



MCB-ARIF HABIB  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2020**  
(UNAUDITED)

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



# **ALHAMRA ISLAMIC INCOME FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	MCB Bank Limited Bank Islami Pakistan 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	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>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, 2020

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### Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Income Fund** accounts review for the quarter ended March 31, 2020.

### ECONOMY AND MONEY MARKET OVERVIEW

The third quarter of FY20 was full of gloom and doom, after the Coronavirus (Covid-19) outbreak wreaked havoc on the global economy. Global cases topped 1.5 million, while more than 80,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. While China took stringent measures to rein in the coronavirus, the other part of the globe especially EU and US was hit hard by the pandemic. On the flip side, the number of cases on the domestic side still dwarfed the developed world (~4,500 cases as of now), however, the situation was still uncertain as of now. The country has also been forced into a semi lockdown, which has affected the domestic businesses.

The outlook on GDP growth ranged from 2.4%-3.0% according to various institutions, prior to Covid-19 outbreak. However, as of late, the outbreak of COVID-19 has created uncertainty relative to trajectory of the GDP growth going forward. The weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected LSM growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of ~3.4% in the first seven months of FY20, with most of the decline emanating from petroleum production and cyclical sectors.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit in the first eight months of this year contracted by ~70% on Year on Year basis to USD 2.8 billion. Imports of goods and services continued to decline as it compressed by ~15% while exports have started to inch up registering increase of ~3.2% in first eight months of FY20. Remittances provided some cushion to BoP position increasing by ~5% over the period. The country received net foreign investment in debt securities worth ~USD 3.1 billion during Jul-Feb period. However, USD 1.8 billion worth of sovereign debt was divested in the month of March. The foreign exchange reserves increased by USD 2.9 billion from Jul-Mar FY20 supported by flows from IMF, multilateral institutions and foreign portfolio investors along with a curtailed current account deficit.

FBR has collected provisional taxes of PKR 3,050 billion during the first nine months of this fiscal year. Provisional tax collection prior to month of March was very encouraging, growing at a rate of 17% YoY. However, lockdown enforced during the month of March led to a shortfall of nearly PKR 100-150 billion, which weakened the overall growth to 13% in the first nine months of FY20.

Average CPI for clocked in CPI in at 11.5% YoY for the first nine months of FY20. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. However, the inflationary pressures have started trending downwards with inflation for March clocking in at 10.2% as lower petroleum prices along with easing food inflation put breaks on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1% for the period.

The MPC committee in its first meeting of the month reduced the interest rate by 75 bps citing the easing outlook on inflation. During the month, another emergent meeting was called whereby the MPC decided to reduce the interest rates by a further of 150 bps following a global trend of easing by the central banks as a response to coronavirus outbreak.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. The cumulative decline of 225 bps in interest rates further yields downwards in third quarter of this fiscal year. 3 Year bonds eased off by ~500 bps while the longer tenor (10Y) bonds also eased off by nearly ~450 bps during the first nine months of FY20.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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### FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 12.19% as against its benchmark return of 6.33%.

The fund was 21.2% invested in Sukuks, 13.5% in Shariah Compliant Commercial Paper while remaining exposure was in Cash.

The Net Assets of the Fund as at March 31, 2020 stood at Rs. 3,717 million as compared to Rs. 2,335 million as at June 30, 2019 registering an increase of 59.2%.

The Net Asset Value (NAV) per unit as at March 31, 2020 was Rs. 110.5163 as compared to opening NAV of Rs. 101.2221 per unit as at June 30, 2019 registering an increase of Rs. 9.2942 per unit.

### FUTURE OUTLOOK

The COVID-19 outbreak has created uncertainty related to economic numbers. Independent reports point out that Pakistan can lose up to 4.0% of GDP, if the lockdown is enforced for at least one more month. While Pakistan currently lags behind developed countries in terms of number of cases, we still await more data to have a clearer picture. Global picture also points out that with social distancing in place, things will get in control over the course of next two months. If the trend continues, we expect global growth to show sign of recoveries by the third quarter. Albeit, if a second wave erupts, our optimism will not hold true. On the local side, the current data shows some light at the end of the tunnel. However, if things get out of control, Pakistan will have a more severe impact as it lacks health infrastructure along with fiscal muscles to combat the pandemic in the short run.

Government has announced fiscal stimulus worth PKR 700-800 billion to protect the vulnerable industries and segments of the society which are worst hit from the pandemic. With lower tax collection (PKR 500 billion shortfall expected from our expectation) and higher expenditures we expect fiscal deficit to fall north of 9% of GDP. We believe the government will get a waiver from IMF to meet the primary balance target this year.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The plunge of international oil prices to USD 34/BBL has come as a blessing in disguise. Global slowdown would be detrimental for exports and remittances from oil producing nations would be affected due to lower oil prices. Our forecast is that CAD will settle at 2.3% of GDP for FY20 and 1.3% of GDP for FY21, assuming the global economy starts picking up from third quarter of the calendar year. Given the rise in bond yields of emerging market countries, we expect the idea of raising funds from Eurobond to be shelved. Alongside privatization flows are also expected to be deferred for next year. Furthermore, we expect portfolio flows to revert back to zero this year. To meet the shortfall in external financing, a lot would depend on whether multilateral and bilateral institutions will facilitate deferred debt payments along with extension of additional credit. We expect additional financing of USD 2 billion from IMF and multilateral institutions, while we also expect Pakistan will be able to restructure debt of USD 2.5 billion. Assuming if the scenario plays out as we are expecting, the currency should stabilize at current levels as the REER as per our estimates is undervalued by 10% at current level (PKR 167 vs USD).

