



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY FACRA

HALF YEAR REPORT

DECEMBER
2018
(UNAUDITED)

Half Year Report for Funds Under Management of
MCB-Arif Habib Savings and Investments Limited

ALHAMRA DAILY DIVIDEND FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad 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 Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
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 Dubai Islamic Bank Pakistan Limited Silk Bank Limited Bank Islami Pakistan Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present Alhamra Daily Dividend Fund Half Yearly Report for the period ended December 31, 2018

Economy & Money Market Review

FY19 started off with a positive note as smooth completion of election process resulted in a sigh of relief for the market participants. The new regime inherited many economic challenges particularly on the external front. To cope with the underlying challenges, major policy actions (currency depreciation of 15% along with interest rate hike of 250 bps) were taken to address the imbalances. Furthermore, major success came through diplomatically engaging with the friendly allies. As a result, Pakistan secured BOP support package from Saudi Arabia, UAE and China amounting to USD 14 billion while Saudi Arabia & UAE committed foreign direct investment of USD 20-30 billion.

Average CPI for the first half of current fiscal year clocked in at 6.0%. Nevertheless, it is expected to jack up during the second half, owing to a low base effect and lagged impact of currency adjustments. Furthermore, government is yet to adjust electricity prices as the gap between base tariff and actual cost of generation has widened significantly. We expect CPI to average 8.5% for the 2HFY19 after accounting for electricity adjustments.

Current Account Deficit for the first six months clocked in at ~USD 8 billion which is an improvement of 4.4% from same period last year. CAD was well supported by remittances growth of 10%. However, the improvement in the external position was masked by the higher oil prices and payments for the previous periods reflected in current accounts. The non-oil imports have shown encouraging trend, declining by ~5% over the previous year. Reflecting the elevated oil prices and limited financial flows, reserves declined by ~USD 2.7 bn during the period leading to rupee depreciation of ~13.7%.

The focus of government to stabilize aggregate demand has taken its toll on large scale manufacturing which posted a decline of 0.9% YoY in the first five months of FY19. The decline has been led by reduction in production of oil products followed by slow down in autos, pharmaceuticals, consumer products. LSM growth is reflecting the overall slowdown in economy as envisaged by the steps taken by authorities to control the external imbalances.

The yield curve showed an upward trajectory during the half year as market players continued to expect further monetary tightening. During the first 6 months, State Bank of Pakistan increased the policy rate by 350 bps in line with the expectations of most of the market. Most of PIB auctions during the period under review were rejected by State Bank of Pakistan due to thin volume and participation at higher levels. The 3 year, 5 year and 10 year PIB were accepted in the PIB auction held in December '18 at 12.25%, 12.70% and 13.15% respectively. Two Floater rate PIB auction were conducted during 1HFY19. The first was accepted at a benchmark rate +70 bps. The second was rejected due to higher level of participation. Concerns over external front kept market participants at bay from longer tenor Treasury instruments with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout the period owing to regular OMOs conducted by SBP. During the second quarter, 117.7 billion worth of floater rate GOP Ijara Sukuk matured. No fresh GOP Ijara Sukuk were issued whereas SBP conducted auction of Bai Muajjal in which 72.55 billion was accepted out of total participation of 76.55.

FUND PERFORMANCE

During the period, ALHDDF generated a return of 6.72% as compared to a return of 2.85% witnessed by the Benchmark, outperforming the benchmark by 3.87%. The Fund kept its exposure in cash at 90.6% towards the period end.

The Net Assets of the fund as at December 31, 2018 stood at Rs. 244 million. The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 100.00.

FUTURE OUTLOOK

The government has managed to arrange adequate financial flows for the next half year supported by deferred payment facilities, loans and deposits from friendly nations. However, the external account balance needs to improve further to reach sustainable levels for future funding of deficits. The exports are expected to show an improved trend supported by lagged impacts of currency depreciation, tax refunds to exporters, better energy supplies and energy price parity with regional peers. Imports are expected to slow down in second half of the year as effects of the one-off adjustments and oil prices neutralize along with impact of currency depreciation becomes further visible. Current account deficit for FY19 is expected to be ~USD 13 bn with CAD for next half year to slow down to ~USD 5 bn compared with first half of ~USD 8 bn. Subsequently, we expect normalize PKR/USD adjustment of around 5% in next half given the REER is close to its fundamental value.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

The government has announced to approach the IMF for an economic program for balance of payments support. IMF program would lead to better policy management relative to dealing with the structural issues in the economy along with responsible fiscal management. Besides, entrance into IMF program would allow Pakistan to secure financial flows from other multilateral agencies which would allow better external account management.

