



MCB-ARIF HABIB  
Savings and Investments Limited

AM1  
by PACRA

# HALF YEARLY REPORT

DECEMBER  
**2020**  
(UNAUDITED)

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

**JSAVE**  
Savings Asaan. Life Asaan.



# **ALHAMRA ISLAMIC ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	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
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	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
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> 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	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan Meezan Bank Limited Dubai Islamic Bank Pakistan Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Askari Bank Limited Bank Al Falah Limited Soneri Bank Limited	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Asset Allocation Fund** accounts review for the half year ended December 31, 2020.

## **Economy and Money Market Review**

The first half of fiscal year 2021 has been promising, as economic activities have swung up in full throttle though challenges from Covid may continue to remain in the near term. The economic recovery has been sharper than expectations as lagged impact of monetary easing, pent up demand and higher remittances have provided impetus to economic growth. Covid-19 has not been as detrimental as initially expected and perhaps local demographics and a successful strategy by the government has been able to wither the storm. We therefore expect economic growth to be better than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of ~17% over last year in the first half of FY21. Sales of 2 and 3 wheeler units rose at a more impressive rate of ~19% over last year reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by near 10% over last year during the half implying a broad based recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by ~7.4% in first five months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 997 million in the first half of fiscal year compared to a deficit of USD 2,032 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances, which grew at a stupendous rate of 25% during the period. Foreign exchange reserves of central bank saw an increase of ~USD 1.3 billion during the half due to improved balance of payment position.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged ~8.6% over last year during the first six months, with food inflation averaging ~13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged ~5.9% for the period. Monetary Policy Committee maintained status quo after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19.

As the economy started to open up, tax collection also improved and grew by 5% during the first half of the fiscal year and almost met the desired target for the period. Fiscal deficit for the first five months of the period clocked in at 1.8% of GDP, compared to 1.6% of GDP last year. Primary balance was even better at a surplus of 0.5% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 74 bps, 114 bps and 129 bps respectively during the period.

## **Equity Market Review**

The benchmark KSE-100 Index continued on towards its positive trajectory during the second quarter of this fiscal year, after posting an incredible return of 17.9% in the first quarter. The index posted a return of 7.9% during the second quarter, taking the cumulative return of first half to 27.1%. Individual and Corporate Companies were the major buyers during the period, taking an exposure of USD 159 / 91 million in equities, while commercial banks turned out to be net sellers reducing their exposure by USD 69 million.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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On the other end, Foreigners continued to offload as they sold stocks worth USD 247million. Trading activity at the bourse increased compared to the previous half as the average volumes and value traded amounted to near 448 million shares (up 116%) and about PKR 17 billion (up 109%) respectively.

Tech, Steel and Refineries were the major outperformers as they posted returns of 134% / 86% / 75% respectively during the first half of the fiscal year. Tech companies saw a massive re-rating in their valuations as investor cherished the changing landscape of tech companies post Covid. Steel sector gained traction during period after a sharp increase in construction demand and prices sent their stocks soaring. Moreover, rumors of a guaranteed rate of return for refineries drove sector returns during the period. On the other side, Oil and Gas exploration remained the major underperformer posting nominal returns of 7% only, as volatile crude oil prices along with rising circular debt kept investors at bay.

### FUND PERFORMANCE

During the period under review, the fund delivered a return of 19.73% as against its benchmark return of 26.23%.

On the equities front, the overall allocation was 88.6% at the end of the period under review. The fund was mainly invested in Cement, Oil & Gas Exploration Companies and Power Generation & Distribution significantly during the period.

On the fixed income side, there was no exposure towards Sukuk at the end of the period under review.

The Net Assets of the Fund as at December 31, 2020 stood at Rs. 2638 million as compared to Rs. 1,964 million as at June 30, 2020 registering an increase of 34.32%.

The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs. 74.8570 as compared to opening NAV of Rs. 62.5192 per unit as at June 30, 2020 registering an increase of Rs. 12.3378 per unit.

### Economy & Market – Future Outlook

GDP growth for FY21 is projected at 2.1% by government and various institutions. Despite the reemergence of Covid cases in the winter season, Pakistan has resiliently kept the growth momentum going. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have geared up after record monetary easing. We expect growth to fare better than general expectations as industrial growth has revived much earlier than our anticipation. We expect economic growth to recover well above 2.1%.

Balance of Payment worries have subsided for the near term as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Global economy has started to recover and the reported data and news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact near 25% growth over last year reported in the first half has surprised everyone. We expect Current Account Deficit to settle near 1% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. However, the recent spike in commodity prices from oil to iron ore, coal, etc. pose downside risks to our favorable stance. With Real Effective Rate for Nov-2020 at 99.4, any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. Continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by about USD 550 million from current levels, which will help alleviate any pressure on currency.

Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 8.5%, slightly lesser than current run rate. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

more certainty in investor expectations. The central authority has vowed to keep interest rates stable in the short run and bring in mildly positive interest rates over the medium term. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

From capital market perspective, particularly equities, we are getting a much clearer picture now. As growth momentum continues, the valuations are catching up with historical norms. Barring any external shock, we think equities have potential to provide decent returns to investors. Given that low interest rate environment is likely to continue for the short to medium term, we believe equities will continue to attract flows. Risk premiums vis a vis 10-year bonds is right now at 1.9%, compared to historical average of 1.0% suggesting some upside due to re-rating would be possible. Alongside, earnings growth will be a key driver for the next few years as they have lagged behind nominal GDP growth during the last couple of years. 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 priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### Mutual Fund Industry Review

The Net Assets of the open-end mutual fund industry increased by about 24.0% to PKR 920 billion at the end of the first half of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 30% during the period to PKR 410 billion. Within the money market sphere, the conventional funds dominated as they grew by about 37% to PKR 281 billion. Equity and related funds surged rapidly by 24% from PKR 224 billion to PKR 278 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 24% as at the end of the calendar year.

### Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### 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 08, 2021



**Nasim Beg**  
Director / Vice Chairman

### میوچل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہمیں اُمید ہے کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورت حال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

### اظہار تشکر

بورڈ آف ڈائریکٹر فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



نسیم بیگ  
ڈائریکٹر /وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
08 فروری 2021ء



اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1 فیصد پر بڑھ گیا، اور اس کے لیے مالیات کی فراہمی آسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم تیل سے لے کر خام لوہے اور کونکے تک اشیاء کی قیمتوں میں حالیہ اضافہ ہماری خوش آئند صورتحال کے لیے خطرہ ثابت ہو سکتا ہے۔ نومبر 2020ء کا ریئل ایفیکٹو ریٹ 99.4 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پروگرام پر عمل درآمد کا سبب رفتاری کے ساتھ جاری رہنا مالیاتی گوشوارے کو مثبت حد میں رکھنے کے لیے کلیدی عامل ثابت ہوگا۔ موجودہ صورتحال میں غیر ملکی زرمبادلہ کے ذخائر کی موجودہ سطحوں میں مزید 550 ملین ڈالر کا اضافہ متوقع ہے جس کی بدولت روپے پر کسی قسم کے دباؤ کو کم کرنے میں مدد ملے گی۔

افراط زر ہماری سابقہ توقعات سے آگے نکل گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 8.5 فیصد رہے گا جو موجودہ سطح سے کچھ کم ہے۔ مرکزی بینک نے پہلی مرتبہ قریب المیاد میں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے سود کی شرحوں کو مختصر مدت میں مستحکم رکھنے اور درمیانی مدت میں کچھ مثبت کرنے کا عزم کیا ہے۔ اب مرکزی بینک کی راہنمائی کے پیش نظر ہمیں امید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں ہمیں اب کافی واضح صورتحال نظر آرہی ہے۔ ترقی کی رفتار تیز تر ہونے کے ساتھ valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ ہمارے مطابق کوئی خارجی دھچکہ نہ لگے تو ایکویٹیز میں سرمایہ کاروں کو اچھا منافع دینے کی استعداد موجود ہے۔ اگر سود کی پست شرحوں کا ماحول مختصر اور درمیانی مدت کے دوران قائم رہے تو ہم سمجھتے ہیں کہ ایکویٹیز کا آمدات کو مائل کرنے کا سلسلہ جاری رہے گا۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 1.9 فیصد پر ہیں، اور قدیم اوسط 1.0 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ ری ریٹنگ کی بدولت کچھ فائدہ متوقع ہے۔ ساتھ ساتھ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا کیونکہ گزشتہ کچھ برسوں کے دوران یہ معمولی جی ڈی پی سے پیچھے رہی ہیں۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد و خورد تصور اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے اثاثہ جات مالی سال 2021ء کے نصف اول کے اختتام پر تقریباً 24.0 فیصد بڑھ کر 920 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 30 فیصد بڑھ کر 410 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 37 فیصد بڑھ کر 281 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سہ ماہی 24 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 278 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

## ایکویٹی مارکیٹ کا جائزہ

بچ مارک KSE-100 انڈیکس نے موجودہ مالی سال کی پہلی سہ ماہی میں 17.9 فیصد زبردست منافع حاصل کرنے کے بعد دوسری سہ ماہی کے دوران اپنی مثبت رفتار جاری رکھی۔ انڈیکس نے دوسری سہ ماہی کے دوران 7.9 فیصد منافع پوسٹ کیا جس کی بدولت نصف اوّل کا مجموعی منافع 27.1 فیصد تک پہنچ گیا۔ افراد اور کارپوریٹ کمپنیاں دورانِ مدت سب سے بڑے خریدار تھے جنہوں نے 159/91 ملین ڈالر سرمایہ کاری کی، جبکہ کمرشل بینک net فروخت کا ر ثابت ہوئے جنہوں نے اپنی سرمایہ کاری میں 69 ملین ڈالر کی کمی کی۔ دوسری جانب غیر ملکیوں نے اپنے حصّے میں کمی کرنے کا سلسلہ جاری رکھا اور 247 ملین ڈالر مالیت کے اسٹاکس فروخت کیے۔ اسٹاک مارکیٹ کی تجارتی سرگرمی میں گزشتہ ششماہی کے مقابلے میں اضافہ ہوا کیونکہ اوسط حجم تقریباً 448 ملین حصّے، یعنی 116 فیصد زیادہ، اور تجارت شدہ قدر تقریباً 17 بلین روپے، یعنی 109 فیصد زیادہ تھی۔

ٹیکنالوجی، اسٹیل اور ریفرنسز ہدف سے بہتر کارکردگی کا مظاہرہ کرنے والے بڑے شعبے تھے جنہوں نے مالی سال کے نصف اوّل کے دوران بالترتیب 134 فیصد، 86 فیصد اور 75 فیصد منافع پوسٹ کیا۔ ٹیکنالوجی کمپنیوں کی قدر کی بڑے پیمانے پر تشکیل ہوئی کیونکہ سرمایہ کاروں نے ٹیکنالوجی کمپنیوں کی بدلتی ہوئی صورتحال بعد از کووڈ کا خیر مقدم کیا۔ اسٹیل کے شعبے نے رفتار پکڑی کیونکہ تعمیراتی مانگ اور قیمتوں میں تیزی سے اضافے کے بعد ان کے اسٹاکس نے بھرپور ترقی کی۔ علاوہ ازیں، ریفرنسز کے لیے یقینی شرح منافع کی افواہوں نے دورانِ مدت اس شعبے کے منافع کو محرک فراہم کیا۔ دوسری جانب تیل اور گیس کی دریافت کا شعبہ ہدف سے کم کارکردگی کا مظاہرہ کرنے والا بلا شعبہ تھا جس نے صرف 7 فیصد معمولی منافع پوسٹ کیا کیونکہ خام تیل کی غیر مستحکم قیمتوں اور بڑھتے ہوئے گردش قرضوں سے سرمایہ کاروں کی حوصلہ شکنی ہوئی۔

