



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACTA

HALF YEAR REPORT

DECEMBER
2019
(UNAUDITED)

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

Alhamra Islamic Income 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 Habib Metropolitan Bank Limited United Bank Limited Bank Al-Habib Limited Silk Bank Limited Habib Bank Limited National Bank of Pakistan NRSP Micro Finance Bank Limited Bank Islami Pakistan Limited Askari Bank Limited Dubai Islami Bank Limited Meezan Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
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 Islamic Income Fund** accounts review for the half year ended December 31, 2019.

ECONOMY AND MONEY MARKET OVERVIEW

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 nosedive 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 under review, the fund generated an annualized return of 11.97% as against its benchmark return of 6.13%.

The fund was 15.5% invested in Sukuks while remaining exposure was in Cash.

The Net Assets of the Fund as at December 31, 2019 stood at Rs. 3,104 million as compared to Rs. 2,335 million as at June 30, 2019 registering an increase of 32.93%.

The Net Asset Value (NAV) per unit as at December 31, 2019 was Rs. 107.3307 as compared to opening NAV of Rs. 101.2221 per unit as at June 30, 2019 registering an increase of Rs. 6.1086 per unit.

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.

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

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 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

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز 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،



نسیم بیگ

وائس چیئرمین / ڈائریکٹر

21 فروری، 2020ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 فروری، 2020ء

ڈائریکٹرز رپورٹ

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 ڈولپمنٹ 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 دورانِ سہ ماہی 120 بلین ڈالر کم کی وصولی ہوئی جس کے نتیجے میں ترقیاتی اقدامات کے لیے بھی کم خرچ کیا جائے گا۔

کمپیٹل مارکیٹ کے نظریے 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 معاشیاتی استحکام کا خیر مقدم کیا جائے گا۔ ایکوٹی مارکیٹ حالیہ bull run (40 فیصد اضافے) کے باوجود بہت استعداد کی حامل ہے۔ موجودہ سال ۲۰۲۰ء میں اہم ترین موضوع 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 سُست 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 نظریہ 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، اُن 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 رکاوٹ 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۔ کمپیٹل 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 صد اے 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۔

ڈائریکٹر رپورٹ

اگلے دو برسوں کے دوران افراط زر میں 5 تا 7 فیصد کی کاہد کیا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 11.97 فیصد تھا جبکہ مقررہ معیار (بنچ مارک) منافع 6.13 فیصد تھا۔
فنڈ کی سرمایہ کاری 15.5 فیصد سسٹک میں تھی جبکہ بقیہ شمولیت نقد میں تھی۔

31 دسمبر 2019ء کو فنڈ کے net اثاثہ جات 3,104 ملین روپے تھے جو 30 جون 2019ء (2,335 ملین روپے) کے مقابلے میں 32.93 فیصد اضافہ ہے۔
31 دسمبر 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 107.3307 روپے تھی جو 30 جون 2019ء کی ابتدائی NAV (101.2221 روپے) کے مقابلے میں 6.1086 روپے فی یونٹ اضافہ ہے۔

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 روی کا شکار 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 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 کے قریب منڈلا 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 شدہ سہولت سے بھی زرمبادلہ کے ذخائر کو مختصر المیعاد سہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زرمبادلہ 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 2019ء REER 95.9 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 سست رفتار اثر پذیری اور اشیائے 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 یوٹیلٹی 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 پی ایل تک کی کمی کی اُمید ہے۔

ڈائریکٹر رپورٹ

عزیز سرمایہ کار

الحمد للہ اسلامک انکم 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 اثرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال ۲۰۲۰ء کے نصف اول 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 خطرہ اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف اور کثیر الجہتی 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 اول کے لیے نئی بنیاد پر مقرر کردہ سی پی آئی کا اوسط 11.1 فیصد سال در سال بنا۔ اشیاء خورد و نوش کے افراط زر میں دورانِ مدت 14.9 فیصد اضافہ ہوا اور اس نے مجموعی سی پی آئی کو متاثر کیا۔ اشیاء خورد و نوش کے افراط زر کی سب سے بڑی وجہ بھارت سے درآمدات پر پابندی کے بعد جلد خراب ہو جانے والی اشیاء خورد و نوش کی قیمتوں میں اضافہ ہے۔ بہر حال اشیاء 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 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 کی کھپت کی طلب میں بتدریج کمی کے باعث ایل ایس ایم میں کمی کا سلسلہ جاری رہنے کا امکان ہے۔ مالی سال ۲۰۲۰ء کے ابتدائی پانچ ماہ کے دوران ایل ایس ایم میں 5.9 فیصد کمی ہوئی جس میں سے اکثر کا تعلق گردش شعبوں سے تھا۔ آٹو ز 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 اول 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 خطرہ طلب کے باعث پیداواری ختم 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 نقدی آمد ہوئی جس کے باعث پیداوار میں کمی ہوئی۔ نصف اول 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