Inflationary pressures are expected to become more visible in second half of the year as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

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.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 18, 2019



Nasim Beg
Director / Vice Chairman

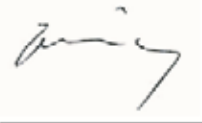
ڈائریکٹرز رپورٹ
برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دو چار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز منجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
18 فروری، 2019ء

پاکستان نے Bai Muajjal کی نیلامی منعقد کی جس میں 76.55 بلین کی کل شرکت میں سے 72.55 بلین قبول کیے گئے۔

فنڈ کی کارکردگی

دورانِ مدت ALHDDF نے 6.72% منافع حاصل کیا جو بیچ مارک 2.85% کے مقابلے میں 3.87% بہتر کارکردگی ہے۔ اختتامِ مدت پر فنڈ کی نقد میں شمولیت 90.6% تھی۔

31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 244 ملین روپے تھے، جبکہ Net اثاثہ جاتی قدر (NAV) فی یونٹ 100.00 روپے تھی۔

بازار اور معیشت - مستقبل کا منظر

حکومت اگلی ششماہی کے لیے خاطر خواہ مالیاتی فراہمی کا انتظام کر پائی ہے جس کی معاونت دوست ممالک کی طرف سے تاخیر سے ادائیگی کی سہولیات، قرضوں اور deposits سے ہوتی ہے۔ تاہم کارجی اکاؤنٹ کے توازن میں مزید بہتری درکار ہے تاکہ مستقبل میں مالیات کی فراہمی اور خساروں کی قابلِ بقاء سطحوں تک رسائی ہو سکے۔ برآمدات میں بہتری کا رجحان متوقع ہے جس کی معاونت روپے کی قدر میں کمی، برآمد کاروں کو ٹیکس کی واپسی، توانائی کی بہتر فراہمیوں اور توانائی کی قیمتوں میں علاقائی فریقوں سے مساوات کے سسٹ اثر سے ہوگی۔ درآمدات میں سال کے نصف آخر میں سسٹ روی متوقع ہے کیونکہ یکبارگی کمی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اڈل کے 8 بلین ڈالر کے مقابلے میں سسٹ روی کا شکار ہو کر 5 بلین ڈالر رہ جائے گا۔ بعد ازاں، اگلے نصف سال میں REER کے بنیادی قدر کے قریب ہونے کی صورت میں پاکستانی روپے / امریکی ڈالر میں تقریباً 5% ایڈجسٹمنٹ متوقع ہے۔ حکومت نے اعلان کیا ہے کہ ادائیگیوں کے توازن میں معاونت کے معاشی پروگرام کے لئے آئی ایم ایف سے رجوع کیا جائے گا۔ آئی ایم ایف پروگرام کی بدولت پالیسی کے انتظام میں بہتری ہوگی جس سے معیشت کی ساخت سے متعلق مسائل سے نمٹنا جاسکے گا اور ذمہ دارانہ مالیاتی انتظام ممکن ہو سکے گا۔ علاوہ ازیں، آئی ایم ایف پروگرام میں داخل ہونے سے پاکستان کو دیگر کثیر الجہت ایجنسیوں سے مالیات حاصل کرنے میں مدد ملے گی جس کی بدولت خارجی اکاؤنٹ کا بہتر انتظام ممکن ہو سکے گا۔ افراطِ زر کے دباؤ سال کے نصف آخر میں مزید واضح ہونے کی توقع ہے کیونکہ کرنسی کی قدر میں کمی، گیس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی بیشی کے سسٹ اثرات کا احاطہ کیا جائے گا۔ تاہم مالیاتی تنگی کا اکثر حصہ مکمل کیا جا چکا ہے جس میں آنے والے افراطِ زر کے دباؤ کی عکاسی ہوتی ہے، اور مزید تنگی 50 bps کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سسٹ روی کا شکار رہے گی کیونکہ کرنسی میں کمی بیشی اور مالیاتی پالیسی میں مزید تنگی صرفی رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور ممکنہ ناپسندیدہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایک یونی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات قیمت شدہ ہیں یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) ان کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے اہمراء ڈیلی ڈیویڈنڈ فنڈ کی 31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی ششماہی رپورٹ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلار کاؤٹ تکمیل کے نتیجے میں مارکیٹ کے فریقوں نے اطمینان کا سانس لیا۔ نئی حکومت کو متعدد معاشی مسائل وراثت میں ملے، خاص طور پر خارجی میدان میں۔ درپیش مشکلات سے نہر آزماتہ ہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% کی کمی کے ساتھ ساتھ انٹریسٹ کی شرح میں 250 bps اضافہ) تاکہ عدم توازن سے نمٹا جاسکے۔ مزید برآں، اہم ترین کامیابی دوست اتحادیوں سے سفارتی تعلقات قائم کرنے سے حاصل ہوئی۔ نتیجتاً، پاکستان کو سعودی عرب، متحدہ عرب امارات اور چین سے ادائیگیوں کے توازن میں معاونت کے لیے 14 بلین ڈالر کے ہیکل حاصل ہوئے، جبکہ سعودی عرب اور متحدہ عرب امارات نے 20 سے 30 بلین ڈالر کی براہ راست غیر ملکی سرمایہ کاری کا وعدہ کیا۔

