



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 الحمر
BACHAT SHARI'AT KE MUTABIQ

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 Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Bank Islami Pakistan Limited Habib Bank Limited United Bank Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited Askari Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Silk Bank Limited National Bank of Pakistan Habib Metropolitan Bank Limited Faysal Bank Limited MCB Islamic Bank Limited Soneri Bank Limited	
Auditors	Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
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	AM1 Asset Manager Rating assigned by PACRA	

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

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, 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 6.53% as against its benchmark return of 3.93%.

The fund was 10.7% invested in Corporate Sukuks while significant exposure was in Cash.

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

The Net Assets of the Fund as at December 31, 2020 stood at Rs. 6,865 million as compared to Rs. 4,442 million as at June 30, 2020 registering an increase of 54.5%.

The Net Asset Value (NAV) per unit as at December 31, 2020 was Rs. 105.2003 as compared to opening NAV of Rs. 101.8452 per unit as at June 30, 2020 registering an increase of Rs. 3.3551 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 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.

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.

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

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

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net 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۔

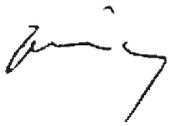
میوچل فنڈ صنعت کے مستقبل کے امکانات

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 صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس و باء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل سائی 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 سکتے۔

اظہار تشکر

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 6.53 فیصد تھا جبکہ مقررہ معیار منافع 3.93 فیصد تھا۔
فنڈ کی سرمایہ کاری 10.7 فیصد کارپوریٹ سسٹم میں جبکہ زیادہ تر نقد میں تھی۔

31 دسمبر 2020ء کو فنڈ کے Inet اثاثہ جات 6,865 ملین روپے تھے جو 30 جون 2020ء (4,442 ملین روپے) کے مقابلے میں 54.5 فیصد اضافہ ہے۔

31 دسمبر 2020ء کو فنڈ کی Inet اثاثہ جاتی قدر (این اے وی) نی یونٹ 105.2003 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 101.8452 نی یونٹ روپے کے مقابلے میں 3.3551 روپے نی 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 پیک 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 ہوگی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 فیصد سے کافی بلند سطح پر بحال ہوگی

ادائیگیوں کے توازن کی پریشانیوں نے فی الحال ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آ گیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور نصف اول 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 اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی باآسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم تیل سے لے کر خام لوہے اور کولے تک اشیاء کی قیمتوں میں حالیہ اضافہ ہماری خوش آئند صورتحال کے لیے خطرہ ثابت ہو سکتا ہے۔ نومبر 2020ء کا ریٹیل ایکٹیو 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 المیعاد 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 اُمید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترمیم ہوگی۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم 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۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

الحرم اسلامک انکم 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 زر کا جائزہ

مالی سال 2021ء کا نصف اول اُمید افزا رہا کیونکہ معاشی سرگرمیوں نے پوری قوت کے ساتھ سر اٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیعا میں برقرار رہیں گی۔ معاشی بحالی توقعات سے تیز تر رہی ہے کیونکہ مالیاتی تسہیل، طلب کی محدودیت اور بہتر ترسیلات نے معاشی ترقی کو محسوس کراہا ہے۔ کووڈ-19 اُتنا 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 گردشیں 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 پھپھوں والے یونٹس کی فروخت میں مزید متاثر کن ترقی ہوئی جو سال گزشتہ سے 19 فیصد زیادہ تھی جس سے متوسط طبعے کی مشترک مالی صورت حال 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 البینا بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (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 صورت حال میں بہتری ہے۔

افراط زر حکومت کی دکھتی رگ بنی رہی کیونکہ ایشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط پہلے چھ ماہ کے دوران 8.6 فیصد تھا، جبکہ ایشیائے 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 ایشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش ایشیائے 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 صورت حال 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 منٹس 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 چلنی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 74، 114 اور 129 بیسیس 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 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, 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

 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21-3454 1314
www.yousufadil.com

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, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow 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, 2020. 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, 2020 and 2019, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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