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 Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC INCOME 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 Islamic Income 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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS OF ALHAMRA ISLAMIC INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alhamra Islamic Income Fund** (the Fund) as at December 31, 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 together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2019. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 information 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim financial information for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.

Deloitte Yousuf Adil
Chartered Accountants

Dated: February 25, 2020
Place: Karachi

Member of
Deloitte Touche Tohmatsu 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			
Bank balances	5	2,597,651	1,119,459
Investments	6	486,736	1,209,507
Profit receivable		44,640	50,070
Advances, deposits, prepayment and other receivables		5,981	1,962
Total assets		3,135,008	2,380,998
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	5,604	2,903
Payable to Central Depository Company of Pakistan Limited - Trustee		242	254
Payable to the Securities and Exchange Commission of Pakistan		270	1,934
Dividend payable		-	19,676
Accrued expenses and other liabilities	8	25,356	21,461
Total liabilities		31,472	46,228
NET ASSETS		3,103,536	2,334,770
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,103,536	2,334,770
CONTINGENCIES AND COMMITMENTS			
	9		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		28,915,641	23,065,802
		(Rupees)	
NET ASSET VALUE PER UNIT		107.3307	101.2221

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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 December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
Note		----- (Rupees in '000) -----			
INCOME					
		-	543	-	23
		-	(589)	-	(586)
		52,041	28,258	27,841	15,469
		126,647	65,360	79,032	33,310
		1,530	274	1,530	-
		5,742	20,297	5,742	12,153

Earnings per unit

11

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**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 December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	157,763	90,303	97,135	47,873
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	157,763	90,303	97,135	47,873

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**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

	Half year ended December 31,					
	2019			2018		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	2,313,058	21,712	2,334,770	2,650,584	64,067	2,714,651
Issue of 41,757,405 units (2018: 41,101,447 units):						
- Capital value (at net asset value per unit at the beginning of the period)	4,226,772	-	4,226,772	4,156,573	-	4,156,573
- Element of income	125,816	-	125,816	79,390	-	79,390
	4,352,588	-	4,352,588	4,235,963	-	4,235,963
Redemption of 35,907,566 units (2018: 35,827,711 units):						
- Capital value (at net asset value per unit at the beginning of the period)	(3,634,639)	-	(3,634,639)	(3,623,242)	-	(3,623,242)
- Amount paid out of element of Income relating to net income for the period after taxation	(60,931)	(46,015)	(106,946)	(18,343)	(45,955)	(64,298)
	(3,695,570)	(46,015)	(3,741,585)	(3,641,585)	(45,955)	(3,687,540)
Total comprehensive income for the period	-	157,763	157,763	-	90,303	90,303
Final Distribution for the period is Rs. Nil (for the year ended June 30, 2018 (including additional units) at the rate of Rs. 4.9622 per unit (Declared on July 04, 2018)	-	-	-	(84,516)	(42,455)	(126,971)
Net income for the period less distribution	-	157,763	157,763	(84,516)	47,848	(36,668)
Net assets as at the end of the period	2,970,076	133,461	3,103,536	3,160,446	65,960	3,226,406
Undistributed income brought forward						
- Realised		29,545			67,904	
- Unrealised		(7,833)			(3,837)	
		21,712			64,067	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		111,748			44,348	
		111,748			44,348	
Distributions during the period		-			(42,455)	
Undistributed income carried forward		133,461			65,960	
Undistributed income carried forward						
- Realised		136,563			69,808	
- Unrealised		(3,102)			(3,848)	
		133,461			65,960	
	(Rupees)			(Rupees)		
Net assets value per unit as at beginning of the period		101.2221			106.0918	
Net assets value per unit as at end of the period		107.3307			104.5447	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**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	2018
----- (Rupees in '000) -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	157,763	90,303
---	---------	--------

