



**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

SEPTEMBER  
**2018**  
(UNAUDITED)

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

# **ALHAMRA ISLAMIC ASSET ALLOCATION FUND**

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## 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>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman 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>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank Limited Askari Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited Al-Baraka Bank Pakistan Limited Silk Bank Limited MCB Islamic Bank Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<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, Centre Point, Off Shaheed-e-Millat Expressway 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 QUARTER ENDED SEPTEMBER 30, 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 quarter ended September 30, 2018.

## **MARKET & ECONOMIC REVIEW**

### **Economy and Money Market Review**

First quarter of FY19 has been a run of political uncertainty, external pressures and economic slowdown. Given the uptick in oil prices, increasing trend in inflation, continuity of external worries, The Monetary Policy Committee of State Bank of Pakistan opted for 100 bps increases in each of the two meetings conducted in this quarter. The major reason was due to the emergence of inflationary pressures with core inflation expected to creep up with the advent of higher oil and gas prices. Moreover, the MPC highlighted the precarious external account position and need for slowdown in GDP growth to arrest the dwindling foreign exchange reserves.

CPI for the 1QFY19 was registered at 5.6% as the impact of low base kicked in. Higher international oil prices, weaker currency and upward revision in domestic gas prices is expected to jack up overall inflation figure in FY19, which is expected to average ~8.1% compared to last year's inflation of 3.8%. Meanwhile, core inflation is expected to jump above 8.5%.

The external account position kept on highlighting worrisome position for the economy. Current account witnessed a deficit of USD 2.7 billion in first two months of FY19 compared to USD 2.5 billion in the same period last year. A surge in international oil prices is masking the improvement in non oil imports caused by remedial measures, thus causing the current account deficit to remain high. However, the lagged impacts of currency adjustments and monetary tightening are becoming visible as reflected by balance of trade (data of Pakistan Statistical Bureau) declining by 1.6% in the quarter led by decline in non-oil imports. Despite receiving inflows from China, foreign reserves declined by an average of ~USD 115 mn per week. State Bank's foreign exchange reserves stood at USD 8.41 billion reflecting import cover based on SBP's reserves has reached an alarming level of lesser than 2 months imports.

Rising interest rates, rupee adjustment and external pressures are having impact on growth trajectory of economy as reflected by large scale manufacturing index which posted a meager increase of 0.5% YoY in the month of July'18 broadly supported by production of petroleum products.

Subsequent to monetary tightening by State Bank, bond yield curve showed an upward trajectory where most of the activity took place in floater PIBs. During 1QFY19 State Bank of Pakistan conducted 3rd Floater PIB auction which witnessed a healthy participation of PKR 151 billion out of which bids worth PKR 108 billion were accepted at a rate of benchmark + 70 bps. Concerns over external front kept market participants shy away from longer tenor Treasury bills with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout 1QFY19 owing to regular OMOs conducted by SBP, while scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara Sukuk despite ample liquidity in the market.

### **Equity Market Review**

The benchmark index lost ~2% during the quarter. Market witnessed a cameo, with KSE-100 Index bouncing back ~5.4%, just after 5 days of election. The rally was fueled by optimism related to strong central government rather than any tangible change in economic scorecard. Delays in taking required tangible actions by the incumbent government have fizzled out the optimism seen in the initial days after election. Foreigners kept offloading local equities, selling USD 189 mn of stocks which was mainly absorbed by Insurance companies (~USD 102 Mn) and Individuals (~USD 97 Mn). Trading volumes during the quarter averaged around ~170 mn shares depicting a meager increase of ~0.45%.

Refineries, Autos, OMCs, Power & Cements were the major contributors towards index's decline posting a negative return of ~15%/12%/8%/5%/4% respectively. Refineries dragged the index down due to below-expected earnings. OMCs declined because of massive decline in sales volumes of petroleum products which came down by ~32% YoY for the quarter. Once again, Auto sector continued the declining trend due to continued ban on non-filers for vehicle purchase. Cement sector was yet another disappointment due to higher coal prices(+2% QoQ) and concerns on development projects (due to decrease in PSDP allocation) and economic growth going forward.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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The sectors that outperformed market were Textiles, Fertilizers & Banks. Textiles surged (+2.4% QoQ) due to favorable stance of the newly-elected government geared towards input cost reduction and export promotion for the sector. Moreover, better annual results supported the sector's rally. Fertilizers surged because of favorable sector dynamics (low levels of inventory and higher international prices) resulting in increase in local fertilizer prices. Banks garnered interest on the back of monetary tightening theme.