Chartered Accountants

Dated: February 18, 2021
Place: Karachi

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	3,181,755	1,760,297
Investments	6	3,666,675	2,776,273
Profit receivable		55,073	53,171
Advances, deposits, prepayments and other receivables		2,852	7,572
Total assets		6,906,355	4,597,313
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	6,399	4,458
Payable to Central Depository Company of Pakistan Limited - Trustee		498	304
Payable to Securities and Exchange Commission of Pakistan		669	660
Dividend payable		-	1
Payable against purchase of investments		-	117,690
Accrued expenses and other liabilities	8	33,999	32,000
Total liabilities		41,565	155,113
NET ASSETS		6,864,790	4,442,200
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		6,864,790	4,442,200
CONTINGENCIES AND COMMITMENTS	9	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		65,254,489	43,617,191
NET ASSET VALUE PER UNIT		105.2003	101.8452

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

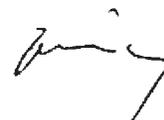
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
----- (Rupees in '000) -----					
INCOME					
Income from government securities		43,259	-	22,440	-
Capital (loss) / gain on sale of investments - net		(1,590)	-	2,199	-
Income from sukuk certificates		79,175	52,041	38,364	27,841
Profit on deposits with bank		104,145	126,647	61,806	79,032
Income on musharka certificate		260	1,530	260	1,530
Income on commercial paper		12,446	5,742	2,101	5,742
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' - net	6.5	9,159	(3,102)	(1,026)	(2,999)
Other income		9	-	9	-
Total income		246,863	182,858	126,153	111,146
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	11,099	13,656	5,316	7,514
Sindh Sales Tax on remuneration of Management Company		1,443	1,775	691	977
Allocated expenses	7.3	3,355	1,350	1,800	743
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,518	1,013	1,344	558
Sindh Sales Tax on remuneration of the Trustee		327	132	174	72
Annual fees of Securities and Exchange Commission of Pakistan		669	270	357	149
Auditors' remuneration		307	344	154	205
Security and transaction cost		275	4	60	4
Marketing and selling expenses	7.4	6,716	2,367	3,596	1,472
Settlement and bank charges		268	205	229	103
Fees and subscriptions		217	197	109	99
Legal and professional charges		91	92	57	46
Shariah advisory fee		374	454	170	227
Printing and related costs		18	16	17	8
Total expenses		27,677	21,875	14,075	12,177
Net income from operating activities		219,186	160,983	112,078	98,969
Provision against Sindh Workers' Welfare Fund	8.1	4,384	3,220	2,242	1,979
Net income for the period before taxation		214,802	157,763	109,837	96,990
Taxation	10	-	-	-	-
Net income for the period after taxation		214,802	157,763	109,837	96,990
Allocation of net income for the period:					
Net income for the year after taxation		214,802	157,763	109,837	96,990
Income already paid on units redeemed		(54,974)	(46,015)	(39,670)	(30,940)
		159,828	111,748	70,167	66,050
Accounting income available for distribution					
Relating to capital gains		5,919	-	-	-
Excluding capital gains		153,909	111,748	70,167	66,050
		159,828	111,748	70,167	66,050
Earnings per unit	11				

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

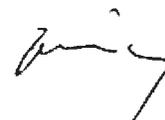
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



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, 2020**

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	214,802	157,763	109,837	96,990
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	214,802	157,763	109,837	96,990

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

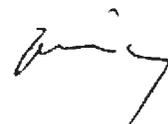
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



