

# **ALHAMRA ISLAMIC ASSET ALLOCATION FUND**

## CONTENTS

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1	Fund's Information	256
2	Report of the Directors of the Management Company	257
3	Condensed Interim Statement of Assets And Liabilities	262
4	Condensed Interim Income Statement (Un-audited)	263
5	Condensed Interim Statement of Comprehensive Income (Un-audited)	264
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	265
7	Condensed Interim Cash Flow Statement ( Un-audited)	266
8	Notes to and forming part of the Condensed Interim Financial Statements (Unaudited)	267

## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	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	
<b>Bankers</b>	MCB Bank Limited MCB Islamic Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Al Baraka Bank Pakistan limited Silk Bank Limited Askari Bank Limited Bank Islami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b> Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Asset Allocation Fund** accounts review for the nine months ended March 31, 2018.

## MARKET & ECONOMIC REVIEW

### Economy and Money Market Review

The economic scorecard showed a mixed picture with the real side depicting strong growth momentum while external side demanding policy measures.

The policy makers allowed the PKR/USD parity to adjust towards ~115 to support the deteriorating reserves position by arresting the worsening external account. The government at the end of March announced a tax amnesty scheme for undeclared foreign and domestic assets with tax rates ranging from 2%-5%.

The real growth remained strong depicted by Large Scale Manufacturing registering a growth of 6.24% YoY in first eight months of FY18 supported by strong growth in Petroleum Products, Steel and Food & Beverage sectors. The better preliminary crop numbers of cotton, wheat and sugar along with strong LSM growth is expected to keep the growth target of 6% in reach.

The fiscal deficit for the first half of this financial year was recorded at ~2.2% of GDP, despite high tax collection. Tax Authorities managed to collect PKR 2.0 trillion during the period, showing a growth of 17.6% compared to same period last year.

CPI for the nine months of FY18 remained modest averaging 3.78% YoY supported by stable food prices, controlled house rent and higher base effect. However, rising oil prices and depreciating currency indicate upward pressure going forward.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the nine months clocked in at ~USD 10.8 billion (up 50% YoY). Trade deficit for the first nine months of the financial year reached USD 19.7 billion up ~22% YoY. Import registered an increase of ~17% during the half year, propelled by petroleum imports and expansionary fiscal and monetary policies. On the flip side, the impact of textile package introduced by the government in order to boost exports, started to gain some momentum as textile exports grew by ~8% during the nine months of the financial year, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~3.6 billion, despite USD 2.5 billion bond issuance in international bond markets. PKR also depreciated by ~10% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations after the recent rupee depreciation as longer tenor instruments remained out of favor with very low participation from financial institutions and banks in auctions.

### Equity Market Review

The benchmark index posted a cumulative 9MFY18 return of -2.05% as compared to 23.67% SPLY. However, much anticipated currency depreciation event rejuvenated subdued investor interest in the market. Also, developments on the macro front along with relative calm on the political front (Senate elections held on Mar3'18) drove market performance during the quarter. This was evident in 3QFY18's gain of ~12.5% in the benchmark index.

Macro vulnerabilities continued to impact the market as burgeoning current account deficit and higher debt servicing continued to exert pressure on SBP's foreign exchange reserves. Furthermore, announcement of a status quo in Monetary Policy on Mar 30'18 was quite contrary to market expectations. Other eminent events till date include 1) SC's decision declaring Nawaz Sharif ineligible to continue as party head while dismissing all political actions taken by him since Jul 28'17 (Panama case verdict) and 2) inclusion of Pakistan in FATF's watch-list.

While 9MFY18 numbers show USD 124 mn foreign selling, this trend was reversed in the last quarter where massive foreign buying of ~USD 31.2 mn was witnessed. In 9MFY18, foreign selling was mainly absorbed by insurance companies (USD 104 mn). Average volumes and value traded were 175 mn shares and PKR 8.3 bn respectively. Positive contribution to the index was led by E&Ps (+26%) and Refineries (+15%). E&Ps rallied on the back of increase in oil prices by ~37%. Negative contributors to the index were Cement(-23%), Autos(-16%) and Oil Marketing Companies(-13%). Cement sector's lackluster performance was because of concerns over future pricing discipline on upcoming capacity expansions of ~4.5 mn tons in the next 7-8 months in the Southern region. However, the sector rebounded in the latest quarter on the back of price increase of ~Rs 50/bag in a phased manner throughout the month of March as well as improved dispatches number. Auto performed poorly on anticipation of currency depreciation and strengthening of Yen.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

OMC sector underperformed due to disappointing results (inventory losses), ban on import of furnace oil and weak demand outlook.

It is important to highlight that in 3QFY18, Chemicals and Fertilizers outperformed the market gaining 14.9% and 11.3% respectively. Chemicals gained due to strong international chemical margins. Interest in fertilizer sector remained high due to strong international fertilizer prices, comfortable inventory situation and outstanding sales numbers.

### FUND PERFORMANCE

During the period under review, the fund delivered a return of 0.70% as against its benchmark negative return of 1.95%.

On the equities front, the overall allocation was 39.6% at the end of the period under review. The fund increased its exposure in Fertilizer, Cements and Oil & Gas Exploration Companies while decreased exposure in Power Generation & Distribution. On the Islamic income side, exposure in Sukuk has been reduced to 0%.

The Net Assets of the Fund as at March 31, 2018 stood at Rs.3,171 million as compared to Rs.1,485 million as at June 30, 2017 registering an increase of 113.53%.

The Net Asset Value (NAV) per unit as at March 31, 2018 was Rs.73.5244 as compared to opening NAV of Rs. 73.0135 per unit as at June 30, 2017 registering an increase of Rs. 0.5109 per unit.

