

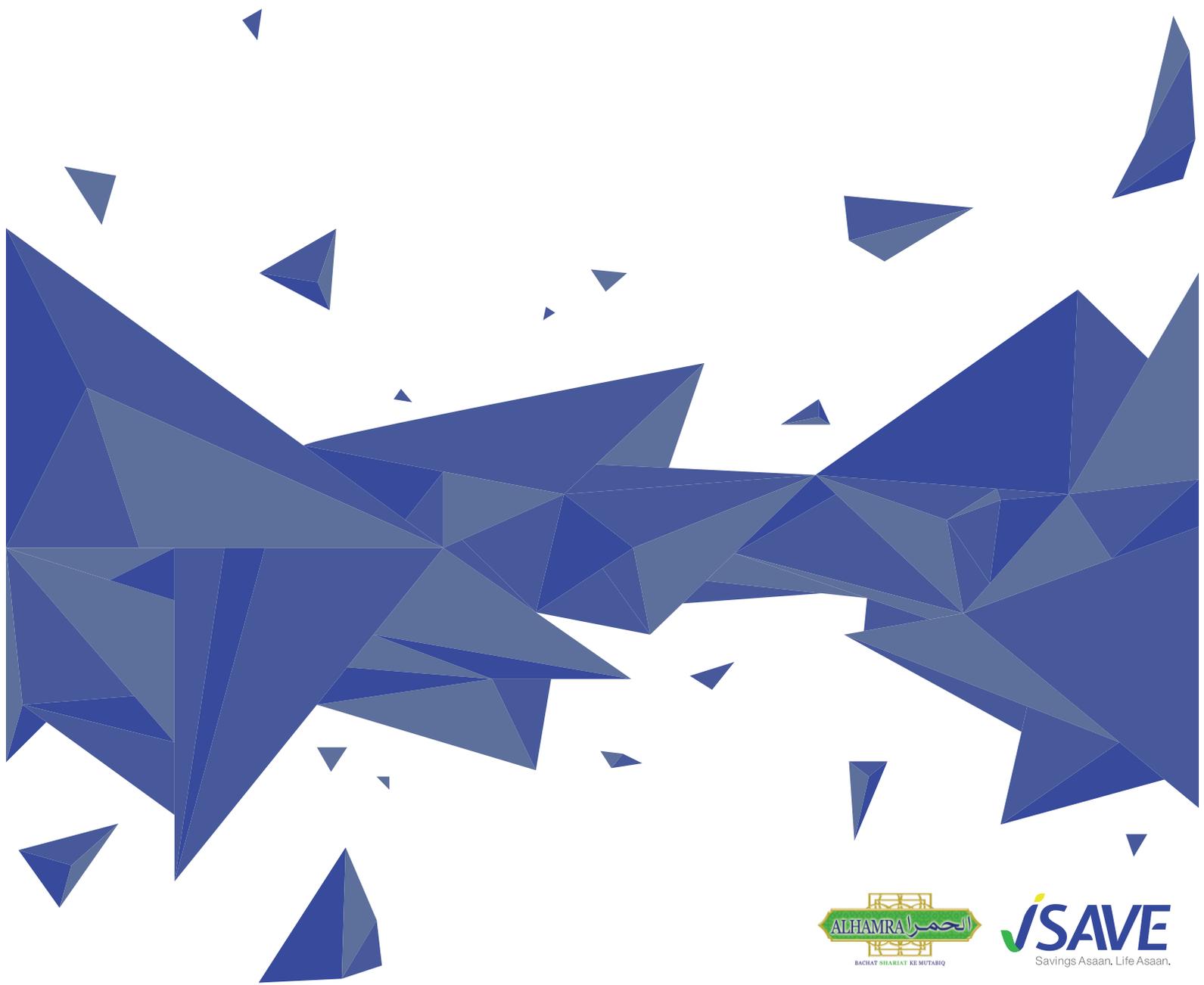


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

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



ALHAMRA ISLAMIC 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
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 Allied Bank Limited Al Baraka Bank Pakistan 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, 2021

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, 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.77% as against its benchmark return of 3.13%.

