



MCB-ARIF HABIB
Savings and Investments Limited

AM2
by NACFA

HALF YEAR REPORT

DECEMBER
2019
(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 Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Bank Al-Habib Limited Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Silk Bank Limited Faysal 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	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Alhamra Daily Dividend Fund** accounts review for the half year ended December 31, 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 ~75% on a Year on Year (YoY) basis to USD 2.1 billion in the first half of FY20. Imports of goods and services continued to nose dive as it compressed by 18.5% while exports of goods and services increased by 4.8% in the first half of fiscal year. Remittances provided a moderate buffer, increasing by 3.3% to USD 11.4 billion during the period. Foreign exchange reserves increased by a massive USD 4.1 billion during the period as Pakistan received flows from IMF and multilateral institutions, 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 11.1% YoY for the first half of FY20. Food inflation took a toll on the overall CPI, as it increased by 14.9% during the period. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1% for the period. All the monetary policy meetings held during period kept interest rates on a status quo citing near term inflation as the major concern.

The outlook on GDP growth ranged in between 2.5% to 3.5% according to various institutions. However, as of late it was expected to remain on the lower side as weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected LSM growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~5.9% in the first five months of FY20, with most of the decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 37.7% and 13.8% respectively.

Provisional number of tax collection were also encouraging as FBR collected PKR 2,080 billion in the first half of the current fiscal year, which was 17% 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 target for primary deficit is also expected to be met as the government had generated significant buffer during the first quarter.

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. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. 3 Year bonds eased off by 221 bps while the longer tenor (10Y) bonds eased off by nearly ~300 bps during the first half. While, the State Bank of Pakistan (SBP) left the Policy Rate unchanged at 13.25% during the all monetary policies held in the quarter, citing the outlook on near term inflation however, it vowed to bring down inflation to 5-7% over the course of next 2 years.

FUND PERFORMANCE

During the period, ALHDDF generated a return of 12.38% as compared to a return of 6.12% witnessed by the Benchmark, outperforming the benchmark by 6.26%. The Fund kept its exposure in cash at 97.5% towards the period end. The Net Assets of the fund as at December 31, 2019 stood at Rs. 1,125 million. The Net Asset Value (NAV) per unit as at December 31, 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 of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Our forecast at very conservative assumptions is that CAD will settle at 2.3% of GDP. We have assumed crude oil prices at USD 70/BBL for the remaining part of the year, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

reserves. We expect foreign exchange reserves to increase to USD ~14 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Oct'19 REER at 95.9) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

CPI is expected to average ~11.9% in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. However, with a stable currency and high base effect, we expect headline inflation to ease off in the next year and decline to an average of ~8.8%. Risk to our expectations are any adverse increase in international commodity prices along with more than expected adjustment in utility tariffs. We believe current real interest rate is sufficient to cater for the near term inflation. However, given the room in real interest rates going forward, we do not rule out monetary easing at the start of the next fiscal year. Based on our outlook of inflation, we expect interest rates to ease off by 150-200 bps in the next 12 months.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.3% 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 a revised tax collection of PKR 5.2 trillion (up 30% 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 1.6 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a net shortfall of PKR ~300-400 billion. The result of provisional tax collection for 1H assert our view as there was a shortfall of PKR 120 billion during the period. Resultantly, the shortfall in tax collection will trickle down to a lower development spending.

From the capital market perspective, we believe investor confidence should renew towards risk assets as macroeconomic stability will be cherished after a bout of volatile years. Equity market has still a lot to offer despite the recent bull run (up 40%+ since the trough). Reversal in monetary policy will be a key theme to eye in CY20 as slowdown in inflation will provide much needed room to central bank to cut down the interest rates. We foresee interest rates easing of 150-200 bps in the next 12 months, albeit majority of them coming in the second half of the calendar year. Double digit earnings growth and cheap valuations will drive the total returns of equities. Generally, earnings rebound sharply after an economic downturn as equities tend to exhibit inflation hedging behavior. During the last few years earnings growth has not caught up with the nominal GDP growth, which generally tends to revert whenever the difference widens. Hence, we expect earnings growth to remain in double digits over the span of next few years, a key reason behind our optimism for equities.