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, 2020**

	Half year ended December 31,					
	2020			2019		
	(Rupees in '000)					
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	
Net assets at beginning of the period	4,412,266	29,934	4,442,200	2,313,058	21,712	2,334,770
Issue of 103,689,744 units (2019: 41,757,405 units):						
- Capital value (at net asset value per unit at the beginning of the period)	10,560,303	-	10,560,303	4,226,772	-	4,226,772
- Element of income	146,039	-	146,039	125,816	-	125,816
	10,706,342	-	10,706,342	4,352,588	-	4,352,588
Redemption of 82,052,446 units (2019: 35,907,566 units):						
- Capital value (at net asset value per unit at the beginning of the period)	(8,356,648)	-	(8,356,648)	(3,634,639)	-	(3,634,639)
- Element of income	(86,932)	(54,974)	(141,906)	(60,931)	(46,015)	(106,946)
	(8,443,580)	(54,974)	(8,498,554)	(3,695,570)	(46,015)	(3,741,585)
Total comprehensive income for the period	-	214,802	214,802	-	157,763	157,763
Net assets as at the end of the period	6,675,028	189,762	6,864,790	2,970,076	133,460	3,103,536
Undistributed income brought forward						
- Realised		27,041			29,545	
- Unrealised		2,893			(7,833)	
		29,934			21,712	
Accounting income available for distribution						
- Relating to capital gains		5,919			-	
- Excluding capital gains		153,909			111,748	
		159,828			111,748	
Undistributed income carried forward		189,762			133,460.54	
Undistributed income carried forward						
- Realised		180,603			136,563	
- Unrealised		9,159			(3,102)	
		189,762			133,461	
		(Rupees)			(Rupees)	
Net assets value per unit as at beginning of the period		101.8452			101.2221	
Net assets value per unit as at end of the period		105.2003			107.3307	

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

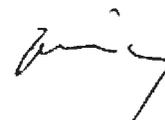
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,	
	2020	2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	214,802	157,763
Adjustments for non cash and other items:		
Unrealised (appreciation) / diminution in value of investments classified as 'at fair value through profit or loss' - net	(9,159)	3,102
Provision against Sindh Workers' Welfare Fund	4,384	3,220
	<u>210,027</u>	<u>164,085</u>
(Increase) / decrease in assets		
Investments	(881,243)	719,669
Profit receivable	(1,902)	5,430
Advances, deposits and prepayments	4,720	(4,019)
	<u>(878,425)</u>	<u>721,080</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	1,941	2,701
Payable to Central Depository Company of Pakistan Limited - Trustee	194	(12)
Payable to Securities and Exchange Commission of Pakistan	9	(1,664)
Dividend payable	(1)	(19,676)
Payable against purchase of investments	(117,690)	-
Accrued expenses and other liabilities	(2,385)	675
	<u>(117,932)</u>	<u>(17,976)</u>
Net cash generated (used in) / from operating activities	<u>(786,330)</u>	<u>867,189</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	10,706,342	4,352,588
Payments on redemption of units	(8,498,554)	(3,741,585)
Net cash generated from financing activities	<u>2,207,788</u>	<u>611,003</u>
Net increase in cash and cash equivalents during the period	<u>1,421,458</u>	<u>1,478,192</u>
Cash and cash equivalents at beginning of the period	<u>1,760,297</u>	<u>1,119,459</u>
Cash and cash equivalents at end of the period	<u><u>3,181,755</u></u>	<u><u>2,597,651</u></u>

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 (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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/MCBIIF/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 Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, 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 Shariah Compliant fixed income instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained management quality rating of AM1 dated October 06, 2020 to the Management Company and AA-(f) as stability rating dated October 19, 2020 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.

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 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 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, 2020.

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

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, 2020.

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded 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, 2020.

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, 2020.

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 objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2020.

		(Un-audited) December 31, 2020 ---- (Rupees in '000) ----	(Audited) June 30, 2020
5. BANK BALANCES			
Savings accounts	5.1	3,170,085	1,733,081
Current accounts	5.2	11,670	27,216
		3,181,755	1,760,297

5.1 These carry profit at the rates ranging between 6.40% to 6.75% (June 30, 2020: 6.75% to 7.5%) per annum and include Rs. 0.172 million (June 30, 2020: Rs. 0.052 million) maintained with MCB Islamic Bank Limited (a related party).

5.2 These include Rs. 10.431 million (June 30, 2020: Rs 25.958 million) maintained with MCB Bank Limited, a related party / connected person.

