

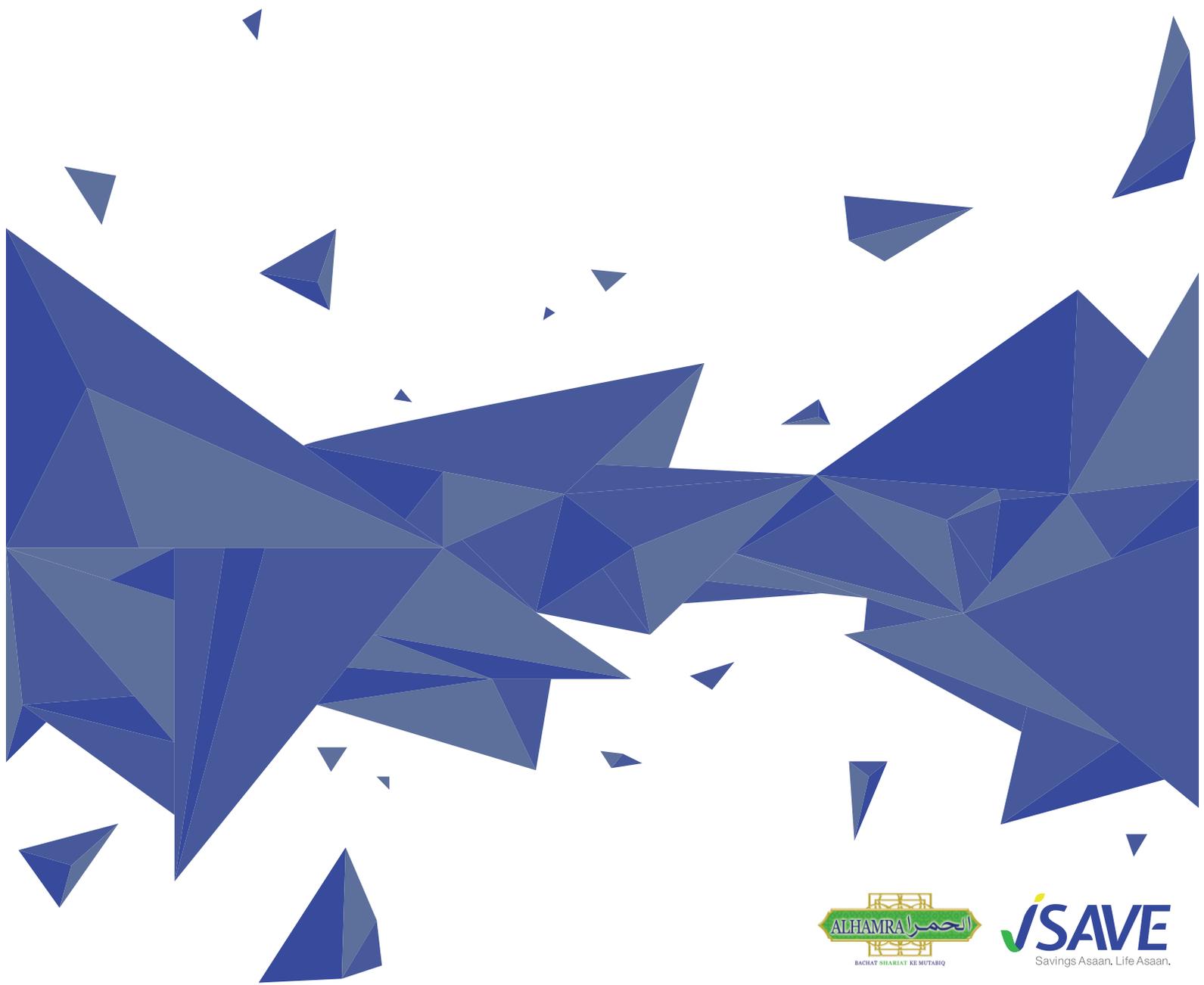


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

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



ALHAMRA ISLAMIC ASSET ALLOCATION 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 Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited 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 Soneri Bank Limited Al Baraka Bank Pak Limited Allied Bank Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
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, 2021

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, 2021.

Economy and Money Market Review

The fiscal year started on strong note with government's renewed focus on reviving growth, as new finance minister announced several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing (6.25% drop since start of covid lockdowns), low inflation and incentives on capital investment at lower rates (TERF), which further supported to growth premise. However, the sharp recovery in domestic demand, coupled with rising international commodity prices, led to a strong pick-up in imports and a commensurate increase in the current account deficit. Widening deficit also reflected on the exchange rate as the rupee depreciated by 10.4% against USD during first half of fiscal year ending June 2022 (1HFY22).

The country posted a current account deficit of USD 9.1bn in 1HFY22 compared to a surplus of USD 1.3bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 8.7bn in first half of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 56.9% in 1HFY22 compared to export growth of 29.0%. Trade Deficit increased by 86.0% to USD 21.2bn compared to USD 11.4bn in same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports. As per our estimates, prices contributed more than two-third of the increase in import bill.

Foreign exchange reserves of central bank saw an increase of USD 0.4bn as Pakistan received USD 2.75 billion from the IMF under its new SDR allocation and USD 3bn from Saudi Arabia for reserve support. The inflows helped in stabilizing forex reserves despite the huge current account deficit and due repayments.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 9.8% in 1HFY22 compared to 8.6% in 1HFY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which keeps the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upward trend as it increased to 8.5% in December 2021 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 275bps to 9.75% in this half to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 32.5% in 1HFY22 to PKR 2,920bn compared to PKR 2,204bn during same period last year. This exceeded the target of 2,633bn by 287bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected due to higher imports. Secondary markets yields have increased significantly in the half as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices will add pressure to inflation and we expect average FY22 inflation to clock at 11.7% above the range of 9-11% forecasted by SBP. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 1.7%, 1.5% and 1.2%, respectively during the period.

Equity Market Review

The KSE-100 Index posted a negative return of 5.8% (2,760 points drop) in 1HFY22 compared to a positive return of 27.1% in same period last year. Challenging macros (rising in interest rate, depreciating PKR and widening twin deficit), increasing commodity prices, and MSCI's decision to downgrade Pakistan from Emerging Market to Frontier Market all weighted heavily on the index.

Cements, Refinery, Oil & Gas Marketing companies remained the major index dampeners, contributing 1,096 points, 370 points and 339 points to the index fall, respectively. In the cement sector, unpreceded surge in international coal prices (USD 250/ton compared to an average of USD 64.5/ton last year) created a weak near-term earnings outlook for the sector leading to selling pressure. Moreover, decline in

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

refineries and OMCs were largely on the account of delay in approval of refinery policy and continuous accumulation of circular debt, respectively.

Foreign institutional investors continued their selling spree, adding another USD 250 million during the half year, majority of which was countered by Individuals and Insurance companies. During the half year, average trading volumes saw a decline to 340 million shares compared to about 447million shares during the preceding half. Similarly, average trading value during the half saw a drop of 39% over last half to near USD 42 million.