CPI is expected to average ~11.1% in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. The plunge in oil prices has provided much needed respite to inflationary outlook. With subdued oil prices and high base effect, we expect headline inflation to ease off in the next year and decline to an average of ~7.4%. Risk to our expectations are significant increase in international commodity prices along with more than expected adjustment in utility tariffs. Based on our outlook of inflation, we expect interest rates to ease off by 100-150 bps in the next 12 months. However, if recessionary pressures build over the course of time, we do not rule out further cuts in interest rate from our base case.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in most of the expected monetary easing

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

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expected going forward. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### 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,



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Muhammad Saqib Saleem  
Chief Executive Officer  
April 20, 2020



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Nasim Beg  
Director/Vice Chairman

## ڈائریکٹر رپورٹ

تیل کی بین الاقوامی قیمتوں کا 34 ڈالر فی بیرل تک کم ہو جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی سطح پر سنست روی کے برآمدات پر منفی اثرات مرتب ہوں گے اور تیل کی پست قیمتوں کے باعث تیل کی پیداوار کرنے والے ممالک سے ترسیلات زر بھی متاثر ہوں گی۔ ہماری پیشین گوئی ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2019-20ء کے لیے مجموعی ملکی پیداوار کے 2.3 فیصد پر، اور مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار کے 1.3 فیصد پر آکر رکے گا، اس مفروضے کی بنیاد پر کہ عالمی معیشت میں جولائی سے بحالی کا سلسلہ شروع ہو جائے گا۔ اُبھرتی ہوئی مارکیٹوں کے ممالک میں بانڈ کے منافع جات میں اضافے کے پیش نظر ہمیں توقع ہے کہ ایورو بانڈ کے ذریعے فنڈ میں اضافے کی حکمت عملی کو فی الوقت اختیار نہیں کیا جائے گا۔ ساتھ ساتھ نجکاری سے ہونے والی آمدات متوقع طور پر اگلے سال کے لیے ملتی کر دی جائیں گی۔ مزید براں ہمیں توقع ہے کہ پورٹ فولیو آمدات سال رواں واپس صفر تک چلی جائیں گی۔ خارجی فنانسنگ میں کمی کو پورا کرنے کے لیے بہت کچھ اس بات پر منحصر ہوگا کہ کثیر الجہتی اور دو جہتی ادارے قرضہ جات کی ملتی شدہ ادائیگیوں کی سہولت کے علاوہ اضافی قرضوں کی توسیع فراہم کر رہے ہیں یا نہیں۔ ہمیں آئی ایم ایف اور کثیر الجہتی اداروں سے 2 بلین ڈالر کی اضافی رقم کی فراہمی کی توقع ہے، جبکہ ہمیں یہ بھی اُمید ہے کہ پاکستان 2.5 بلین ڈالر قرض کی تشکیل نو کر سکے گا۔ اگر صورتحال ہماری توقعات کے مطابق رہی تو ہمارا تخمینہ ہے کہ روپیہ موجودہ سطحوں پر مستحکم ہو جائے گا کیونکہ REER کی قدر موجودہ سطح پر ہمارے تخمینوں کے مطابق 10 فیصد کم مقرر ہوئی ہے (167 روپے بمقابلہ امریکی ڈالر)۔

موجودہ مالی سال میں صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 11.1 فیصد ہوگا جس کا سبب روپے کی قدر کی سُست رفتار اثر پذیری اور اشیائے خورد و نوش کی افراط زر میں اضافہ ہے۔ تیل کی قیمتوں میں چھلانگ سے افراط زر کے رجحان کو مطلوبہ مہلت حاصل ہوئی۔ تیل کی گھٹی ہوئی قیمتوں اور بلند base effect کی بنیاد پر ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 7.4 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یوٹیلٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترمیمات کے باعث ہماری توقعات غلط ثابت ہو سکتی ہیں۔ افراط زر سے متعلق ہماری پیش بینی کی بنیاد پر انٹریسٹ کی شرحوں میں اگلے بارہ ماہ میں 100 سے 150 بی پی ایس تک کی کمی کی اُمید ہے۔ تاہم اگر وقت گزرنے کے ساتھ کساد بازاری کے دباؤ میں اضافہ ہو تو انٹریسٹ کی شرحوں میں مزید کمی بعید از قیاس نہیں ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈ دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اُٹھایا جاسکے۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ مزید براں، مینجمنٹ ٹیم کی کاوشوں کو بھی ڈائریکٹر کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