		(Un-audited) December 31, 2020 ---- (Rupees in '000) ----	(Audited) June 30, 2020
6. INVESTMENTS			
Financial assets at fair value through profit or loss			
Sukuk certificates- Unlisted	6.1	1,747,751	1,947,756
Government of Pakistan (GoP) Ijara sukuks	6.2	1,107,996	305,702
Musharka certificates	6.3	705,000	-
Commercial paper	6.4	105,928	522,815
		3,666,675	2,776,273

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

6.1 Sukuk certificates - Unlisted

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

Name of investee company	As at June 30, 2020			Number of certificates			As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at June 30, 2020	Purchased during the period	Disposed off during the period	Matured during the period	Disposed off during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)		
Chemical											
Ghani Chemical Industries (Formerly: Ghani Gases Limited)	1,000	-	-	-	-	1,000	42,218	41,872	(346)	0.61	1.14
Pharmaceutical											
Aspin Pharma (Private) Limited	1,853	-	-	-	-	1,853	112,292	110,119	(2,173)	1.60	3.00
Power											
The Hub Power Company Limited	1,750	-	-	1,750	-	200,000	1,000,182	1,006,000	5,818	-	27.44
Pak Energy Sukuk *	200,000	20,000	20,000	-	-	-	-	-	-	-	-
Miscellaneous											
International Brands Limited	3,450	-	-	-	-	3,450	219,799	221,447	1,648	3.23	6.04
Bank											
Meezan Bank Limited	355	-	-	-	-	355	360,007	368,313	8,306	5.37	10.04
As at December 31, 2020							1,734,498	1,747,751	13,253		
As at June 30, 2020							1,945,565	1,947,756	2,191		

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

6.1.1 Significant terms and conditions of sukuk certificates held as at December 31, 2020 are as follows:

Particulars	Issue date	Maturity date	Offered rate	Issue rating
Ghani Gases Limited	February 2, 2017	February 2, 2023	3 months KIBOR + 1.00%	A-
Aspin Pharma (Private) Limited	November 30, 2017	November 30, 2023	3 months KIBOR + 1.50%	A
The HUB Power Company Limited	May 19, 2020	November 19, 2020	6 months KIBOR + 1.50%	AA+
Pak Energy Sukuk	May 21, 2020	May 20, 2030	6 months KIBOR - 0.10%	Unrated
International Brands Limited	November 15, 2017	May 5, 2022	3 months KIBOR + 0.50%	AA
Meezan Bank Limited	January 09, 2020	July 09, 2030	6 months KIBOR + 0.90%	AA

6.2 Government of Pakistan (GoP) Ijarah sukuk

Name of investee company	As at June 30, 2020			Face Value			As at December 31, 2020			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at June 30, 2020	Purchased during the period	Disposed off during the period	Matured / Sold during the period	Disposed off during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)		
GoP Ijarah Sukuks - 5 years											
GoP Ijarah Sukuks (May 29, 2020 - May 29, 2025)	-	110,000	-	-	-	110,000	111,983	110,242	(1,741)	1.61	3.01
GoP Ijarah Sukuks (June 24, 2020 - June 24, 2025)	305,000	95,000	-	-	-	400,000	400,975	401,120	145	5.84	10.94
GoP Ijarah Sukuks (July 28, 2020 - July 28, 2025)	-	587,500	50,000	-	50,000	537,500	536,211	533,899	(2,312)	7.78	14.56
GoP Ijarah Sukuks (July 29, 2020 - July 29, 2025)	-	1,187,500	1,124,500	-	-	63,000	62,921	62,735	(186)	0.91	1.71
As at December 31, 2020							1,112,090	1,107,996	(4,094)		
As at June 30, 2020							305,000	305,702	702		

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

6.3 Musharka certificates

Particulars	Profit rate	Issue Date	Maturity Date	Face value	Carrying value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
Bank Islami Pakistan Limited	7.00%	December 30, 2020	March 30, 2021	650,000	650,000	9.47	17.73
MCB Islamic Bank Limited	6.80%	December 31, 2020	March 1, 2021	55,000	55,000	0.80	1.50
As at December 31, 2020				705,000	705,000		
As at June 30, 2020				-	-		

6.4 Commercial paper

Particulars	Issue Rating	Profit rate	Issue date	Maturity date	Face value	Carrying value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
K - Electric - ICP	AA	8.04%	September 24, 2020	March 24, 2021	103,667	105,928	1.54	2.89
K - Electric - I (ICP-5)	A1+	14.64%	February 14, 2020	August 14, 2020	-	-	-	-
K - Electric - II (ICP-6)	A1+	14.64%	February 26, 2020	August 26, 2020	-	-	-	-
K - Electric - III (ICP-7)	A1+	13.64%	March 10, 2020	September 10, 2020	-	-	-	-
As at December 31, 2020					103,667	105,928		
As at June 30, 2020					533,000	522,815		