FUND PERFORMANCE

During the period under review, the fund delivered a return of -6.36% as against its benchmark return of -6.19%.

On the equities front, the overall allocation was 87.7% at the end of the period under review. The fund was mainly invested in Cement, Oil & Gas Exploration Companies and Commercial Banks 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, 2021 stood at Rs. 2,255 million as compared to Rs. 2,335 million as at June 30, 2021 registering a decrease of 3.45%.

The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs. 72.8369 as compared to opening NAV of Rs. 77.7831 per unit as at June 30, 2021 registering a decrease of Rs. 4.9462 per unit.

Economy & Market – Future Outlook

The policy makers have moved their focus from growth to macroeconomic consolidation in view of elevated current account deficit and higher inflation trajectory. The SBP took a number of measures to curtail aggregate demand and imports including monetary tightening, raising cash reserve requirement and discouraging auto financing by banning financing of imported vehicle while capping financing requirement to PKR 3mn for locally assembled cars. These steps have started yielding results with imports receding from their historic high and currency depicting relative stability.

We expect GDP to grow by 4.6% this year slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services Sector to grow by 5.0%, 4.1% and 4.6% respectively. Industrial Sector growth is likely to remain robust but below government target due to some demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to expected bumper wheat and cotton crop. The Covid Vaccination roll out has been quite successful which is anticipated to unleash Services growth as this segment was the most affected by the pandemic.

The persistently elevated international commodities prices especially petroleum, palm oil, coal, fertilizers and steel, has led to a strong pick-up in imports and a rise in the current account deficit, which we expect to close the year around USD 16 billion (4.3% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2 billion (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 183 against a dollar.

Successful continuation of the IMF program will be a key prerequisite to keep the financial account in positive zone. The SBP is expected to continue to discourage unnecessary imports and use flexible market determined exchange rate and appropriate monetary policy setting to ensure sustainable external account position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

The expected rise in energy tariffs, currency depreciation and higher international commodities prices will lead to increase in inflation in this year. We expect inflation to remain in double digits for rest of the fiscal year to average around 11.7% for year. SBP has increased policy rate by a cumulative 275bps to 9.75% to counter inflationary pressures and ensure that growth remains sustainable. It has indicated that its goal to achieve mildly positive interest rate on a forward-looking basis was now close to being achieved. However, the recent surge in international oil prices poses upside risk to the equation. We expect interest rates to rise around 10%-10.5% by the end of fiscal year.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in expected interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 14.4%, a discount of 57% from its historical average. Similarly, risk premiums are close to 5.9%, compared to historical average of 1.9% signifying abnormal returns for long term investors. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 5.5x, while offering a dividend yield of 8.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given expected increase in interest rates. 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 7.0% during the half to PKR 1,090bn at the end of 1HFY22. Total money market funds grew by about 19.9% since June 2021. Within the money market sphere, the conventional funds dominated as they grew by about 33.9% to PKR 382bn while Islamic funds declined by 2.3% to PKR 178bn. In addition, the total fixed Income funds increased by about 0.9% since June 2021, as the conventional income funds declined by 3.7% to PKR 121bn. Equity and related funds declined by 8.1% as market witnessed a decline in the half eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 51.4%, followed by Equity and Equity related funds with a share of 25.2% and Income funds having a share of 22.7% as at the end of 1HFY22.

Mutual Fund Industry Outlook

The recent increase in interest rates along with prospect of further monetary tightening would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. 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, 2022



Nasim Beg
Director/Vice Chairman
February 08, 2022

ڈائریکٹرز رپورٹ

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے نصف اول کے دوران تقریباً 7.0 فیصد بڑھ کر اختتام مدت پر 1,090 بلین روپے ہو گئے۔ منی مارکیٹ کی مجموعی فنڈ میں جون 2021ء سے اب تک تقریباً 19.9 فیصد کا اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈ حاوی رہے کیونکہ تقریباً 33.9 فیصد بڑھ کر 382 بلین روپے ہو گئے، جبکہ اسلامک فنڈ 2.3 فیصد کم ہو کر 178 بلین روپے ہو گئے۔ مزید براں، مجموعی فکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 0.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈ 3.7 فیصد کم ہو کر 121 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈ 8.1 فیصد کم ہو گئے کیونکہ زبر جائزہ ششماہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الانتظامیہ کم ہو گئے کیونکہ وسیع معاشی اور جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے نصف اول کے اختتام پر منی مارکیٹ فنڈ تقریباً 51.4 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر ایکویٹی اور متعلقہ فنڈ تھے جن کا 25.2 فیصد حصہ تھا، اور تیسرے نمبر پر انکم فنڈ تھے جن کا 22.7 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں حالیہ اضافے اور مزید مالیاتی سختی کے امکان سے منی مارکیٹ فنڈز میں آمدورفت میں اضافہ ہوگا۔ منی مارکیٹ فنڈ اپنی مختصر مدت کے سبب ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر میعاد میں کام کرنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کاران پرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ 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 کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

اظہار تشکر

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

من جانب ڈائریکٹرز

نسیم ہیگ
ڈائریکٹر/وائس چیئرمین
08 فروری 2022ء

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2022ء

ڈائریکٹرز رپورٹ

جس کی بدولت خدمات کے شعبے میں ترقی متوقع ہے کیونکہ وبا سے سب سے زیادہ متاثر یہی شعبہ تھا۔ اشیاء، خصوصاً پٹرولیم، پام تیل، کونک، کھاد اور اسٹیل، کی مسلسل بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات تیزی سے اوپر گئیں اور کرنٹ اکاؤنٹ خسارے (سی اے ڈی) میں اضافہ ہوا جو ہماری توقع کے مطابق اختتام سال پر تقریباً 16 بلین (جی ڈی پی کا 4.3 فیصد) ہوگا۔ یہ مالی سال 2018ء میں 19.2 بلین ڈالر (جی ڈی پی کے 6.1 فیصد) کے بعد سے اب تک کا سب سے زیادہ سی اے ڈی ہوگا۔ ہم سمجھتے ہیں کہ بلند سی اے ڈی کے رد عمل کے طور پر روپے کی قدر میں مزید کمی ہوگی اور اختتام مالی سال پر یہ 183 روپے فی ڈالر ہو جائے گا۔

’آئی ایم ایف‘ پروگرام کا کامیاب تسلسل مالی گوشوارے کو مثبت حد میں رکھنے کی اہم ترین شرط ثابت ہوگا۔ اُمید ہے کہ ایس بی پی غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ کا تعین کردہ لچکدار زر مبادلہ کی شرح اور مالیاتی پالیسی کی موزوں ترتیب استعمال کر کے خارجی گوشوارے کی قابل بقاء صورتحال کو یقینی بنائے گا۔ ترسیلات زر کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی آمد و رفت بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم ثابت ہوں گی۔

