired \$46 billion to more than \$60 billion. Local investor confidence has also improved drastically, after a long time, as witnessed by a gush of investment deals announced in the variety of sectors. Cement, Steel and Auto industry have already announced multiple expansion and green field investment plans with more to come from other industries. Given, the expansionary phase, we expect equity markets to outperform alternate asset classes. Inclusion of Pakistan to MSCI Emerging Market Index is expected to further channel liquidity in the local market. The MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President along with political uncertainty due to Panama case would keep the short term market performance in check. However, we reiterate our positive stance on the market.

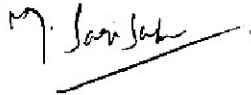
## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

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### **ACKNOWLEDGMENT**

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.

For and on behalf of Board,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
April 21, 2017

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحراء اسلامک ایلیکشن پلان - I (آغاز کردہ 29 دسمبر 2016ء) کے 31 مارچ 2017ء کو ختم ہونے والی مدت کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

مقامی معیشت میں مثبت پیش رفت ہوئی اور بڑی علامات مسلسل بحالی کی طرف اشارہ کر رہی ہیں۔ معتمد افراط زر کے ساتھ ساتھ سرمایہ کارانہ سرگرمیوں / CPEC پر خرچ سے متعلق پراجیکٹس معیشت کو مضبوط تر ترقی کی راہ پر گامزن رہنے کے لئے معاون ماحول فراہم کر رہے ہیں۔ اگرچہ تاحال مختلف علامات بشمول وسیع پیمانے کی مینوفیکچرنگ، کریڈٹ آف فیک اور غیر ملکی براہ راست سرمایہ کاری میں حرکت توقعات سے کم ہے لیکن ہم سمجھتے ہیں کہ اگر معتمد سیاسی ماحول میں کلاں معاشیات کے موجودہ ماحول کے ساتھ ساتھ CPEC کی جانب سے ملنے والی قوت جاری رہی تو سب سے زیادہ ملاحظہ کرنے والی علامات جلد متوقع کارکردگی کی عکاسی کرنے لگیں گی۔ خارجی اکاؤنٹ کی صورتحال دوبارہ خراب ہوگئی ہے جو کچھ حد تک عالمی تجارتی قوتوں اور CPEC کے لئے مشینری کی درآمدات کی غمازی کرتی ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں دیرینہ ضعف کو تاحال قرض کے ذریعے پورا کیا گیا ہے، لیکن اس ذریعے پر ایک محدود حد تک ہی اعتماد کیا جاسکتا ہے۔

تجارتی خسارہ موجودہ مالی سال کے آٹھ ماہ میں بڑھ کر 15.4 بلین امریکی ڈالر تک پہنچ گیا جبکہ گزشتہ سال اسی مدت میں 12.1 بلین امریکی ڈالر تھا۔ برآمدات بدستور سست روی سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 2% YoY کم ہو گئیں۔ درآمدات بدستور سبک رفتاری سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 11.2% YoY زیادہ ہو گئیں۔ تیل کی درآمدات میں 16% اضافہ ہوا جس کا سبب OPEC کے پیداوار کم کرنے کے فیصلے کے بعد حجم میں ترقی اور تیل کی قیمتوں میں اضافہ ہے۔ مشینری کی درآمدات میں 12% اضافہ ہوا جس کا سبب انفراسٹرکچر کے مختلف منصوبوں کے لئے capital goods کی بدستور آمد ہے۔ مالی سال 2017ء کے ابتدائی نو ماہ میں ترسیل زر کم ہو کر 14.06 بلین امریکی ڈالر ہو گئی جو 2% معمولی کمی ہے، جبکہ گزشتہ سال اسی مدت میں 14.38 بلین امریکی ڈالر کی ہوئی تھی۔ ادائیگیوں کے توازن کو 4.5 بلین امریکی ڈالر کے مالیاتی اکاؤنٹ کا سہارا فراہم ہوا جس میں غیر ملکی براہ راست سرمایہ کاری نے 1.28 بلین امریکی ڈالر حصہ ڈالا جبکہ بقیہ حصہ قرضوں کے ذریعے پورا کیا گیا۔ غیر ملکی سرمایہ کاروں کے اینگری فوڈ ز اور ڈاؤ لینس کے حصول کے ذریعے غیر ملکی براہ راست سرمایہ کاری کو بڑی معاونت حاصل ہوئی۔ مالی سال 2017ء کے ابتدائی آٹھ ماہ میں ادائیگیوں کا مجموعی توازن منفی 1.0 بلین امریکی ڈالر تھا، جبکہ گزشتہ سال اسی مدت میں 1.0 بلین امریکی ڈالر تھا۔