### MARKET & ECONOMY - FUTURE OUTLOOK

The recent rupee depreciation of ~10% is expected to reflect in the external account numbers going forward. Exports are expected to continue growth trajectory with textile package also providing support. Unnecessary imports are expected to slow down reflecting the higher imported cost. Given our outlook of trade deficit and weak performance on remittances, we expect current account deficit to approach ~USD 16 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion. Next year could fare better, provided oil stays close to current levels, given machinery imports would slow down and impact of recent rupee devaluation would be more visible in proceeding year's numbers.

The recent tax amnesty scheme announced could be successful as it is followed by some complimentary steps to curb the undeclared money. Additionally, regulations over the world would allow information sharing of residents from September, 2017 and undeclared assets would be difficult to hide. The tax amnesty scheme could bring in much needed foreign inflow of around ~USD 4 bn.

KMI-30 trades at a forward P/E of 10.55x, at a steep discount of 17% from its emerging market peer group. Enduring themes that should play out over the medium-term include PKR depreciation and higher interest rates, CPEC and continued GoP support for the export-oriented sector that would encourage exports. The upcoming budget with expectations of removal of tax on bonus shares and rationalization of capital gains tax could propel positive sentiments. The success of the amnesty scheme would also be a positive omen as foreign inflows would allow to control external vulnerabilities and stock market would become a potential investment avenue after whitening of money.

On the Islamic income front, market is expected to remain cautious on back of a precarious external account position along with an expected uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

### 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  
April 19, 2018



Nasim Beg  
Vice Chairman / Director

ڈائریکٹر رپورٹ  
برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

حالیہ اعلان کردہ ٹیکس معاف اسکیم کامیاب ہو سکتی ہے کیونکہ اس کے ساتھ ساتھ غیر اعلانیہ رقم پر قابو پانے کے لیے کچھ مفید اقدامات کیے گئے ہیں۔ اس کے علاوہ عالمی سطح کے اصول و ضوابط کے نتیجے میں ستمبر 2017ء سے رہائشیوں کی معلومات ظاہر کرنے کی اجازت ہوگی اور غیر اعلانیہ اثاثہ جات کو پوشیدہ رکھنا مشکل ہو جائے گا۔ ٹیکس معاف اسکیم تقریباً 4 بلین ڈالر کی مطلوبہ آمد کو بھی یقینی بنا سکتی ہے۔

KMI-30 کی تجارت 10.55x کی فارورڈ P/E پر ہوئی جو اس کے ابھرتے ہوئے مارکیٹ peer گروپ کے مقابلے میں 17% کی بھرپور رعایت ہے۔ مستحکم پیش رفت، جن کا اثر درمیانی مدت تک رہے گا، میں روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور CPEC اور برآمدات پر منحصر شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں۔

آئندہ بجٹ، جس میں بونس حصص پر ٹیکس ختم ہونے اور کیپٹل منافعوں کی rationalization کی توقع ہے، خوش آئند ثابت ہو سکتا ہے۔ ٹیکس معاف اسکیم کی کامیابی بھی مثبت علامت ہوگی کیونکہ غیر ملکی آمدات سے خارجی خطرات پر قابو پایا جاسکے گا اور اسٹاک مارکیٹ کا لے دھن کی صفائی کے بعد سرمایہ کاری کا اچھا موقع فراہم کرے گی۔ اسلامی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

#### انتہائی مختصر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب بورڈ



نسیم بیگ  
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
19 اپریل 2018ء

## ڈائریکٹر رپورٹ برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

برخلاف تھا۔ تاحال دیگر اہم واقعات میں (۱) سپریم کورٹ کا نواز شریف کو پارٹی سربراہی جاری رکھنے سے نا اہل قرار دینے اور 28 جولائی 2017ء سے ان کے تمام سیاسی اقدامات کو بے اثر قرار دینے کا فیصلہ (پانامہ کیس کا فیصلہ)، اور (۲) پاکستان کی FATF کی واچ لسٹ میں شمولیت شامل ہیں۔

اگرچہ مالی سال 2018ء کے نو ماہ کے اعداد و شمار کے مطابق 124 ملین امریکی ڈالر کی غیر ملکی فروخت ہوئی، لیکن آخری سہ ماہی میں اس رجحان میں تبدیلی آگئی اور 31.2 ملین ڈالر کی خطرہ خریداری دیکھی گئی۔ مالی سال 2018ء کے نو ماہ میں غیر ملکی فروخت کا اثر زیادہ تر انشورنس کمپنیوں نے قبول کیا (104 ملین امریکی ڈالر)۔

اوسطاً 8.3 بلین روپے مالیت کے 175 ملین حصص کی تجارت ہوئی۔

انڈیکس میں سب سے زیادہ مثبت کردار E&Ps (+26%) اور ریٹائرمنٹ (+15%) نے ادا کیا۔ E&Ps نے تیل کی قیمتوں میں اضافے کی بدولت 37% ترقی کی۔ انڈیکس پر منفی اثرات سیمنٹ کے شعبے (-23%)، گاڑیوں کے شعبے (-16%) اور آئل مارکیٹنگ کمپنیوں (-13%) نے مرتب کئے۔ سیمنٹ کے شعبے کی غیر معیاری کارکردگی کی وجہ اگلے 7-8 ماہ میں جنوبی خطے میں استعداد میں 4.5 ملین ٹن وسعت کی قیمتوں کے تعین کے نظام میں خدشات ہیں۔ تاہم مارچ کے پورے مہینے کے دوران 50 روپے فی تھیلی قیمت میں بتدریج اضافے اور ترسیلات کی تعداد میں اضافے کے باعث موجودہ سہ ماہی میں اس شعبے نے دوبارہ ترقی کی۔ گاڑیوں کے شعبے نے روپے کی قدر میں کمی اور جاپانی ین میں استحکام کی توقع میں غیر معیاری مارکردگی کا مظاہرہ کیا۔ OMC کے شعبے نے مایوس کن نتائج (انویٹری کے نقصانات)، فرنیس آئل کی درآمد پر پابندی اور مانگ میں کمی کے رجحان کے باعث مطلوبہ سے کم کارکردگی کا مظاہرہ کیا۔