بجلی کی قیمتوں میں متوقع اضافے، روپے کی قدر میں کمی اور اشیاء کی بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں اس سال افراط زر میں اضافہ ہوگا۔ ہماری توقع کے مطابق افراط زر بقیہ مالی سال میں دو ہندسوں پر مشتمل رہے گی اور یوں اس کا اوسط برائے سال تقریباً 11.7 فیصد بنے گا۔ ایس بی پی نے پالیسی شرح میں مجموعی طور پر 275bps کا اضافہ کر کے اسے 9.75 فیصد کر دیا ہے تاکہ افراط زر کے دباؤ سے نمٹا جاسکے اور یہ یقینی بنایا جاسکے کہ ترقی قابل بقاء رہے۔ ایس بی پی نے اس طرف اشارہ کیا ہے کہ اس کا فارورڈ لکنگ بنیاد پر ہلکا پھلکا مثبت شرح سود حاصل کرنے کا مقصد پورا ہونے کے قریب تھا، تاہم تیل کی بین الاقوامی قیمتوں میں اضافہ رکاوٹ بن رہا ہے۔ ہم سمجھتے ہیں کہ مالی سال کے اختتام تک سود کی شرحوں میں تقریباً 10 سے 10.5 فیصد تک کا اضافہ ہوگا۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے تناظر میں اسٹاک کی قیمتوں میں حالیہ تصحیح سے تعین قدر کھل گئی ہے۔ مارکیٹ نے شرح سود میں متوقع اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 14.4 فیصد رہ گیا جو اس کے historical اوسط سے 57 فیصد کم ہے۔ اسی طرح، ریسک پریمیم 5.9 فیصد کے قریب ہیں جبکہ اس کے بالمقابل اس کا تاریخی اوسط 9.1 فیصد تھا، جس کا مطلب ہے طویل المیعاد سرمایہ کاروں کے لیے غیر معمولی منافع جات ہوں گے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کا خورد منظر زیادہ اہم رہے گا اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ میں فی الوقت 5.5x قیمت کے آمدنی کے ساتھ تناسب (PER) پر تجارت ہو رہی ہے جبکہ 8.2 فیصد ڈیویڈنڈ دستیاب ہے۔

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 منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

ڈائریکٹرز رپورٹ

غیر ملکی ادارہ جاتی سرمایہ کاروں نے فروخت کا سلسلہ جاری رکھا اور نصف سال کے دوران مزید 250 ملین ڈالر کا اضافہ کیا، جس کے اکثر حصے کا مقابلہ افراد اور بیمہ کمپنیوں نے کیا۔ زیر جائزہ نصف سال کے دوران اوسط تجارتی حجم کم ہو کر 340 ملین حصص ہو گئے جبکہ اس کے بالمقابل گزشتہ نصف سال کے دوران تقریباً 447 ملین حصص تھے۔ اسی طرح، اوسط تجارتی قدر زیر جائزہ نصف سال کے دوران گزشتہ نصف سال کے مقابلے میں 39 فیصد کم ہو کر تقریباً 42 ملین ڈالر ہو گئی۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے -6.19 فیصد کے مقررہ منافع کے مقابلے میں -6.36 فیصد کا منافع حاصل کیا۔

ایکویٹیز کے محاذ پر زیر جائزہ مدت کے اختتام پر مجموعی مختص 87.7 فیصد رہا۔ اس فنڈ میں بنیادی طور پر اس عرصے کے دوران سیمنٹ، تیل اینڈ گیس دریافت کرنے والی کمپنیوں اور کمرشل بینکوں میں نمایاں سرمایہ کاری کی گئی تھی۔ مقررہ آمدنی کی طرف، زیر جائزہ مدت کے اختتام پر سکوک کی طرف کوئی سرمایہ کاری نہیں ہوئی۔

31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 2,255 ملین روپے رہے جبکہ 30 جون 2021ء کو 2,335 ملین روپے تھے، یعنی 3.45 فیصد کمی درج کی گئی۔

31 دسمبر 2021ء کو خالص اثاثہ قدر (این اے وی) 72.8369 روپے رہی جبکہ 30 جون 2021ء کو (این اے وی) 77.7831 روپے فی یونٹ تھی، یعنی 4.9462 روپے فی یونٹ کی کمی درج کی گئی۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

کرنٹ اکاؤنٹ خسارے اور افراط زر میں اضافے کے پیش نظر پالیسی سازوں نے اپنی توجہ کا مرکز ترقی سے ہٹا کر وسیع معاشی ہم آہنگی کو بنالیا ہے۔ 'ایس بی پی' نے مجموعی طلب اور درآمدات کو کم کرنے کے لیے متعدد اقدامات کیے مثلاً مالیاتی سختی، نقد ذخائر کی مطلوبہ سطح میں اضافہ، اور آٹو فنانسنگ یعنی بینک وغیرہ سے قرض لے کر گاڑی کے حصول کی حوصلہ شکنی بذریعہ درآمد شدہ گاڑیوں کی فنانسنگ پر پابندی اور مقامی تیار کردہ گاڑیوں کی فنانسنگ کے لیے 3 ملین روپے کی مطلوبہ سطح کا تعین۔ ان اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ درآمدات اپنی تاریخی بلند ترین سطح سے نیچے آ رہی ہیں اور روپیہ نسبتاً مستحکم ہو رہا ہے۔

ہمیں مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.6 فیصد کی ترقی کی امید ہے جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ ہماری توقع کے مطابق زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 5.0 فیصد، 4.1 فیصد اور 4.6 فیصد ترقی ہوگی۔ صنعتی شعبے کی ترقی ممکنہ طور پر بھرپور لیکن حکومتی ہدف سے کم ہوگی کیونکہ مالیاتی سختی کے باعث طلب کچھ حد تک سکڑ جائے گی۔ دوسری جانب زرعی شعبے کی ترقی متوقع طور پر حکومتی تخمینوں سے سبقت لے جائے گی کیونکہ گندم اور کپاس کی فصل کا بڑا حجم متوقع ہے۔ کووڈ ویکسینیشن کی مہم کافی حد تک کامیاب رہی

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اسباب اشیائے خوردونوش کی بلندتر قیمتیں، توانائی (بجلی اور ایندھن) کی بڑھی ہوئی لاگتیں، اور پاکستانی روپے کی قدر میں کمی کا دوسرا دور ہیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔

بنیادی افراط زر، جس کی پیمائش اشیائے خوردونوش اور توانائی کے علاوہ کے ذریعے کی جاتی ہے، میں بھی اضافے کا رجحان پایا گیا۔ دسمبر 2021ء میں 8.5 فیصد جبکہ اس کے بالمقابل جون 2021ء میں 6.9 فیصد۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں مجموعی طور پر 275bps اضافہ کر کے اسے اس ششماہی میں 9.75 فیصد کر دیا تاکہ افراط زر کے دباؤ اور سست رفتار مجموعی طلب کا مقابلہ کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے نصف اول میں 32.5 فیصد بڑھ کر 2,920 بلین روپے ہو گئی جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت کے دوران 2,204 بلین روپے تھی۔ یہ 2,633 بلین کے ہدف سے 287 بلین روپے زیادہ ہے۔ ٹیکس وصولی میں اضافے کا بنیادی سبب درآمدات میں اضافے کی بدولت زیادہ کسٹم ڈیوٹی اور سیلز ٹیکس کی وصولی ہے۔

ثانوی مارکیٹس کے منافع جات میں اس ششماہی میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کا دورہ شروع کر دیا ہے۔ روپے کی قدر میں حالیہ کمی بمع اشیاء کی بلند قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور ہمیں توقع ہے کہ مالی سال 2022ء کی اوسط افراط زر ایس بی پی کی پیش گوئی کردہ 9 سے 11 فیصد کی حد سے زیادہ یعنی 11.7 فیصد ہوگی۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 1.7 فیصد، 1.5 فیصد اور 1.2 فیصد اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (کے ایس ای) 100 انڈیکس نے مالی سال 2022ء کے نصف اول میں 5.8 فیصد منفی منافع (2,760 پوائنٹس کمی) پوسٹ کیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 27.1 فیصد مثبت منافع ہوا تھا۔ وسیع عناصر میں مشکلات (شرح سود میں اضافہ، روپے کی قدر میں کمی اور پھیلتے ہوئے جڑواں خسارے)، بڑھتی ہوئی اشیاء کی قیمتیں، اور MSCI کا پاکستان کی درجہ بندی کو امرنگ مارکیٹ سے کم کر کے فرنٹیر مارکیٹ کرنے کا فیصلہ، ان تمام عوامل نے انڈیکس پر دباؤ ڈالا۔

سیمنٹ، ریفرنسری، اور تیل اور گیس کی مارکیٹنگ کی کمپنیاں وہ اہم شعبہ جات تھے جنہوں نے انڈیکس کو بالترتیب 1,096 پوائنٹس، 370 پوائنٹس اور 339 پوائنٹس متاثر کیا۔ کولے کی بین الاقوامی قیمتوں میں بے نظیر اضافے (250 ڈالر فی ٹن سے بڑھ کر گزشتہ سال اوسطاً 64.5 ڈالر فی ٹن) نے سیمنٹ کے شعبے کی قریب المیعاد آمدنیوں کی صورتحال کو کمزور کیا جس کے نتیجے میں فروخت کا دباؤ پیدا ہوا۔ علاوہ ازیں، ریفرنسریوں اور آئل مارکیٹنگ کمپنیوں میں انحطاط کی بڑی وجہ بالترتیب ریفرنسری کی پالیسیوں کی منظوری میں تاخیر اور گردشی قرض کا مسلسل جمع ہونا ہے۔

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عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمر اسلامک ایسٹ ایلوکیشن فنڈ کے اکاؤنٹس برائے نصف اول مختتمہ 31 دسمبر 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

ترقی کی بحالی پر حکومت کی تجرید شدہ توجہ کے باعث مالی سال کا خوش آئند آغاز جسکی وجہ نئے وزیر خزانہ کا مالی سال 2022ء کے بجٹ میں متعدد ترقیاتی ترغیبات کا اعلان کرنا ہے۔ یہ پیش رفت مالیاتی تسہیل (کووڈ لاک ڈاؤن کے آغاز سے اب تک 6.25 فیصد کمی) کی سست اثر پذیری، پست افراط زر، اور کم شرحوں پر کیپیٹل کی سرمایہ کاری (TERF) پر مستزاد تھی جس کی بدولت ترقی کو مزید تحریک حاصل ہوئی۔ تاہم مقامی طلب میں ٹینڈ بحالی بمع اشیاء کی بڑھتی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات میں بھرپور اضافہ اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ خسارے میں اضافے کا اثر شرح زرمبادلہ پر بھی ظاہر ہوا اور مالی سال مختتمہ جون 2022ء کے نصف اول کے دوران روپیہ ڈالر کے مقابلے میں 10.4 فیصد گر گیا۔

مالی سال 2022ء کے نصف اول میں ملک کا کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 9.1 بلین ڈالر تھا جبکہ اس کے بالمقابل گزشتہ سال کی مماثل مدت میں 1.3 بلین ڈالر سرپلس تھا۔ یہ مالی سال 2018ء سے لے کر اب تک کا سب سے زیادہ سی اے ڈی تھا، یعنی مالی سال کے نصف اول میں 8.7 بلین ڈالر کا خسارہ۔ اس کا بنیادی سبب درآمدات میں اضافہ تھا جو مالی سال 2022ء کے نصف اول میں 56.9 فیصد تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 29.0 فیصد تھا۔ تجارتی خسارہ 86.0 فیصد بڑھ کر 21.2 بلین ڈالر ہو گیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 11.4 بلین ڈالر تھا۔ درآمدات میں بے نظیر اضافے کا سبب ہماری اشیاء کی basket کی historic بلند قیمتیں ہے جس میں خام تیل، palm تیل، کوئلہ اور اس کے ساتھ ویکسین کی یکبار درآمدات شامل ہیں۔ ہمارے تخمینوں کے مطابق درآمداتی بل میں اضافے کا دو تہائی سے زیادہ حصہ قیمتوں پر مشتمل ہے۔

مرکزی بینک کے زرمبادلہ کے ذخائر میں 0.4 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے نئے 'ایس ڈی آر' اختصاص کے تحت 2.75 بلین ڈالر اور سعودی عرب کے طرف سے 3 بلین ڈالر برائے reserve معاونت موصول ہوئے۔ یہ وصولیاں کرنٹ اکاؤنٹ کے خطیر خسارے اور واجبات الاداء کے باوجود زرمبادلہ کے ذخائر میں استحکام لانے میں معاون ثابت ہوئیں۔

افراط زر کا مسئلہ برقرار رہا کیونکہ بڑھتی ہوئی اشیاء نے پالیسی سازوں کے لیے مشکلات پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن افراط زر، جس کی ترجمانی کنزیومر پرائس انڈیکس (سی پی آئی) یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2022ء کے نصف اول میں 9.8 فیصد تھا جبکہ اس کے بالمقابل مالی سال 2021ء کے نصف اول میں 8.6 فیصد تھا۔ اس اضافے کے بنیادی

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
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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, 2021 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 23, 2022



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



A.F.FERGUSON & CO.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

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, 2021 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, 2021. 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, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

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.