زیربادلہ کے ذخائر 31 مارچ 2017ء کو 21.6 بلین امریکی ڈالر تھے۔ یہاں یہ بات قابل غور ہے کہ ذخائر اکتوبر 2016ء میں اپنے عروج کی سطح سے 2.5 بلین امریکی ڈالر کم ہو گئے، جبکہ خارجی اکاؤنٹ کی گرتی ہوئی صورتحال عدم استحکام کی بڑی وجہ ہے۔

پاکستانی روپے نے مالی سال 2017ء کے ابتدائی نو ماہ میں 0.08% ترقی کی اور امریکی ڈالر کے بالمقابل لچکدار رہا، جس سے خدشات بھی پیدا ہوتے ہیں کیونکہ دیگر ترقی پذیر معیشتیں سب سے کمزور ہیں، اور اسٹیٹ بینک آف پاکستان کے پینش کردہ REER سے بھی اس کی عکاسی ہوتی ہے جو 126 کی بلند سطح تک پہنچ گیا جس سے بڑے پیمانے پر پیش قدری ظاہر ہوتی ہے۔

مالیاتی خسارہ بڑھ کر مجموعی قومی پیداوار کا 2.4% ہو گیا (1HFY17) جو SPLY میں 2.2% تھا۔ مجموعی آمدنی 1% کم ہو گئی جس کا بڑا سبب دفاعی خدمات کی آمدنی اور اسٹیٹ بینک آف پاکستان کے منافع میں کمی ہے۔ اخراجات میں 11% اضافہ ہوا، بشمول PSDP (16% اضافہ) اور دفاعی اخراجات (11% اضافہ)۔

LSM ترقی مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% سے شروع ہوئی، اور اس ترقی میں گاڑیوں، تعمیرات اور صارتی مصنوعات نے کردار ادا کیا۔

افراط زر میں بدستور اضافہ جاری رہا؛ نو ماہ میں افراط زر کا اوسط 4.01% تھا، جبکہ مالی سال 2017ء کے ابتدائی نو ماہ میں 2.64% تھا۔ پہلے سے پست base effect میں بتدریج کمی اور اشیائے خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی فیصد اضافہ افراط زر کے دباؤ کے ساتھ ساتھ پیڑوں کی قیمتوں میں اضافے کے تحریک بنے۔

M2 میں مارچ 2017ء کے اختتام تک 6.09% year to date ترقی ہوئی۔ اختتام سہ ماہی پر بینکوں کی بیلنس شیٹ کا حجم وسیع کرنے کی کوششوں کی مدد سے ڈپازٹس میں ایک بے نتیجہ میں 217 بلین روپے موی ترقی ہوئی۔ علاوہ ازیں، گزشتہ سال نقد رقم نکالنے پر دو ہولڈنگ ٹیکس عائد کرنے کی وجہ سے زبرد گردش روپے (CIC) میں جو غیر معمولی انبار لگ گیا تھا وہ عمومی سطح پر آگیا ہے اور CIC کا M2 سے تناسب 19% ہے۔ حکومتی بیکٹر نے 600 بلین روپے net قرضے لیے جس کی مدد سے net مقامی اثاثہ جات میں 1,064 بلین روپے اضافہ ہوا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