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

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Un-audited) December 31, 2019
6.5 Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' - net			
Market value of investments	6.1 & 6.2	2,855,747	486,736
Carrying value of investments	6.1 & 6.2	<u>(2,846,588)</u>	<u>(489,838)</u>
		<u>9,159</u>	<u>(3,102)</u>

7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration payable	7.1	1,712	1,693
Sindh sales tax payable on management remuneration	7.2	223	220
Sales load payable		243	418
Payable against shariah advisory fee		50	75
Payable against allocated expenses	7.3	586	358
Payable against marketing and selling expenses	7.4	<u>3,585</u>	<u>1,694</u>
		<u>6,399</u>	<u>4,458</u>

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 Sindh Sales Tax on management fee has been charged at 13% (2019: 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).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

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.

'In financial year 2019-20, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to the 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 Asset management company (BOD) 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 BOD of the Management Company.

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	20,552	16,168
Provision for Federal Excise Duty and related tax on			
- Management fee	8.2	8,639	8,639
- Sales load		3,028	3,028
Sales load payable to - MCB Bank Limited (related party)		480	8
Auditors' remuneration		307	421
Capital gain tax		792	3,639
Printing charges payable		30	40
Others		171	57
		<u>33,999</u>	<u>32,000</u>

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

8.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual audited financial statements of the Fund for the year ended June 30, 2020. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2020 would have been higher by Re. 0.3149 per unit (June 30, 2020: Re. 0.3706 per unit).

8.2 Federal Excise Duty (FED) 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, 2020. 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, 2020 would have been higher by Re. 0.1324 per unit (June 30, 2020: Re.0.1980 per unit).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

During the financial year 2020-21, the Federal Board of Revenue (FBR) has issued an order u/s. 122 (5A) of the Income Tax Ordinance (ITO) 2001 for the tax year 2018 thereby raising a net tax demand of Rs.41 million. The Management Company on behalf of the Fund has filed appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. The Management Company of the Fund has obtained stay order from the Sindh High Court till the next date of hearing against the tax demanded by Commissioner in its notice.

The Management Company, in consultation with its tax advisor, is confident that the decision in respect of the above matter would be in Fund's favour and accordingly no provision has been made in this condensed interim financial information with respect thereto.

9.2 Commitments

There were no commitments as at December 31, 2020 (June 30, 2020: 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 by way of cash or 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 capital gains to the unit holders in cash. 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, determination of weighted average units for calculating EPU is not practicable.

12. TOTAL EXPENSE RATIO

The total annualized expense ratio of the Fund from July 1, 2020 to December 31, 2020 is 0.95% (December 31, 2019: 1.84%) and this includes 0.2% (December 31, 2019: 0.4%) representing government levy, Sindh Worker's Welfare Fund, sales taxes, federal excise duties, SECP fee etc

13. TRANSACTIONS WITH RELATED PARTY / CONNECTED PERSONS

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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.

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

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

For the half year ended 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) -----

Associated Companies / Undertakings:

MCB Islamic Bank Limited	2,201,298	2,201,298	-	-	225,000	225,384	-
Adamjee Insurance Company Limited Window Takaful Operations	481,119	-	481,119	-	50,000	-	50,614
Adamjee Life Assurance Company Limited (Tameen)	1,166,149	1,314,701	-	15,129	120,000	136,455	-
Adamjee Life Assurance Company Limited (Provident Fund)	49,244	-	49,244	5,015	-	-	5,180
Alhamra Islamic Active Allocation Fund (Plan I)	3,167,846	3,483,764	-	322,630	33,153	364,441	-
Alhamra Islamic Active Allocation Fund (Plan II)	1,630,629	772,180	858,449	166,072	-	80,000	90,309
Arif Habib Securities Limited Employees Provident Fund Trust	71,040	-	71,040	-	7,246	-	7,473
Mandate Under Discretionary Portfolio Services	940,882	1,091,106	242,689	95,824	40,598	113,198	25,531
Key management personnel	68,345	272,119	96,347	6,961	28,119	25,175	10,136
Unit holder holding 10% or more	7,875,181	9,246,153	17,121,334	802,049	950,841	-	1,801,169.47