A.F.Ferguson & Co

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 23, 2022

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2021**

		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	5	263,806	334,549
Investments	6	1,998,833	2,002,301
Dividend, markup and other receivables		2,359	2,086
Advances, deposits and prepayments		3,919	3,905
Receivable against sale of investments		8,994	33,855
Total assets		<u>2,277,911</u>	<u>2,376,696</u>
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	7,275	8,865
Payable to Central Depository Company of Pakistan Limited - Trustee	8	308	316
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	233	488
Payable against purchase of investments		4,598	-
Accrued and other liabilities	10	10,651	32,139
Total liabilities		<u>23,065</u>	<u>41,808</u>
NET ASSETS		<u>2,254,846</u>	<u>2,334,888</u>
Unit holders' fund (as per statement attached)		<u>2,254,846</u>	<u>2,334,888</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>30,957,450</u>	<u>30,017,933</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		<u>72.8369</u>	<u>77.7831</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

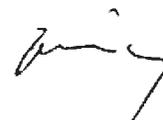
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
		(Rupees in '000)			
INCOME					
Capital (loss) / gain on sale of investments - net		(50,469)	195,884	(40,350)	89,529
Dividend income		50,944	36,260	28,916	29,750
Markup on bank deposits		11,749	12,092	6,297	5,191
Income from sukuk certificates		-	4,170	-	-
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6.1.2	(133,907)	239,874	24,096	93,816
Total (loss) / income		(121,683)	488,280	18,959	218,286
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	38,517	24,211	18,956	12,733
Sindh Sales tax on remuneration of the Management Company	7.2	5,007	3,148	2,464	1,656
Allocated expenses	7.3	1,167	1,211	574	637
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,671	1,715	826	889
Sindh sales tax on remuneration of the Trustee		217	223	107	116
Selling and marketing expenses		-	15,737	-	8,277
Annual fee to the Securities and Exchange Commission of Pakistan	9	233	242	114	127
Brokerage, settlement and bank charges		4,847	6,335	2,246	2,067
Printing and related costs		17	15	(11)	13
Fees and subscription		14	14	7	7
Shariah advisory fee		363	375	182	187
Auditor's remuneration		308	366	179	237
Legal and professional charges		471	69	37	35
Donation		1,638	1,646	787	1,495
Total expenses		54,470	55,307	26,468	28,476
Net (loss) / income from operating activities		(176,153)	432,973	(7,509)	189,810
Reversal of Provision / (Provision) for Sindh Worker's Welfare Fund (SWWF)	10.1	18,922	(8,659)	-	(3,796)
Net (loss) / income for the period before taxation		(157,231)	424,314	(7,509)	186,014
Taxation	12	-	-	-	-
Net (loss) / income for the period after taxation		(157,231)	424,314	(7,509)	186,014
Allocation of net income for the period:					
Net income for the period after taxation		-	424,314	-	-
Income already paid on units redeemed		-	(56,387)	-	-
		-	367,927	-	-
Accounting income available for distribution:					
- Relating to capital gains		-	367,927	-	-
- Excluding capital gains		-	-	-	-
		-	367,927	-	-
Earnings / loss per unit	14				

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, 2021**

	Six months period ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(157,231)	424,314	(7,509)	186,014
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(157,231)</u>	<u>424,314</u>	<u>(7,509)</u>	<u>186,014</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

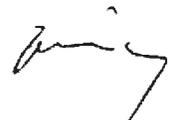
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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, 2021**

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	(Accumulated loss) / undistributed income	Total
	------(Rupees in '000)-----					
Net assets at the beginning of the period	2,177,116	157,772	2,334,888	2,157,877	(194,298)	1,963,579
Issuance of 6,693,858 units (2020: 12,818,176 units):						
- Capital value (at net asset value per unit at the beginning of the period)	520,669	-	520,669	801,382	-	801,382
- Element of (loss) / income	(11,487)	-	(11,487)	82,321	-	82,321
	509,182	-	509,182	883,703	-	883,703
Redemption of 5,754,341 units (2020: 8,983,049 units):						
- Capital value (at net asset value per unit at the beginning of the period)	447,591	-	447,591	561,613	-	561,613
- Element of (income) / loss	(15,598)	-	(15,598)	15,430	56,387	71,817
	431,993	-	431,993	577,043	56,387	633,430
Total comprehensive (loss) / income for the period	-	(157,231)	(157,231)	-	424,314	424,314
Net assets at the end of the period	<u>2,254,305</u>	<u>541</u>	<u>2,254,846</u>	<u>2,464,537</u>	<u>173,629</u>	<u>2,638,166</u>
Undistributed income / (accumulated loss) brought forward comprising of:						
- Realised gain		14,771			(117,658)	
- Unrealised gain		143,001			(76,640)	
Accumulated profit / (loss) brought forward		157,772			(194,298)	
Accounting income available for distribution						
- Relating to capital gains		-			367,927	
- Excluding capital gains		-			-	
		-			367,927	
Net loss for the period after taxation		(157,231)			-	
Undistributed income carried forward		<u>541</u>			<u>173,629</u>	
Undistributed income carried forward comprising of:						
- Realised income / (loss)		134,448			(66,245)	
- Unrealised (loss) / income		(133,907)			239,874	
		<u>541</u>			<u>173,629</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>77.7831</u>			<u>62.5192</u>	
Net asset value per unit at the end of the period		<u>72.8369</u>			<u>74.8570</u>	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

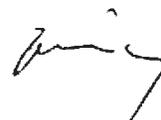
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR DECEMBER 31, 2021**

	<u>Six Months Period Ended</u>	
	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	Note	----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(157,231)	424,314
Adjustments for:		
Dividend income	(50,944)	(36,260)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	133,907	(239,874)
(Reversal of Provision) / Provision for Sindh Workers' Welfare Fund (SWWF)	(18,922)	8,659
	<u>(93,190)</u>	<u>156,839</u>
Increase in assets		
Investments - net	(130,439)	(387,078)
Dividend, markup and other receivables	(499)	2,552
Advances, deposits and prepayments	(14)	(14)
Receivable against sale of investments	24,861	-
	<u>(106,091)</u>	<u>(384,540)</u>
increase / (Decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(1,590)	3,994
Payable to Central Depository Company of Pakistan Limited - Trustee	(8)	74
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(255)	(229)
Payable against purchase of investments	4,598	(7,343)
Accrued and other liabilities	(2,566)	846
	179	(2,658)
Dividend received	51,170	33,329
Net cash used in from operating activities	<u>(147,932)</u>	<u>(197,030)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	509,182	883,703
Payments against redemption of units	(431,993)	(633,430)
Net cash generated from financing activities	77,189	250,273
	<u>(70,743)</u>	<u>53,243</u>
Net (decrease) / increase in cash and cash equivalents during the period		
Cash and cash equivalents at the beginning of the period	334,549	238,799
Cash and cash equivalents at the end of the period	13 <u>263,806</u>	<u>292,042</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

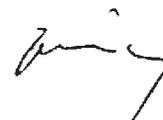
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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, 2021

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, 2021 (2020: 'AM1' dated October 6, 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 year ended the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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, 2021.