We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have already priced in some of the expected monetary easing during the course of year. Further capital gains are contingent on earlier than expected reversal in monetary cycle along with quantum of interest rate cuts. Liquidity in the monetary system will also define yield on bonds since the government has liberalized its sources of financing, particularly opening avenues from external sources.

ELECTION OF THE BOARD OF DIRECTORS

On February 06, 2020, election of directors of the Management Company was held in an extra ordinary general meeting. Mian Muhammad Mansha and Mr. Samad A. Habib have retired from the Board and Mr. Kashif A. Habib and Ms. Mavra Adil Khan have joined the Company as new directors. Details of the new Board is given in Company Introduction. The approval of the Securities and Exchange Commission of Pakistan is pending as on the date of the Directors' Report.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 21, 2020



Nasim Beg
Vice Chairman / Director
February 21, 2020

ڈائریکٹرز رپورٹ

مالیاتی پالیسی کی تقلیب ہوگا کیونکہ افراط زر میں کمی سے مرکزی بینک کو انٹریسٹ کی شرحوں میں کمی کرنے کے لیے مطلوبہ محرک فراہم ہوگا۔ ہم اگلے بارہ ماہ میں انٹریسٹ کی شرحوں میں 150 سے 200 بی پی ایس کی دیکھ رہے ہیں، اگرچہ اس کا زیادہ تر حصہ کیلنڈر سال (جنوری تا دسمبر) کے نصف آخر میں ظاہر ہوگا۔ دو اعداد پر مشتمل آمدنیاں اور کم قیمت قدر کا تعین ایکویٹیز کے مجموعی منافعوں کے لیے محرک ثابت ہوں گے۔ کسی معاشی سست روی کے دور کے بعد عموماً آمدنیاں تیزی سے بڑھتی ہیں کیونکہ ایکویٹیز افراط زر سے تحفظ فراہم کرتی ہیں۔ گزشتہ کچھ برسوں کے دوران آمدنیوں کی ترقی جی ڈی پی کی برائے نام ترقی کے شانہ بشانہ بھی نہیں چل سکی ہے، جو عموماً فرق بڑھنے پر واپس لوٹتی ہے۔ چنانچہ اگلے پانچ برسوں کے دوران آمدنیوں میں ترقی دو اعداد پر برقرار رہنے کی توقع ہے جو ایکویٹیز سے متعلق ہماری رجائیت پسندی کی ایک کلیدی وجہ ہے۔

ہم سمجھتے ہیں کہ اس سال سیکٹرز اور اسٹاک کا خورد نظر یہ زیادہ اہمیت کا حامل رہے گا اور سرمایہ کاری کے انتخاب کے لیے ایسی کمپنیوں پر توجہ مرکوز ہونی چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح، ان کمپنیوں کی جانب بھی توجہ مبذول ہونی چاہیے جن کی درمیانی میعاد کی آمدنی میں زبردست ترقی متوقع ہے۔ Debt حاملین کے لیے ہم توقع کرتے ہیں کہ Money مارکیٹ فنڈز پالیسی شرحوں کی عکاسی بلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ کیپٹل میں مزید منافعوں کا دار و مدار مالیاتی چکر میں متوقع سے قبل تقلیب کے ساتھ ساتھ انٹریسٹ کی شرحوں میں کمی کے حجم پر ہے۔ مالیاتی نظام میں نقدیت سے بھی بانڈز پر منافع کا تعین ہوگا کیونکہ حکومت نے رقم کی فراہمی کے اپنے ذرائع میں آسانیاں پیدا کی ہیں، خاص طور پر خارجی ذرائع سے مواقع میسر کر کے۔

بورڈ آف ڈائریکٹرز کا انتخاب

06 فروری 2020ء کو ایک غیر معمولی عمومی اجلاس میں مینجمنٹ کمپنی کے ڈائریکٹرز کا انتخاب منعقد ہوا۔ میاں محمد منشاء اور جناب صدائے حبیب بورڈ سے ریٹائر ہو گئے ہیں اور جناب کاشف اے حبیب اور محترمہ ماوراء عادل خان کی کمپنی کے نئے ڈائریکٹرز کے طور پر تقرری ہوئی ہے۔ نئے بورڈ کی تفصیلات 'کمپنی کے تعارف' میں دی گئی ہیں۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری ڈائریکٹرز رپورٹ کی تاریخ پر زیر التواء ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں 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۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 فروری، 2020ء