مالی سال 2017ء کی تیسری سہ ماہی کے دوران پاکستان اسٹاک ایکسچینج (PSX) کی کارکردگی میں ضعف رہا جیسا کہ انڈیکس میں 0.7% معمولی اضافے سے ظاہر ہے، اور یوں مالی سال 2017ء کے ابتدائی نو ماہ کا مجموعی منافع 27% ہو گیا۔ غیر ملکیوں کی فروخت بدستور ہے کیونکہ انہوں نے دوران سہ ماہی 162 ملین امریکی ڈالر مالیت کی ایکویٹیز فروخت کیں، جس سے مالی سال 2017ء کے ابتدائی نو ماہ کے دوران مجموعی فروخت 485 ملین امریکی ڈالر تک پہنچ گئی۔ مقامی ایکویٹیڈ بی بھرپور رہی اور میوچل فنڈز، انشورنس اور کمپنیوں نے بالترتیب 131 ملین، 419 ملین اور 152 ملین امریکی ڈالر مالیت کی ایکویٹیز خریدیں۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل سیکٹر سب سے آگے رہا۔ اس شعبے نے مقررہ معیار سے 133% بہتر کارکردگی کا مظاہرہ کیا، جس کا سبب یہ تھا کہ CPEC کے تحت انفراسٹرکچر کی معتمد سرگرمیوں کے ساتھ ساتھ مقامی تیار کنندگان کے لئے tariff کے تحفظ کی سازگار حکومتی پالیسیوں نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو بھرپور انداز میں مائل کیا۔ گاڑیوں کے



اسمبلز 76% منافع حاصل کر کے مارکیٹ میں دوسرے بہترین کھلاڑی بن گئے۔ نئی ہنڈا سوک اور Ciaz کے متعارف ہونے اور ہنڈا BR-V، نیوگلش اور Corolla کی face-lift کے متوقع آغاز نے اس شعبے میں بھرپور پھل پیدا کیا۔ OMC سیکٹر نے بھی 63% منافع حاصل کیا جس کا بنیادی سبب SNGP میں ترقی ہے کیونکہ کمپنی نے 110 بلین روپے مالیت کے کمپنل پراجیکٹس کا اعلان کیا جن کو 2018ء تک مکمل کر لیا جائے گا۔

دوسری جانب کھاد کے شعبے نے مقررہ معیار سے 26% کم کارکردگی کا مظاہرہ کیا کیونکہ انویٹریز میں اضافے کے ساتھ ساتھ یورپا کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔ علاوہ ازیں، مالی سال 2017ء کی تیسری سہ ماہی کے نصف آخر میں یورپا کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی تیار کنندگان کا قیمتوں کے تعین کا اختیار بتدریج ناکارہ ہو گیا اور متوقع برآمداتی margins متاثر ہوئے۔ آئل اینڈ گیس ایکسپلوریشن سیکٹر کی کارکردگی بھی مقررہ معیار سے 17% کم رہی جیسا کہ مالی سال 2017ء کے ابتدائی نو ماہ کے دوران تیل کی قیمتوں میں 3.8% کمی سے ظاہر ہے جو امریکی انویٹریز کا ڈیبرلگ جانے اور امریکی rig کی کئی کے اعداد و شمار میں اضافے کے باعث ہوئی۔ اس کے ساتھ ساتھ حکومت پاکستان کی طرف سے OGDC اور ماری کی divestment سے متعلق خبروں کی گردش سے سیکٹر میں کارکردگی زبردستی متاثر ہوئی۔

ہم اُمید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں بھی کسٹڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے ایکویٹی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.0x کے فارورڈ ملٹیل پر، اور ابھی تک MSCI EM کے 11.5% ڈسکاؤنٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں سے ری-پرائسنگ کی مزید گنجائش ہے۔