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, 2021.

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, 2021.

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, 2021. 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, 2021.

4.3 Amendments to accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these are considered either not to be relevant or 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 Amendments to accounting and reporting standards that are not yet effective

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. 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, 2021	(Audited) June 30, 2021
5	BALANCES WITH BANKS	Note	----- (Rupees in '000) -----	
	In current accounts		9,192	7,161
	In saving accounts	5.1	254,614	327,388
		5.2	263,806	334,549

5.1 These carry profit at the rates ranging from 8.25% to 10.5% per annum (June 30, 2021: 5.50% to 7.00% per annum).

5.2 These include balances held with related parties of Rs. 8.810 million (June 30, 2021: Rs. 6.158 million) with MCB Bank Limited and Rs. 0.013 million (June 30, 2021: Rs. 0.013 million) with MCB Islamic Bank Limited.

			(Un-Audited) December 31, 2021	(Audited) June 30, 2021
6	INVESTMENTS	Note	----- (Rupees in '000) -----	
	Investment by category			
6.1	At fair value through profit or loss			
	Listed equity securities	6.1.1	1,998,833	2,002,301
			1,998,833	2,002,301

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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, 2021			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2021	Purchased during the period	Bonus / right issue during the period	Sold / reclassified (note 6.1.1.1) during the period	As at December 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
----- (Rupees in '000) ----- % -----											
Automobile Assembler											
Ghandhara Nissan Limited	-	64,300	-	64,300	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	59,000	111,000	-	102,500	67,500	22,354	15,983	(6,371)	0.71%	0.80%	0.05%
Pak Suzuki Motors Company Limited	60,000	140,300	-	54,600	145,700	50,896	33,986	(16,910)	1.51%	1.70%	0.18%
						73,250	49,969	(23,281)	2.22%	2.50%	0.23%
Automobile parts & accessories											
Agriauto Industries Limited*	80,000	2,000	-	25,600	56,400	15,407	12,601	(2,806)	0.56%	0.63%	0.20%
Panther Tyres Limited	481,420	50,000	-	481,420	50,000	1,809	2,088	279	0.09%	0.10%	0.03%
Thal Limited*	100,000	38,000	-	85,000	53,000	22,044	20,283	(1,761)	0.90%	1.01%	0.07%
						39,260	34,972	(4,288)	1.55%	1.74%	0.30%
Cable & Electrical Goods											
Pak Elektron Limited	-	782,500	-	325,000	457,500	9,153	10,303	1,150	0.46%	0.52%	0.09%
						9,153	10,303	1,150	0.46%	0.52%	0.09%
Cement											
Kohat Cement Limited	350,200	122,000	-	163,200	309,000	62,680	58,277	(4,403)	2.58%	2.92%	0.15%
Lucky Cement Limited	245,000	50,000	-	45,000	250,000	210,193	169,820	(40,373)	7.53%	8.50%	0.08%
Maple Leaf Cement Factory Limited	2,200,000	780,000	-	435,000	2,545,000	112,409	91,493	(20,916)	4.06%	4.58%	0.23%
Fauji Cement Company Limited	1,350,000	1,617,000	-	742,000	2,225,000	44,611	40,873	(3,738)	1.81%	2.04%	0.16%
D.G. Khan Cement Company Limited**	355,000	345,000	-	210,000	490,000	48,266	40,641	(7,625)	1.80%	2.03%	0.11%
Cherat Cement Company Limited	-	552,700	-	186,200	366,500	56,229	54,356	(1,873)	2.41%	2.72%	0.19%
Gharibalw Cement Ltd	-	700,000	-	-	700,000	25,429	17,094	(8,335)	0.76%	0.86%	0.17%
						559,817	472,554	(87,263)	20.95%	23.65%	1.09%
Chemicals											
Engro Polymer & Chemicals Limited	675,248	465,000	-	390,000	750,248	39,471	40,671	1,200	1.80%	2.03%	0.08%
Archroma Pakistan Limited	21,150	-	-	21,150	-	-	-	-	-	-	-
						39,471	40,671	1,200	1.80%	2.03%	0.08%
Commercial banks											
Bankislami Pakistan Limited	-	1,600,000	-	100,000	1,500,000	19,870	19,215	(655)	0.85%	0.96%	0.14%
Meezan Bank Limited	1,252,000	510,000	165,000	652,000	1,275,000	144,344	170,990	26,646	7.58%	8.55%	0.08%
						164,214	190,205	25,991	8.43%	9.51%	0.22%
Engineering											
Agha Steel Industries Limited	265,000	490,000	24,525	79,500	700,025	20,571	18,320	(2,251)	0.81%	0.92%	0.12%
Aisha Steel Mills Limited**	-	1,534,000	-	391,000	1,143,000	17,683	17,214	(469)	0.76%	0.86%	0.14%
Amreli Steels Limited	-	460,000	-	-	460,000	21,033	20,590	(443)	0.91%	1.03%	0.15%
International Industries Limited	98,000	40,000	-	108,000	30,000	3,884	4,164	280	0.18%	0.21%	0.02%
Mughal Iron & Steel Industries Limited	100,000	385,500	47,250	-	532,750	50,002	55,465	5,463	2.46%	2.77%	0.16%
						113,173	115,753	2,580	5.12%	5.79%	0.59%
Fertilizer											
Engro Fertilizer Limited	-	152,503	-	152,503	-	-	-	-	-	-	-
Engro Corporation Limited	323,000	119,722	-	37,722	405,000	118,063	110,330	(7,733)	4.89%	5.52%	0.07%
Fauji Fertilizer Bin Qasim Limited	700,000	1,526,000	-	1,426,000	800,000	17,881	19,824	1,943	0.88%	0.99%	0.06%
						135,944	130,154	(5,790)	5.77%	6.51%	0.13%
Food & Personal Care Products											
Al Shaheer Corporation	575,000	50,000	-	625,000	-	-	-	-	-	-	-
At-Tahur Limited	-	375,500	-	-	375,500	9,770	8,640	(1,130)	0.38%	0.43%	0.19%
The Organic Meat Company Limited	460,000	235,500	54,600	110,000	640,100	21,207	20,310	(897)	0.90%	1.02%	0.52%
Unity Foods Limited	-	550,000	-	550,000	-	-	-	-	-	-	-
						30,977	28,950	(2,027)	1.28%	1.45%	0.71%
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited	-	326,500	-	-	326,500	9,061	7,621	(1,440)	0.34%	0.38%	0.10%
Tariq Glass Industries	-	82,200	-	-	82,200	8,662	8,920	258	0.40%	0.45%	0.06%
						17,723	16,541	(1,182)	0.74%	0.83%	0.16%
Balance carried forward						1,182,982	1,090,072	(92,910)			