برائے اور من جانب بورڈ



نیم بیگ  
ڈائریکٹر اوائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
20 اپریل 2020ء



مانیٹری پالیسی کمیٹی (ایم پی سی) نے اپنے پہلے ماہانہ اجلاس میں افراط زر کی صورتحال میں بہتری کا حوالہ دیتے ہوئے انٹریسٹ کی شرح میں 75 بیسیس پوائنٹس (بی پی ایس) کمی کی۔ دورانِ ماہ ایک اور اجلاس منظرِ عام پر آیا جس میں ایم پی سی نے کورونا وائرس کی وبا کے ردِ عمل کے طور پر عالمی سطح پر مرکزی بینکوں کے رجحان کی پیروی کرتے ہوئے انٹریسٹ کی شرحوں میں مزید 150 بی پی ایس کمی کا فیصلہ کیا۔

زیرِ جائزہ مدت کے دوران طویل تر ميعاد کے بانڈز کی خطیر طلب کے باعث پیداواری ختم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت اضافی نقد آیا جس کے باعث منافعوں میں کمی ہوئی۔ موجودہ مالی سال کی تیسری سہ ماہی میں انٹریسٹ کی شرحوں میں 225 بی پی ایس کی مجموعی کمی منافعوں میں بھی مزید کمی کا باعث بنی۔ مالی سال 2019-20ء کے ابتدائی نو ماہ کے دوران تین سالہ بانڈز میں تقریباً 500 بی پی ایس جبکہ طویل تر ميعاد کے (دس سالہ) بانڈز میں تقریباً 450 بی پی ایس کمی ہوئی۔

### فنڈ کی کارکردگی

زیرِ جائزہ مدت کے دوران فنڈ نے 12.19 فیصد ایک سال پر محیط منافع حاصل کیا جبکہ اس کا بنچ مارک منافع 6.33 فیصد تھا۔

فنڈ کی سرمایہ کاری سسٹم میں 21.2 فیصد، شریعہ کمپلائنسٹ کمرشل بینکر میں 13.5 فیصد، اور بقیہ نقد میں تھی۔

31 مارچ 2020ء کو فنڈ کے net اثاثہ جات 3,717 ملین روپے تھے جو 30 جون 2019ء کو 2,335 ملین روپے کے مقابلے میں 59.2 فیصد اضافہ ہے۔

31 مارچ 2020ء کو net اثاثہ جاتی قدر (این اے وی) 110.5163 روپے فی یونٹ تھی جو 30 جون 2019ء کو ابتدائی این اے وی 101.2221 روپے فی یونٹ کے مقابلے میں 9.2942 روپے فی یونٹ اضافہ ہے۔

### مستقبل کے امکانات

کووڈ-۱۹ وبا کے باعث معاشی اعداد میں عدم یقینی پیدا ہو گئی ہے۔ آزاد ذرائع کی رپورٹس اشارہ کر رہی ہیں کہ اگر لاک ڈاؤن کم سے کم بھی ایک اور مہینہ نافذ رہتا ہے تو پاکستان کو جی ڈی پی کے 4 فیصد تک کا نقصان ہو سکتا ہے۔ اگرچہ پاکستان میں کورونا وائرس سے متاثرہ افراد کی تعداد تاحال ترقی یافتہ ممالک کے مقابلے میں کم ہے لیکن واضح صورتحال جاننے کے لیے مزید معلومات اور اعداد و شمار درکار ہیں۔ عالمی منظر نامے سے ظاہر ہوتا ہے کہ سماجی فاصلہ اختیار کرنے سے اگلے دو ماہ کے دوران حالات قابو میں آ سکتے ہیں۔ اگر یہ رجحان برقرار رہا تو تیسری سہ ماہی تک عالمی ترقی میں بحالی کی علامات ظاہر ہونے کے امکانات موجود ہیں۔ تاہم اگر وبا کی دوسری لہر ابھر آئی تو ہماری رجاعیت پسندی درست ثابت نہیں ہوگی۔ مقامی سطح پر موجودہ اعداد و شمار کچھ حد تک اُمید کی کرن ثابت ہو سکتے ہیں۔ لیکن اگر حالات قابو سے باہر ہو گئے تو پاکستان شدید تر متاثر ہوگا کیونکہ یہاں صحت عامہ کے شعبے کا ڈھانچہ اور مالیاتی پٹھے کمزور ہونے کے باعث مختصر ميعاد میں اس وبا کا مقابلہ کرنے کی صلاحیت کا فقدان ہے۔

حکومت نے وبا سے سب سے زیادہ متاثرہ صنعتوں اور سماجی طبقات کے تحفظ کے لیے 700 سے 800 ملین روپے مالیت کی مالی امداد کا اعلان کیا ہے۔ ٹیکس کے وصولی میں (متوقع طور پر 500 ملین روپے کی) کمی اور خرچوں میں اضافے کی بدولت اُمید کی جاسکتی ہے کہ مالیاتی خسارے میں جی ڈی پی کے 9 فیصد سے زائد کمی ہوگی۔ ہمارے اندازے کے مطابق حکومت کو آئی ایم ایف کی طرف سے سال رواں بقایا جات کا بنیادی ہدف پورا کرنے کی چھوٹ مل جائے گی۔