یہ بات قابل ذکر ہے کہ مالی سال 2018ء کی تیسری سہ ماہی میں کیمیکلز اور کھاد کے شعبے بالترتیب 14.9% اور 11.3% ترقی کر کے مارکیٹ میں صف اول میں رہے۔ بینکوں کی ترقی کا سبب روپے کی قدر میں کمی اور اس کے نتیجے میں شرح میں اضافے کی توقعات کو قرار دیا جاسکتا ہے۔ کیمیکلز کے شعبے نے مستحکم بین الاقوامی منافع کی بدولت ترقی کی۔ کھاد کے شعبے میں دلچسپی میں اضافے کے اسباب کھاد کی بین الاقوامی قیمتوں میں استحکام، انویٹری کی اطمینان بخش صورتحال اور شاندار فروخت ہیں۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 0.70% منافع حاصل کیا، بالمقابل اس کے بچ مارک منافع 1.95% کے۔

ایکویٹیز کے شعبے میں زیر جائزہ مدت کے اختتام پر مجموعی اختصاص 39.6% تھا۔ فنڈ نے کھاد، سیمنٹ اور آئل اینڈ گیس ایکسپلوریشن کے شعبوں میں اپنی شمولیت میں اضافہ کیا، جبکہ توانائی کی پیداوار اور تقسیم کے شعبے میں شمولیت کو کم کیا۔ مقررہ آمدنی کے شعبے میں سسٹم میں شمولیت کو کم کر کے 0% کر دیا گیا۔

31 مارچ 2018ء کو فنڈ کے net اثاثہ جات 3,171 ملین روپے تھے، جو 30 جون 2017ء کو 1,485 ملین روپے کے مقابلے میں 113.53% اضافہ ہے۔

31 مارچ 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 73.5244 روپے تھی، جو 30 جون 2017ء کو 73.0135 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 0.5109 روپے فی یونٹ اضافہ ہے۔

### بازار اور معیشت - مستقبل کی صورتحال

روپے کی قدر میں حالیہ 10% کمی کی عکاسی متوقع طور پر خارجی اکاؤنٹ کے بلند ہوتے ہوئے اعداد و شمار میں ہوگی۔ برآمدات کی ترقی کا سفر جاری رہنے کی امید ہے، اور ٹیکسٹائل ٹیک بھی پشت پناہی فراہم کرے گا۔ درآمداتی لاگت میں اضافے کے باعث غیر ضروری درآمدات میں کمی متوقع ہے۔ تجارتی خسارے اور ترسیلات زر کی کمزور کارکردگی کے پیش نظر کرنٹ اکاؤنٹ کا خسارہ متوقع طور پر 16 بلین ڈالر تک پہنچ جائے گا، جس کے نتیجے میں ہمارے تخمینے کے مطابق تقریباً 5 بلین ڈالر کی اضافی سرمایہ کاری کی ضرورت ہوگی۔ اگلا برس کافی بہتر ہو سکتا ہے، بشرطیکہ تیل موجودہ سطحوں کے قریب برقرار رہے، مشینری کی موجودہ درآمدات میں کمی ہو، اور روپے کی قدر میں حالیہ کمی کی عکاسی اگلے سال کے اعداد و شمار میں واضح تر ہو۔

## عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمر اسلامک Asset مینجمنٹ فنڈ کے 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

## بازار اور معیشت کا جائزہ

### معیشت اور بازار کا جائزہ

معاشی اعداد و شمار میں ملاحظہ جہاں جاری رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ پالیسی کے اقدامات مطالبہ کر رہا ہے۔ پالیسی ساز پاکستانی روپے اور امریکی ڈالر کے مابین برابری کو 115 کی جانب لے گئے تاکہ گھٹتے ہوئے ذخائر کے باعث خارجی اکاؤنٹ کی بگڑتی ہوئی حالت پر قابو پایا جاسکے۔ مارچ کے اختتام پر حکومت نے غیر اعلانیہ ملکی و غیر ملکی اثاثہ جات کے لئے ٹیکس میں رعایت کی پالیسی کا اعلان کیا اور ٹیکس کی شرحوں کو 2% سے 5% کے درمیان لے آئی۔ حقیقی ترقی مستحکم رہی جس کی عکاسی بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مالی سال 2018ء کے پہلے آٹھ ماہ میں 6.24% YoY ترقی سے ہوئی، اور اس کی پشت پناہی پٹرولیم مصنوعات، اسٹیل اور اشیائے خورد و نوش کے شعبے میں مستحکم ترقی نے کی۔ کپاس، گندم اور چینی کی بہتر ابتدائی فصل بشمول مضبوط LSM ترقی کی بدولت 6% ترقی کا ہدف متوقع طور پر قابل حصول ہے۔

موجودہ مالی سال کی پہلی ششماہی میں ٹیکس کے بھرپور حصول کے باوجود مالی خسارہ مجموعی ملکی پیداوار (GDP) کا 2.2% تھا۔ ٹیکس کے اداروں نے دورانِ مدت 2.0 ٹریلین روپے ٹیکس جمع کیا جو سال گزشتہ کی اسی مدت کے مقابلے میں 17.6% زیادہ ہے۔

مالی سال 2018ء کے نو ماہ کے لئے CPI کا اوسط 3.78% YoY کے درمیانے درجے پر تھا جس کی پشت پناہی اشیائے خورد و نوش کی مستحکم قیمتوں، محدود رہائشی کرائے اور پہلے سے زیادہ base effect سے ہوئی۔ تاہم تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر دباؤ میں مزید اضافے کی طرف اشارہ کر رہی ہیں۔

خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے نو ماہ 10.8 بلین ڈالر تھا (YoY 50% اضافہ)۔ مالی سال کے پہلے نو ماہ میں تجارتی خسارہ 19.7 ڈالر تک پہنچ گیا، جو 22% YoY اضافہ ہے۔ سال کے نصف اوّل کے دوران درآمدات میں 17% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب برآمدات کے فروغ کے لئے حکومت کے متعارف کردہ ٹیکسٹائل پیکیج کے اثرات نے کچھ رفتار پکڑی اور مالی سال کے پہلے نو ماہ کے دوران ٹیکسٹائل کی برآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی برآمدات سے پیدا ہونے والی خلیج کو پُر کرنے کے لئے ناکافی تھا۔ نتیجتاً، غیر ملکی زرمبادلہ کے ذخائر میں 3.6 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے بانڈز کا اجراء ہوا۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 10% کمی ہوئی جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔

روپے کی قدر میں حالیہ کمی کے بعد فراہ زریں تمام tenors کے مقابلے میں اضافے کی توقعات بازار زر کے لئے اشارہ تھا۔ بینکوں اور دیگر مالیاتی اداروں نے Auction میں طویل مدت کے اسٹومنٹ میں بہت کم حصہ لیا۔

## ایکویٹی مارکیٹ کا جائزہ

مالی سال 2018ء کے نو ماہ میں بیچ مارک انڈیکس کا مجموعی منافع 2.16% تھا بالمقابل SPLY 27.45%۔ تاہم روپے کی قدر میں متوقع کمی نے مارکیٹ میں سرمایہ کاروں کی محدود دلچسپی میں اضافہ کر دیا۔ علاوہ ازیں، وسیع رُخ میں متعدد پیش رفت اور سیاسی رُخ میں نسبتاً کم ہلچل (سینیٹ انتخابات منعقدہ 3 مارچ 2018ء) کا دورانِ سہ ماہی بازار کی کارکردگی پر اثر ہوا، جو مالی سال 2018ء کی تیسری سہ ماہی میں بیچ مارک انڈیکس میں 12.5% منافع سے ظاہر ہے۔

کلاں معاشیات کے خطرات کا مارکیٹ پر اثر جاری رہا، اور کرنٹ اکاؤنٹ کے تیزی سے بڑھتے ہوئے خسارے اور پہلے سے زیادہ debt سروسنگ نے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر پر دباؤ جاری رکھا۔ علاوہ ازیں، 30 مارچ 2018ء کو مانیٹر پالیسی میں سابقہ معیار جاری رکھنے کا اعلان مارکیٹ کی توقعات کے

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT March 31, 2018

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Note----- (Rupees in '000) -----		
<b>ASSETS</b>		
Balances with banks	1,791,696	846,966
Term Deposit Musharika (TDM)	5      95,000	-
Investments	6      1,275,204	652,922
Receivable against sale of investments	25,933	-
Dividend, profit and other receivables	25,124	6,214
Advances, deposits and prepayments	3,251	4,302
<b>Total assets</b>	<u>3,216,208</u>	<u>1,510,404</u>
<b>LIABILITIES</b>		
Payable to the Management Company	13,658	5,443
Payable to the Trustee	385	233
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	1,563	1,122
Payable against purchase of investments	10,086	-
Accrued and other liabilities	7      19,109	18,348
<b>Total liabilities</b>	<u>44,801</u>	<u>25,146</u>
<b>NET ASSETS</b>	<u>3,171,407</u>	<u>1,485,258</u>
<b>Unit holders' fund (as per statement attached)</b>	<u>3,171,407</u>	<u>1,485,258</u>
<b>Contingencies and commitments</b>	8	
	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<u>43,134,092</u>	<u>20,342,240</u>
	----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>	<u>73.5244</u>	<u>73.0135</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

		Nine months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note		(Rupees in '000)			
<b>INCOME</b>					
		(4,113)	149,612	54,627	42,999
		42,380	30,537	14,779	8,681
		1,881	-	1,180	-
		34	14	-	14
		52,183	9,018	22,701	3,129
	</				

Earnings per unit

11

The annexed notes from 1 to 15 form an integral part of these 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 COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>----- (Rupees in '000) -----</u>			
<b>Net (loss) / income for the period after taxation</b>	<b>76,611</b>	<b>229,790</b>	<b>149,744</b>	<b>73,342</b>
<b>Other comprehensive (loss) / income for the period:</b>				
<b>To be reclassified to profit or loss account in subsequent periods</b>				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	<b>1,441</b>	40,268	<b>7,484</b>	(14,539)
	<u><b>1,441</b></u>	<u>40,268</u>	<u><b>7,484</b></u>	<u>(14,539)</u>
<b>Total comprehensive (loss) / income for the period</b>	<u><b>78,052</b></u>	<u>270,058</u>	<u><b>156,941</b></u>	<u>58,803</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine months ended				
	March 31, 2018				March 31, 2017
	Capital value	Undistributed income	Unrealised appreciation / (diminution) on available-for-sale investments (Rupees in '000)	Total	Total
Net assets at beginning of the period	1,272,574	175,020	37,664	1,485,258	820,509
Issuance of 32,310,323 units (2017: 11,772,925 units):					
- Capital value (at net asset value per unit at the beginning of the period)	2,359,090	-	-	2,359,090	-
- Element of loss	(82,367)	-	-	(82,367)	-
	2,276,723	-	-	2,276,723	862,812
Redemption of 9,518,472 units (2017: 7,443,971 units):					
- Capital value (at net asset value per unit at the beginning of the period)	(694,974)	-	-	(694,974)	-
- Amount paid out of element of income	-	(287)	-	(287)	-
- Relating to 'Net income for the period after taxation'	-	-	-	-	-
- Relating to 'Other comprehensive income for the period'	-	-	-	-	-
- Refund / adjustment on units as element of income	26,636	-	-	26,636	-
	(668,338)	(287)	-	(668,625)	(527,380)
Net element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	(37,735)
Total comprehensive (loss) / income for the period	-	76,611	1,441	78,052	270,058
Distribution during the period	-	-	-	-	-
Net (loss) / income for the period less distribution	-	76,611	1,441	78,052	270,058
Net assets at end of the period	2,880,958	251,344	39,105	3,171,407	1,388,264
Undistributed income brought forward comprising of:					
- Realised gain		165,326			121,075
- Unrealised gain		9,694			109
		175,020			121,184
Net (loss) / income for the period after taxation		76,324			229,790
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised income		-			81,250
Distribution during the period		-			-
Undistributed income carried forward		251,344			432,224
Undistributed income carried forward comprising of:					
- Realised gain		466,683			402,037
- Unrealised (loss) / gain		(215,339)			30,187
		251,344			432,224
				---- (Rupees in '000) ----	
Net assets value per unit at beginning of the period				73.0135	63.5232
Net assets value per unit at end of the period				73.5244	80.4995