For the half year ended 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
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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	206,026	-
Adamjee Life Assurance Company Limited (Tameen)	128,507	473,089	275,378	13,008	50,000	28,073	35,013
Adamjee Life Assurance Company Limited (Provident Fund)	-	47,009	-	-	5,000	-	5,045
Alhamra Islamic Active Allocation Fund (Plan I)	2,147,943	3,877,358	3,260,419	217,419	408,996	342,000	296,757
Alhamra Islamic Active Allocation Fund (Plan II)	3,331,944	2,743,505	3,943,263	337,266	289,460	410,000	228,849
Mandate Under Discretionary Portfolio Services	868,294	3,807,465	3,672,066	98,141	391,547	376,906	107,727
Key management personnel	48,453	75,646	80,349	5,275	7,980	8,499	4,696
Unit holders holding 10% or more units	-	-	-	-	-	-	-

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

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

	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	12,542	15,431
Shariah advisory fee	374	454
Allocated expenses	3,355	1,350
Marketing and selling expenses	6,716	2,367
MCB Bank Limited - Parent of the Management Company		
Bank charges	131	58
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Profit on bank balances	-	15,811
Bank charges	-	8
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	2,845	1,145
CDC settlement charges	21	4
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage expense	151	-

13.3 Amount outstanding as at period / year end

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings & Investment Limited - Management Company		
Management remuneration payable	1,712	1,693
Sindh sales tax payable on management remuneration	223	220
Sale load payable	243	370
Payable against Shariah advisory fee	50	75
Payable against allocated expenses	586	358
Marketing and selling expense payable	3,585	1,694
MCB Bank Limited - Parent of the Management Company		
Bank deposit	10,431	25,958
Sale load payable	481	8
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Bank balances	172	52
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	441	269
Sindh Sales tax payable on remuneration of Trustee	57	35
Security deposits	100	100
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage payable	50	-

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

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).

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, 2020 (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- Unlisted	1,747,751	-	1,747,751	-	1,747,751	-	1,747,751
Government securities - GoP Ijara sukuks	1,107,996	-	1,107,996	-	1,107,996	-	1,107,996
Musharka certificates	705,000	-	705,000	-	-	705,000	705,000
Commercial paper	105,928	-	105,928	-	-	105,928	105,928
	<u>3,666,675</u>	<u>-</u>	<u>3,666,675</u>	<u>-</u>	<u>2,855,747</u>	<u>810,928</u>	<u>3,666,675</u>
Financial assets not measured at fair value							
Bank balances	-	3,181,755	3,181,755				
Profit receivable	-	55,073	55,073				
Deposit and other receivables	-	2,838	2,838				
	<u>-</u>	<u>3,239,666</u>	<u>3,239,666</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	6,176	6,176				
Payable to the Trustee	-	441	441				
Accrued expenses and other liabilities	-	988	988				
	<u>-</u>	<u>7,605</u>	<u>7,605</u>				
----- (Rupees in '000) -----							
June 30, 2020 (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- Unlisted	1,947,756	-	1,947,756	-	1,947,756	-	1,947,756
Government securities - GoP Ijara sukuks	305,702	-	305,702	-	305,702	-	305,702
Commercial paper	522,815	-	522,815	-	-	522,815	522,815
	<u>2,776,273</u>	<u>-</u>	<u>2,776,273</u>	<u>-</u>	<u>2,253,458</u>	<u>522,815</u>	<u>2,776,273</u>
Financial assets not measured at fair value							
Bank balances	-	1,760,297	1,760,297				
Profit receivable	-	53,171	53,171				
Deposit and other receivables	-	6,995	6,995				
	<u>-</u>	<u>1,820,463</u>	<u>1,820,463</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	4,238	4,238				
Payable to the Trustee	-	269	269				
Payable against purchase of investments	-	117,690	117,690				
Accrued expenses and other liabilities	-	526	526				
	<u>-</u>	<u>122,723</u>	<u>122,723</u>				

During the period ended December 31, 2020, 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 (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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 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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