* 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 STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Name of investee company	Number of shares					Balance as at December 31, 2021			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2021	Purchased during the period	Bonus / right issue during the period	Sold / reclassified (note 6.1.1.1) during the period	As at December 31, 2021	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
						----- (Rupees in '000) -----			----- % -----		
Balance brought forward						1,182,982	1,090,072	(92,910)			
Miscellaneous											
Shifa International Hospitals	100,000	122,000	4,400	-	226,400	47,600	42,887	(4,713)	1.90%	2.15%	0.36%
Synthetic Products Limited	3,200	3,456	256	-	6,912	138	125	(13)	0.01%	0.01%	0.00%
						47,738	43,012	(4,726)	1.91%	2.16%	0.36%
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	95,008	19,360	-	19,368	95,000	147,940	157,152	9,212	6.97%	7.86%	0.07%
Oil & Gas Development Company Limited (note 6.1.1.1)	1,337,781	100,000	-	237,781	1,200,000	112,782	103,440	(9,342)	4.59%	5.18%	0.03%
Pakistan Oilfields Limited	216,000	70,000	-	173,000	113,000	43,728	40,411	(3,317)	1.79%	2.02%	0.04%
Pakistan Petroleum Limited	1,289,367	391,000	-	313,699	1,366,668	115,012	108,021	(6,991)	4.79%	5.40%	0.05%
						419,462	409,024	(10,438)	18.14%	20.46%	0.19%
Oil And Gas Marketing Companies											
Attock Petroleum Limited	98,900	50,700	-	49,900	99,700	32,107	31,306	(801)	1.39%	1.57%	0.10%
Hi-Tech Lubricants Limited	250,000	-	-	250,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	283,000	45,000	-	163,000	165,000	35,404	30,012	(5,392)	1.33%	1.50%	0.04%
Shell (Pakistan) Limited	110,000	-	-	110,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	225,000	943,923	-	778,923	390,000	17,700	13,046	(4,654)	0.58%	0.65%	0.06%
						85,211	74,364	(10,847)	3.30%	3.72%	0.20%
Paper and board											
Century Paper & Board Mills Limited	-	74,600	-	-	74,600	5,778	5,901	123	0.26%	0.30%	0.04%
Cherat Packaging Limited	-	100,000	-	25,000	75,000	14,848	10,437	(4,411)	0.46%	0.52%	0.18%
Packages Limited	122,994	8,200	-	83,100	48,094	26,078	23,916	(2,162)	1.06%	1.20%	0.05%
						46,704	40,254	(6,450)	1.78%	2.02%	0.27%
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	70,000	-	-	55,400	14,600	11,568	10,476	(1,092)	0.46%	0.52%	0.01%
Citi Pharma limited	-	265,500	-	-	265,500	8,520	9,494	974	0.42%	0.47%	0.12%
Glaxosmithkline Pakistan	-	114,200	-	37,200	77,000	11,325	10,511	(814)	0.47%	0.53%	0.02%
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	63,000	-	-	63,000	16,040	15,187	(853)	0.67%	0.76%	0.05%
Highnoon Laboratories Limited	37,000	-	-	7,000	30,000	18,000	18,836	836	0.84%	0.94%	0.08%
IBL Healthcare Limited (note 6.1.1.2)	175,000	-	-	175,000	-	-	-	-	-	-	-
The Searle Company Limited (note 6.1.1.2)	84,000	205,000	15,000	154,573	149,427	22,714	21,476	(1,238)	0.95%	1.07%	0.05%
						88,167	85,980	(2,187)	3.81%	4.29%	0.33%
Power Generation & Distribution											
The Hub Power Company Limited (note 6.1.1.1)	1,000,000	525,000	-	410,377	1,114,623	88,478	79,517	(8,961)	3.53%	3.98%	0.09%
K Electric Limited***	4,500,000	-	-	4,500,000	-	-	-	-	-	-	-
						88,478	79,517	(8,961)	3.53%	3.98%	0.09%
Refinery											
Attock Refinery Limited	74,000	60,000	-	134,000	-	-	-	-	-	-	-
Energyco PK Limited	-	1,200,000	-	700,000	500,000	4,730	3,405	(1,325)	0.15%	0.17%	0.01%
						4,730	3,405	(1,325)	0.15%	0.17%	0.01%
Technology & Communication											
Air Link Communication Ltd	-	215,000	-	-	215,000	14,259	12,483	(1,776)	0.55%	0.62%	0.05%
Avanceon Limited	-	120,000	-	-	120,000	9,801	10,934	1,133	0.48%	0.55%	0.05%
Octopus Digital Limited	-	225,299	-	90,000	135,299	8,176	10,521	2,345	0.47%	0.53%	0.10%
Pakistan Telecommunication Company Limited	-	1,350,000	-	1,350,000	-	-	-	-	-	-	-
Systems Limited	42,000	46,648	-	18,648	70,000	46,353	53,189	6,836	2.36%	2.66%	0.05%
TRG Pakistan Limited	125,000	145,000	-	270,000	-	-	-	-	-	-	-
						78,589	87,127	8,538	3.86%	4.36%	0.25%
Textile Composite											
Interloop limited	450,020	133,000	16,890	164,520	435,390	29,803	31,648	1,845	1.40%	1.58%	0.05%
Kohinoor Textile Mills Limited	270,650	210,500	-	115,000	366,150	25,290	25,418	128	1.13%	1.27%	0.12%
Nishat (Chunian) Limited**	-	225,000	-	-	225,000	9,480	10,249	769	0.45%	0.51%	0.09%
Nishat Mills Limited**	-	106,100	-	106,100	-	-	-	-	-	-	-
						64,573	67,315	2,742	2.98%	3.36%	0.26%
Transport											
Pakistan International Bulk Terminal Limited	-	2,550,000	-	-	2,550,000	26,106	18,763	(7,343)	0.83%	0.94%	14.00%
						26,106	18,763	(7,343)	0.83%	0.94%	14.00%
Total as at December 31, 2021						2,132,740	1,998,833	(133,907)			
Total as at June 30, 2021						1,859,300	2,002,301	143,001			

*These have face value of Rs 5 per share.

**These represent transaction in share of related parties.

***These have face value of Rs 3.5 per share

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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6.1.1.1 Following shares were pledged with National of Clearing Company 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, 2021	June 30, 2021	December 31, 2021	June 30, 2021
	--- (Number of shares) ---		----- (Rupees in '000) -----	
The Hub Power Company Limited	233,744	233,744	16,675	18,622
Oil & Gas Development Company Limited	600,000	600,000	51,720	57,018
	<u>833,744</u>	<u>833,744</u>	<u>68,395</u>	<u>75,640</u>

6.1.1.2 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 during their year ended June 30, 2019. During the year ended June 30, 2020, the CISs had 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 in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, The 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, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.077 million (June 30, 2021: Rs. 0.105 million).