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine months ended	
	March 31, 2018	March 31, 2017
Note	(Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	76,611	229,790
<b>Adjustments for:</b>		
Net element of income included in prices of units issued less those in units redeemed	-	(37,735)
Net unrealised loss / (gain) on revaluation of investments 'at fair value through profit or loss - held-for-trading'	(51,413)	(26,438)
Dividend income	(42,380)	-
Impairment loss on 'available-for-sale' investment	8,587	-
	<u>(8,595)</u>	<u>165,617</u>
<b>Increase / (decrease) in assets</b>		
Receivable against sale of investments	(25,933)	7,540
Investments	(578,015)	(340,519)
Profit receivable	(9,072)	(4,533)
Advances, deposits and prepayments	1,051	(1,054)
	<u>(611,969)</u>	<u>(338,566)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	8,215	816
Payable to the Trustee	152	68
Annual fee payable to SECP	441	(8)
Payable against purchase of investments	10,086	-
Accrued and other liabilities	761	(2,489)
	<u>19,655</u>	<u>(1,613)</u>
Dividend received	32,542	-
<b>Net cash used in operating activities</b>	<u>(568,367)</u>	<u>(174,562)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	2,276,723	862,812
Payments on redemption of units	(668,625)	(527,380)
<b>Net cash generated from financing activities</b>	<u>1,608,097</u>	<u>335,432</u>
<b>Net increase in cash and cash equivalents during the period</b>	<b>1,039,730</b>	<b>160,870</b>
Cash and cash equivalents at beginning of the period	846,966	133,896
<b>Cash and cash equivalents at end of the period</b>	<b>12      <u>1,886,696</u></b>	<b><u>294,766</u></b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alhamra Islamic Asset Allocation Fund (formerly: Pakistan International Element Islamic Asset Allocation Fund) (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (the Management Company, "AHIL") as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 14, 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) 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 the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** Pursuant to the merger of MCB-Asset Management Company and Arif Habib Investments Limited, the name of the Management Company (Arif Habib Investments Limited being the surviving entity) has been changed from Arif Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited.
- 1.4** The Fund is an open-ended mutual fund 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 Asset Allocation" scheme by the Board of Directors of the Asset Management Company in pursuant to Circular 7 of 2009 dated March 06, 2009 issued by the SECP.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM 2++ dated December 28, 2017 to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

### 2. BASIS OF PREPARATION

- 2.1** This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Financial Reporting 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
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.
- Where provisions of the directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of the directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.
- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2017.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

- 2.3** The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2018 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2017, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2017.
- 2.4** 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 is unaudited.
- 2.5** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the Fund.
- 2.6** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees, unless otherwise specified.
- 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

The accounting policies, financial risk management objectives and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in notes 3.1:

- 3.1** The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded in the form of additional units at zero cost in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of loss been recognized as per the previous accounting policy, the income of the Fund would have been lower by Rs.47.334 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**4. TOTAL EXPENSE RATIO**

Total expense ratio of the Fund is 2.67% as on March 31, 2018 (March 31, 2017: 1.69%) and this includes 0.36% (March 31, 2017:0.18%) representing government Levy on the Fund such as Sales tax, Sindh Workers' Welfare Fund, SECP fee, etc.

		<b>(Un-Audited) March 31, 2018</b>	<b>(Audited) June 30, 2017</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>5. TERM DEPOSIT MUSHARIKA (TDM)</b>			
Term Deposit Musharika	5.1	<u><b>95,000</b></u>	<u><b>-</b></u>

**6. INVESTMENTS**

**Investment by category**

**'At fair value through profit or loss -  
held-for-trading'**

Listed equity securities	6.1	<b>1,102,183</b>	456,501
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**'Available-for-sale'**

Listed equity securities	6.2	<u><b>173,021</b></u>	<u>196,421</u>
		<u><b>1,275,204</b></u>	<u><b>652,922</b></u>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