علاوہ ازیں، ہم سمجھتے ہیں کہ منظم مقامی لیکویڈیٹی سے متوقع طور پر ممتنع غیر ملکی آمدات کا اثر کم ہوگا۔ تاہم مئی 2017ء میں MSCI میں شمولیت کے باعث جلد یا بدلتا خیر مارکیٹ میں بہتر غیر ملکی آمدات کی توقع کی جاسکتی ہے۔ ہم اپنے سرمایہ کاروں کو مشورہ دیتے ہیں کہ ہمارے ایکویٹی فنڈز کے ذریعے مقامی اسٹاک مارکیٹ میں پیش کردہ طویل المیعاد قدر پر توجہ مرکوز رکھیں۔

## فنڈ کی کارکردگی

فنڈ 29 دسمبر 2016ء کو قائم کیا گیا۔ دورانِ مدت فنڈ نے مقررہ معیار 0.67% کے مقابل 1.43% منافع حاصل کیا۔

31 مارچ 2017ء کو فنڈ کی سرمایہ کاری 34.4% ایم سی بی پاکستان اسلامک اسٹاک فنڈ میں، اور 65% نقد میں تھی۔

31 مارچ 2017ء کو فنڈ کے net اثاثہ جات 1,625 ملین روپے تھے، اور net اثاثہ جاتی قدر (NAV) فی یونٹ 101.4315 روپے تھی۔

## مستقبل کا منظر

اگرچہ حکومت مجموعی مقامی پیداوار میں 5.7% ترقی کے اپنے ہدف کو حاصل کرنے کے لئے پُر عزم ہے، لیکن ہم سمجھتے ہیں کہ وہ مطلوبہ سے کم مینوفیکچرنگ ترقی کے باعث مذکورہ سطح تک پہنچنے میں ناکام رہے گی۔ LSM ترقی نے مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% معمولی ترقی کی جبکہ پورے سال کا ہدف 5.9% تھا۔ برآمداتی سیکٹر کی مشکلات کے سائے بدستور مینوفیکچرنگ صنعت پر منڈلا رہے ہیں اور ٹیکسٹائل اور چمچے کی صنعت کی ترقی کی رفتار مایوس کن ہے۔

علاوہ ازیں، حالیہ اعلان کردہ برآمداتی ٹیکس سے برآمدات کے شعبے کو کچھ معاونت متوقع ہے، لیکن بیش قدر کرنسی، جیسا کہ REER سے ظاہر ہے (اسٹیٹ بینک آف پاکستان کے مطابق 25% بیش قدری) ملکی کی مسابقتی اہلیت کی راہ میں بہت بڑی رکاوٹ ہے۔

عمومی افراط زر کی سمت متوقع طور پر خام تیل کی قیمتوں کے رجحان اور کرنسی کے مستقبل کے منظر کے ذریعے طے ہوگی۔ اگرچہ خام تیل کی قیمتیں منظم ہو گئی ہیں اور اُمید کی جارہی ہے کہ منظم ہی رہیں گی، حکومت نے پٹرول کی مصنوعات پر سیکسٹیکس میں اضافے کے ذریعے پٹرول کی قیمتوں میں اضافہ شروع کر دیا ہے کیونکہ بحال ٹیکس مطلوبہ ہدف سے کم وصول ہوا ہے۔ اسی طرح کرنسی کے مستقبل کا منظر خارجی عناصر میں انحطاط کے باعث بدستور پریشان کن ہے۔ چنانچہ اگلے سال سے افراط زر موجودہ اوسط 4.0% کے مقابلے میں 5.0% سے بلند جاسکتی ہے۔

خارجی اکاؤنٹ استحکام کی راہ پر گامزن معیشت کے لئے بدستور خطرہ بنا ہوا ہے کیونکہ حالیہ اعداد و شمار کے مطابق کرنٹ اکاؤنٹ کا خسارہ بدتر ہو کر مجموعی ملکی پیداوار کا 2.7% ہو گیا، جبکہ مکمل مالی سال کا ہدف 1.5% تھا۔ بڑھتی ہوئی درآمدات کے ساتھ ساتھ کمزور درآمدات اور تسلی زر سے خارجی اکاؤنٹ مزید بگڑ گیا۔ قابل پیش گوئی مستقبل میں کرنسی کی بیش قدری ختم ہونے تک متوقع طور پر یہ رجحان جاری رہے گا۔