نسیم بیگ

وائس چیئرمین / ڈائریکٹر

21 فروری، 2020ء

ڈائریکٹر زرپورٹ

قریب فنڈ کی 97.5 فیصد شمولیت نقد میں تھی۔

31 دسمبر 2019ء کو فنڈ کے net اثاثہ جات 1,125 ملین روپے تھے۔ 31 دسمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 100.00 روپے تھی۔

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 منگنی پیداوار (جی ڈی پی) کی ترقی مالی سال 2019-20ء میں سست روی کا شکار ہو کر 2.5 فیصد پر آ جائے 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 کر رکھی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ 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، جی ڈی پی کے 2.3 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 منڈ لا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لا کر اپنی مجموعی مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی ہوئی شدہ سہولت سے بھی زیر مبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زیر مبادلہ کے ذخائر کے حوالے سے توقع ہے کہ وہ بڑھ کر 14 بلین ڈالر تک پہنچ جائیں گے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اکتوبر ۲۰۱۹ء 95.9 REER فیصد پر) اور سی اے ڈی قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

موجودہ مالی سال کے لیے سی پی آئی کا متوقع اوسط 11.9 فیصد ہوگا جس کا سبب روپے کی قدر کی سُست رفتار اثر پذیری اور ایشیاء کے خورد و نوش کے افراط زر میں اضافہ ہے۔ تاہم مستحکم روپے اور بلند base کے اثر کے ساتھ ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 8.8 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یوٹیلیٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترمیمات سے ہماری توقعات کو خطرہ لاحق ہو سکتا ہے۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح قریب المیعاد افراط زر سے نمٹنے کے لیے کافی ہے۔ تاہم حقیقی شرح میں اضافے کی گنجائش کو دیکھتے ہوئے اگلے مالی سال کے آغاز میں مالیاتی تسہیل کا امکان بعید نہیں ہے۔ افراط زر سے متعلق ہمارے پیش بینی کی بنیاد پرائمریسٹ کی شرحوں میں اگلے بارہ ماہ میں 150 سے 200 بی بی ایس تک کی کمی کی اُمید ہے۔

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.3 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف ارتقاء پذیر ہونے کے باعث تبدیل ہو سکتا ہے لیکن پرائمری خسارے کو جی ڈی پی کے 0.6 فیصد پر محدود کر دینے کی آئی ایم کی بنیادی شرط کو پورا کرنا لازمی ہے۔ اس مقصد کے لیے ایف بی آر 5.5 ٹریلین روپے (30 فیصد سال در سال زیادہ) ٹیکس جمع کرنے کے لیے مصروف عمل ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ 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 1.5 ٹریلین روپے (40 فیصد سال در سال 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 رجائیت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس کے حصول میں 300 سے 400 بلین روپے کی کمی آئے گی۔ نصف اوّل میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 120 بلین ڈالر کم کی وصولی ہوئی جس کے نتیجے میں ترقیاتی اقدامات کے لیے بھی کم خرچ کیا جائے گا۔

کیپیٹل مارکیٹ کے نظریئے سے ہم سمجھتے ہیں کہ خطرات کے حامل اثاثہ جات میں سرمایہ کاروں کا اعتماد بحال ہونا چاہیے کیونکہ کئی برسوں کی عدم یقینی کے بعد حاصل ہونے والے کلاں معاشاتی استحکام کا خیر مقدم کیا جائے گا۔ ایکویٹی مارکیٹ حالیہ bull run (40 فیصد اضافے) کے باوجود بہت استعداد کی حامل ہے۔ موجودہ سال ۲۰۲۰ء میں اہم ترین موضوع

الحمد للہ! ڈیویڈنڈ فنڈ کے بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2019ء کو ختم ہونے والی سہ ماہی کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