6.1 Listed equity securities - 'at fair value through profit or loss - held-for-trading'

Name of the investee company	As at July 01, 2017	Purchases during the period	Right issue during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of the total paid-up capital of the investee company
						Carrying value	Market value	Unrealised (loss) / gain			
(Rupees in '000)											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
<b>Automobile Assembler</b>											
Ghandhara Industries Limited	15,000	3,700	-	12,900	5,800	3,752	4,841	1,089	0.38%	0.15%	0.03%
Honda Atlas Cars(Pakistan) Limited	26,000	-	-	26,000	-	-	-	-	0.00%	0.00%	0.00%
						<b>3,752</b>	<b>4,841</b>	<b>1,089</b>	<b>0.38%</b>	<b>0.15%</b>	<b>0.03%</b>
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	400,000	840,000	-	1,240,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
<b>Cement</b>											
Cherat Cement Limited	-	100,000	-	-	100,000	13,228	12,830	(398)	1.01%	0.40%	0.06%
D.G. Khan Cement Limited****	-	1,582,300	-	1,289,300	293,000	43,176	47,791	4,615	3.75%	1.51%	0.07%
Fauji Cement Co Limited	25,500	2,100,000	-	520,500	1,605,000	42,218	46,946	4,728	3.68%	1.48%	0.12%
Kohat Cement Limited	94,000	-	-	31,400	62,600	14,352	10,046	(4,306)	0.79%	0.32%	0.04%
Lucky Cement Limited	36,950	264,400	-	156,500	144,850	91,844	99,891	8,047	7.83%	3.15%	0.04%
Maple Leaf Cement Factory Limited	-	1,150,000	-	75,000	1,075,000	75,242	76,142	900	5.97%	2.40%	0.18%
Pioneer Cement Limited	-	17,000	-	-	17,000	1,148	1,191	43	0.09%	0.04%	0.01%
						<b>281,208</b>	<b>294,837</b>	<b>13,629</b>	<b>23.12%</b>	<b>9.30%</b>	<b>0.52%</b>
<b>Chemicals</b>											
Engro Polymer & Chemical Limited	752,500	940,000	-	1,692,500	-	-	-	-	0.00%	0.00%	0.12%
						-	-	-	0.00%	0.00%	0.12%
<b>Commercial Banks</b>											
Meezan Bank Limited	23,500	-	2,820	1,410	24,910	1,927	1,984	57	0.16%	0.06%	0.00%
						<b>1,927</b>	<b>1,984</b>	<b>57</b>	<b>0.16%</b>	<b>0.06%</b>	<b>0.00%</b>
<b>Engineering</b>											
Crescent Steel & Allied Product Limited	48,700	15,400	-	64,100	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	120,000	118,500	-	75,900	162,600	52,029	46,243	(5,786)	3.63%	1.46%	0.14%
International Steels Limited	104,000	130,700	-	234,000	700	81	81	-	0.01%	0.00%	0.00%
Itefaq Iron Industries Limited	-	125,000	-	125,000	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel Limited****	-	314,500	-	314,500	-	-	-	-	0.00%	0.00%	0.00%
						<b>52,109</b>	<b>46,324</b>	<b>(5,785)</b>	<b>3.63%</b>	<b>1.46%</b>	<b>0.14%</b>
<b>Fertilizer</b>											
Dawood Hercules Corporation	45,400	-	-	-	45,400	6,191	5,945	(246)	0.47%	0.19%	0.01%
Engro Corporation Limited	90,000	671,000	-	477,000	284,000	73,221	87,941	14,720	6.90%	2.77%	0.05%
Engro Fertilizer Limited	-	1,393,500	-	11,000	1,382,500	90,656	95,517	4,861	7.49%	3.01%	0.10%
Fatima Fertilizer Company Limited****	254,000	400,000	-	254,000	400,000	12,500	13,136	636	1.03%	0.41%	0.02%
						<b>182,567</b>	<b>202,539</b>	<b>19,972</b>	<b>15.88%</b>	<b>6.39%</b>	<b>0.18%</b>
<b>Glass &amp; Ceramics</b>											
Shabbir Tiles & Ceramics Limited*	677,500	-	-	-	677,500	12,988	13,075	87	1.03%	0.41%	0.21%
Tariq Glass Industries Limited	141,500	-	-	141,500	-	-	-	-	0.00%	0.00%	0.00%
						<b>12,988</b>	<b>13,075</b>	<b>87</b>	<b>1.03%</b>	<b>0.41%</b>	<b>0.21%</b>
<b>Leather &amp; Tanneries</b>											
Service Industries Limited	10,000	12,000	-	-	22,000	23,876	18,491	(5,385)	1.45%	0.58%	0.08%
						<b>23,876</b>	<b>18,491</b>	<b>(5,385)</b>	<b>1.45%</b>	<b>0.58%</b>	<b>0.08%</b>
<b>Oil &amp; Gas Expoloration Companies</b>											
Mari Petroleum Company Limited	-	16,000	-	16,000	-	-	-	-	0.00%	0.00%	0.00%

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

Name of the investee company	As at July 01, 2017	Purchases during the period	Right issue during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying value	Market value	Unrealised (loss) / gain			
(Number of shares)											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Oil & Gas Development Co Limited *** Pakistan Oilfields Limited Pakistan Petroleum Limited ***	120,000	1,027,400	-	447,400	700,000	111,597	121,856	10,259	9.56%	3.84%	0.02%
	-	381,800	-	262,450	119,350	70,189	77,644	7,455	6.09%	2.45%	0.05%
	127,700	678,300	-	588,500	217,500	39,839	46,293	6,454	3.63%	1.46%	0.01%
						221,625	245,793	24,168	19.27%	7.75%	0.08%
Oil And Gas Marketing Companies Attock Petroleum Limited Hi-Tech Lubricants Limited Sui Northern Gas Limited	350	-	-	-	350	219	201	(18)	0.02%	0.01%	0.00%
	-	154,400	-	-	154,400	13,773	16,241	2,468	1.27%	0.51%	0.13%
	-	620,000	-	620,000	-	-	-	-	0.00%	0.00%	0.00%
						13,993	16,442	2,449	1.29%	0.52%	0.13%
Pharmaceutical AGP Limited Searle Company Limited	-	810,532	-	193,000	617,532	49,403	56,004	6,601	4.39%	1.77%	0.00%
	-	35,000	-	-	35,000	11,200	12,309	1,109	0.97%	0.39%	0.02%
						60,603	68,313	7,710	5.36%	2.15%	0.02%
Power Generation & Distribution Hub Power Company Limited *** K-Electric Limited **	379,000	468,500	-	277,000	570,500	62,903	57,335	(5,568)	4.50%	1.81%	0.05%
	4,000,000	-	-	4,000,000	-	-	-	-	0.00%	0.00%	0.00%
						62,903	57,335	(5,568)	4.50%	1.81%	0.05%
Refinery Attock Refinery Limited	-	85,000	-	85,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Sugar & Allied Industries Faran Sugar Mills Limited	92,000	-	-	-	92,000	7,384	8,418	1,034	0.66%	0.27%	0.37%
						7,384	8,418	1,034	0.66%	0.27%	0.37%
Technology & Communications Netsol Technologies Limited	120,000	-	-	85,500	34,500	1,995	2,488	493	0.20%	0.08%	0.04%
						1,995	2,488	493	0.20%	0.08%	0.04%
Textile Composite Kohinoor Textile Mills Limited Nishat Mills Limited***	25,000	150,000	21,000	10,500	185,500	18,258	13,050	(5,208)	1.02%	0.41%	0.06%
	103,900	577,400	-	-	681,300	105,581	108,252	2,671	8.49%	3.41%	0.19%
						123,839	121,302	(2,537)	9.51%	3.82%	0.25%
						1,050,769	1,102,182	51,413			
March 31, 2018						446,806	456,501	9,694			
June 30, 2017											