توقع ہے کہ مختصر میعاد میں افراط زر کے مستحکم رجحانات کے ساتھ ساتھ reserves کو غیر ملکی قرضوں کے حصول کے ذریعے چلانے پر حکومت کی بڑھتی ہوئی توجہ کی بدولت انٹریسٹ کی شرحیں مستحکم رہیں گی۔ تاہم شرح مبادلہ کی بیش قدری کے علاوہ کمزور خارجی اکاؤنٹ اس بات کی طرف اشارہ کر رہے ہیں کہ ابھرتے ہوئے رجحانات کا باریک بینی کے ساتھ جانچ پڑتال کی جائے، کیونکہ کٹھنہ تصریف کی استعداد مالیاتی گرفت کو ٹھک کرنے کی صورت میں برقرار ہے۔

چین پاکستان معاشی راہداری متوقع طور پر ترقی کے لئے بے حد مطلوب تحریک فراہم کرے گی۔ معیشت میں بڑھتے ہوئے اعتماد کی بدولت سرمایہ کاری کا حجم ابتدائی مطلوبہ 46 بلین ڈالر سے بڑھ کر 60 بلین ڈالر سے زائد ہو گیا ہے۔ مقامی سرمایہ کاروں کے اعتماد میں بھی ایک طویل عرصے بعد بڑے پیمانے پر اضافہ ہوا ہے، جیسا کہ مختلف شعبوں میں سرمایہ کاریوں کی بھرپور لہر سے ظاہر ہے۔

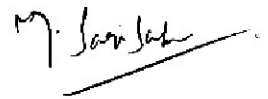
سینٹ، اسٹیل اور گاڑیوں کی صنعتیں پہلے ہی متحدہ توسیعی اور گرین فیلڈ سرمایہ کاری کے منصوبوں کا اعلان کر چکی ہیں، اور دیگر صنعتوں کی طرف سے بھی ایسے اعلانات متوقع ہیں۔ موجودہ توسیعی ڈور کو مد نظر رکھتے ہوئے ہم توقع کرتے ہیں کہ ایکویٹی مارکیٹس متبادل اثاثہ جات کے شعبوں سے سبقت کے جائیں گی۔ MSCI امیر جنگ مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت توقع ہے کہ مقامی مارکیٹ میں مزید لیکویڈیٹی پہنچے گی۔ MSCI مخصوص کمینز متوقع طور پر باقاعدہ شمولیت کے قریب منظر عام پر آئیں گی۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں عدم

یقینی کی وجہ سے عالمی مارکیٹس میں عدم استحکام، اور اس کے ساتھ ساتھ پانا ما مقدسے کے باعث ہونے والی سیاسی عدم یقینی سے مختصر میعاد کی مارکیٹ کی کارکردگی کی جانچ ہوتی رہے گی۔ بہر حال، ہم مارکیٹ کے حوالے سے اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہار تشکر

بورڈ فنڈ کے گرام قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

برائے اور من جانب بورڈ

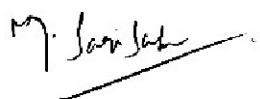


محمد قاسم سلیم  
چیف ایگزیکٹو آفیسر  
21 اپریل 2017ء

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2017**

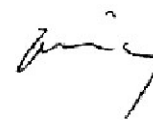
	31 March 2017 (Unaudited) (Rupees in '000)
	<i>Note</i>
<b>Assets</b>	
Balances with banks	1,066,826
Investments	4. 564,152
Profit receivable	4,997
Advances, deposits and prepayments	4,642
<b>Total assets</b>	<b>1,640,617</b>
<b>Liabilities</b>	
Payable to the Management Company	6,245
Payable to MCB Financial Services Limited - Trustee	125
Payable to Securities and Exchange Commission of Pakistan	334
Accrued expenses and other liabilities	5. 8,850
<b>Total liabilities</b>	<b>15,554</b>
<b>Net assets</b>	<b>1,625,063</b>
<b>Unit holders' fund</b>	<b>1,625,063</b>
<b>Contingencies and commitments</b>	6.
	(Number of units)
<b>Number of units in issue (face value of units is Rs. 100 each)</b>	<b>16,021,288</b>
	(Rupees)
<b>Net asset value per unit</b>	<b>101.4315</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