استحکام کے حکومتی اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال ۲۰۲۰ء کے نصف اوّل میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) سال در سال (YoY) بنیاد پر 75 فیصد کم ہو کر 2.1 بلین ڈالر ہو گیا۔ اشیاء اور مصنوعات کی درآمدات میں کمی کا سلسلہ جاری رہا اور 18.5 فیصد کمی ہوئی جبکہ اشیاء اور مصنوعات کی برآمدات میں 4.8 فیصد اضافہ ہوا۔ ترسیلات زر 3.3 فیصد بڑھ کر 11.4 بلین ڈالر ہو گئیں جس سے معتدل رکاوٹ فراہم ہوئی۔ غیر ملکی زرمبادلہ کے ذخائر میں 4.1 بلین ڈالر کا خطیر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف اور کثیرالجہتی اداروں سے رقوم موصول ہوئیں، جبکہ سی اے ڈی کے ذریعے رقوم کے خروج کا سلسلہ محدود رہا۔ صارفی قیمت کے انڈیکس (کنزیومر پرائس انڈیکس: سی پی آئی) کو سال ۲۰۱۵ء اور ۲۰۱۶ء والی بنیاد پر دوبارہ مقرر کیا گیا اور مالی سال ۲۰۲۰ء کے نصف اوّل کے لیے نئی بنیاد پر مقرر کردہ سی پی آئی کا اوسط 11.1 فیصد سال در سال بنا۔ اشیائے خورد و نوش کے افراط زر میں دورانِ مدت 14.9 فیصد اضافہ ہوا اور اس نے مجموعی سی پی آئی کو متاثر کیا۔ اشیائے خورد و نوش کے افراط زر کی سب سے بڑی وجہ بھارت سے درآمدات پر پابندی کے بعد جلد خراب ہو جانے والی اشیائے خورد و نوش کی قیمتوں میں اضافہ ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ پیمائش کردہ بنیادی افراط زر پھر بھی قابو میں تھی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔ دورانِ مدت ہونے والے تمام مالیاتی اجلاسوں میں انٹریسٹ کی شرحوں کو برقرار رکھا گیا اور مستقبل قریب میں متوقع افراط زر کو ایک بڑا مسئلہ قرار دیا گیا۔

جی ڈی پی میں متوقع ترقی مختلف اداروں کے مطابق 2.5 سے 3 فیصد تھی، تاہم حالیہ مدت میں اہم فصلوں (کپاس، گندم اور چینی) کی کمزور متوقع ترقی کے باعث جی ڈی پی میں ترقی بھی پست رہنے کا امکان ہے۔ علاوہ ازیں، بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایل ایس ایم) میں متوقع سے کم ترقی کے باعث کمزور صنعتی ترقی سے مجموعی ترقی کے متاثر ہونے کا امکان ہے۔ مزید برآں، درآمدات پر پابندی کھپت کی طلب میں بتدریج کمی کے باعث ایل ایل ایس ایم میں کمی کا سلسلہ جاری رہنے کا امکان ہے۔ مالی سال ۲۰۲۰ء کے ابتدائی پانچ ماہ کے دوران ایل ایل ایس ایم میں 5.9 فیصد کمی ہوئی جس میں سے اکثر کا تعلق گردش شعبوں سے تھا۔ آٹو اور اسٹیل مینوفیکچرنگ میں طلب میں بالترتیب 37.7 فیصد اور 13.8 فیصد کمی ہوئی۔

ٹیکس وصولی کی عارضی تعداد بھی حوصلہ افزا تھی - موجودہ مالی سال کے نصف اوّل میں فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 2,080 بلین روپے جمع کیے جو گزشتہ سال کی مماثل مدت سے 17 فیصد زیادہ ہے۔ ملکی اور بین الاقوامی وصولی کو علیحدہ علیحدہ دیکھا جائے تو کارکردگی مزید بہتر ہے کیونکہ ملکی سطح پر آمدنی میں 28 فیصد سال در سال اضافہ ہوا۔ پرائمری خسارے کا ہدف بھی پورا ہونے کا امکان ہے کیونکہ حکومت نے پہلی سہ ماہی کے دوران مطلوبہ رکاوٹ پیدا کر دی تھی۔

زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر طلب کے باعث پیداواری خم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت کثیر نقد کی آمد ہوئی جس کے باعث پیداواریں کمی ہوئی۔ نصف اوّل کے دوران تین سالہ بانڈز میں 221 بیسیس پوائنٹس (بی پی ایس) جبکہ طویل تر میعاد کے (دس سالہ) بانڈز میں تقریباً 300 بی پی ایس کی کمی ہوئی۔ اگرچہ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مذکورہ سہ ماہی میں منعقدہ تمام پالیسی اجلاسوں میں مستقبل قریب کی افراط زر کا حوالہ دیتے ہوئے پالیسی کی شرح کو غیر تبدیل شدہ رکھا لیکن اگلے دو برسوں کے دوران افراط زر میں 5 تا 7 فیصد کمی کا عہد کیا۔