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 19.73 فیصد منافع پوسٹ کیا جبکہ مقررہ معیار منافع 26.23 فیصد تھا۔ ایکویٹی کی جہت میں اختتام مدت پر مجموعی سرمایہ کاری 88.6 فیصد تھی۔ فنڈ کی زیادہ تر سرمایہ کاری سیمنٹ، تیل اور گیس کی دریافت کی کمپنیوں، اور بجلی کی پیداوار اور تقسیم کے شعبے میں تھی۔

مقررہ آمدنی کی جہت میں زیر جائزہ مدت کے اختتام پر سسٹم میں کوئی سرمایہ کاری نہیں تھی۔

31 دسمبر 2020ء کو فنڈ کے net اثاثہ جات 2,638 ملین روپے تھے جو 30 جون 2020ء (1,964 ملین روپے) کے مقابلے میں 34.32 فیصد اضافہ ہے۔

31 دسمبر 2020ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) فی یونٹ 74.8570 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 62.5192 روپے فی یونٹ روپے کے مقابلے میں 12.3378 روپے فی یونٹ اضافہ ہے۔

## معیشت اور بازار - مستقبل کے امکانات

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ موسم سرما میں کووڈ کے دوبارہ ظہور پذیر ہونے کے باوجود پاکستان نے لچک کا مظاہرہ کرتے ہوئے ترقی کی رفتار برقرار رکھی۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گردش شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ ترقی عمومی توقعات سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگئی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 فیصد سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیوں فی الوقت ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آگیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہوگیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور نصف اوّل میں سال گزشتہ کے مقابلے میں 25 فیصد ترقی نے سب کو حیران کر دیا ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ

الحرم اسلامک ایسیٹ الیویشن فنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020ء کو اختتام پذیر ہونے والی ششماہی کے گوشواروں کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2021ء کا نصف اول اُمید افزا رہا کیونکہ معاشی سرگرمیوں نے پوری قوت کے ساتھ سر اُٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیعا دیں برقرار رہیں گی۔ معاشی بحالی توقعات سے تیز تر رہی ہے کیونکہ مالیاتی تسہیل، طلب کی محدودیت اور بہتر ترسیلات نے معاشی ترقی کو محرک فراہم کیا۔ کووڈ-19 اتنا نقصان دہ ثابت نہیں ہوا جتنا اس بارے میں ابتدائی امکانات تھے، اور شاید مقامی آبادی کے اعداد و شمار اور حکومت کے کامیاب لائحہ عمل کی بدولت یہ طوفان پسپا ہو گیا۔ چنانچہ ہم سمجھتے ہیں کہ معاشی ترقی عمومی تخمینوں کے مقابلے میں بہتر رہے گی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کووڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردش شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

مالی سال 2021ء کی پہلی ششماہی میں سیمنٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو سال گزشتہ سے 17 فیصد زیادہ تھی۔ 2 اور 3 پہیوں والے یونٹس کی فروخت میں مزید متاثر کن ترقی ہوئی جو سال گزشتہ سے 19 فیصد زیادہ تھی جس سے متوسط طبقے کی متحرک مالی صورتحال کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم مصنوعات کی طلب میں سال گزشتہ کے مقابلے میں تقریباً 10 فیصد اضافہ ہوا جس سے معیشت میں وسیع البندیا بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینیفیکچرنگ (ایل ایس ایم) کے انڈیکس میں موجودہ مالی سال کے پہلے پانچ ماہ میں 7.4 فیصد ترقی ہوئی ہے۔

مالی سال کے نصف اول میں کرنٹ اکاؤنٹ میں 997 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,032 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات میں اضافہ تھا جن میں دوران مدت 25 فیصد ترقی ہوئی۔ سینٹرل بینک کے زرمبادلہ کے ذخائر میں 1.3 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔

افراط زر حکومت کی دھکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط پہلے چھ ماہ کے دوران 8.6 فیصد تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث گندم اور جلد خراب ہو جانے والی اشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 5.9 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی، مرکزی بینک کووڈ-19 کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے نصف اول کے دوران 5 فیصد اضافہ ہوا جو ہدف برائے مدت کے تقریباً قریب تھا۔ پہلے پانچ ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 1.8 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 1.6 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.5 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا جس کے باعث پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ ایم پی سی کے میٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا چلنے والی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 74، 114 اور 129 بیسس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcPakistan.com

Email: info@cdcpak.com



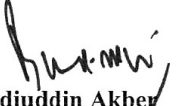
## TRUSTEE REPORT TO THE UNIT HOLDERS

### ALHAMRA ISLAMIC ASSET ALLOCATION FUND

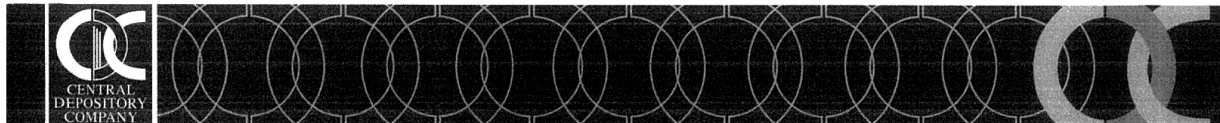
#### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Asset Allocation 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, 2020 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 11, 2021





# AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



A.F.FERGUSON & CO.