ادائیگی کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔

بورڈ آف ڈائریکٹر کی طرف سے الحمد للہ اسلامک انکم فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی مختتمہ 31 مارچ 2020ء پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2019-20ء کی تیسری سہ ماہی تاریکی و تباہی سے بھرپور تھی کیونکہ کورونا وائرس (کووڈ-19) کی وبا نے عالمی معیشت میں آفت مچادی۔ دیکھتے ہی دیکھتے یہ قاتل وبا دنیا بھر میں پھیل گئی جس سے پندرہ لاکھ سے زائد افراد متاثر ہوئے جبکہ ۸۰ ہزار سے زائد لقمہء اجل بن گئے۔ چین نے سخت اقدامات اٹھا کر کورونا وائرس کو شکست دی جبکہ دنیا کے دوسرے حصے خصوصاً یورپی یونین اور امریکا بڑی طرح متاثر ہوئے۔ دوسری جانب اگرچہ ہمارے ملک میں متاثرہ افراد کی تعداد اب تک ترقی یافتہ دنیا کے مقابلے میں کم ہے (تقریباً 4,500 تاحال) لیکن صورت حال فی الوقت غیر یقینی ہے۔ ملک بھر میں نیم لاک ڈاؤن نافذ ہے جس سے مقامی کاروبار متاثر ہوئے ہیں۔

کووڈ-19 کی وبا پھیلنے سے قبل مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی مختلف اداروں کے مطابق 2.4 فیصد سے 3.0 فیصد تک تھی۔ تاہم وبا کے باعث جی ڈی پی کی ترقی غیر یقینی صورتحال کا شکار ہو گئی ہے۔ اہم فصلوں (کپاس، گندم اور چینی) کی پیداوار میں متوقع کمی کے ساتھ ساتھ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) کی متوقع سے کم ترقی کے نتیجے میں سست صنعتی پیش رفت کے باعث مجموعی ترقی متاثر ہونے کا امکان ہے۔ ایل ایس ایم توقع کے مطابق کمی کا شکار رہی کیونکہ درآمداتی کھپت کی مانگ ہوا میں تحلیل ہو گئی۔ مالی سال 2019-20ء کے ابتدائی سات ماہ میں ایل ایس ایم میں تقریباً 3.4 فیصد کمی ہوئی جس کا بڑا تناسب پٹرولیم کی پیداوار اور گردش شعبوں سے متعلق ہے۔

مالیاتی سختی اور زرمبادلہ کی شرحوں میں ترمیمات کے لحاظ سے پالیسی اقدام کے تاخیر شدہ اثرات کے ثمرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن (بی او پی) کی صورتحال میں بہتری سے ہوتی ہے۔ سال رواں کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ سال در سال (YoY) بنیاد پر تقریباً 70 فیصد کم ہو کر 2.8 بلین ڈالر ہو گیا۔ مالی سال 2019-20ء کے ابتدائی آٹھ ماہ میں اشیاء اور خدمات کی درآمدات میں کمی کا سلسلہ جاری رہا اور یہ تقریباً 15 فیصد کم ہوئیں جبکہ برآمدات میں اضافے کا سلسلہ شروع ہو گیا ہے اور ان میں تقریباً 3.2 فیصد اضافہ ہوا۔ ترسیلات زر سے بی او پی کی حالت کو کچھ سہارا ملا کیونکہ دوران مدت ان میں تقریباً 5 فیصد اضافہ ہوا۔ جولائی تا فروری کی مدت کے دوران ملک میں قرضہ جاتی سکیورٹیز میں تقریباً 3.1 بلین ڈالر مالیت کی حتمی غیر ملکی سرمایہ کاری ہوئی۔ تاہم مارچ کے مہینے میں 1.8 بلین مالیت کے خود مختار قرضوں کی سرمایہ کاری واپس لے لی گئی۔ زرمبادلہ کے ذخائر میں جولائی تا مارچ کے دوران 2.9 بلین ڈالر اضافہ ہوا جس کی معاونت انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف)، کثیرالجہتی اداروں اور غیر ملکی دائرہ کار کے سرمایہ کاروں سے آمدات کے ساتھ ساتھ کرنٹ اکاؤنٹ کے خسارے میں کمی سے ہوئی۔

مالی سال کے ابتدائی نو ماہ کے دوران فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 3,050 بلین روپے کے عارضی ٹیکس جمع کیے۔ مارچ کے مہینے سے پہلے عارضی ٹیکس کی وصولی بہت حوصلہ افزا تھی اور اس میں 17 فیصد سال در سال ترقی ہو رہی تھی۔ تاہم مارچ کے مہینے میں لاک ڈاؤن کے نفاذ کے نتیجے میں تقریباً 100 سے 150 بلین روپے کی کمی ہوئی جس سے مالی سال 2019-20ء کے ابتدائی نو ماہ میں مجموعی ترقی 13 فیصد کم ہو گئی۔