فنڈ کی کارکردگی

دورانِ مدت ALHDDF نے 12.38 فیصد منافع حاصل کیا جو مقررہ معیار (بچ مارک) 6.12 فیصد کے مقابلے میں 6.26 فیصد بہتر کارکردگی ہے۔ اختتام مدت کے

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
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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, 2019 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 18, 2020



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



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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 2019**, 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 quarters ended 31 December 2019 and 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 2019.

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



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The engagement partner on the review resulting in this independent auditors' review report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 25 February 2020

Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2019

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	1,111,203	693,201
Investments	5	-	44,139
Profit and other receivables		28,435	16,839
Total assets		1,139,638	754,179
LIABILITIES			
Payable to the Management Company		2,073	1,177
Accrued expenses and other liabilities	6	12,678	1,125
Total liabilities		14,751	2,302
NET ASSETS		<u>1,124,887</u>	<u>751,877</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>1,124,887</u>	<u>751,877</u>
Contingencies and commitments	7		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>11,248,871</u>	<u>7,518,780</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		<u>100.00</u>	<u>100.00</u>

The annexed notes from 1 to 18 form an integral part of these condensed 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, 2019

		Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note		(Rupees in '000)			
INCOME					
Profit on:					
	Balances with banks	70,983	6,324	37,257	3,741
	Investments	861	-	-	-
	Total income	71,844	6,324	37,257	3,741
EXPENSES					
	Remuneration of the Management Company	3,321	1,073	1,117	600
8	Sindh sales tax on remuneration of the Management Company	432	139	145	77
	Allocated expenses	410	-	273	-
9					
	Selling and marketing expenses	2,591	-	1,564	-
10					
	Provision for Sindh Workers' Welfare Fund (SWWF)	1,302	102	683	61
	Total expenses	8,056	1,314	3,782	738
Net income for the period before taxation		63,788	5,010	33,475	3,003
	Taxation	-	-	-	-
11					
Net income for the period		63,788	5,010	33,475	3,003
<i>Allocation of net income for the period:</i>					
	Net income for the period	63,788	5,010	33,475	3,003
	Income already paid on units redeemed	-	-	-	-
		63,788	5,010	33,475	3,003
<i>Accounting income available for distribution:</i>					
	- Relating to capital gains	-	-	-	-
	- Excluding capital gains	63,788	5,010	33,475	3,003
		63,788	5,010	33,475	3,003
Earnings per unit					
12					

The annexed notes from 1 to 18 form an integral part of these condensed 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, 2019**

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	63,788	5,010	33,475	3,003
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	63,788	5,010	33,475	3,003

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Half year ended December 31, 2019			Half year ended December 31, 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 26,059,296 (2018: 4,775,423) units						
- Capital value (at net asset value per unit at the beginning of the period)	2,605,930	-	2,605,930	477,542	-	477,542
- Element of income	-	-	-	-	-	-
	2,605,930	-	2,605,930	477,542	-	477,542
Redemption of 22,329,205 (2018: 7,355,164) units						
- Capital value (at net asset value per unit at the beginning of the period)	(2,232,920)	-	(2,232,920)	(735,516)	-	(735,516)
- 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	-	-	-	-	-	-
	(2,232,920)	-	(2,232,920)	(735,516)	-	(735,516)
Total comprehensive income for the period	-	63,788	63,788	-	5,010	5,010
Distribution during the period	-	(63,788)	(63,788)	-	(5,010)	(5,010)
Net income for the period less distribution	-	-	-	-	-	-
Net assets at end of the period	1,124,887	-	1,124,887	243,776	-	243,776
Undistributed income brought forward comprising of:						
- Realised	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-
Accounting income available for distribution:						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	63,788	63,788	63,788	5,010	5,010	5,010
Distribution during the period	(63,788)	(63,788)	(63,788)	(5,010)	(5,010)	(5,010)
Undistributed income carried forward	-	-	-	-	-	-
Undistributed income carried forward comprising of:						
- Realised	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-
	-	-	-	-	-	-
			-- (Rupees) --			-- (Rupees) --
Net assets value per unit at beginning of the period			100.00			100.00
Net assets value per unit at end of the period			100.00			100.00

