

QUARTERLY REPORT

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

SEPTEMBER
2019
(UNAUDITED)



MCB-ARIF HABIB
Savings and Investments Limited



ALHAMRA DAILY DIVIDEND FUND

CONTENTS

1	Fund's Information	405
2	Report of the Directors of the Management Company	406
3	Condensed Interim Statement of Assets And Liabilities	411
4	Condensed Interim Income Statement (Un-audited)	412
5	Condensed Interim Statement of Other Comprehensive Income (Un-audited)	413
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	414
7	Condensed Interim Cash Flow Statement (Un-audited)	415
8	Notes to and forming part of the Condensed Interim Financial Statements	416

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 Syed Savail Meekal Hussain 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
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	Mr. Mirza Qamar Beg 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 & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
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 Bank Al Habib Limited Habib Bank Limited	
Auditors	Ernst & Young Ford Rhodes Chartered Accountant 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	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Alhamra Daily Dividend Fund** accounts review for the quarter ended September 30, 2019.

Economy and Money Market Review

Stabilization measures pursued by the government have started to bear fruits as the Balance of Payment situation continues to improve. The Current Account Deficit (CAD) contracted by ~55% on an Year on Year (YoY) basis to USD 1.3 billion in the first two months of FY20. Imports of goods continued to nosedive as it compressed by 23.5% while exports increased by 1.4% in the first two months. On the flip side, remittances remained weak amidst lesser number of working days and declined by 8% during the first two months of the fiscal year. Foreign exchange reserves increased by USD 1.2 billion during the period as Pakistan received its first tranche of USD 1.3 billion from IMF, while the outflow from CAD remained restrained.

CPI was rebased with a new base of 2015-16 and the average for newly rebased CPI clocked in at 10.1% YoY. However, the latest monthly readings were recorded north of 11% as rising food and energy prices took its toll on the index. Food inflation during the latest month was recorded at 15.0% YoY. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.4% for the quarter.

Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.3% in July, 2019 primarily decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 27.5% and 15.5% respectively.

Provisional number of tax collection were also encouraging as FBR collected PKR 962 billion in the first quarter of the current fiscal year, which was 16% higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax revenue grew by 28% YoY. The non-tax collection as per the provisional estimates were also promising as the government managed to collect PKR ~400 billion with the major portion driven by Surplus Profitability from SBP and Sale of Telecom sector licenses. The target for primary deficit was also met as per the provisional estimates as government generated a surplus of PKR 200 billion.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. 2 Year bonds eased of by 86 bps during the quarter while the longer end (10Y) saw a massive easing of 154 bps during the same period. The State Bank of Pakistan (SBP) in its latest bi-monthly Monetary Policy Statement also left the Policy Rate unchanged at 13.25%, citing the Monetary Policy Committee's outlook on moderating inflation and balance of payment situation. The monetary policy committee kept the status quo after 8 successive increases.

FUND PERFORMANCE

During the period, ALHDDF generated a return of 12.02% as compared to a return of 5.74% witnessed by the Benchmark, outperforming the benchmark by 6.28%. The Fund kept its exposure in cash at 98.1% towards the period end. The Net Assets of the fund as at September 30, 2019 stood at Rs. 1,198 million. The Net Asset Value (NAV) per unit as at September 30, 2019 was Rs. 100.00.

Economy & Market - Future Outlook

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

CPI is expected to jack up to an average of ~11.0% for the fiscal year from current quarter average of 10.1% owing to a hike in food inflation and rising utility prices. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We expect the 12 month forward CPI to start slowing down from the second half of this fiscal year, which will open the room for monetary easing as central bank has indicated to opt for more proactive monetary policy approach.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~400-500 billion. The result of provisional tax collection for 1Q assert our view as there was a shortfall of PKR 100 billion during the quarter. Resultantly, the shortfall in tax collection will trickle down to a lower development spending. On the equity side, we believe, the last two years' market performance (down approx. 39% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

The equity strategy should be a mix of macro based theme along with bottom up analysis. The overall strategy should be a focus towards defensive sectors (E&P's, Power, Fertilizers) and sector which will benefit from changing dynamics on macro front (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 stocks, 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
October 24, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ

باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے، تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کا ایک توسیعی پبلک سیکٹر ڈویلپمنٹ پروگرام (پی ایس ڈی پی) کے لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی کے ہدف کو بے حد مثبت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس میں 400 سے 500 بلین روپے کی کمی آئے گی۔ پہلی سہ ماہی میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 100 بلین ڈالر کی کمی ہوئی تھی۔ ٹیکس وصولی میں کمی کے نتیجے میں ترقیاتی اقدامات کے لیے کم رقم خرچ کی جائے گی۔