مالی سال 2019-20ء کے ابتدائی نو ماہ کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 11.5 فیصد تھا۔ بھارت سے درآمدات پر پابندی عائد ہونے کے بعد جلد خراب ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافے کے باعث اشیائے خورد و نوش کی افراط زر پر بڑی ضرب پڑی۔ تاہم افراط زر کے دباؤ میں کمی کا رجحان شروع ہو گیا ہے جو مارچ میں 10.2 فیصد تھی کیونکہ پٹرولیم کی قیمتوں اور اشیائے خورد و نوش کی افراط زر میں کمی سے مجموعی افراط زر میں بھی کمی ہوئی ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ دیگر شعبوں میں پیمائش کردہ بنیادی افراط زر قابو میں رہی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔

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

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balance with banks	4	2,397,337	1,119,459
Investments	5	944,497	1,209,507
Profit receivable		49,086	50,070
Advance Against Subscription of Sukuk		355,000	-
Advances, deposits and prepayments		3,759	1,962
<b>Total assets</b>		<b>3,749,679</b>	<b>2,380,998</b>
<b>LIABILITIES</b>			
Payable to the Management Company	6	4,440	2,903
Payable to the Central Depository Company of Pakistan Limited - Trustee		282	254
Payable to the Securities and Exchange Commission of Pakistan		447	1,934
Dividend payable		-	19,676
Accrued expenses and other liabilities	7	27,360	21,461
<b>Total liabilities</b>		<b>32,529</b>	<b>46,228</b>
<b>NET ASSETS</b>		<b>3,717,149</b>	<b>2,334,770</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>3,717,149</b>	<b>2,334,770</b>
<b>Contingencies and commitments</b>	8		
		(Number of units)	
<b>Number of units in issue</b>		<b>33,634,398</b>	<b>23,065,802</b>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>		<b>110.5163</b>	<b>101.2221</b>

The annexed notes 1 to 14 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2020

	Nine Months ended March 31,		Quarter ended March 31,	
Note	2020	2019	2020	2019
	(Rupees in '000)			
<b>INCOME</b>				
Income from government securities	-	543	-	0
Capital loss on sale of investments - net	-	(589)	-	0
Income from Sukuk certificates	81,757	47,093	29,716	18,835
Markup on deposits with bank	207,496	107,252	80,849	41,892
Income on musharka certificate	1,530	6,265	0	5,991
Income on commercial paper	13,532	27,133	7,790	6,836
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	5.1 (3,636)	(5,964)	(534)	(2,116)
<b>Total income</b>	<b>300,680</b>	<b>181,733</b>	<b>117,822</b>	<b>71,438</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	20,794	18,186	7,138	7,063
Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	2,703	2,364	928	918
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	1,679	2,362	666	781
Sindh Sales Tax on remuneration of Trustee	219	307	87	101
Securities and Exchange Commission of Pakistan - annual fee	447	1,521	177	504
Allocated expense	2,239	2,252	889	720
Selling & marketing expense	2,871	-	504	-
Provision for Sindh Workers' Welfare Fund	5,359	3,058	2,139	1,215
Settlment and bank charges	326	216	117	85
Fees and subscriptions	204	287	7	89
Legal and professional charges	46	145	(46)	35
Shariah advisory fee	676	678	222	225
Auditors' remuneration	495	464	151	136
Printing and related costs	44	49	28	25
<b>Total expenses</b>	<b>38,103</b>	<b>31,888</b>	<b>13,008</b>	<b>11,896</b>
<b>Net income for the period before taxation</b>	<b>262,577</b>	<b>149,845</b>	<b>104,814</b>	<b>59,542</b>
Taxation	9. -	-	-	-
<b>Net income for the period</b>	<b>262,577</b>	<b>149,845</b>	<b>104,814</b>	<b>59,542</b>
<b>Allocation of net income for the period:</b>				
Net income for the period	262,577	149,845	104,814	59,542
Income already paid on units redeemed	(83,524)	(75,421)	(129,539)	(29,466)
	179,053	74,423	(24,725)	30,076
<b>Accounting income available for distribution</b>				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	179,053	74,423	(24,725)	30,076
	179,053	74,423	(24,725)	30,076
<b>Earnings per unit</b>				

The annexed notes 1 to 14 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 COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020**

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>262,577</b>	149,845	<b>104,814</b>	59,542
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>262,577</b>	149,845	<b>104,814</b>	59,542

The annexed notes 1 to 14 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 NINE MONTHS ENDED MARCH 31, 2020