موجودہ مالی سال کی پہلی ششماہی کے لیے CPI کا اوسط 6% تھا۔ لیکن دوسری ششماہی میں پریسٹ base effect اور کرنسی میں کمی بیشی کے سبب اثر کے باعث اس اوسط میں اضافہ متوقع ہے۔ مزید برآں، حکومت کی طرف سے بجلی کی قیمتوں میں کمی بیشی ہونا باقی ہے کیونکہ پیداوار کی بنیادی چیلنج اور اصل قیمت کے درمیان فاصلے میں اچھا خاصا اضافہ ہو گیا ہے۔ مالی سال 2019ء کی دوسری ششماہی کے لیے CPI کا اوسط بجلی میں کمی بیشی کے اثر کا احاطہ کرنے کے بعد 8.5% متوقع ہے۔

پہلے چھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ 8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت کے مقابلے میں 4.4% بہتری ہے۔ CAD کو ترسیل زر میں 10% اضافے کی بھرپور معاونت حاصل ہوئی۔ تاہم تیل کی بلند قیمتیں اور موجودہ اکاؤنٹس میں سابقہ مدتوں کی ادائیگیوں کی عکاسی خارجی صورتحال میں بہتری کی بھرپور اثر پذیری میں رکاوٹ بنے۔ Non-oil درآمدات میں گزشتہ سال کی نسبت 5% کمی حوصلہ افزا رہا۔ تیل کی بلند قیمتوں اور محدود مالی بہاؤ کی عکاسی کرتے ہوئے دوران مدت ذخائر میں 2.7 بلین ڈالر کمی، اور اس کے نتیجے میں روپے کی قدر میں 13.7% کمی ہوئی۔

مجموعی مانگ کو مستحکم کرنے کی حکومتی توجہ کے نتیجے میں بڑے پیمانے پر ہونے والی مینوفیکچرنگ (LSM) متاثر ہوئی جس میں مالی سال 2019ء کے ابتدائی پانچ ماہ میں 0.9% YoY کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دواسازی اور صارفی مصنوعات میں سبب رومی ہے۔ LSM میں ترقی معیشت میں مجموعی سبب رومی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔ دوران ششماہی مالیاتی تنگی میں اضافے کے حوالے سے مارکیٹ کے فریقوں کی توقع برقرار رہی، چنانچہ پیداواری خم بلندی کی طرف مائل ہوا۔ ابتدائی چھ ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو بازار کے زیادہ تر حصے کی توقعات کے مطابق بڑھا کر 350 bps کر دیا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز (PIB) کی اکثر نیلامیوں کو اسٹیٹ بینک آف پاکستان نے کمزور حجم اور بلند سطح پر شرکت کے باعث مسترد کر دیا۔ تین سالہ، پانچ سالہ اور دس سالہ PIB کو دسمبر 2018ء میں ہونے والی نیلامی میں بالترتیب 12.25%، 12.70% اور 13.15% پر قبول کیا گیا۔ مالی سال 2019ء کی پہلی ششماہی کے دوران Two Floater شرح کے PIB کی نیلامیاں منعقد ہوئیں۔ پہلی کو بیچ مارک شرح 70 bps + پر قبول کیا گیا۔ دوسری کو شرکت کی بلند سطح کے باعث مسترد کر دیا گیا۔ خارجی صورتحال پر خدشات کے باعث طویل تر میعاد کے ٹریڈری انسٹرومنٹس میں بازار کی شرکت متاثر ہوئی اور 3 ماہ یا اس سے کم مدت کے دستاویزات میں بدستور اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان کے باقاعدگی سے منعقدہ OMOs کی بدولت نقدیت پوری مدت کے دوران سہل سطح پر رہی۔ دوسری سہ ماہی کے دوران 117.7 بلین مالیت کے حکومت پاکستان کے فلوٹر ریٹ اجارہ سلک کی مدت مکمل ہوئی۔ حکومت پاکستان کے تازہ اجارہ سلک کا اجراء نہیں کیا گیا جبکہ اسٹیٹ بینک آف