The fund was 14.9% invested in Corporate Sukuks while significant exposure was in Cash.

The Net Assets of the Fund as at December 31, 2021 stood at Rs. 7,738 million as compared to Rs. 5,575 million as at June 30, 2021 registering an increase of 38.80%.

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

The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs. 105.9542 as compared to opening NAV of Rs. 101.9608 per unit as at June 30, 2021 registering an increase of Rs. 3.9934 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.

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.

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

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 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 رکھول دی ہیں اور طویل المیعاد سرمایہ کار ان پر کشش 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



محمد تاقب سلیم

چیف ایگزیکٹو آفیسر

08 فروری 2022ء



نیم بیگ

ڈائریکٹر / وائس چیئرمین

08 فروری 2022ء

ڈائریکٹرز رپورٹ

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، رسک پر پیمائش 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 ختم 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۔

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 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 برآں، 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 زیر جائزہ ششماہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الا نظامیہ 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۔

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 فائنانسنگ یعنی بینک وغیرہ سے قرض لے کر گاڑی کے حصول کی حوصلہ شکنی بذریعہ درآمد شدہ گاڑیوں کی فائنانسنگ پر پابندی اور مقامی تیار کردہ گاڑیوں کی فائنانسنگ 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 اُمید 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 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 ردعمل 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 زرمبادلہ 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 لیکنگ 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۔

ڈائریکٹرز رپورٹ

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۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 7.77 فیصد سالانہ منافع حاصل کیا جبکہ اس کا مقررہ منافع 3.13 فیصد تھا۔

فنڈ کی 14.9 فیصد سرمایہ کاری کارپوریٹ سکوکس میں رہی جبکہ اہم سرمایہ کاری کیش میں تھی۔

31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 7,738 ملین روپے رہے جبکہ 30 جون 2021ء کو 5,575 ملین روپے تھے، یعنی

38.80 فیصد کا اضافہ درج کیا گیا۔

31 دسمبر 2021ء کو خالص اثاثہ قدر (این اے وی) فی یونٹ 105.9542 روپے رہی جبکہ 30 جون 2021ء کو این اے وی

101.9608 روپے فی یونٹ تھی، یعنی 3.9934 روپے فی یونٹ کا اضافہ درج کیا گیا۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمد اسلامک انکم کے اکاؤنٹس برائے نصف اول مختتمہ 31 دسمبر 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

ترقی کی بحالی پر حکومت کی تجویز 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 ٹلک 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'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC 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, 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 22, 2022



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



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, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the condensed interim financial information (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2021. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this condensed 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 condensed 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 condensed 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 and reporting 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, 2021 and 2020, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

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


Chartered Accountants

Place: Karachi

Dated: February 21, 2022

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	3,606,611	2,722,889
Investments	6	3,486,338	3,460,077
Profit receivable		57,609	40,771
Advance against IPO Subscription of debt security		602,000	-
Advances, deposits, prepayments and other receivables		9,864	16,409
Total assets		7,762,422	6,240,146
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	5,044	2,783
Payable to Central Depository Company of Pakistan Limited - Trustee		572	515
Payable to Securities and Exchange Commission of Pakistan		753	1,341
Payable against purchase of investments		-	605,180
Accrued expenses and other liabilities	8	18,162	55,211
Total liabilities		24,531	665,030
NET ASSETS		7,737,891	5,575,116
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		7,737,891	5,575,116
CONTINGENCIES AND COMMITMENTS			
	9	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		73,030,545	54,679,036
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		105.9542	101.9608