	Nine Months ended March 31,					
	2020			2019		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	2,313,058	21,712	2,334,770	2,650,584	64,067	2,714,652
Issue of 68,997,984 units (2019: 54,810,122 units)						
- Capital value (at net asset value per unit at the beginning of the period)	6,984,121	-	6,984,121	5,538,726	-	5,538,726
- Element of income	334,145	-	334,145	140,278	-	140,278
Total proceeds on issuance of units	7,318,266	-	7,318,266	5,679,004	-	5,679,004
Redemption of 58,429,389 units (2019: 58,405,028 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(5,914,346)	-	(5,914,346)	(5,902,277)	-	(5,902,277)
- Amount paid out of element of income	(284,118)	(83,524)	(367,642)	(88,948)	(75,421)	(164,369)
- Relating to 'Net income for the period after taxation'						
Total payments on redemption of units	(6,198,464)	(83,524)	(6,198,464)	(5,991,225)	(75,421)	(6,066,646)
Total comprehensive income for the period	-	262,577	262,577	-	149,845	149,845
Final distributions for the year ended Rs. Nil (31 March 2019: Rs. 4.9622 per unit Declared on July 04, 2018), including additional units.	-	-	-	(84,516)	(42,455)	(126,971)
Net income / (loss) for the period less distribution	-	262,577	262,577	(84,516)	107,390	22,874
Net assets at end of the period	3,432,860	200,765	3,717,149	2,253,849	96,036	2,349,884
Undistributed income brought forward						
- Realised		29,545			67,904	
- Unrealised		(7,833)			(3,837)	
		21,712			64,067	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		179,053			74,423	
		179,053			74,423	
Cash distribution during the period		-			(42,455)	
Undistributed income carried forward		200,765			96,036	
Undistributed income carried forward						
- Realised		204,401			102,000	
- Unrealised		(3,636)			(5,964)	
		200,765			96,036	
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	101.2221			106.0918		
Net assets value per unit at end of the period	110.5163			106.8476		

The annexed notes 1 to 14 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 NINE MONTHS ENDED MARCH 31, 2020

	Nine Months Ended March 31,	
	2020	2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	262,577	149,845
<b>Adjustments for non cash and other items:</b>		
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	3,636	5,964
	266,213	155,809
<b>(Increase) in assets</b>		
Investments	261,374	(359,396)
Profit receivable	984	(2,979)
Advance Against Subscription of Pre IPO	(355,000)	(200,000)
Advances, deposit and prepayments	(1,797)	275
	(94,439)	(562,100)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,538	448
Payable to the Central Depository Company of Pakistan Limited - Trustee	28	(39)
Payable to the Securities and Exchange Commission of Pakistan	(1,487)	(560)
Dividend payable	(19,676)	-
Accrued expenses and other liabilities	5,899	11,500
	(13,698)	11,348
<b>Net cash used in operating activities</b>	158,076	(394,943)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units excluding additional units	7,318,266	5,594,489
Payments on redemption of units	(6,198,464)	(6,066,646)
Distribution made during the period	-	(42,455)
<b>Net cash (used in) / generated from financing activities</b>	1,119,802	(514,612)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	1,277,878	(909,555)
Cash and cash equivalents at beginning of the period	1,119,459	1,981,855
<b>Cash and cash equivalents at end of the period</b>	2,397,337	1,072,300

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Income Fund (the Fund) was established under a trust deed executed between MCB Asset Management Company Limited (which merged with and into Arif Habib Investments Limited with effect from June 27, 2011) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee (MCB-Arif Habib Savings and Investments Limited). 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/ACMW/MCBAHSIL/MCBIIF/396/2017 dated January 25, 2017 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alhamra Islamic Income Fund.
- 1.2 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 24th Floor, Centre Point, off. Shaheed-e-Millat Expressway, near KPT interchange, Karachi, Pakistan.
- 1.3 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. It offers units 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.
- 1.4 The objective of the Fund is to seek to generate superior risk adjusted returns by investing in short, medium and long-term high quality Shariah Compliant fixed income instruments.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated April 08, 2019 to the Management Company and "AA-(f)" as stability rating dated December 28, 2018 to the Fund.
- 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 STATEMENT OF COMPLIANCE

- 2.1.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
  - 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 requirement 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 requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 requirements of the Trust Deed have been followed.

- 2.1.2 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 2019. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2020 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2019,



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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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 2019.

- 2.1.3** 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.
- 2.1.4** 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 state of affairs of the Fund.
- 2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

- 3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.
- 3.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2019.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

		(Un-audited) March 31, 2020 ---- (Rupees in '000) ----	(Audited) June 30, 2019
<b>4 BALANCE WITH BANKS</b>			
- in saving accounts	4.1	2,382,360	1,111,516
- in current accounts	4.2	14,976	7,943
		<b>2,397,337</b>	<b>1,119,459</b>

**4.1** These carry profit at the rates ranging between 6.2% to 10.8% (2018: 2.75% and 7.35%) per annum and include Rs. 0.08 million maintained with MCB Islamic Bank Limited, (a related party) which carries profit at the rate of 5.5% per annum and Rs. 0.754 million maintained with Silk Bank Limited (a related party) which carries profit at the rate of 8.4 % per annum.