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

## 6.2 Listed equity securities - 'available-for-sale'

Name of the investee company	As at July 01, 2017	Purchases during the period	Right / bonus issue during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying value	Market value	Appreciation / (diminution)			
(Number of shares)											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Automobile Assembler											
Honda Atlas Cars(Pakistan) Limited	1,600	-	-	1,600	-	-	-	-	-	-	-
Automobile Parts & Accessories											
Agriauto Industries Limited*	37,000	-	-	-	37,000	10,001	11,655	1,654	0.91%	0.37%	0.13%
						10,001	11,655	1,654	0.91%	0.37%	0.13%
Chemicals											
ICI Pakistan Limited	12,000	-	-	-	12,000	5,071	10,216	5,145	0.80%	0.32%	0.01%
						5,071	10,216	5,145	0.80%	0.32%	0.01%
Fertilizer											
Dawood Hercules Corporation Limited	149,200	-	-	-	149,200	19,461	19,536	75	1.53%	0.62%	0.03%
Fatima Fertilizer Company Limited****	46,000	-	-	46,000	-	-	-	-	0.00%	0.00%	0.00%
						19,461	19,536	75	1.53%	0.62%	0.03%
Food & Personal Care Products											
Engro Foods Limited	700	-	-	-	700	114	71	(43)	0.01%	0.00%	0.00%
						114	71	(43)	0.01%	0.00%	0.00%
Leather & Tanneries											
Service Industries Limited	3,050	-	-	-	3,050	3,966	2,564	(1,402)	0.20%	0.08%	0.03%
						3,966	2,564	(1,402)	0.20%	0.08%	0.03%
Miscellaneous											
Shifa International Hospitals Limited	111	-	-	-	111	31	32	1	0.00%	0.00%	0.00%
						31	32	1	0.00%	0.00%	0.00%
Oil & Gas Expoloration Companies											
Mari Petroleum Company Limited	21,800	-	-	17,380	4,420	3,523	6,544	3,021	0.51%	0.21%	0.00%
Oil & Gas Development Co Limited ***	242,400	-	-	-	242,400	34,530	42,197	7,667	3.31%	1.33%	0.01%
Pakistan Oilfields Limited	43,500	-	-	-	43,500	14,471	28,299	13,828	2.22%	0.89%	0.02%
Pakistan Petroleum Limited ***	83,100	-	-	-	83,100	13,335	17,687	4,352	1.39%	0.56%	0.00%
						65,860	94,727	28,867	7.43%	2.99%	0.03%

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

Name of the investee company	As at July 01, 2017	Purchases during the period	Right / bonus issue during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying value	Market value	Appreciation / (diminution)			
								(Rupees in '000)		%	
<b>Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise</b>											
<b>Oil And Gas Marketing Companies</b>											
Attock Petroleum Limited	200	-	-	-	200	107	115	8	0.01%	0.00%	0.00%
						<b>107</b>	<b>115</b>	<b>8</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Paper And Board</b>											
Packages Limited	350	-	-	-	350	245	206	(39)	0.02%	0.01%	0.00%
						<b>245</b>	<b>206</b>	<b>(39)</b>	<b>0.02%</b>	<b>0.01%</b>	<b>0.00%</b>
<b>Pharmaceutical</b>											
IBL Healthcare Limited	4,485	-	448	-	4,933	432	425	(7)	0.03%	0.01%	0.01%
Seafair Company Limited	155	-	31	-	186	49	65	16	0.01%	0.00%	0.00%
						<b>481</b>	<b>490</b>	<b>9</b>	<b>0.04%</b>	<b>0.02%</b>	<b>0.01%</b>
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited ***	270,744	-	-	-	270,744	31,421	27,210	(4,211)	2.13%	0.86%	0.02%
						<b>31,421</b>	<b>27,210</b>	<b>(4,211)</b>	<b>2.13%</b>	<b>0.86%</b>	<b>0.02%</b>
<b>Technology &amp; Communications</b>											
Netsol Technologies Limited	57,500	-	-	-	57,500	3,460	4,147	687	0.33%	0.13%	0.06%
						<b>3,460</b>	<b>4,147</b>	<b>687</b>	<b>0.33%</b>	<b>0.13%</b>	<b>0.06%</b>
<b>Textile Composite</b>											
Kohinoor Textile Mills Limited	27,500	-	3,300	1,650	29,150	2,284	2,051	(233)	0.16%	0.06%	0.01%
						<b>2,284</b>	<b>2,051</b>	<b>(233)</b>	<b>0.16%</b>	<b>0.06%</b>	<b>0.01%</b>
<b>March 31, 2018</b>						<b>142,502</b>	<b>173,020</b>	<b>30,526</b>			
<b>June 30, 2017</b>						<b>158,757</b>	<b>196,421</b>	<b>37,664</b>			

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

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

\*\*\* These include shares with market value of Rs.51.54 (June 30, 2017: Rs.158.51) million which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trades in term of Circular No. 11 dated October 23, 2007 issued by SECP.