Adjustments for non cash and other items:

Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	3,102	3,848
Provision against Sindh Workers' Welfare Fund	3,220	1,843
	164,085	95,994

(Increase) / decrease in assets

Investments	719,669	(803,286)
Profit receivable	5,430	4,455
Advances, deposit and prepayments	(4,019)	1,481
	721,080	(797,350)

Increase / (decrease) in liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	2,701	1,171
Payable to the Central Depository Company of Pakistan Limited - Trustee	(12)	29
Payable to the Securities and Exchange Commission of Pakistan	(1,664)	(1,064)
Dividend payable	(19,676)	-
Accrued expenses and other liabilities	675	(982)
	(17,976)	(846)
Net cash generated from / (used in) operating activities	867,189	(702,202)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issuance of units	4,352,588	4,235,963
Payments on redemption of units	(3,741,585)	(3,687,540)
Distribution made during the period	-	(126,971)
Net cash generated from financing activities	611,003	421,452

Net increase / (decrease) in cash and cash equivalents during the period	1,478,192	(280,750)
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Cash and cash equivalents at beginning of the period	1,119,459	1,981,855
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Cash and cash equivalents at end of the period	2,597,651	1,701,105
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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Alhamra Islamic Income Fund (the Fund) was established under a trust deed executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management Company has been changed from MCB Asset Management Company Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 25, 2011 and was executed on March 7, 2011. According to the Trust Deed, the first accounting period of the Fund commenced from May 1, 2011 i.e. the date on which the trust property was first paid or transferred to the Trustee. The SECP has approved Supplemental Trust Deed, under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), vide its letter No. SCD/AMCW/MCBAHSIL/MCBIIIF/396/2017 dated January 25, 2017 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alhamra Islamic Income Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company has been changed from 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan to Adamjee House, MCB-AH Savings, 2nd Floor, I.I Chundrigar Rd, Karachi, Pakistan.

The Fund is an open-end collective investment scheme categorised as a "Shariah Compliant (Islamic) Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to seek to generate superior risk adjusted returns by investing in short, medium and long-term high quality Shariah Compliant fixed income instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained management quality rating of AM2++ dated October 08, 2019 to the Management Company and AA-(f) as stability rating dated December 24, 2019 to the Fund.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements 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 the 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 the requirements of the Trust Deed have been followed.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim

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

financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2019.

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, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2019.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management policies are consistent with those disclosed in the 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) -----	
5. BANK BALANCES			
In saving accounts	5.1	2,583,711	1,111,516
In current accounts	5.2	13,940	7,943
		<u>2,597,651</u>	<u>1,119,459</u>
5.1	These carry profit at the rates ranging between 12% to 14.25% (June 30, 2019: 11.75% to 13.5%) per annum and include Rs. 2.633 million (June 30, 2019: Rs. 0.018 million) maintained with MCB Islamic Bank Limited (a related party).		
5.2	These include Rs 13.005 million (June 30, 2019: Rs 7.542 million) maintained with MCB Bank Limited, a connected person / related party.		

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

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	----- (Rupees in '000) -----	

6. INVESTMENTS

Financial assets at fair value through profit or loss

Sukuk certificates- Unlisted	6.1	486,736	765,249
Musharka certificate	6.2	-	150,000
Commercial paper	6.3	-	294,258
		486,736	1,209,507

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

6.1 Sukuk certificates- Unlisted

Certificates have a face value of Rs 100,000 each unless stated otherwise

Name of investee company	Number of certificates				As at December 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at June 30, 2019	Purchased during the period	Matured during the period	Disposed off during the period	As at December 31, 2019	Carrying value	Market value		
							(Rupees in '000)		%
Chemical									
Ghani Chemical Industries (Formerly: Ghani Gases Limited)	1,000	-	-	-	1,000	54,294	48,750	(5,544)	1.57
Pharmaceutical									
Aspin Pharma (Private) Limited	1,853	-	-	-	1,853	146,377	146,605	228	4.72
Power									
The Hub Power Company Limited *	40,000	600	40,600	-	-	-	-	-	-
Miscellaneous									
International Brands Limited	3,450	-	-	-	3,450	289,167	291,381	2,214	9.39
As at December 31, 2019						489,838	486,736	(3,102)	59.86
As at June 30, 2019						773,082	765,249	(7,833)	