ایکویٹی کی جہت میں ہم سمجھتے ہیں کہ گزشتہ دو برسوں کی مارکیٹ کی کارکردگی (بلند ترین سطحوں سے تقریباً 39 فیصد کم) سے سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی، اور گردشی اسٹاکس کی کارکردگی میں بھی یہی عکاسی ہوتی ہے جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحیں طویل المیعاد سرمایہ کاروں کے لیے بے حد پرکشش سطحیں پیش کرتی ہیں کیونکہ اس میں خسارے کے امکانات کم ہیں۔ ہم سمجھتے ہیں کہ اسٹاکس میں مثبت رجحان بتدریج ظاہر ہوگا جب اعتماد بحال ہوگا اور معاشی پالیسیوں سے متوقع انداز میں مستقبل کے امکانات کی تشکیل ہوگی۔ چنانچہ اسٹاکس سے طویل المیعاد سرمایہ کاری کا موقع فراہم ہوتا ہے جس میں صبر و تحمل کا مظاہرہ کرنے والے سرمایہ کاروں کے لیے فوائد مضمر ہیں۔ ہم ملک کی معاشی علامات سے باخبر رہنے اور ان کے مطابق اپنے دائرہ کار میں مطلوبہ ترمیم کرنے کا سلسلہ جاری رکھے ہوئے ہیں۔

ایکویٹی کے لائحہ عمل میں کلاں معاشیات پر مبنی عوامل اور bottom up تجزیے کا امتزاج ہونا چاہیے۔ مجموعی طور پر حکمت عملی کی توجہ دفاعی شعبہ جات - ایکسپلوریشن اینڈ پروڈکشن (E&Ps)، پاور، کھاد - پر ہونی چاہیے اور کلاں معاشی میدان میں تبدیل ہوتے ہوئے عوامل سے مستفید ہونے والے شعبے (کمرشل بینکوں) کو زیادہ وزن دیا جانا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ سے برآمدات پر منحصر شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی (IT) کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردشی اسٹاکس میں منفی رجحان کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کواٹلی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکریٹریز اینڈ ایگزیکٹو 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۔

ڈائریکٹر رپورٹ

فنڈ کی کارکردگی

دورانِ مدت ALHDDF نے 12.02 فیصد منافع حاصل کیا جو بیج مارک کے 5.74 فیصد کے مقابلے میں 6.28 فیصد بہتر کارکردگی ہے۔ اختتامِ مدت کے قریب فنڈ نے نقد میں اپنی شمولیت کو 98.1 فیصد کی سطح پر رکھا۔

30 ستمبر 2019ء کو فنڈ کے net اثاثہ جات 1,198 ملین روپے تھے۔ 30 ستمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 100.00 روپے تھی۔

معیشت اور بازار - مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں کلاں معاشیاتی استحکام ہوگا جس کے باعث موجودہ سال کے لیے معاشی ترقی چھوٹے اعداد تک محدود ہو جائے گی۔ آئی ایم ایف کی پیش گوئی کے مطابق حکومت کی اختیار کردہ تنگی پر مبنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 2019-20ء میں سست ہو کر 2.5 فیصد پر آجائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ ہم بے حد محتاط مفروضوں کی بنیاد پر پیش گوئی کر سکتے ہیں کہ سی اے ڈی مجموعی ملکی پیداوار (جی ڈی پی) کے 2.6 فیصد پر رک جائے گا۔ ہم نے خام تیل کی قیمتوں کو 70 ڈالر فی بی بی ایل فرض کیا ہے جو موجودہ طور پر 60 ڈالر فی بی بی ایل کے قریب منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لاکر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی شدہ سہولت سے بھی زر مبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زر مبادلہ کے ذخائر میں 12 بلین ڈالر اضافہ متوقع ہے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اگست 2019ء REER 92.7 فیصد پر) اور کرنٹ اکاؤنٹ کا خسارہ قابلِ بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