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA DAILY DIVIDEND FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Daily Dividend Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2019





EY Ford Rhodes
Chartered Accountants
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Pakistan

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INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of Alhamra Daily Dividend Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Alhamra Daily Dividend Fund** (the Fund) as at **31 December 2018**, and the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Cash Flow Statement and condensed interim Statement of Movement in Unit Holders' Fund, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended 31 December 2018 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Statements



-: 2 :-

Other matter

The financial statements for the period ended 30 June 2018 of the Fund were audited by another firm of Chartered Accountants, whose audit report dated 14 September 2018 expressed an unmodified opinion on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 21 February 2019

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2018

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	221,541	500,330
Investments	5	17,000	-
Profit and other receivables		5,872	1,766
Total assets		244,413	502,096
LIABILITIES			
Payable to Management Company		327	179
Accrued expenses and other liabilities	6	310	167
Total liabilities		637	346
NET ASSETS		243,776	501,750
Unit holders' fund (as per statement attached)		243,776	501,750
Contingencies and Commitments	7		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		2,437,757	5,017,498
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		100.0000	100.0000

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

		Half year ended December 31, 2018 ----- (Rupees in '000) -----	Quarter ended December 31, 2018
INCOME	Note		
Mark-up on bank deposits and term deposit receipt		6,324	3,741
Total income		<u>6,324</u>	<u>3,741</u>
EXPENSES			
Remuneration of Management Company		1,073	600
Sindh sales tax on Management fee		139	77
Provision for Sindh Workers' Welfare Fund (SWWF)		102	61
Total expenses		<u>1,314</u>	<u>738</u>
Net income for the period before taxation		<u>5,010</u>	<u>3,003</u>
Taxation	8	-	-
Net income for the period		<u><u>5,010</u></u>	<u><u>3,003</u></u>
<i>Allocation of net income for the period:</i>			
Net income for the period		5,010	3,003
Income already paid on units redeemed		-	-
		<u><u>5,010</u></u>	<u><u>3,003</u></u>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	-
- Excluding capital gains		5,010	3,003
		<u><u>5,010</u></u>	<u><u>3,003</u></u>
Earnings per unit	9		

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

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	Half year ended December 31, 2018	Quarter ended December 31, 2018
	----- (Rupees in '000) -----	
Net income for the period after taxation	5,010	3,003
Other comprehensive income for the period	-	-
Total comprehensive income for the period	5,010	3,003

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

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



Chief Executive Officer



Chief Financial Officer



Director

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



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Half year ended December 31, 2018 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		5,010
Adjustments for non cash and other items:		
Provision for Sindh Workers' Welfare Fund (SWWF)		102
Increase in assets		
Profit and other receivables		(4,106)
Increase in liabilities		
Payable to Management Company		148
Accrued expenses and other liabilities		41
		189
Net cash generated from operating activities		1,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issuance of units		477,542
Cash paid for redemption of units		(735,516)
Cash distribution		(5,010)
Net cash used in financing activities		(262,984)
Net decrease in cash and cash equivalents		(261,789)
Cash and cash equivalents at beginning of the period		500,330
Cash and cash equivalents at end of the period	10	238,541

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Daily Dividend Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 07, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2017 in accordance with Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3 The Fund is an open-end mutual fund and has been categorised as "Islamic Income Scheme" by the Board of Directors of the Management Company and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.4 The Fund shall primarily invest in shariah compliant money market investment and debt securities having good credit rating and liquidity.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated October 08, 2018 to the Management Company.
- 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.
- 1.7 The Fund is launched on April 10, 2018, hence no comparative figures are presented in condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund.

2. BASIS OF PREPARATION

- 2.1 These interim financial statements of the Fund have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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;
 - 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.2 These 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 June 30, 2018.
- 2.3 These interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarter ended December 31, 2018 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.
- 2.4 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

that these interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2018.