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF ALHAMRA ISLAMIC ASSET ALLOCATION FUND

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alhamra Islamic Asset Allocation Fund** (the Fund) as at December 31, 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2020. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 18, 2021

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2020

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	5	292,042	238,799
Investments	6	2,374,976	1,748,024
Dividend, markup and other receivables		10,799	10,420
Advances, deposits and prepayments		3,919	3,905
<b>Total assets</b>		<u>2,681,736</u>	<u>2,001,148</u>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	14,326	10,332
Payable to Central Depository Company of Pakistan Limited - Trustee	8	349	275
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	242	471
Payable against purchase of investments		-	7,343
Accrued and other liabilities	10	28,653	19,148
<b>Total liabilities</b>		<u>43,570</u>	<u>37,569</u>
<b>NET ASSETS</b>		<u>2,638,166</u>	<u>1,963,579</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>2,638,166</u>	<u>1,963,579</u>
<b>Contingencies and commitments</b>	11		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>35,242,745</u>	<u>31,407,618</u>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<u>74.8570</u>	<u>62.5192</u>

The annexed notes from 1 to 19 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, 2020

		Six months period ended		Quarter ended	
		December 31,		December 31,	
		2020	2019	2020	2019
Note		(Rupees in '000)			
<b>INCOME</b>					
		195,884	71,538	89,529	95,882
		36,260	64,071	29,750	27,477
		12,092	50,360	5,191	23,632
		-	1,978	-	1
		4,170	-	-	-
	6.1.3	239,874	235,579	93,816	346,670
		-	-	-	-
		488,280	423,526	218,286	493,662
<b>EXPENSES</b>					
	7.1	24,211	26,222	12,733	13,010
	7.2	3,148	3,409	1,656	1,692
	7.3	1,211	1,311	637	650
		1,715	1,814	889	902
		223	236	116	117
	7.4	15,737	12,217	8,277	8,115
	9	242	262	127	130
		6,335	3,531	2,067	2,504
		15	18	13	(7)
		14	26	7	7
		375	452	187	226
		366	284	237	167
		69	91	35	45
		1,646	1,586	1,495	598
		55,307	51,459	28,476	28,156
		432,973	372,067	189,810	465,506
	10.1	(8,659)	(7,441)	(3,796)	(7,441)
		424,314	364,626	186,014	458,065
	12	-	-	-	-
		424,314	364,626	186,014	458,065
<i>Allocation of net income for the period:</i>					
		424,314	364,626		
		(56,387)	(38,420)		
		367,927	326,206		
<i>Accounting income available for distribution:</i>					
		367,927	306,990		
		-	19,216		
		367,927	326,206		
<b>Earnings / loss per unit</b>					

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The annexed notes from 1 to 19 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, 2020**

	Six months period ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	424,314	364,626	186,014	458,065
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>424,314</u>	<u>364,626</u>	<u>186,014</u>	<u>458,065</u>

The annexed notes from 1 to 19 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, 2020

	Six months period ended December 31, 2020			Six months period ended December 31, 2019		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
------(Rupees in '000)-----						
<b>Net assets at the beginning of the period</b>	2,157,877	(194,298)	1,963,579	3,168,189	(195,102)	2,973,087
Issuance of 12,818,176 units (2019: 3,409,626 units):						
- Capital value (at net asset value per unit at the beginning of the period)	801,382	-	801,382	217,618	-	217,618
- Element of income	82,321	-	82,321	19,296	-	19,296
	883,703	-	883,703	236,914	-	236,914
Redemption of 8,983,049 units (2019: 14,699,714 units):						
- Capital value (at net asset value per unit at the beginning of the period)	561,613	-	561,613	938,203	-	938,203
- Element of income / (loss)	15,430	56,387	71,817	(13,422)	38,420	24,998
	577,043	56,387	633,430	924,781	38,420	963,201
Total comprehensive income for the period	-	424,314	424,314	-	364,626	364,626
<b>Net assets at the end of the period</b>	<u>2,464,537</u>	<u>173,629</u>	<u>2,638,166</u>	<u>2,480,322</u>	<u>131,104</u>	<u>2,611,426</u>
<b>Accumulated loss brought forward comprising of:</b>						
- Realised gain	(117,658)			186,816		
- Unrealised gain	(76,640)			(381,918)		
<b>Accumulated loss brought forward</b>	(194,298)			(195,102)		
<b>Accounting income available for distribution</b>						
- Relating to capital gains	367,927			306,990		
- Excluding capital gains	-			19,216		
	367,927			326,206		
<b>Undistributed income carried forward</b>	<u>173,629</u>			<u>131,104</u>		
<b>Undistributed income carried forward comprising of:</b>						
- Realised loss	(66,245)			(104,475)		
- Unrealised gain	239,874			235,579		
	<u>173,629</u>			<u>131,104</u>		
	<b>(Rupees)</b>			<b>(Rupees)</b>		
Net asset value per unit at the beginning of the period	<u>62.5192</u>			<u>63.8246</u>		
Net asset value per unit at the end of the period	<u>74.8570</u>			<u>73.9947</u>		

The annexed notes from 1 to 19 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, 2020

	Six Months Period Ended	
	December 31, 2020	December 31, 2019
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	424,314	364,626
<b>Adjustments for:</b>		
Dividend income	(36,260)	(64,071)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(239,874)	(235,579)
Provision for Sindh Workers' Welfare Fund (SWWF)	8,659	7,441
	<u>156,839</u>	<u>72,417</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(387,078)	478,082
Dividend, markup and other receivables	2,552	(2,835)
Advances, deposits and prepayments	(14)	(11)
Receivable against sale of investments	-	36,127
	<u>(384,540)</u>	<u>511,363</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	3,994	5,695
Payable to Central Depository Company of Pakistan Limited - Trustee	74	(30)
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(229)	(3,160)
Payable against purchase of investments	(7,343)	26,890
Accrued and other liabilities	846	1,714
	<u>(2,658)</u>	<u>31,109</u>
Dividend received	33,329	72,027
<b>Net cash (used in) / generated from operating activities</b>	<u>(197,030)</u>	<u>686,916</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	883,703	236,914
Payments against redemption of units	(633,430)	(963,201)
<b>Net cash generated from / (used in) financing activities</b>	<u>250,273</u>	<u>(726,287)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<u>53,243</u>	<u>(39,371)</u>
Cash and cash equivalents at the beginning of the period	238,799	763,340
<b>Cash and cash equivalents at the end of the period</b>	<u><u>292,042</u></u>	<u><u>723,969</u></u>