6.1.2 Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees in '000) -----	
Market value of investments	6.1.1	1,998,833	2,002,301
Less: Carrying value of investments	6.1.1	<u>2,132,740</u>	<u>1,859,300</u>
		<u>(133,907)</u>	<u>143,001</u>

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

Management remuneration payable	7.1	6,199	6,537
Sindh Sales Tax payable on remuneration of the Management Company	7.2	806	850
Allocated expenses payable	7.3	187	198
Sales load payable (including indirect taxes)		20	404
Back end load payable		-	816
Shariah advisory fee payable		63	60
		<u>7,275</u>	<u>8,865</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

- 7.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 3.3% (June 30, 2021:3.3%) per annum of the average daily net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.
- 7.2** Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2021: 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.

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% (June 30, 2021: 0.02%) of the net assets during the current period.

10 ACCRUED AND OTHER LIABILITIES	Note	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees in '000) -----			
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	-	18,922
Provision for Federal Excise Duty			
- on Management fee	10.2	5,910	5,910
- on sales load		1,136	1,136
Charity / donation payable		1,638	2,916
Auditors' remuneration payable		258	357
Withholding tax payable		123	1,190
Brokerage payable		534	1,052
Other payables		1,052	656
		<u>10,651</u>	<u>32,139</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, is 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 the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF. The Fund have also reversed provision for SWWF amounting to Rs. 18.922 million in these condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

- 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 7.046 Million (June 30, 2021: Rs. 7.046 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, 2021 would have been higher by Re 0.23 (June 30, 2021: Re 0.23) per unit.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

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 not less than 90% of its accounting income for the year derived from sources other than capital gains has reduced by such expenses as a rechargeable thereon to the unit holders. Since the fund has incurred net loss during the current period, therefor no provision for taxation has been made in these condensed interim financial statements.

	(Un-Audited)	
	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
13 CASH AND CASH EQUIVALENTS		
Balances with banks	263,806	292,042

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 4.66% (December 31, 2020: 5.28%) which includes 0.45% (December 31, 2020: 1.02%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2021: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "Shariah compliant Islamic Asset Allocation" scheme.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

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:

		(Un-Audited)	
		December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	
16.1	Details of transactions with connected persons are as follows:		
	MCB-Arif Habib Savings and Investments Limited - Management Company		
	Remuneration (including indirect taxes)	43,524	27,359
	Allocated expenses	1,167	1,211
	Selling and marketing expenses	-	15,737
	Shariah advisory fee	363	375
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee (including indirect taxes)	1,888	1,938
	Settlement charges	125	147
	Group / Associated Companies:		
	MCB Bank Limited		
	Bank charges	12	22
	Arif Habib Limited		
	Brokerage expense *	145	411
	Nishat Mills Limited		
	Purchase of 106,100 (December 31, 2020: 620,000) shares	8,481	64,226
	Sale of 106,100 (December 31, 2020: 90,000) shares	8,349	8,948
	Dividend income	-	2,480
	D.G. Khan Cement Company Limited		
	Purchase of shares 345,000 (December 31, 2020: 1,095,000) shares	30,238	115,227
	Sale of shares 210,000 (December 31, 2020: 1,092,864) shares	22,047	116,574
	Dividend Income	250	-
	Aisha Steel Mills Limited		
	Purchase of 1,534,000 (December 31, 2020: Nil) shares	24,575	-
	Sale of 391,000 (December 31, 2020 :Nil) shares	7,053	-
	Nishat Chunian Limited		
	Purchase of 225,000 (December 31, 2020 :Nil) shares	9,480	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	(Un-Audited)	
	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
Pak Elektron Limited		
Purchase of 782,500 (December 31, 2020: Nil) shares	19,918	-
Sale of 325,000 (December 31, 2020 :Nil) shares	9,795	-

* 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.

	(Un-Audited) December 31, 2021	Audited June 30, 2021
	----- (Rupees in '000) -----	
16.2 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	6,199	6,537
Sindh sales tax payable on remuneration of the management company	806	850
Allocated expenses payable	187	198
Sales load payable	18	358
Sales tax payable on sales load	2	46
Back end load payable	-	816
Shariah advisory fee payable	63	60
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	273	280
Sales tax on Trustee fee payable	35	36
Security deposit payable	200	200
Group / Associated Companies:		
MCB Bank Limited		
Balance with bank	8,810	6,158
Arif Habib Limited - Brokerage house		
Brokerage and settlement charges payable *	10	53
MCB Islamic Bank Limited		
Balance with bank	13	13
D.G. Khan Cement Company Limited		
490,000 (2021: 355,000) shares held	40,641	41,862
Nishat Chunian Limited		
225,000 (2021: Nil) shares held	10,249	-
Pak Elektron Limited		
457,500 (2021: Nil) shares held	10,303	-
Aisha Steel Mills Limited		
1,143,000 (2021: Nil) shares held	17,214	-

* 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

December 31, 2021 (Un-Audited)							
As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021
----- Units -----				----- (Rupees in '000) -----			
Group / Associated Companies							
D.G Khan Cement Company Limited - Employees' Provident Fund Trust							
112,524	-	-	112,524	8,752	-	-	8,196
Adamjee Life Assurance Company Limited - Investment Multiplier Fund							
580,377	-	-	580,377	45,144	-	-	42,273
Adamjee Life Assurance Company Limited - Aamaanat Fund							
290,429	275,872	102,970	463,331	22,590	20,000	7,500	33,748
Adamjee Life Assurance Company Limited - (MAZAAF)							
1,932,537	-	-	1,932,537	150,319	-	-	140,760
Key management personnel*							
19,469	9,135	77	28,527	1,514	701	6	2,078
Mandate under Discretionary Portfolio Services *							
561,520	415,706	146,585	830,641	43,677	31,700	11,050	60,501

* This reflects the position of related party / connected persons status as at December 31, 2021.

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) -----			
Group / Associated Companies							
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
Key management personnel*							
12,694	3,366	2,197	13,863	794	240	147	1,038
Mandate under Discretionary Portfolio Services *							
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.

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).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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The Fund held the following financial instruments measured at fair values:

-----Unaudited-----				
-----December 31, 2021-----				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000') -----				
Financial assets 'at fair value through profit or loss'				
Listed equity securities	1,998,833	-	-	1,998,833
	<u>1,998,833</u>	<u>-</u>	<u>-</u>	<u>1,998,833</u>
-----Audited-----				
-----June 30, 2021-----				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000') -----				
Financial assets 'at fair value through profit or loss'				
Listed equity securities	2,002,301	-	-	2,002,301
	<u>2,002,301</u>	<u>-</u>	<u>-</u>	<u>2,002,301</u>

18 GENERAL

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

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 08, 2022 by the Board of Directors of the Management Company.

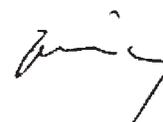
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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