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

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	Half year ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
INCOME					
Income from government securities		25,909	43,259	15,033	22,440
Capital gain/ (loss) on sale of investments - net		127	(1,590)	-	2,199
Income from sukuk certificates		68,480	79,175	36,922	38,364
Profit on deposits with bank		115,999	104,145	71,327	61,806
Income on term deposits receipts and Bi Muajjal		56,707	260	25,096	260
Income on commercial paper		24,367	12,446	12,739	2,101
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' - net	6.5	5,848	9,159	(2,814)	(1,026)
Other income		600	9	592	9
Total income		298,037	246,863	158,895	126,153
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	14,464	11,099	8,068	5,316
Sindh Sales Tax on remuneration of Management Company		1,880	1,443	1,048	691
Allocated expenses	7.3	3,764	3,355	1,956	1,800
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,824	2,518	1,469	1,344
Sindh Sales Tax on remuneration of the Trustee		367	327	191	174
Annual fees of Securities and Exchange Commission of Pakistan		753	669	393	357
Auditors' remuneration		308	307	155	154
Security and transaction cost		58	275	1	60
Marketing and selling expenses	7.4	6,458	6,716	-	3,596
Settlement and bank charges		408	268	261	229
Fees and subscriptions		457	217	119	109
Legal and professional charges		427	91	35	57
Shariah advisory fee		363	374	181	170
Provision/ reversal against Sindh Workers' Welfare Fund	8.1	(24,787)	4,384	-	2,242
Printing and related costs		11	18	(14)	17
Total expenses		7,755	32,061	13,863	16,316
Net income from operating activities		290,282	214,802	145,032	109,837
Net income for the period before taxation		290,282	214,802	145,032	109,837
Taxation	10	-	-	-	-
Net income for the period after taxation		290,282	214,802	145,032	109,837
Allocation of net income for the period:					
Net income for the year after taxation		290,282	214,802	145,032	109,837
Income already paid on units redeemed		(55,070)	(54,974)	(39,670)	(39,670)
		235,212	159,828	105,362	70,167
Accounting income available for distribution					
Relating to capital gains		4,489	5,919		
Excluding capital gains		230,723	153,909		
		235,212	159,828		

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, 2021**

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	290,282	214,802	145,032	109,837
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	290,282	214,802	145,032	109,837

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

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

	Half year ended December 31,					
	2021			2020		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	5,542,585	32,531	5,575,116	4,412,266	29,934	4,442,200
Issue of 63,508,151 units (2020: 103,689,744 units):						
- Capital value (at net asset value per unit at the beginning of the period)	6,475,342	-	6,475,342	10,560,303	-	10,560,303
- Element of income	97,711	-	97,711	146,039	-	146,039
	6,573,053	-	6,573,053	10,706,342	-	10,706,342
Redemption of 45,156,642 units (2020: 82,052,446 units):						
- Capital value (at net asset value per unit at the beginning of the period)	(4,604,207)	-	(4,604,207)	(8,356,648)	-	(8,356,648)
- Element of income	(41,283)	(55,070)	(96,353)	(86,932)	(54,974)	(141,906)
	(4,645,490)	(55,070)	(4,700,560)	(8,443,580)	(54,974)	(8,498,554)
Total comprehensive income for the period	-	290,282	290,282	-	214,802	214,802
Net assets as at the end of the period	7,470,148	267,743	7,737,891	6,675,028	189,762	6,864,790
Undistributed income brought forward						
- Realised		17,785			27,041	
- Unrealised		14,746			2,893	
		32,531			29,934	
Accounting income available for distribution						
- Relating to capital gains		4,489			5,919	
- Excluding capital gains		230,723			153,909	
		235,212			159,828	
Undistributed income carried forward		267,743			189,762.20	
Undistributed income carried forward						
- Realised		261,895			180,603	
- Unrealised		5,848			9,159	
		267,743			189,762	
		(Rupees)			(Rupees)	
Net assets value per unit as at beginning of the period	101.9608			101.8452		
Net assets value per unit as at end of the period	105.9542			105.2003		