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The annexed notes from 1 to 19 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 CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

## **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Alhamra Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now 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 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 14, 2005 under the Non-Banking Finance Companies (Establishment and Regulations) 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 SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to make investment in shariah compliant investments in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Shariah compliant Islamic Asset Allocation" scheme by the Board of Directors of the Asset Management Company in accordance with the requirements of Circular 7 of 2009 dated March 06, 2009 issued by SECP.
- 1.4** Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.6** During the current period, The Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirement under the relevant trust acts have been introduced. The Management Company in consultation with the MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

## **2 BASIS OF PRESENTATION**

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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 Non-Banking Finance Companies (Establishment and Regulations) 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 with the requirements of 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 the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do 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, 2020.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2020.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of 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. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2020.

### 4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

### 4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
<b>5</b>	<b>BALANCES WITH BANKS</b>	----- (Rupees in '000) -----	
	In current accounts	11,879	12,688
	In saving accounts	5.1 280,163	226,111
		5.2 292,042	238,799

**5.1** These carry profit at the rates ranging from 5.5% to 6.5% per annum (June 30, 2020: 6.75% to 14.35% per annum).

**5.2** These include balances held with related parties of Rs. 11.493 million (June 30, 2020: Rs. 11.393 million) with MCB Bank Limited and Rs. 0.012 million (June 30, 2020: Rs. 0.027 million) with MCB Islamic Bank Limited.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
<b>6</b>	<b>INVESTMENTS</b>	----- (Rupees in '000) -----	
	Investment by category		
<b>6.1</b>	<b>At fair value through profit or loss</b>		
	Listed equity securities	6.1.1 2,374,976	1,310,093
	Sukuk certificates	6.1.2 -	437,931
		2,374,976	1,748,024

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

## 6.1.1 Listed equity securities - 'at fair value through profit or loss'

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of investee company	Number of shares					Balance as at December 31, 2020			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the period	Bonus / right issue during the period	Sold / reclassified (note 6.1.1.1) during the period	As at December 31, 2020	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
----- (Rupees in '000) ----- % -----											
<b>Automobile Assembler</b>											
Millat Tractors Limited	41,600	-	-	-	41,600	29,376	45,514	16,138	1.73%	1.92%	0.08%
Indus Motors Company Limited	-	40,200	-	-	40,200	50,351	48,158	(2,193)	1.83%	2.03%	0.05%
						<b>79,727</b>	<b>93,672</b>	<b>13,945</b>	<b>3.56%</b>	<b>3.95%</b>	<b>0.13%</b>
<b>Automobile parts &amp; accessories</b>											
Agriauto Industries Limited**	37,600	55,400	-	-	93,000	18,634	21,785	3,151	0.83%	0.92%	0.32%
Thal Limited**	-	112,400	-	-	112,400	49,300	53,129	3,829	2.01%	2.24%	0.14%
						<b>67,934</b>	<b>74,914</b>	<b>6,980</b>	<b>2.84%</b>	<b>3.16%</b>	<b>0.46%</b>
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	450,000	2,350,000	-	650,000	2,150,000	82,850	86,279	3,429	3.27%	3.63%	0.43%
						<b>82,850</b>	<b>86,279</b>	<b>3,429</b>	<b>3.27%</b>	<b>3.63%</b>	<b>0.43%</b>
<b>Cement</b>											
Kohat Cement Limited	-	221,400	-	-	221,400	33,093	48,540	15,447	1.84%	2.04%	0.11%
Lucky Cement Limited	365,400	211,542	-	233,338	343,604	188,333	239,179	50,846	9.07%	10.07%	0.11%
Maple Leaf Cement Factory Limited	1,131,000	3,134,500	-	2,415,000	1,850,500	69,081	83,291	14,210	3.16%	3.51%	0.17%
Fauji Cement Company Limited	2,366,500	1,250,000	-	2,466,500	1,150,000	24,176	24,921	745	0.94%	1.05%	0.08%
D.G. Khan Cement Company Limited*&***	-	1,095,000	-	1,092,864	2,136	230	245	15	0.01%	0.01%	-
Cherat Cement Company Limited	-	365,000	-	54,000	311,000	38,513	45,465	6,952	1.72%	1.91%	0.16%
						<b>353,426</b>	<b>441,641</b>	<b>88,215</b>	<b>16.74%</b>	<b>18.59%</b>	<b>0.63%</b>
<b>Chemicals</b>											
Engro Polymer & Chemicals Limited	2,900,748	140,000	-	1,826,500	1,214,248	31,476	57,689	26,213	2.19%	2.43%	0.13%
Archroma Pakistan Limited	-	16,150	-	-	16,150	9,548	9,017	(531)	0.34%	0.38%	0.05%
ICI Pakistan Limited	-	30,550	-	-	30,550	21,963	23,221	1,258	0.88%	0.98%	0.03%
						<b>62,987</b>	<b>89,927</b>	<b>26,940</b>	<b>3.41%</b>	<b>3.79%</b>	<b>0.21%</b>
<b>Commercial banks</b>											
Meezan Bank Limited	500,512	790,818	50,051	-	1,341,381	106,796	140,094	33,298	5.31%	5.90%	0.09%
						<b>106,796</b>	<b>140,094</b>	<b>33,298</b>	<b>5.31%</b>	<b>5.90%</b>	<b>0.09%</b>
<b>Engineering</b>											
International Industries Limited	19,060	-	-	19,060	-	-	-	-	-	-	-
Agha Steel Industries Limited	-	750,000	-	-	750,000	25,923	29,558	3,635	1.12%	1.24%	0.13%
						<b>25,923</b>	<b>29,558</b>	<b>3,635</b>	<b>1.12%</b>	<b>1.24%</b>	<b>0.13%</b>
<b>Fertilizer</b>											
Engro Corporation Limited	415,311	67,500	-	112,242	370,569	109,276	113,898	4,622	4.32%	4.80%	0.06%
Engro Fertilizer Limited*	432,500	-	-	425,750	6,750	407	427	20	0.02%	0.02%	-
Fatima Fertilizers Company Limited***	2,080,500	-	-	450,000	1,630,500	43,583	47,448	3,865	1.80%	2.00%	0.08%
						<b>153,266</b>	<b>161,773</b>	<b>8,507</b>	<b>6.14%</b>	<b>6.82%</b>	<b>0.14%</b>
<b>Food &amp; Personal Care Products</b>											
National Foods Limited**	96,480	-	13,620	70,700	39,400	7,894	8,605	711	0.33%	0.36%	0.02%
At-Tahur Limited	-	550,000	55,000	605,000	-	-	-	-	-	-	-
						<b>7,894</b>	<b>8,605</b>	<b>711</b>	<b>0.33%</b>	<b>0.36%</b>	<b>0.02%</b>
<b>Vanaspatti &amp; Allied Industries</b>											
Unity Foods Limited	-	2,750,000	-	2,750,000	-	-	-	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited	29,128	47,000	-	-	76,128	101,266	101,998	732	3.87%	4.29%	0.06%
Oil & Gas Development Company Limited****	1,553,000	443,000	-	545,219	1,450,781	158,045	150,548	(7,497)	5.71%	6.34%	0.03%
Pakistan Oilfields Limited	560	185,000	-	560	185,000	72,613	73,151	538	2.77%	3.08%	0.07%
Pakistan Petroleum Limited	1,042,225	925,000	-	337,540	1,629,685	152,923	147,209	(5,714)	5.58%	6.20%	0.06%
						<b>484,847</b>	<b>472,906</b>	<b>(11,941)</b>	<b>17.93%</b>	<b>19.91%</b>	<b>0.22%</b>
<b>Oil And Gas Marketing Companies</b>											
Attock Petroleum Limited	-	118,400	-	-	118,400	39,611	39,620	9	1.50%	1.67%	0.12%
Sui Northern Gas Pipelines Limited	1,234,500	175,000	-	1,409,500	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	551,045	-	120,000	431,045	83,720	92,804	9,084	3.52%	3.91%	0.09%
						<b>123,331</b>	<b>132,424</b>	<b>9,093</b>	<b>5.02%</b>	<b>5.58%</b>	<b>0.21%</b>
<b>Balance carried forward</b>						<b>1,548,981</b>	<b>1,731,793</b>	<b>182,812</b>			