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	December 31, 2019	December 31, 2018
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	63,788	5,010
Adjustments for non cash and other items:		
Provision for Sindh Workers' Welfare Fund (SWWF)	1,302	102
(Increase) / decrease in assets		
Profit and other receivables	(11,596)	(4,106)
Investments	44,139	-
	32,543	(4,106)
Increase in liabilities		
Payable to Management Company	896	148
Accrued expenses and other liabilities	10,132	41
	11,028	189
Net cash generated from operating activities	108,661	1,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issuance of units	2,605,930	477,542
Cash paid for redemption of units	(2,232,920)	(735,516)
Cash distribution	(63,669)	(5,010)
Net cash generated from / (used) in financing activities	309,341	(262,984)
Net increase / (decrease) in cash and cash equivalents	418,002	(261,789)
Cash and cash equivalents at beginning of the period	693,201	500,330
Cash and cash equivalents at end of the period	1,111,203	238,541

The annexed notes from 1 to 18 form an integral part of these condensed 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, 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 has been changed from 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan to 2nd Floor, Adamjee House, I.I. Chundrigar Road, 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, 2019 to the Management Company. Furthermore, PACRA has maintained the stability rating of "AA-(f)" (Double A minus) to the Fund on December 24, 2019.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 These condensed 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 IAS 34, 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 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 June 30, 2019.
- 2.3 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarter ended December 31, 2019 and 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 that these interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2019.
- 2.5 These condensed interim financial statements are presented in Pakistani Rupee, which is the functional and presentation currency of the Fund.

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

- 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. However as per clause 6.4 Note 1 the Fund may charge, fee and expenses related to registrar services, accounting, operation and valuation services related to CIS, on discretion of the Management Company which will be reimbursable to the Management Company.

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1** The accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Fund for the year ended June 30, 2019.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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:

IFRS 3 Business Combinations: Previously held interests in a joint operation

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 11 Joint Arrangements: Previously held interests in a joint operation

IFRS 16 Leases

IAS 12 Income Taxes: Income tax consequences of payments on financial instruments

classified as equity (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 23 Borrowing Costs: Borrowing costs eligible for capitalisation

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above amendments to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

- 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 year ended June 30, 2019.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
4. BALANCES WITH BANKS			
In current account	4.1	4,443	10,064
In saving accounts	4.2	1,106,760	683,137
		<u>1,111,203</u>	<u>693,201</u>

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

- 4.1** Current account is maintained with MCB Bank Limited, a related party.
- 4.2** These carry profit at the rates ranging from 12.25% to 14.35% (June 30, 2019: 11.50% to 13.50%) per annum. These include a balance of Rs.0.480 million (June 30, 2019: Rs.Nil) held with MCB Islamic Bank Limited, a related party.

5. INVESTMENTS		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
At fair value through profit or loss			
Commercial paper		-	44,139

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Sindh Workers'

Welfare Fund (SWWF)	6.1	1,925	623
Withholding tax payable		709	306
Dividend payable		315	196
Other payable		9,729	-
		12,678	1,125

- 6.1** There is no change in the status of the SWWF as reported in note 9.1 to the annual financial statements of the Fund for the period ended June 30, 2019. The provision for SWWF is now being made on a daily basis. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at December 31, 2019 would have been higher by Re.0.171 per unit.

7. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2019 (June 30, 2019: Nil).

8. REMUNERATION OF THE MANAGEMENT COMPANY

As per the amendment in the offering document, the management company w.e.f. August 08, 2019 charged management fees at the rate of up to 20% of the gross earnings of the scheme, calculated on a daily basis. Provided the fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme.

9. ALLOCATED EXPENSES

Uptil June 19, 2019 in accordance with the 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 whatever is less. However, SECP vide SRO 639 dated June 20, 2019 removed the maximum cap of 0.1 %.

Therefore, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019. Accordingly, the Management Company has resolved in its board meeting that the allocated expenses will be charged based on the discretion of the Management Company being lower than the actual expense.