زیر بحث مالی سال کے لیے سی پی آئی کا اوسط موجودہ سہ ماہی کے اوسط 10.1 فیصد سے 11.0 فیصد تک بڑھ جانے کی توقع ہے جس کا سبب اشیائے خورد و نوش کے افراطِ زر میں اضافہ اور یوٹیلٹی کی بڑھتی ہوئی قیمتیں ہیں۔ لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل (NFNE) سے ظاہر ہونے والی اصل افراطِ زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد سے کم متوقع ہے۔ ہمیں اُمید ہے کہ 12 ماہانہ فارورڈ سی پی آئی موجودہ مالی سال کے نصف آخر سے سست رفتار ہونا شروع ہو جائے

ڈائریکٹر رپورٹ

عزیز سرمایہ دار

الحمد للہ ڈیلی ڈیویڈنڈ فنڈ کے بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لیے فنڈ کے گوشواروں کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

حکومت نے استحکام کے لیے جو اقدامات کیے بالآخر ان کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال 2019-20ء کے پہلے دو ماہ میں کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) ییز آن ییز (YoY) بنیاد پر 55 فیصد کم ہو کر 1.3 بلین ڈالر ہو گیا۔ پہلے دو ماہ میں درآمدات میں 23.5 فیصد کمی ہوئی جبکہ برآمدات میں 1.4 اضافہ ہوا۔ دوسری جانب ترسیل زر میں 8 فیصد کمی ہوئی اور اس کمزور صورتحال کا سبب ایام کار کی کم تعداد تھی۔ زرمبادلہ کے ذخائر میں دوران مدت 1.2 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف سے 1.3 بلین ڈالر کی پہلی قسط موصول ہوئی، جبکہ سی اے ڈی سے اخراج کا سلسلہ محدود رہا۔

صارفی قیمت کے انڈیکس (سی پی آئی) کو 2015-16 کی نئی بنیاد کے ساتھ دوبارہ مقرر کیا گیا، اور اس نئے سی پی آئی کے اوسط کا آغاز 10.1 فیصد YoY سے ہوا۔ تاہم تازہ ترین ماہانہ اعداد و شمار سے 11 فیصد درج ہوئے کیونکہ اشیائے خورد و نوش اور توانائی کی بڑھتی ہوئی قیمتوں نے انڈیکس کو متاثر کیا۔ تازہ ترین مہینے کے دوران اشیائے خورد و نوش میں افراط زر 15.0 فیصد YoY تھا، لیکن اشیائے خورد و نوش اور توانائی کے علاوہ دیگر عوامل میں اصل افراط زر نسبتاً قابو میں تھی اور زیر بحث سہ ماہی میں اس کا اوسط 8.4 فیصد تھا۔

وسیع پیمانے کی مینوفیکچرنگ (ایل ایس ایم) میں توقع کے مطابق کمی کا رجحان جاری رہا کیونکہ درآمدات پر مبنی صرفی مانگ بتدریج ختم ہو گئی۔ ایل ایس ایم میں جولائی 2019ء میں 3.3 فیصد کمی ہوئی جس کا اصل منبج گردش شعبہ جات تھے۔ گاڑیوں اور اسٹیل کی مینوفیکچرنگ میں مانگ بالترتیب 27.5 فیصد اور 15.5 فیصد سُکڑ گئی۔ ٹیکس کے حصول کے عارضی اعداد بھی حوصلہ افزا تھے۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) نے موجودہ مالی سال کی پہلی سہ ماہی میں 962 بلین روپے ٹیکس جمع کیا جو گزشتہ سال کی مماثل مدت کے مقابلے میں 16 فیصد زیادہ ہے۔ اگر مقامی اور بین الاقوامی اعتبار سے علیحدہ علیحدہ دیکھا جائے تو کارکردگی زیادہ بہتر تھی کیونکہ مقامی سطح پر ٹیکس کی آمدنی میں 28 فیصد YoY اضافہ ہوا۔ ٹیکس کے علاوہ وصولی بھی عارضی تخمینوں کے مطابق حوصلہ افزا تھے۔ حکومت نے 400 بلین روپے ٹیکس جمع کیا جس کا اکثر حصہ اسٹیٹ بینک آف پاکستان (ایس بی پی) سے فاضل منافع اور ٹیلی کام سیکٹر لائسنس کی فروخت سے حاصل ہوا۔ عارضی تخمینوں کے مطابق پرائمری خسارے کا ہدف بھی حاصل ہو گیا کیونکہ حکومت نے 200 بلین کا فاضل منافع پیدا کیا۔

زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر مانگ کے سبب پیداواری خم جھک گیا کیونکہ بازار میں شامل ہونے والے نئے فریق استحکام کے اقدامات سے مطمئن نہ ہو سکے۔ مگر کمزور توقع کے باعث سرمایہ کاروں نے 26 ستمبر 2019ء کو 10 سالہ بانڈز کی مانگ میں کمی دیکھی۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2019

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	6.	1,180,002	693,201
Investments	7.	-	44,139
Profit and other receivables		23,029	16,839
Total assets		1,203,031	754,179
LIABILITIES			
Payable to Management Company	8	1,458	1,177
Payable Against Redemption of units		1,704	-
Accrued expenses and other liabilities	9	2,272	1,125
Total liabilities		5,435	2,302
NET ASSETS		1,197,597	751,877
Unit holders' fund (as per statement attached)		1,197,597	751,877
Contingencies and Commitments	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		11,975,967	7,518,780
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		100.0000	100.0000

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
Note	----- (Rupees in '000) -----	
INCOME		
Profit on bank deposits and term deposit receipt	33,726	2,583
Income on Commercial Paper	861	-
Total income	<u>34,587</u>	<u>2,583</u>
EXPENSES		
Remuneration of Management Company	2,204	473
Sindh sales tax on Management fee	287	62
Allocated Expense	137	-
Marketing and selling Expense	1,027	-
Provision for Sindh Workers' Welfare Fund (SWWF)	619	41
Total expenses	<u>4,273</u>	<u>576</u>
Net income for the period before taxation	<u>30,314</u>	<u>2,007</u>
Taxation	11 -	-
Net income for the period	<u><u>30,314</u></u>	<u><u>2,007</u></u>
<i>Allocation of net income for the period:</i>		
Net income for the period	30,314	2,007
Income already paid on units redeemed	-	-
	<u><u>30,314</u></u>	<u><u>2,007</u></u>
<i>Accounting income available for distribution:</i>		
- Relating to capital gains	-	-
- Excluding capital gains	30,314	2,007
	<u><u>30,314</u></u>	<u><u>2,007</u></u>
Earnings per unit	12	

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	September 30, 2019	September 30, 2018
	----- (Rupees in '000) -----	
Net income for the period after taxation	30,314	2,007
Other comprehensive income for the period	-	-
Total comprehensive income for the period	30,314	2,007

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Note	September 30, 2019			September 30, 2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	751,877	-	751,877	501,750	-	501,750
Issuance of 15,542,697 units (2018:1,729,896 units):						
- Capital value (at net asset value per unit at the beginning of the period)	1,531,049	-	1,531,049	172,990	-	172,990
- Element of income	-	-	-	-	-	-
	1,531,049	-	1,531,049	172,990	-	172,990
Redemption of 11,085,510 units (2018:5,562,735 units):						
- Capital value (at net asset value per unit at the beginning of the period)	(1,085,330)	-	(1,085,330)	(556,273)	-	(556,273)
- Amount paid out of element of income	-	-	-	-	-	-
- Relating to 'Net income for the period after taxation'	-	-	-	-	-	-
- Relating to 'Other comprehensive income for the period'	-	-	-	-	-	-
- Refund / (adjustment) on units as element of income	-	-	-	-	-	-
	(1,085,330)	-	(1,085,330)	(556,273)	-	(556,273)
Total comprehensive income for the period	-	30,314	30,314	-	2,007	2,007
Distribution during the period	-	(30,314)	(30,314)	-	(2,007)	(2,007)
Net income for the period less distribution	-	-	-	-	-	-
Net assets at end of the period	1,197,597	-	1,197,597	118,466	-	118,466
Undistributed income brought forward comprising of:						
- Realised	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-
Accounting income available for distribution:						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	30,314	-	30,314	2,007	-	2,007
Distribution during the period	-	(30,314)	-	-	(2,007)	-
Undistributed income carried forward	-	-	-	-	-	-
Undistributed income carried forward comprising of:						
- Realised	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-
	-	-	-	-	-	-
		-- (Rupees) --			-- (Rupees) --	
Net assets value per unit at beginning of the period		100.0000			100.0000	
Net assets value per unit at end of the period		100.0000			100.0000	

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	30,314	2,007
Decrease / (Increase) in assets		
Investments	44,140	-
Profit and other receivables	(6,190)	(1,165)
	37,950	(1,165)
Increase / (Decrease) in liabilities		
Payable to Management Company	281	(13)
Payable Against Redemption of units	1,704	-
Accrued expenses and other liabilities	1,147	(47)
	3,132	(60)
Net cash generated from operating activities	71,396	781
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issuance of units	1,531,049	172,990
Cash paid for redemption of units	(1,085,330)	(556,273)
Cash distribution	(30,314)	(2,007)
Net cash generated from / (used in) operating activities	415,405	(385,291)
Net increase/ (decrease) in cash and cash equivalents	486,801	(384,509)
Cash and cash equivalents at beginning of the period	693,201	500,330
Cash and cash equivalents at end of the period	1,180,002	115,821

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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 "Shariah Compliant 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, 2019 to the Management Company and AA-(f) to the Fund in its rating report dated June 27, 2019.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

2.1.5 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.