\* Nil figures due to rounding off

\*\* These have a face value of Rs.5 per share

\*\*\* These represent transactions in shares of related parties

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Name of investee company	Number of shares					Balance as at December 31, 2020			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2020	Purchased during the period	Bonus / right issue during the period	Sold / reclassified (note 6.1.1.1) during the period	As at December 31, 2020	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
----- (Rupees in '000) ----- % -----											
Balance brought forward						1,548,981	1,731,793	182,812			
Paper and board											
Packages Limited	344	103,600	-	-	103,944	46,414	62,046	15,632	2.35%	2.61%	0.12%
Century Paper & Board Mills Limited	-	335,000	-	164,500	170,500	15,325	21,338	6,013	0.81%	0.90%	0.10%
						61,739	83,384	21,645	3.16%	3.51%	0.22%
Pharmaceuticals											
AGP Limited	-	225,000	-	-	225,000	22,930	25,623	2,693	0.97%	1.08%	0.08%
IBL HealthCare Limited (note 6.1.1.1)	691	-	-	691	-	-	-	-	-	-	-
The Searle Company Limited	1	420,000	18,200	280,000	158,201	38,957	39,428	471	1.49%	1.66%	0.07%
The Searle Company Limited (note 6.1.1.1)	196	-	-	196	-	-	-	-	-	-	-
Abbott Laboratories (Pakistan) Limited	106,800	62,400	-	28,150	141,050	91,414	106,545	15,131	4.04%	4.49%	0.14%
Highnoon Laboratories Limited	-	20,000	-	-	20,000	12,500	11,996	(504)	0.45%	0.51%	0.06%
GlaxoSmithKline Pakistan Limited	-	100,000	-	-	100,000	19,651	19,183	(468)	0.73%	0.81%	0.09%
						185,452	202,775	17,323	7.68%	8.55%	0.44%
Power Generation & Distribution											
The Hub Power Company Limited*****	2,106,883	905,758	-	1,060,000	1,952,641	147,571	154,902	7,331	5.87%	6.52%	0.15%
K Electric Limited****	5,400,000	6,065,000	-	-	11,465,000	42,017	44,828	2,811	1.70%	1.89%	0.04%
Lalpir Power Limited	1,999,500	-	-	1,999,500	-	-	-	-	-	-	-
						189,588	199,730	10,142	7.57%	8.41%	0.19%
Refinery											
National Refinery Limited	-	68,000	-	68,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Sugar And Allied Industries											
Faran Sugar Mills Limited	92,000	-	-	-	92,000	3,634	3,890	256	0.15%	0.16%	0.37%
						3,634	3,890	256	0.15%	0.16%	0.37%
Technology & Communication											
Pakistan Telecommunication Company Limited	131,500	2,000,000	-	-	2,131,500	24,451	19,397	(5,054)	0.74%	0.82%	0.06%
Systems Limited	145,700	-	-	145,700	-	-	-	-	-	-	-
Avanceon Limited	-	1,510,000	-	1,510,000	-	-	-	-	-	-	-
						24,451	19,397	(5,054)	0.74%	0.82%	0.06%
Textile Composite											
Interloop limited	697,020	741,000	-	450,000	988,020	54,290	67,255	12,965	2.55%	2.83%	0.11%
Kohinoor Textile Mills Limited*	14,650	-	-	-	14,650	520	999	479	0.04%	0.04%	-
Nishat Mills Limited***	-	620,000	-	90,000	530,000	54,903	53,938	(965)	2.04%	2.27%	0.15%
						109,713	122,192	12,479	4.63%	5.14%	0.26%
Miscellaneous											
Synthetic Products Limited	-	260,000	11,700	-	271,700	11,544	11,815	271	0.45%	0.50%	0.29%
						11,544	11,815	271	0.45%	0.50%	0.29%
Total as at December 31, 2020						2,135,102	2,374,976	239,874			
Total as at June 30, 2020						1,387,164	1,310,093	(77,071)			