* Face value of the certificate is Rs. 5,000

6.1.1 Significant terms and conditions of sukuk certificates held as at December 31, 2019 are as follows:

Particulars	Issue date	Maturity date	Offered rate	Profit rate	Issue rating	Secured / unsecured
Ghani Chemical Industries (formerly: Ghani Gases Limited)	February 2, 2017	February 2, 2023	3 months KIBOR + 1.00%	14.33%	A	Secured
Aspin Pharma (Private) Limited	November 30, 2017	November 30, 2023	3 months KIBOR + 1.50%	15.43%	A	Secured
International Brands Limited	November 15, 2017	14 November, 2021	3 months KIBOR + 0.50%	14.13%	AA	Secured

6.2 Musharka certificate

Particulars	Profit rate	Issue Date	Maturity Date	Carrying value	Market value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
Bank Islami Pakistan Limited	13.30%	27-Jun-19	29-Jul-19	-	-	-	-
As at December 31, 2019				-	-		
As at June 30, 2019				150,000	150,000		

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

6.3 Commercial paper

Particulars	Profit rate	Issue date	Maturity date	Carrying value	Market value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
K Electric Limited	11.75%	1-Mar-19	2-Sep-19	-	-	-	-
As at December 31, 2019				-	-		
As at June 30, 2019				300,000	294,258		

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

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	-----	(Rupees in '000)	-----
7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	3,042	2,297
Sindh sales tax payable on management remuneration		395	299
Sales load payable		290	50
Back end load payable		25	-
Payable against Shariah advisory fee		79	75
Payable against allocated expenses	7.2	286	182
Marketing and selling expenses payable	7.3	1,487	-
		5,604	2,903

- 7.1** As per amendment in the offering document, the Management Company with effect from August 08, 2019 charged management fee at the rate of up to 10% 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.
- 7.2** Up till 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 period, the Management Company has charged actual expenses.
- 7.3** 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 period, the Management Company has charged actual expenses.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	-----	(Rupees in '000)	-----
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	12,098	8,877
Provision for Federal Excise Duty and related tax on	8.2		
- Management fee		8,639	8,639
- Sales load		3,028	3,028
Sales load payable to - MCB Bank Limited (a related party)		272	50
Auditors' remuneration		306	383
Capital gain tax		874	363
Printing charges payable		30	40
Others		109	81
		25,356	21,461

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

8.1 Provision for Sindh Workers' Welfare Fund

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 recorded in the condensed half year financial information of the Fund, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.4184 per unit (June 30, 2019: Re. 0.3849 per unit).

8.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2019. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.2988 per unit (June 30, 2019: Re.0.3746 per unit).

9. CONTINGENCIES AND COMMITMENTS

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

10. 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 year 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. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

11. EARNINGS PER UNIT

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

12. EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019 enhanced the total expense ratio from 2.0% to 2.5%. The total expense ratio (annualized) of the Fund from July 1, 2019 to December 31, 2019 is 1.84% (December 31, 2018: 0.74%) and this includes 0.4% (December 31, 2018: 0.17%) 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.

13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the Fund include the Management Company, other collective investment schemes being 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 undertaking and unit holders holding more than 10% units of the Fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