\*\*\*\* These include Transactions with related parties.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
<b>7. ACCRUED AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	9,186	7,622
Federal Excise Duty payable on management fee	7.2	5,910	5,910
Federal Excise Duty and related taxes payable on sales load		1,136	1,136
Sales load payable to MCB Bank Limited - a related party		-	1
Charity / donation payable		662	626
Auditors' remuneration		468	470
Zakat payable		11	12
Withholding tax payable		122	546
Brokerage payable		1,045	1,600
Other payables		569	425
		<u>19,109</u>	<u>18,348</u>

**7.1** There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 0.21 per unit (June 30, 2017 Re 0.37 per unit).

**7.2** 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, 2017. 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 March 31, 2018 would have been higher by Re.0.14 per unit (June 30, 2017: Re.0.29 per unit).

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at March 31, 2018.

## **9. 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 Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

## **10. SELLING AND MARKETING EXPENSES**

In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. Keeping in view the aforementioned provisions, the Management Company charged selling and marketing charges to the Fund during the period.

## **11. EARNINGS PER UNIT**

Earnings 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.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

----- (Un-Audited) -----  
March 31, March 31,  
2018 2017  
----- (Rupees in '000) -----

## 12. CASH AND CASH EQUIVALENTS

Balances with banks	1,791,696	213,228
Term Deposit Musharika (TDM)	95,000	-
	<u>1,886,696</u>	<u>213,228</u>

## 13. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

### 13.1 Unit Holders' Fund

	March 31, 2018							
	As at July 01, 2017	Issued for cash	Redeemed	As at March 31, 2018	As at July 01, 2017	Issued for cash	Redeemed	As at March 31, 2018
	Units				(Rupees in '000)			
<b>Group / Associated Companies</b>								
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	111,065	-	111,065	-	8,109	-	7,552	-
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	2,070,914	-	2,070,914	-	151,205	-	143,331	-
Nishat Power Limited Employees Provident Fund Trust	2,919	-	2,919	-	213	-	199	-
Adamjee Life Assurance Company Limited - (MAZAAF)	-	208,499	-	208,499	-	14,500	-	15,330
<b>Key management personnel</b>	16,831	37,938	35,765	19,004	1,229	2,664	2,521	1,397
<b>Mandate under Discretionary Portfolio Services</b>	1,186,526	223,516	156,356	1,253,686	86,632	16,040	11,166	92,176
	March 31, 2017							
	As at July 01, 2016	Issued for cash	Redeemed	As at March 31, 2017	As at July 01, 2016	Issued for cash	Redeemed	As at March 31, 2017
	Units				(Rupees in '000)			
<b>Group / Associated Companies</b>								
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	99,935	-	-	99,935	6,348	-	-	8,045
<b>Key Management Personnel</b>	39,742	40,583	53,958	26,367	2,524	3,319	4,186	3,150
<b>Mandate under Discretionary Portfolio Services</b>	512,464	698,456	341,381	869,539	-	50,112	25,647	69,998

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

----- (Un-Audited) -----	
Nine Months	
March 31, 2018	March 31, 2017
----- (Rupees in '000) -----	

**13.2 Transactions during the period:**

**MCB Arif Habib Savings and Investments  
Limited - Management Company**

Remuneration (including indirect taxes)	37,178	17,969
Expenses allocated by the Management		
Company and related taxes	1,859	947
Selling and marketing expenses	6,580	121
Shariah advisory fee	675	675

**Central Depository Company of  
Pakistan Limited - Trustee**

Remuneration including indirect taxes	2,707	1,736
Settlement charges	179	824

**Group / Associated Companies:**

**MCB Bank Limited**

Markup on deposit	1,944	-
Bank charges	27	13

**Silk Bank Limited**

Markup on bank deposit	2,597	-
Bank charges	2	-

**Arif Habib Limited**

Brokerage expense *	437	193
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**Next Capital Limited**

Brokerage expense *	155	190
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**Pakgen Power Limited**

Dividend income	-	723
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**Lalpir Power Limited**

Dividend income	-	303
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**Nishat Mills Limited**

Dividend income	1,803	1,580
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**Mughal Iron and Steel Limited**

Dividend income	61	-
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**D.G. Khan Cement Company Limited**

Dividend income	14	450
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**Fatima Fertilizer Company Limited**

Dividend income	-	81
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

(Un-Audited) (Audited)  
March 31, June 30,  
2018 2017  
----- (Rupees in '000) -----

**13.3 Balances outstanding at period / year end:**

**MCB Arif Habib Savings and Investments  
Limited - Management Company**

Remuneration payable	5,114	2,478
Sindh sales tax payable on management remuneration	665	322
Expense allocated by the Management Company	256	123
Selling and marketing expenses payable	2,695	1,593
Sale load payable	310	762
Sindh sales tax payable on sales load payable	40	90
Back-end load payable	4,503	-
Shariah advisory fee payable	75	75

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable (including indirect taxes)	385	233
Security deposit	200	200

**Group / Associated Companies:**

**MCB Bank Limited**

Balance with bank	8,395	50,442
Sales load payable	-	1

**Silk Bank Limited**

Balance with bank	258,796	-
Markup Receivable	809	-

**Arif Habib Limited**

Brokerage payable *	69	95
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**Next Capital Limited**

Brokerage payable *	4	182
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**D.G. Khan Cement Company Limited**

293,000 shares held (June 30, 2017: Nil shares)	47,791	-
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**Nishat Mills Limited**

681,300 shares held (June 30, 2017: 103,900 shares) -	108,252	16,487
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**Fatima Fertilizer Company Limited**

400,000 shares held (June 30, 2017: 300,000 shares)	13,136	10,107
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\* 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 INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

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**14. GENERAL**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policies as disclosed in note 3.1.

**15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 19, 2018 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director