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

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**

	Half year ended December 31,	
	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	290,282	214,802
Adjustments for non cash and other items:		
Unrealised (appreciation) / diminution in value of investments classified as 'at fair value through profit or loss' - net	(5,848)	(9,159)
(Reversal)/ provision against Sindh Workers' Welfare Fund	(24,787)	4,384
	<u>259,647</u>	<u>210,027</u>
(Increase) / decrease in assets		
Investments	(20,413)	(881,243)
Profit receivable	(16,838)	(1,902)
Advance against IPO Subscription of debt security	(602,000)	-
Advances, deposits and prepayments	6,545	4,720
	<u>(632,706)</u>	<u>(878,425)</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	2,261	1,941
Payable to Central Depository Company of Pakistan Limited - Trustee	57	194
Payable to Securities and Exchange Commission of Pakistan	(588)	9
Dividend payable	-	(1)
Payable against purchase of investments	(605,180)	(117,690)
Accrued expenses and other liabilities	(12,262)	(2,385)
	<u>(615,712)</u>	<u>(117,932)</u>
Net cash used in operating activities	<u>(988,771)</u>	<u>(786,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	6,573,053	10,706,342
Payments on redemption of units	(4,700,560)	(8,498,554)
Net cash generated from financing activities	<u>1,872,493</u>	<u>2,207,788</u>
Net increase in cash and cash equivalents during the period	<u>883,722</u>	<u>1,421,458</u>
Cash and cash equivalents at beginning of the period	2,722,889	1,760,297
Cash and cash equivalents at end of the period	<u>3,606,611</u>	<u>3,181,755</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
(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

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

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, 2021 to the Management Company and AA-(f) as stability rating dated September 09, 2021 to the Fund.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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 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, 2021.

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, 2021

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, 2021.

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, 2021.

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, 2021.

		(Un-audited) December 31, 2021 ---- (Rupees in '000) ----	(Audited) June 30, 2021
5. BANK BALANCES			
Savings accounts	5.1	3,603,339	2,709,693
Current accounts	5.2	3,272	13,196
		3,606,611	2,722,889

5.1 These carry profit at the rates ranging between 6.60% to 11.75% (June 30, 2021: 5.75% to 6.75%) per annum and include Rs. 5.461 million (June 30, 2021: Rs. 1.8 million) maintained with MCB Islamic Bank Limited (a related party).

5.2 These include Rs. 2.769 million (June 30, 2021: Rs 14.546 million) maintained with MCB Bank Limited, a related party / connected person.

		(Un-audited) December 31, 2021 ---- (Rupees in '000) ----	(Audited) June 30, 2021
6. INVESTMENTS			
Financial assets at fair value through profit or loss			
Sukuk certificates- Unlisted	6.1	1,474,278	1,583,985
Government of Pakistan (GoP) Ijara sukuks	6.2	782,366	601,558
Term deposit receipts	6.3	700,000	900,000
Commercial paper	6.4	529,694	374,534
		3,486,338	3,460,077

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

6.1 Sukuk certificates- Unlisted

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

Name of investee company	Number of certificates			As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at June 30, 2021	Purchased during the period	Matured during the period	Disposed off during the period	As at December 31, 2021	Carrying value			Appreciation / (diminution)
Chemical									
Ghani Chemical Industries (Formerly: Ghani Gases Limited)	1,000	-	-	-	1,000	32,668	34,500	1,832	0.45
Pharmaceutical									
Aspin Pharma (Private) Limited	1,853	180	-	-	2,033	80,641	81,320	679	1.05
Power									
Pak Energy Sukuk *	181,100	-	-	-	181,100	912,744	919,083	6,339	11.88
Miscellaneous									
International Brands Limited	4,180	-	-	-	4,180	70,145	70,175	30	0.91
Bank									
Meezan Bank Limited	355	-	-	-	355	368,313	369,200	887	4.77
As at December 31, 2021						1,464,511	1,474,278	9,767	
As at June 30, 2021						1,568,991	1,583,985	14,994	

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

6.1.1 Significant terms and conditions of sukuk certificates held as at December 31, 2021 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
Pak Energy Sukuk	May 21, 2020	May 20, 2030	6 months KIBOR - 0.10%	Unrated
International Brands Limited	November 15, 2017	November 15, 2021	3 months KIBOR + 0.50%	AA
Meezan Bank Limited	January 09, 2020	January 09, 2030	6 months KIBOR + 0.90%	AA