\* Nil figures due to rounding off

\*\*\* These transactions relating to shares of related parties

\*\*\*\* These have a face value of Rs.3.5 per share

\*\*\*\*\* Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan (SECP).

Name of security	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
	--- (Number of shares) ---		----- (Rupees in '000) -----	
The Hub Power Company Limited	233,744	233,744	18,543	16,946
Oil & Gas Development Company Limited	600,000	600,000	62,262	65,400
	<b>833,744</b>	<b>833,744</b>	<b>80,805</b>	<b>82,346</b>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

**6.1.1.1** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. Subsequent to June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares as part of their assets, as the management is confident that the decision of the constitutional petition will be in favour of the CISs. During the current period, the Fund has reclassified the amount of these shares from "investments" to "advances, deposits and other receivables".

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.105 million (June 30, 2020: Rs. 0.092 million).

## 6.1.2 Sukuk Certificates

Particulars	Profit rate	Number of certificates				Balance as at December 31, 2020			Market value as a percentage of	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at June 30, 2020	Carrying value	Market value	Unrealised gain	Net assets	Total investments
(Rupees in '000)										
Pakistan Energy Sukuk - 10 years	6M KIBOR + 0.1%	50,000	-	50,000	-	-	-	-	-	-
GOP Ijara - Sukuk - 5 years (Issue date June 24, 2020)	7.38%	1,000	625	1,625	-	-	-	-	-	-
<b>Total as at December 31, 2020</b>						<b>-</b>	<b>-</b>	<b>-</b>		
Total as at June 30, 2020						437,500	437,931	431		

## 6.1.3 Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net

Note

**December 31, 2020**  
**(Un-audited)**  
------(Rupees in '000)-----  
**June 30, 2020**  
**(Audited)**

Market value of investments	6.1.1 & 6.1.2	2,374,976	1,748,024
Less: Carrying value of investments	6.1.1 & 6.1.2	2,135,102	1,824,664
		<u>239,874</u>	<u>(76,640)</u>



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
<b>7</b>		<b>----- (Rupees in '000) -----</b>	
<b>PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	7.1	4,471	3,216
Sindh Sales Tax payable on remuneration of the Management Company	7.2	581	418
Allocated expenses payable	7.3	223	161
Selling and marketing expenses payable	7.4	8,276	6,179
Sales load payable (including indirect taxes)		180	201
Back end load payable		544	82
Shariah advisory fee payable		51	75
		<u>14,326</u>	<u>10,332</u>

**7.1** The Management Company has charged remuneration at the rate of 2% ( June 30, 2020: 2%) of average daily net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears .

**7.2** Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2020: 13%).

**7.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

**7.4** 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 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 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 of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

## **8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

**8.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on average daily net asset value of the Fund. The tariff structure applicable to the Fund in respect of trustee fee is as follows:

Tariff applicable in prior year	
Net Assets (Rs.)	Fee
-Up to Rs.1 billion	Rs.0.7 million or 0.2% per annum of net assets, whichever is higher
- Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

## **9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (December 31, 2019: 0.02%) of the net assets during the current period.



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
<b>10</b>	<b>ACCRUED AND OTHER LIABILITIES</b>		
	<b>Note</b>		
	Provision for Sindh Workers' Welfare Fund (SWWF)	16,823	8,163
	Provision for Federal Excise Duty		
	- on Management fee	5,910	5,910
	- on sales load	1,136	1,136
	Charity / donation payable	1,646	2,148
	Auditors' remuneration payable	258	357
	Withholding tax payable	451	18
	Brokerage payable	1,776	630
	Other payables	653	786
		<u>28,653</u>	<u>19,148</u>

## 10.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2020 would have been higher by Re.0.48 ( June 30, 2020: Re.0.26) per unit.

## 10.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 5.91 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2020 would have been higher by Re 0.17 (June 30, 2020: Re 0.19) per unit.

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

## 12 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to 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 by way of cash dividend. 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 unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute at least 90% of income earned by the Fund in cash during the year ending June 30, 2021 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

## 13 CASH AND CASH EQUIVALENTS

(Un-Audited)	
December 31, 2020	December 31, 2019
----- (Rupees in '000) -----	
Balances with banks	292,042      723,969

## 14 EARNINGS / LOSS PER UNIT

Earnings / loss 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.

## 15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 5.28% (December 31, 2019: 4.48%) which includes 1.02% (December 31, 2019: 0.87%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2019: 4%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "Shariah compliant Islamic Asset Allocation" scheme.