**4.2** These include Rs.0.96 million (2018: Rs 5.355million) maintained with MCB Bank Limited, a connected person / related party.

		(Un-audited) March 31, 2020 ---- (Rupees in '000) ----	(Audited) June 30, 2019
<b>5. INVESTMENTS</b>			
<i>At fair value through profit or loss</i>			
Sukuk certificates- Unlisted	5.1	439,584	765,249
Term deposit receipt	5.2	-	150,000
Commercial papers	5.3	504,913	294,258
		<b>504,913</b>	<b>444,258.00</b>
		<b>944,497</b>	<b>1,209,507</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
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**5.1 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 March 31, 2020		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2019	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2020	Appreciation / (diminution)		
<b>Fertilizer</b>								
Engro Fertilizers Limited (09-Jul-14 issue)*	23,600	-	-	23,600	-	-	-	-
<b>Chemical</b>								
Ghani Gases Limited (02-Feb-17 issue)	1,000	-	-	-	1,000	50,118	44,193	(5,925)
<b>Pharmaceutical</b>								
Aspin Pharma (Pvt) Ltd (30-Nov-17 issue)	2,000	-	-	147	1,853	137,229	140,365	3,136
<b>Miscellaneous</b>								
International Brands Limited (15-Nov-17 issue)	3,450	-	-	-	3,450	255,873	255,026	(847)
<b>As at March 31, 2020</b>								
					<b>443,220</b>	<b>439,584</b>	<b>(3,636)</b>	
<b>As at June 30, 2019</b>								
					773,082	765,249	(7,833)	

\* Face value of the investment is Rs. 5,000

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
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**5.2 Musharka certificate**

Particulars	Profit rate	Issue Date	Maturity Date	Carrying value	Market value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
				----- (Rupees in '000) -----		----- % -----	
Bank Islami Pakistan Limited	13.30%	27-Jun-19	29-Jul-19	-	-	-	-
<b>As at March 31, 2020</b>				-	-		
				=====			
As at June 30, 2019				150,000	150,000		
				=====			

**5.3 Commercial papers**

Particulars	Profit / mark-up rates	Issue date	Maturity date	Face value	Amortised cost	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
						----- % -----	
K Electric Limited	14.64%	14-Feb-20	14-Aug-20	286,114	291,508	7.84	30.86
K Electric Limited II	14.64%	26-Feb-20	26-Aug-20	113,700	115,296	3.10	12.21
K Electric Limited III	13.64%	10-Mar-20	10-Sep-20	97,309	98,109	2.64	10.39
<b>As at June 30, 2019</b>				<b>497,123</b>	<b>504,913</b>		
				=====			
As at June 30, 2019				300,000	294,258		
				=====			

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

6	PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	(Un-audited) December 31, 2019 (Rupees in '000)	(Audited) 30 June 2019
	Management remuneration payable	6.1 2,854	2,297
	Sindh sales tax payable on management remuneration	371	299
	Sales load payable	302	50
	Payable against Shariah advisory fee	76	75
	Payable against allocated expenses	6.2 333	182
	Marketing and selling expenses payable	6.3 504	-
		<u>4,440</u>	<u>2,903</u>

- 6.1** As per amendment in the offering document, the Management Company with effect from August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis, provided that fund is subject to a minimum fee of 0.25% of the average daily net assets of the scheme.
- 6.2** Up till June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed the maximum cap of 0.1%. Resultantly, during the period, the Management Company has charged actual expenses.
- 6.3** SECP vide SRO 639(I)/2019 dated June 20, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Furthermore, maximum cap of selling and marketing expense of 0.4% per annum has also been removed. Resultantly, during the period, the Management Company has charged actual expenses.

7	ACCRUED AND OTHER LIABILITIES	(Un-audited) March 31, 2020 (Rupees in '000)	(Audited) 30 June 2019
		Note	
	Provision for Sindh Workers' Welfare Fund	7.1 14,237	8,877
	Provision for Federal Excise Duty and related tax on	7.2	
	- Management fee	8,639	8,639
	- Sales load	3,028	3,028
	Sale load Payable-MCB Bank Limited	253	50
	Brokerage	-	-
	Capital gain tax	859	363
	Auditors' remuneration	270	383
	Printing and related expenditure	55	40
	Other	19	81
		<u>27,360</u>	<u>21,461</u>

## 7.1 Provision for Sindh Workers' Welfare Fund

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, 2019. 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, 2020 would have been higher/lower by Re.0.42 per unit (June 30, 2019 Re.0.3849 per unit).

## 7.2 Federal Excise Duty 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, 2019. 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, 2020 would have been higher/lower by Re. 0.26 per unit (June 30, 2019: Re.03746 per unit).

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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### 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2020 (June 30, 2019: Nil).

### 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 available for distribution for the year as reduced by capital gains whether realized or unrealized 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 available for distribution other than 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. The management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 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. 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.