6.2 Government of Pakistan (GoP) Ijara sukuk

Issue Date	Face Value			As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at June 30, 2021	Purchased during the period	Matured / Sold during the period	Disposed off during the period	As at December 31, 2021	Carrying value			Appreciation / (diminution)
GoP Ijara Sukuks - 5 years									
June 24, 2020	425,000	700,000	-	700,000	425,000	427,405	425,765	(1,640)	5.50
May 29, 2020	110,000	-	-	-	110,000	110,604	110,198	(406)	1.42
July 29, 2020	63,000	-	-	-	63,000	63,276	63,013	(263)	0.81
October 6, 2021	-	185,000	-	-	185,000	185,000	183,390	(1,610)	2.37
As at December 31, 2021						786,285	782,366	(3,919)	
As at June 30, 2021						601,805	601,558	(247)	

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

6.3 Term deposit receipts

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
MCB Islamic Bank Limited	11.25%	30-DEC-21	31-JAN-22	700,000	700,000	9.05	20.08
As at December 31, 2021				700,000	700,000		
As at June 30, 2021				900,000	900,000		

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
Mughal Iron & Steel Industries Limited	AAA	9.44%	July 26, 2021	July 26, 2022	228,436	237,830	3.07	6.82
K - Electric ICP 21	AAA	8.21%	September 22, 2021	March 22, 2022	285,381	291,864	3.77	8.37
As at December 31, 2021					513,817	529,694		
As at June 30, 2021					383,000	374,534		

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	
Carrying value of investments	6.1 & 6.2	(2,250,796)	2,855,747
		5,848	(2,846,588)
			9,159

Note
(Rupees in '000)

(Un-audited)
December 31,
2021

(Un-audited)
December 31,
2020

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

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	June 30, 2021
7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	3,300	1,587
Sindh sales tax payable on management remuneration	7.2	428	206
Sales load payable		582	325
Payable against shariah advisory fee		62	59
Payable against allocated expenses	7.3	672	606
Payable against marketing and selling expenses	7.4	-	-
		<u>5,044</u>	<u>2,783</u>

7.1 As per regulation 61 of the NBFC and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 10% of the gross earnings of the fund, calculated on daily basis. Provided that fund is subject to a minimum fee of 0.25% of the average daily net asset of the scheme. The remuneration is payable to the Management Company monthly in arrears.

Subsequent to the period end, with effect from January 07, 2022, the minimum fee of 0.25% has been removed through supplement offering document dated December 31, 2021.

7.2 Sindh Sales Tax on management fee has been charged at 13% (2020: 13%).

7.3 In accordance with Regulation 60 of the NBFC and Notified Entities Regulations 2008, 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 average daily net assets of the Fund or actual expenses whichever is lower.

In the 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 a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company can charge selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	-	24,787
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)			-
Auditors' remuneration		307	420
Capital gain tax		1,079	17,003
Printing charges payable		30	40
Others		5,079	1,294
		<u>18,162</u>	<u>55,211</u>

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

8.1 Provision for Sindh Workers' Welfare Fund

During the period, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. Accordingly all Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF, on August 13, 2021.

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, 2021. 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, 2021 would have been higher by Re. 0.1597 per unit (June 30, 2021: Re.0.2134 per unit).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

During the financial year 2020-21, the Federal Board of Revenue (FBR) 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 obtained stay order from the Sindh High Court against the tax demanded by Commissioner in Assessment Order.

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 these condensed interim financial information with respect thereto.

9.2 Commitments

There were no commitments as at December 31, 2021 (June 30, 2021: 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, 2021 to December 31, 2021 is 0.87% (December 31, 2020: 0.95) and this includes 0.08% (December 31, 2020: 0.2%) 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, 2021**