### FUND PERFORMANCE

During the period under review, the fund delivered a return of 0.40% as against its benchmark negative return of 1.92%.

On the equities front, the overall allocation was 49.6% at the end of the period under review. The fund increased its exposure in Fertilizer and Oil & Gas Exploration Companies while decreased exposure in Chemicals, Power Generation & Distribution and Cements.

The Net Assets of the Fund as at September 30, 2018 stood at Rs.3,888 million as compared to Rs.3,634 million as at June 30, 2018 registering an increase of 6.99%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs.70.3260 as compared to opening NAV of Rs. 70.0492 per unit as at June 30, 2017 registering an increase of Rs. 0.2768 per unit.

### MARKET & ECONOMY - FUTURE OUTLOOK

The government has announced to approach the IMF for an economic program to support the fragile external account situation. The program would lead to required remedial actions of rupee adjustment, monetary tightening, expenditure curtailment to slow down growth, control the import bill and arrest foreign reserves decline.

For the next year, the economic growth is expected to slow down as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI, some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side would be difficult to manage where we expect fiscal deficit to hover around 5.5% of GDP. Expenditure constraints would lead to public sector development program curtailments amid higher domestic debt servicing cost due to interest rate increase.

Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy by at least 100 bps already increased.

The equity market would follow developments on the economic front. Swift economic policy actions would be required to arrest the precarious economic standing and would guide market towards better multiples. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current market multiples (~7.5x) offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

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**ACKNOWLEDGMENT**

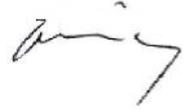
The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



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Muhammad Saqib Saleem  
Chief Executive Officer  
October 22, 2018



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Nasim Beg  
Vice Chairman / Director

ایکیویٹی مارکیٹ میں اقتصادی محاذ پر پیش رفت کرے گی۔ فوری معیشت کے اقدامات ناقابل اعتماد اقتصادی موقف کو روکنے کے لئے ضروری ہوگی اور مارکیٹ میں بہتر ماحققہ کی راہنمائی کرے گی۔ وسیع تر شرائط پر ہم یقین رکھتے ہیں کہ گزشتہ دو سال میں مارکیٹ کی کارکردگی (چوٹی کی سطح سے تقریباً 20 فی صد) نے سیاسی اور اقتصادی سمت پر خدشات کی عکاسی کی ہے اور یہ بھی سائیکل اسٹاک کی کارکردگی میں عکاسی کرتی ہے، جہاں اسٹاک کی قیمتوں میں اضافہ بھی تیز ہوگا۔ ہم اپنے موقف کا دوبارہ تسلسل جاری رکھیں گے کہ موجودہ مارکیٹ کے ملحقہات (تقریباً 7.5 اوقات) تھوڑی دیر میں ممکنہ پیشکش کرتے ہیں جو طویل مدتی سرمایہ کاروں کے لئے آرام دہ ہے۔ ہم یقین رکھتے ہیں کہ اسٹاک میں اسٹیٹس صرف آہستہ آہستہ انکشاف کریں گا جس سے اعتماد میں آئیں گے اور اقتصادی پالیسیوں کو متوقع طور پر نظر انداز کرتے ہیں۔ لہذا آگے آگے اسٹاک مریض سرمایہ کاروں کے لئے انعامات کے ساتھ طویل مدتی سرمایہ کاری کا موقع پیش کرتے ہیں۔ ہم ملک کے اقتصادی اشارے میں رجحانات کو ٹریک کرتے ہیں اور اس کے مطابق اپنے پورٹ فولیو کو ایڈجسٹ کرتے ہیں۔ ہمارے اوپر سے نیچے کا تجزیہ سے شعبوں نے فائدہ اٹھایا ہے جو کرنسی کی قیمتوں میں اضافے اور اعلیٰ سود کی شرح سے فائدہ اٹھایا۔ تاہم ہم انفرادی کمپنی کو متحرک نظر انداز نہیں کر سکتے، جو ان کی قیمتوں کے ساتھ سیکورٹی انتخاب میں اہم کردار ادا کر سکتا ہے۔