- 2.5** These interim financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Fund.
- 2.6** As per clause 6.4 of the Offering Document, the Management Company would bear the expenses of the Fund except for brokerage / transaction costs, taxes, fees, duties applicable to the Fund, including sales tax levied on services offered by the Management Company and any amount which the Shariah Advisor may declare to be Haram and to be paid to charity.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended June 30, 2018, except as described in notes 3.1 and 3.2 below:

3.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Fund's business model was made as at the date of initial application i.e. 01 July 2018.

As a result of the above assessment, the management has concluded that all the investments in debt securities will be classified at Amortised Cost as such investments are not managed on a fair value basis and fall under the SPPI criterion in accordance with the objectives of the Fund.

While the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. Balances with banks and concluded that impact is not material to the interim financial statements.

3.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

IFRS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the interim financial statements, other than IFRS 9, the impact of which has been disclosed in note 3.1 above.

- 3.3** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the period ended June 30, 2018.

	Note	(Un-Audited) December 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2018
4. BALANCES WITH BANKS			
In current accounts	4.1	3,040	797
In saving accounts	4.2	218,501	499,533
		<u>221,541</u>	<u>500,330</u>

- 4.1** Current account is maintained with MCB Bank Limited, a related party.

- 4.2** These carry profit at the rates ranging from 8.40% to 10.80% (June 30, 2018: 6.00% to 6.50%) per annum.

	Note	(Un-Audited) December 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2018
5. INVESTMENTS			
At amortised cost			
- Term deposit receipt	5.1	17,000	-

- 5.1** This carries interest at the rate of 10.55% (June 30, 2018: Nil) per annum with maturity on March 12, 2019 (June 30, 2018: Nil).

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund (SWWF)	6.1	130	27
Withholding tax payable		128	43
Dividend payable		52	97
		<u>310</u>	<u>167</u>

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

- 6.1** There is no change in the status of the SWWF as reported in note 7.1 to the annual financial statements of the Fund for the period ended June 30, 2018.

7. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2018.

8. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. 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. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these interim financial statements.

9. 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.

	Note	(Un-Audited) December 31, 2018 (Rupees in '000)
10. CASH AND CASH EQUIVALENTS		
Balances with banks	4	221,541
Term deposit receipt	5	17,000
		238,541

11. INTERIM DISTRIBUTION

The Fund makes distribution on daily basis as per clause 12.1 of Trust Deed and 5.1 of the Offering Document. During the period, the Management Company on behalf of the Fund, have distributed all net profit amounting to Rs.5.01 (December 31, 2017: Rs.Nil) million as dividend and that dividend has been re-invested after deducting applicable taxes in the form acceptable by SECP that may qualify under tax laws. The SECP has approved the above arrangement vide letter No. SCD/AMCW/MCBAHSIL/ADDF/297/2018 dated March 13, 2018.

12. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

Remuneration payable to the Management Company is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

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

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

12.1 Unit Holders' Fund

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (Un-Audited)						
	As at July 01, 2018	Issued for cash / conversion in / transferred in (Units)	Redeemed / conversion out / transfer out	As at December 31, 2018	As at July 01, 2018	Redeemed / conversion out / transfer out (Rupees in '000)
MCB-Arif Habib Savings Investment Limited - Management Company	-	411,818	411,818	-	-	41,182
Group / associated company						
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	42,695	13	42,708	-	4,269	1
						4,270
						(Un-Audited) Half year ended December 31, 2018 (Rupees in '000)

12.2 Transactions during the period:

MCB-Arif Habib Savings and Investments Limited - Management Company
Remuneration (including indirect taxes)

1,212

12.3 Balances outstanding at period end:

MCB-Arif Habib Savings and Investments Limited - Management Company
Remuneration payable
Sale tax payable on remuneration payable
Other payable to management company
Receivable from management company

(Un-Audited)
December 31,
2018
(Rupees in '000)

1,212

(Un-Audited)
December 31,
2018
(Rupees in '000)

254
33
40
76

140
18
21
-

MCB Bank Limited - Group / associated company
Bank balance*

3,040

797

* This represents a balance held in current account

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

13. 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 balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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

Level 1:	quoted prices in active markets for identical assets or liabilities;
Level 2:	those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3:	those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

During the period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

14. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 0.89% as on December 31, 2018 (December 31, 2017: Nil) and this includes 0.16% (December 31, 2017: Nil) representing Government Levy, Sindh Workers' Welfare Fund (SWWF). This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations 60 (5) for a collective investment scheme categorised as an islamic income scheme.

15. GENERAL

15.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

15.2 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report other than as disclosed in note 3.1.

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 18, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

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