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

For the half year ended 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)							
Associated Companies / Undertakings:								
Adamjee Life Assurance Co. Ltd -Mazaaf	-	1,194,735	1,056,590	138,145	-	125,000	111,000	14,637
Adamjee Life Assurance Company Limited - Tameen	-	5,583,018	3,907,548	1,675,470	-	580,000	410,000	177,523
Hyundai Nishat Motor Private Limited Employees Provident Fund	177,940	4,767	182,707	-	18,143	500	18,767	-
Arif Habib Securities Limited Employees Provident Fund Trust	-	80,417	9,457	70,960	-	8,209	1,000	7,519
Adamjee Insurance Company Limited Window Takaful Operations	508,711	508,711	508,711	508,711	51,869	53,885	53,885	53,900
Mandate Under Discretionary Portfolio Services	1,086,709	1,760,364	1,954,055	893,019	110,802	183,047	204,455	94,619
Key management personnel	59,539	271,928	267,433	64,034	6,071	28,155	27,749	6,785
Unit holder holding 10% or more	8,773,314	110,357	-	8,883,671	894,534	11,400	-	941,262
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)	148,552	1,166,149	1,314,701	-	15,129	120,000	136,455	-
Adamjee Life Assurance Company Limited (Provident Fund)	49,244	-	-	49,244	(24,787)	-	-	5,180
Alhamra Islamic Active Allocation Fund (Plan I)	3,167,846	315,918	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	392,913	1,091,106	242,689	95,824	40,598	113,198	25,531
Key management personnel	68,345	272,119	244,117	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

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

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

	(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	16,344	12,542
Shariah advisory fee	363	374
Allocated expenses	3,764	3,355
Marketing and selling expenses	6,458	6,716
MCB Bank Limited - Parent of the Management Company		
Bank charges	124	131
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Profit on bank balances	20	-
Profit on TDR	25,261	-
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	3,191	2,845
CDC settlement charges	65	21
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, 2021	(Audited) June 30, 2021
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
MCB - Arif Habib Savings & Investment Limited - Management Company		
Management remuneration payable	3,300	1,587
Sindh sales tax payable on management remuneration	428	206
Sale load payable	582	325
Payable against Shariah advisory fee	62	59
Payable against allocated expenses	672	606
MCB Bank Limited - Parent of the Management Company		
Bank deposit	2,769	11,699
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Bank balances	5,461	1,803
Term Deposit Receipt	700,000	-
Markup Receivable on Term Deposit Receipt	432	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	506	456
Sindh Sales tax payable on remuneration of Trustee	66	59
Security deposits	100	100

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).

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

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, 2021 (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	1,474,278	-	1,474,278	-	1,474,278	-	1,474,278
Government securities - GoP Ijara sukuks	782,366	-	782,366	-	782,366	-	782,366
Commercial paper	529,694	-	529,694	-	529,694	-	529,694
Term Deposit Receipts	700,000	-	700,000	-	700,000	-	700,000
	3,486,338	-	3,486,338	-	3,486,338	-	3,486,338
Financial assets not measured at fair value							
Bank balances	-	3,606,611	3,606,611				
Profit receivable	-	57,609	57,609				
Deposit and other receivables	-	9,848	9,848				
	-	3,674,068	3,674,068				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	4,616	4,616				
Payable to the Trustee	-	507	507				
Accrued expenses and other liabilities	-	5,416	5,416				
	-	10,539	10,539				
June 30, 2021 (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	1,583,985	-	1,583,985	-	1,583,985	-	1,583,985
Government securities - GoP Ijara sukuks	601,558	-	601,558	-	601,558	-	601,558
Commercial paper	374,534	-	374,534	-	374,534	-	374,534
Term Deposit Receipts	900,000	-	900,000	-	900,000	-	900,000
	3,460,077	-	3,460,077	-	3,460,077	-	3,460,077
Financial assets not measured at fair value							
Bank balances	-	2,722,889	2,722,889				
Profit receivable	-	40,771	40,771				
Deposit and other receivables	-	12,390	12,390				
	-	2,776,050	2,776,050				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	2,577	2,577				
Payable to the Trustee	-	456	456				
Payable against purchase of investments	-	605,180	605,180				
Accrued expenses and other liabilities	-	1,754	1,754				
	-	609,967	609,967				

During the period ended December 31, 2021, 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, 2021**

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, 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

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH)

URL: www.mcbah.com, **Email:** info@mcbah.com