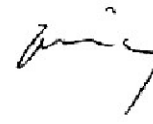
	For the Period From December 29, 2016 to 31 March 2017	For the Quarter ended 31 March 2017
Note		
	(Rupees in '000)	
<b>Income</b>		
Profit on bank deposits	13,846	13,234
Other Income	593	593
	14,439	13,827
Net unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	4,152	4,152
<b>Total income</b>	18,591	17,979
<b>Expenses</b>		
Remuneration of the Management Company	2,302	2,261
Sindh Sales tax and Federal Excise Duty on Management Fee	299	294
Remuneration of MCB Financial Services Limited -Trustee	301	296
Sindh Sales tax on remuneration of Trustee	38	37
Annual fee to Securities and Exchange Commission of Pakistan	334	329
Auditor's remuneration	205	202
Formation cost	637	616
Settlement and bank charges	18	18
Fees and subscription	286	286
Allocated expenses	397	391
Legal Charges	36	35
Printing and related charges	68	66
<b>Total operating expenses</b>	4,921	4,831
<b>Net income from operating activities</b>	13,670	13,148
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		
-from realized / unrealized capital gain	14,018	14,018
-from other income	(4,286)	(4,298)
	9,732	9,720
Provision for Sindh Workers' Welfare Fund	5.1 468	468
<b>Net income for the period before taxation</b>	22,934	22,400
Taxation	8. -	
<b>Net income for the period after taxation</b>	22,934	22,400

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



Chief Executive Officer

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

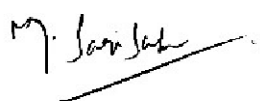


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

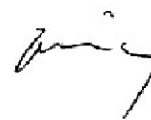
	<b>For the Period From December 29, 2016 to 31 March 2017 (Rupees in '000)</b>	<b>For the Quarter ended 31 March 2017</b>
<b>Net income for the period after taxation</b>	<b>22,934</b>	<b>22,400</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>22,934</b>	<b>22,400</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



**Chief Executive Officer**

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

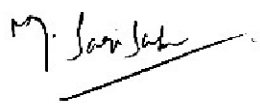


**Director**

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

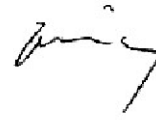
	<b>For the Period From December 29, 2016 to 31 March 2017 (Rupees in '000)</b>	<b>For the Quarter ended 31 March 2017</b>
<b>Undistributed income brought forward</b>	-	534
Net element of income/(loss) and capital gains/(losses) included in the prices of units issued less those in units redeemed - transferred from unit holder's fund	-	-
Net income for the period	<b>22,934</b>	<b>22,400</b>
<b>Undistributed income carried forward</b>	<b>22,934</b>	<b>22,934</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



**Chief Executive Officer**

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

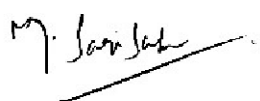


**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

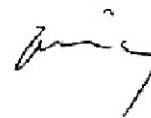
	<b>For the Period From December 29, 2016 to 31 March 2017 (Rupees in '000)</b>	<b>For the Quarter ended 31 March 2017</b>
<b>Net assets at the beginning of the period</b>	-	876,892
Issue of 16,255,332 units for the period (for the quarter ended 31 March 2017: 7,491,761 units)	<b>1,631,626</b>	<b>755,256</b>
Redemption of 234,044 units for the period (for the quarter ended 31 March 2017: 234,044 units)	<b>(19,765)</b>	<b>(19,765)</b>
	<b>1,611,861</b>	<b>735,491</b>
Element of (income) / loss and capital losses / (gains) included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement		
-from realized / unrealized capital gain	<b>(14,018)</b>	<b>(14,006)</b>
-from other income	<b>4,286</b>	<b>4,286</b>
	<b>(9,732)</b>	<b>(9,720)</b>
Net income for the period	<b>22,934</b>	<b>22,400</b>
Total comprehensive income for the period.	<b>22,934</b>	<b>22,400</b>
<b>Net assets at the end of the period</b>	<b>1,625,063</b>	<b>1,625,063</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