## 16 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

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

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

### 16.1 Details of transactions with connected persons are as follows:

	(Un-Audited)	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration (including indirect taxes)	27,359	29,631
Allocated expenses	1,211	1,311
Selling and marketing expenses	15,737	12,217
Shariah advisory fee	375	452
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee (including indirect taxes)	1,938	2,050
Settlement charges	147	73

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	(Un-Audited)	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
<b>Group / Associated Companies:</b>		
<b>MCB Bank Limited</b>		
Bank charges	22	9
<b>Arif Habib Limited</b>		
Brokerage expense *	411	303
<b>Next Capital Limited</b>		
Brokerage expense *	33	106
<b>Nishat Mills Limited</b>		
Purchase of 620,000 (December 31, 2019: Nil) shares	64,226	-
Sale of 90,000 (December 31, 2019: 163,600) shares	8,948	10,546
Dividend income	2,480	-
<b>D.G. Khan Cement Company Limited</b>		
Purchase of shares 1,095,000 (December 31, 2019: NIL) shares	115,227	-
Sale of shares 1,092,864 (December 31, 2019: Nil) shares	116,574	-
<b>Fatima Fertilizer Company Limited</b>		
Sale of 450,000 (December 31, 2019: Nil) shares	12,762	-
<b>Lalpir Power Limited **</b>		
Purchase of Nil (December 31, 2019: 2,000,000) shares	-	27,230
<b>Packages Limited **</b>		
Sale of Nil (December 31, 2019: 6) shares	-	1

\* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

\*\* No longer related party

	(Un-Audited) December 31, 2020	Audited June 30, 2020
	----- (Rupees in '000) -----	
<b>16.2 Balances outstanding at period / year end:</b>		
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration payable	4,471	3,216
Sindh sales tax payable on remuneration of the management company	581	418
Allocated expenses payable	223	161
Selling and marketing expenses payable	8,276	6,179
Sales load payable (including indirect taxes)	159	178
Sales tax payable on sales load	21	23
Back end load payable	544	82
Shariah advisory fee payable	51	75
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	309	243
Sales tax on Trustee fee payable	40	32
Security deposit payable	200	200
<b>Group / Associated Companies:</b>		
<b>MCB Bank Limited</b>		
Balance with bank	11,493	11,393

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	(Un-Audited) December 31, 2020	Audited June 30, 2020
	----- (Rupees in '000) -----	
<b>Arif Habib Limited - Brokerage house</b> Brokerage and settlement charges payable *	184	119
<b>Next Capital Limited - Brokerage house</b> Brokerage and settlement charges payable *	30	-
<b>MCB Islamic Bank Limited</b> Balance with bank	12	27
<b>D.G. Khan Cement Company Limited</b> 2,136 (2020: Nil) shares held	245	-
<b>Nishat Mills Limited</b> 530,000 (2020: Nil) shares held	53,938	-
<b>Fatima Fertilizer Company Limited</b> 1,630,500 (2020: 2,080,500) shares held	47,448	55,612

\* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

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

	December 31, 2020 (Un-Audited)							
	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / Associated Companies</b>								
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	112,524	-	-	112,524	7,035	-	-	8,423
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	580,377	-	-	580,377	36,285	-	-	43,445
Adamjee Life Assurance Company Limited - (MAZAAF)	1,940,064	-	-	1,940,064	121,291	-	-	145,227
<b>Key management personnel*</b>	12,694	3,366	2,197	13,863	794	240	147	1,038
<b>Mandate under Discretionary Portfolio Services *</b>	314,047	418,328	101,493	630,881	19,634	29,019	6,985	47,226

\* This reflects the position of related party / connected persons status as at December 31, 2020.

	December 31, 2019 (Un-Audited)							
	As at July 01, 2019	Issued for cash	Redeemed	As at December 31, 2019	As at July 01, 2019	Issued for cash	Redeemed	As at December 31, 2019
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / Associated Companies</b>								
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	111,064	-	-	111,064	7,089	-	-	8,218
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	572,847	-	-	572,847	36,562	-	-	42,388
Adamjee Life Assurance Company Limited - (MAZAAF)	354,404	681,930	-	1,036,334	22,620	50,000	-	76,683
<b>Key management personnel*</b>	14,241	1,335	2,705	12,871	909	84	169	952
<b>Mandate under Discretionary Portfolio Services *</b>	297,835	21,522	5,325	314,032	19,009	1,273	330	23,237

\* This reflects the position of related party / connected persons status as at December 31, 2019.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

## 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 17.1 FAIR VALUE HIERARCHY

International Financial Reporting Standard IFRS 13- "Fair Value Measurement": requires the fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

The Fund held the following financial instruments measured at fair values:

-----Unaudited-----				
December 31, 2020				
	Level 1	Level 2	Level 3	Total
(Rupees in '000')				
<b>Financial assets 'at fair value through profit or loss'</b>				
Listed equity securities	2,374,976	-	-	2,374,976
	<u>2,374,976</u>	<u>-</u>	<u>-</u>	<u>2,374,976</u>
-----Audited-----				
June 30, 2020				
	Level 1	Level 2	Level 3	Total
(Rupees in '000')				
<b>Financial assets 'at fair value through profit or loss'</b>				
Listed equity securities	1,310,093	-	-	1,310,093
Pakistan Energy Sukuk *	-	250,000	-	250,000
GOP Ijara Sukuk	-	187,931	-	187,931
	<u>1,310,093</u>	<u>437,931</u>	<u>-</u>	<u>1,748,024</u>

\* This was carried at cost.

## 18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees.

### 18.2 COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided the following relaxation to CISs operating in Pakistan for classification of debt security for a specified period of time commencing from April 9, 2020 and expiring on March 31, 2021.

- The timeline for classification of debt security as non performing has been extended from 15 days to 180 days overdue.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

### 19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 08, 2021 by the Board of Directors of the Management Company.

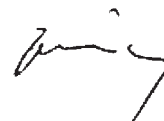
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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