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

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

	For the six months ended December 31,2019 (Un-audited)									
	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at December 31, 2019	As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at December 31, 2019
	Units					(Rupees in '000)				
Associated Companies:										
MCB-Arif Habib Savings And Investments Limited	-	305		305	-	-	32		32	-
Adamjee Life Assurance Company Limited (MAZAAF)	593,111	1,393,800		1,986,911	-	60,036	145,000.0		206,025.9	
Adamjee Life Assurance Company Limited (Tameen)	128,507	473,089	-	275,378	326,218	13,008	50,000	-	28,073	35,013
Adamjee Life Assurance Company Limited (Provident Fund)	-	47,009	-	-	47,009	-	5,000	-	-	5,045.48
Alhamra Islamic Active Allocation Fund (Plan I)	2,147,943	3,877,358		3,260,419	2,764,882	217,419	408,996	-	342,000	296,757
Alhamra Islamic Active Allocation Fund (Plan II)	3,331,944	2,743,505		3,943,263	2,132,186	337,266	289,460		410,000	228,849
Mandate Under Discretionary Portfolio Services	868,294	3,807,465	-	3,672,066	1,003,693	98,141	391,547	-	376,906	107,727
Key management personnel	48,453	75,646	-	80,349	43,750	5,275	7,980	-	8,499	4,699

	For the six months ended December 31, 2018 (un-audited)									
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at December 31, 2018	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at December 31, 2018
	Units					(Rupees in '000)				
Associated Companies:										
Alhamra Islamic Active Allocation Fund (Plan I)	6,816,335	18,959,538	-	14,946,280	10,829,593	723,157	1,927,699	-	1,543,000	1,132,178
Alhamra Islamic Active Allocation Fund (Plan II)	3,965,839	6,134,070	-	5,524,062	4,575,847	420,743	616,452	-	572,000	478,381
Mandate Under Discretionary Portfolio Services	1,525,124	776,890	-	1,184,035	1,117,979	202,234	76,349	-	121,460	116,879
Key management personnel	40,361	52,599	-	56,990	35,970	4,282	5,265	-	5,840	3,760

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

	(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
(Rupees in '000)		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	15,431	12,569
Allocated expenses	1,350	1,532
Marketing & selling expense	2,367	-
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	1,145	1,787
CDC settlement charges	4	4
MCB Bank Limited		
Profit on bank deposits	-	-
Bank charges	58	24
MCB Islamic Bank Limited		
Profit on bank deposits	15,811	9
Bank charges	8	10
Next Capital Limited		
Brokerage expense	-	13

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

13.3 Amount outstanding as at period / year end	(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings & Investment Limited - Management Company		
Management remuneration payable	3,042	2,297
Sindh sales tax payable on management remuneration	395	299
Front-end load payable	257	44
Back end load payable	25	-
Sales tax on front end load	33	6
Payable against Shariah advisory fee	79	75
Payable against allocated expenses	286	182
Marketing & selling expense payable	1,487	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	214	225
Sindh Sales tax payable on remuneration of Trustee	28	29
Security deposits	100	100
MCB Bank Limited		
Bank deposit	13,005	7,542
Front-end payable	272	50
MCB Islamic Bank Limited		
Bank balances	2,633	18
Profit receivable on bank balances	203	-
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage payable	-	3

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value, based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- 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).

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

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

December 31, 2019 (Un-Audited)							
Carrying amount			Fair value				
Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
Financial assets measured at fair value							
Sukuk certificates	486,736	-	486,736	-	486,736	-	486,736
	486,736	-	486,736	-	486,736	-	486,736
Financial assets not measured at fair value							
Bank balances	-	2,597,651	2,597,651				
Profit receivable	-	44,640	44,640				
Other receivables	-	5,967	5,967				
	-	2,648,258	2,648,258				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	5,209	5,209				
Payable to the Trustee	-	214	214				
Accrued expenses and other liabilities	-	717	717				
	-	6,140	6,140				

June 30, 2019 (Audited)							
Carrying amount			Fair value				
Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
Financial assets measured at fair value							
Sukuk certificates	765,249	-	765,249	-	765,249	-	765,249
Musharka certificate	150,000	-	150,000	-	-	150,000	150,000
Commercial paper	294,258	-	294,258	-	-	294,258	294,258
	1,209,507	-	1,209,507	-	765,249	444,258	1,209,507
Financial assets not measured at fair value							
Bank balances	-	1,119,459	1,119,459				
Profit receivable	-	50,070	50,070				
Other receivables	-	-	-				
	-	1,169,529	1,169,529				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	2,604	2,604				
Payable to the Trustee	-	225	225				
Accrued expenses and other liabilities	-	554	554				
	-	3,383	3,383				

During the year ended December 31, 2019, there were no transfers between levels fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised 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



MCB-Arif Habib Savings and Investments Limited

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