**Chief Executive Officer**

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

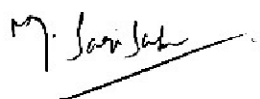


**Director**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

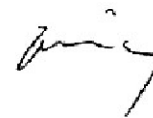
	For the Period From December 29, 2016 to 31 March 2017	For the Quarter ended 31 March 2017
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	22,934	22,400
<b>Adjustments for non-cash charges and other items:</b>		
Net unrealised (appreciation) on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	(4,152)	(4,152)
Element of (income)/loss and capital (gains)/loss included in the prices of units issued less those in units redeemed		
-from realized / unrealized capital gain	(14,018)	(14,006)
-from other income	4,286	4,286
Net cash generated from operations before working capital changes	9,050	8,528
<b>(Increase) / decrease in assets</b>		
Investments - net	(560,000)	(310,000)
Dividend and profit receivables	(4,997)	(4,385)
Receivable against issuance of units	-	12,128
Preliminary Expenses and Floation Cost	-	4,979
Advances, deposits and prepayments	(4,642)	(4,632)
	(569,639)	(301,910)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	6,245	1,011
Payable to MCB Financial Services Limited - Trustee	125	119
Payable to Securities and Exchange Commission of Pakistan	334	329
Advance against issuance of units	-	(104,608)
Accrued expenses and other liabilities	8,850	(12,511)
	15,554	(115,660)
<b>Net cash used in operating activities</b>	(545,035)	(409,042)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	1,631,626	755,256
Payments against redemption of units	(19,765)	(19,765)
<b>Net cash generated from financing activities</b>	1,611,861	735,491
<b>Net increase in cash and cash equivalents</b>	1,066,826	326,449
Cash and cash equivalents at beginning of the period	-	740,377
<b>Cash and cash equivalents at end of the period</b>	1,066,826	1,066,826

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017

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## 1. LEGAL STATUS AND NATURE OF BUSINESS

Al-Hamra Islamic Active Allocation Fund (the Fund) was established under a Trust Deed dated, November 25, 2016, executed between MCB-Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 02, 2016 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.

The Fund commenced its operations from December 29, 2016. The Fund is an Open-end Shariah Compliant Asset Allocation Fund of Funds that shall invest in other Shariah compliant Collective Investment Schemes as specified in the Investment Policy contained in the offering document and SECP Circular 7 of 2009, as may be amended or substituted from time to time. The units of the Fund are redeemable subject to a contingent load.

The duration of the Fund is perpetual. However, Allocation Plans launched may have a set timeframe. The Fund has initially offered one type of Allocation Plan (Plan-I) investing in Shari'ah-Compliant CIS, Shari'ah compliant cash & near cash instruments and GOP Ijara of less than 90 days tenure, as allowed by the Commission. Alhamra Islamic Active Allocation (Plan-I) has a life of two years and would mature on December 29, 2018.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2++ dated June 08, 2016 to the Management Company. The Fund has not been rated so far.

The title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

## 2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the period ended December 31, 2016.
- 2.3 These condensed interim financial statements are unaudited.
- 2.4 These condensed interim financial statements are presented in Pak rupees, which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

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**3 ACCOUNTING POLICIES, KEY ACCOINTING ESTIMATES AND JUDGEMENTS**

**3.1** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the period ended December 31, 2016. The accounting policies and methods of computation adopted in preparation of this condensed interim financial statements are same as those applied in preparation of financial statements of the Fund for the period ended December 31, 2016.