### 11. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

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

For the nine months ended March 31, 2020						
As at July 01, 2019	Issued for cash	Bonus	Redeemed	As at March 31, 2020	As at July 01, 2019	Issued for cash
Units						
(Rupees in '000)						
<b>Associated Companies:</b>						
MCB-Arif Habib Savings And Investments Limited	306		306	-	-	32
Adamjee Life Assurance Co. Ltd -Mazaaf	593,111	1,393,800	1,986,911	(0)	60,036	145,000
Alhamra Islamic Active Allocation Fund (Plan I)	2,147,943	5,449,535	4,564,547	3,032,932	217,419	580,934
Alhamra Islamic Active Allocation Fund (Plan II)	3,331,944	3,162,192	4,962,205	1,531,932	337,266	335,475
Adamjee Life Assurance Company Limited - Tameen	128,507	658,900	787,408	(0)	13,008	70,000
Adamjee Life Assurance Company Limited-PTF	-	47,009	-	47,009	-	5,000
Arif Habib Securities Limited Employees Provident Fund Trust	-	61,382	-	61,382	-	6,700
<b>Mandate Under Discretionary Portfolio Services</b>	<b>868,294</b>	<b>4,603,695</b>	<b>3,923,794</b>	<b>1,548,195</b>	<b>98,141</b>	<b>478,998</b>
<b>Key management personnel</b>	<b>47,421</b>	<b>157,097</b>	<b>126,507</b>	<b>78,011</b>	<b>5,275</b>	<b>16,941</b>
						<b>13,572</b>
						<b>8,622</b>
For the nine months ended March 31, 2019						
As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	As at July 01, 2018	Issued for cash
Units						
(Rupees in '000)						
<b>Associated Companies:</b>						
MCB-Arif Habib Savings And Investments Limited	2,385,975		2,385,975	-	-	250,499
Adamjee Life Assurance Co. Ltd -Mazaaf	662,928		662,928	-	-	70,312
Alhamra Islamic Active Allocation Fund (Plan I)	6,816,335	19,732,381	22,561,720	3,986,996	723,157	2,044,411
Alhamra Islamic Active Allocation Fund (Plan II)	3,965,839	6,921,136	7,361,908	3,525,067	420,743	699,452
Adamjee Life Assurance Company Limited - Tameen	47,475	47,475	47,475	-	-	5,000
<b>Mandate Under Discretionary Portfolio Services</b>	<b>1,484,236</b>	<b>2,113,219</b>	<b>3,341,116</b>	<b>256,338</b>	<b>157,465</b>	<b>217,803</b>
<b>Key management personnel</b>	<b>40,361</b>	<b>78,859</b>	<b>81,666</b>	<b>37,553</b>	<b>4,282</b>	<b>8,040</b>
						<b>-</b>
						<b>8,450</b>
						<b>4,012</b>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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

	(Unaudited) March 31, 2020	(Unaudited) March 31, 2019
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of management company	20,794	18,186
Sale tax on management remuneration	2,703	2,364
Allocated expenses including indirect taxes	2,239	2,252
Shariah advisory fee	676	678
Selling & marketing expense	2,871	-
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration of the trustee	1,679	2,362
sale tax on trustee remuneration	219	307
CDC settlement charges	5	6
<b>MCB Bank Limited - Parent of the Management Company</b>		
Profit on bank deposits	15,811	-
Bank charges	93	41
<b>Next Capital Limited</b>		
Sale of security Face Value Nil (2019: 4.7 million)	-	4,700
Brokerage expense *	-	13

\* The amount disclosed represents the amount of brokerage paid 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.

\*\*These are not connected person & are disclosed for comparative purpose only.

## 11.3 Amount outstanding as at period end / year end

	(Unaudited) March 31, 2020	(audited) June 30, 2019
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>MCB - Arif Habib Savings &amp; Investment Limited - Management Company</b>		
Management remuneration payable	2,854	2,297
Sindh sales tax payable on management remuneration	371	299
Front-end load payable	302	44
Sales tax on front end load	-	6
Payable against Shariah advisory fee	76	75
Payable against allocated expenses	333	182
Marketing And Selling Payable	504	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	249	225
Sindh Sales tax payable on remuneration of Trustee	32	29
Security deposits	100	100
<b>MCB Bank Limited</b>		
Bank deposit held	12,932	7,542
Front-end payable	253	50
<b>MCB Islamic Bank Limited</b>		
Bank balances	619	18
Profit receivable on bank balances	151	0
<b>Next Capital Limited - Joint Venture of MCB Bank Limited &amp; Arif Habib Corporation Limited</b>		
Brokerage payable	-	3



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

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### 12 EXPENSE RATIO

The expense ratio of the Fund from July 1 2019 to March 31 2020 is 1.7%, (31 March 2019: 1.53%) the total expense ratio includes 0.39% (31 March 2019: 0.33%) representing government levy and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a "Shariah Compliant (Islamic) Income" scheme.

### 13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

13.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

### 14 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 20, 2020 by the Board of Directors of the Management Company.

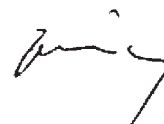
MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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