10. SELLING AND MARKETING EXPENSES

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 01, 2017 till December 31, 2019). The maximum cap of selling and marketing was 0.4 % per annum of the net assets of the Fund or actual expenses whichever is lower.

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

During the current period, the SECP through its circular 11 dated July 05, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4 % per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has resolved in its board meeting that all allocated expenses will be charged based on the discretion of the Management Company being lower than the actual expense.

11. 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 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.63.788 (December 31, 2018: Rs.5.010) 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.

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, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owning 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, 2019**

14.1 Unit Holders' Fund

FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (Un-audited)								
	As at July 01, 2019	Issued for cash / conversion in / Dividend ----- (Units) -----	Redeemed / conversion out / transfer out	As at December 31, 2019	As at July 01, 2019	Reinvested ----- (Rupees in '000) -----	Redeemed / conversion out / transfer out	Amount outstanding as at December 31, 2019
MCB-Arif Habib Savings Investment Limited - Management Company	367,040	4,797	371,837	-	36,704	480	37,184	-
Group / associated company								
Adamjee Insurance Company Limited - Employees Provident Fund	35,455	147,305	182,760	-	3,545	14,731	18,276	-
Adamjee Life Assurance Company Limited - MAZAAF	-	1,565,920	1,565,920	-	-	156,592	156,592	-
Hyundai Nishat Motor Private Limited Employees Provident Fund	-	26,372	-	26,372	-	2,637	-	2,637
Adamjee Life Assurance Company Limited - Provident Fund	-	101,565	50,000	51,565	-	10,156	5,000	5,156
Mandate under discretionary portfolio services	179,297	759,620	802,150	136,767	17,930	75,962	80,215	13,677
Key management personnel	11,339	338,590	295,788	54,141	1,134	33,859	29,579	5,414
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (Un-audited)								
	As at July 01, 2018	Issued for cash / conversion in / transfer in ----- (Units) -----	Redeemed / conversion out / transfer out	As at December 31, 2018	As at July 01, 2018	Issued for cash / conversion in / transfer in ----- (Rupees in '000) -----	Redeemed / conversion out / transfer out	Amount outstanding as at December 31, 2018
MCB-Arif Habib Savings Investment Limited - Management Company	-	411,818	411,818	-	-	41,182	41,182	-
Group / associated company								
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	42,695	13	42,708	-	4,269	1	4,270	-

**NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		(Un-audited) Half year ended	
		December 31, 2019	December 31, 2018
		----- (Rupees in '000) -----	
14.2 Transactions during the period:			
MCB-Arif Habib Savings and Investments Limited - Management Company			
Remuneration (including indirect taxes)	3,753	1,212	
Allocated expenses	410	-	
Selling and marketing expenses	2,591	-	
MCB Islamic Bank Limited - Group / associated company			
Profit on balance with bank	4,729	-	
		(Un-audited)	(Audited)
		December 31, 2019	June 30, 2019
		----- (Rupees in '000) -----	
14.3 Balances outstanding at period end:			
MCB-Arif Habib Savings and Investments Limited - Management Company			
Remuneration payable	373	1,042	
Sale tax payable on remuneration payable	48	135	
Allocated expense payable	89	-	
Marketing And Selling Payable	1,563	-	
Other receivable	598	256	
MCB Bank Limited - Group / associated company			
Bank balance*	4,443	10,064	
Other receivable	3,605	-	
MCB Islamic Bank Limited - Group / associated company			
Bank balance	480	-	
Profit receivable on bank balance	1,628	-	
Hyundai Nishat Motor Private Limited			
Employees Provident Fund - Group / associated company			
Dividend payable	1	-	
Adamjee Life Assurance Company Limited - Provident Fund - Group / associated company			
Dividend payable	1	-	

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
Mandate under discretionary portfolio services		
Dividend payable	4	-
Key management personnel		
Dividend payable	2	-

* This represents a balance held in current account.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the 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, 2019, 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.

16. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.53% as on December 31, 2019 (December 31, 2018: 0.89%) and this includes 0.34% (December 31, 2018: 0.16%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF). This ratio is within the maximum limit of 2.50% prescribed under the NBFC Regulations 60 (5) for a collective investment scheme categorised as "Islamic Income Scheme".

17. GENERAL

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

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

**NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 21, 2020 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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