**3.2 FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements of the fund for the period ended December 31, 2016.

**4. INVESTMENTS**

**31 March  
2017  
(Unaudited)  
(Rupees in '000)**

Financial assets 'at fair value through profit or loss'

- Units of mutual funds

**564,152**

**564,152**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

**4.1 Investment in Funds Plan-I**

Name of the investee company	Number of units					Balances as at March 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at December 29, 2016	Purchases during the period	Bonus/ Right Shares	Sale during the period	As at March 31, 2017	Carrying Value	Market Value	Appreciation / (diminution)		
Alhamra Islamic Stock Fund [Formerly: MCB Pakistan Islamic Stock Fund]	-	40,821,463	-	-	40,821,463	560,001	564,152	4,152	34.72	100
<b>Total as at March 31, 2017</b>						<u>560,001</u>	<u>564,152</u>	<u>4,152</u>		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

		<b>31 March 2017 (Unaudited) (Rupees in '000)</b>
<b>5. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Provision for Sindh Workers' Welfare Fund	<b>5.1</b>	<b>468</b>
Auditors' remuneration payable		<b>19</b>
Payable against redemption of units		<b>7,493</b>
Printing charges and other payable		<b>51</b>
Other Liabilities		<b>819</b>
		<b>8,850</b>

- 5.1** The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, no provision for WWF has been made in the books of the Fund.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. The Mutual Funds Association of Pakistan (MUFAP) believes that the Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has obtained a legal opinion on these matters and based on such legal advice, has recommended to all its members on January 12, 2017 to reverse all Federal WWF held by the Fund and on prudent basis to provide Sindh Workers Welfare Fund from the enactment of the Sindh WWF Act, 2014 (May 21, 2015).

The provision made for SWWF amounted to Rs. 0.468 million. Had the said provision not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2017 would have been higher by Re. 0.0292 per unit.

**6. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at 31 March 2017.

**7. TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 0.39% which includes 0.08% representing government levies on the Fund such as federal excise duties and sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 0.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation fund of funds.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

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**8. TAXATION**

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial statement.

**9. EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed as in the opinion of the management the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

**10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes MCB Financial Services Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Remuneration of the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

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

	<b>For the period from December 29, 2016 to March 31, 2017</b>
<b>MCB Arif Habib Savings and Investments - Management Company</b>	
Remuneration of the Management Company	2,302
Sindh sales tax on remuneration of the Management Company	299
Allocated expenses (including indirect taxes)	397
<b>MCB Financial Services Limited - Trustee</b>	
Remuneration of the trustee	301
Sales tax on remuneration of the Trustee	38
<b>MCB Pakistan Islamic Stock Fund</b>	
Purchase of 40,821,463 units	560,000

**10.2 Balance outstanding as at the period / year end**

	<b>As at December 31, 2017</b>
	<b>Rupees in '000</b>
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>	
Remuneration of the Management Company	905
Sindh sales tax on remuneration of the Management Company	118
Sales load payable	53
Allocated expense	139
Other payable	30
Preliminary expenses and floatation costs paid by the Management Company	5,000
<b>MCB Financial Services - Limited</b>	
Remuneration of the trustee	112
Sales tax on remuneration	13
<b>MCB Bank Limited</b>	
Balance with bank	628
Sales load payable	-
<b>MCB Pakistan Islamic Stock Fund</b>	
Investment held 40,821,463 units	564,152

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THE PERIOD FROM 29 DECEMBER 2016 TO 31 MARCH 2017**

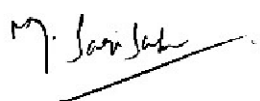
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**11. DATE OF AUTHORISATION FOR ISSUE**

- 11.1** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 21, 2017.

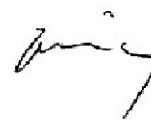
**12. GENERAL**

- 12.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.



**Chief Executive Officer**

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



**Director**

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

24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

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