2.2 Basis of Measurement

This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2019.

3.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/ relevant to the Fund

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

4. Estimates and Judgements

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 year ended 30 June 2019.

5. Financial Risk Management

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2019.

(Un-Audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees in '000) -----	

6 BALANCES WITH BANKS

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		(Un-Audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
7. INVESTMENTS			
Commerical Paper			
K-Electric Limited -II		-	44,139
8 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable	8.1	261	1,042
Sales tax on remuneration payable		34	135
Allocated Expense Payable	8.2	137	-
Marketing and Selling Payable	8.3	1,027	-
		<u>1,458</u>	<u>1,177</u>
8.1 As per amendment in the offering document, the management company wef August 08, 2019 charged management fee at the rate of up to 20% of the gross earnings of the scheme, calculated on a daily basis. Provided that fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme			
8.2 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1%. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.			
8.3 SECP vide SRO 639(I)/2019 dated June 20, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Furthermore, maximum cap of selling and marketing expense of 0.4% per annum has also been removed. Resultantly, during the current quarter, the Management Company has charge actual expenses to the extent as it has think expedient.			
9 ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	1,242	623
Withholding tax payable		678	306
Dividend payable		352	196
		<u>2,272</u>	<u>1,125</u>
9.1 There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the provision for SWWF not been reported in the condensed interim financial			

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

12. 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.

13. 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.30.314 million as dividend which 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.

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

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

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

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

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (Un-Audited)						
As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at September 30, 2019	As at July 01, 2019	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out
----- (Units) -----		----- (Rupees in '000) -----		----- (Rupees in '000) -----		
Investment any	367,039	4,797	371,836	-	36,704	480
						37,184
- MAZAAF	-	909,919	-	909,919	-	90,992
Fund	-	25,575	-	25,575	-	2,557
	35,455	1,074	-	36,528	3,545	107
						-
Portfolio	260,271	749,149	31,424	977,996	26,027	74,915
	11,339	46,713	26,983	31,069	1,134	4,671
						3,142
Free units*	-	6,075,205	4,024,416	2,050,789	-	607,521
						402,442
						205,078.95
Investors / related parties during the period due to acquiring unit holding of more than 10% of net assets of the Fund.						
FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (Un-Audited)						
As at July 01, 2018	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at September 30, 2018	As at July 01, 2018	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out
----- (Units) -----		----- (Rupees in '000) -----		----- (Rupees in '000) -----		
Investment any	42,695	411,606	292,695	161,606	4,270	41,161
						29,720
TV Fund	42,695	13	42,707	-	427	-
						427
	3,965	26,678	24,129	6,514	396	2,668
						2,413
Free units	-	257,137	-	257,137	-	25,714
						-
						25,714
(Un-Audited)						
September 30, 2019						
September 30, 2018						
----- (Rupees in '000) -----						
Investments Limited - Management Company (taxes)						
						535
						-
						137
						1,027
						-
						28,671
						-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
14.3 Balances outstanding at period end:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	261	1,042
Sale tax payable on remuneration payable	34	135
Allocated expense payable	137	-
Selling and Marketing payable	1,027	-
Receivable from management company	409	256
MCB Bank Limited - Group / associated company		
Bank balance*	220	10,064
Silk Bank Limited		
Bank balance	1,154,240	-
Profit Receivable	14,951	-

* This represents a balance held in current account.

15 TOTAL EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the Total Expense Ratio from 2% to 2.5%. The total expense ratio of the Fund from July 1, 2019 to September 30, 2019 is 0.42% (September 30, 2018: 0.43%) and this includes 0.09% (September 30, 2018: 0.08%) representing government levy, Sindh Worker's Welfare Fund, SECP fee etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as shariah compliant income scheme.

16 GENERAL

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

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

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 24, 2019 by the Board of Directors of the Management Company.