## اظہار تشکر:

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ان کی مسلسل حمایت اور تعاون کے لئے پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز بھی کمپنی میں ان کے اعتماد کے لئے ان کے عزم اور لگن اور حصص یافتگان کے لیے کمپنی کے ملازمین کی کوششوں کی تعریف کرتے ہیں۔

منجانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر/نائب چیئر مین

22 اکتوبر، 2018ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018ء

نتائج نے سیکٹر کے مجموعہ کی حمایت کی۔ کھاد، مقامی شعبوں کی قیمتوں میں اضافہ (انویٹری کی کم سطح اور اعلیٰ بین الاقوامی قیمتیں) سے اور سر دیوں میں اضافے سے مقامی کھاد کی قیمتوں میں اضافے ہوئے۔ بینکوں نے مالیاتی مرکزی خیال کے موضوع کے پیچھے دلچسپی ظاہر کی۔

**فنڈ کی کارکردگی:**

جائزے کے تحت مدت کے دوران فنڈ نے 1.40 فیصد کی اپنی بین الاقوامی منفی واپسی کے خلاف 0.40 فیصد کی واپسی کی۔ مساوات کے سامنے، جائزہ لینے کے تحت مدت کے اختتام پر مجموعی طور پر مختص 49.6 فیصد تھی۔ اس فنڈ نے اردو رائزر اور آئل اینڈ گیس ریسرچ کمپنیوں میں اس کی نمائش میں اضافے کی، جبکہ کیمیکل، پاور جنریشن اور تقسیم اور نمائش میں کم ہو گئی۔

30 ستمبر، 2018ء کے طور پر فنڈ کے نیٹ اثاثوں نے 30 جون، 2018ء میں 96.9 فیصد اضافہ ہوا جس میں 3334 ملین روپے کے مقابلے میں 3.888 ملین روپے کا اضافہ ہوا۔

30 ستمبر، 2018ء کو نیٹ اثاثہ قدر (NAV) جون 30، 2017ء، 70.0492 فی یونٹ 0.2768 فی یونٹ میں اضافہ ہوا۔

## مستقبل آؤٹ لک:

حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) سے متعلق معاشی پروگرام کے نازک بیرونی اکاؤنٹ کی صورتحال کی حمایت کرنے کا اعلان کیا ہے۔ پروگرام کو منی ایڈجسٹمنٹ، مالیاتی سختی، اور اخراجات میں کمی کی ضرورت ہوتی ہے، ترقی کو سست کرنے، درآمدات کے بل کو کنٹرول کرنے اور غیر ملکی ذخائر کو کم کرنے میں کمی کی ضرورت ہوتی ہے۔

اگلے سال کے لئے اقتصادی ترقی میں کمی کی توقع کی جاسکتی ہے کیونکہ کرنسی ایڈجسٹمنٹ اور مانیٹری پالیسی کی کھپت کے نمونے پر مل جائے گی۔ تاہم معیشت کی دستاویزات کے ساتھ ساتھ بجلی کی فراہمی میں اضافے کو اس اہم مرحلے کے دوران معاشی مینیجرز کو ایک مہلت فراہم ہوگی۔ ہم نئی حکومت کی طرف سے اقتصادی محاذ پر دائمی مسائل کو حل کرنے کے لئے زیادہ توجہ مرکوز کریں گے اور مخلص کوششوں کے درمیان اقتصادی اصلاح کے لئے بہتر حکومتی نظام اور طویل مدتی امکانات پر خوشگوار اشتراک کرتے ہیں۔ تاہم یہ راستہ سخت اور ممکنہ غیر مقبول پالیسی کے اقدامات میں امکانات کا امکان ہے۔ پاکستان تحریک انصاف کی ابتدائی منصوبہ بندی کو دیکھتے ہوئے کچھ پالیسیوں کی ترقی کی توقع کی جاسکتی ہے لیکن غیر معمولی معاشی حالات کو پورا کرنے کے لئے ہم سوچتے ہیں کہ دونوں خساروں کو حل کرنے کے لئے فوری طور پر اقدامات کیے جاتے ہیں۔ مالیاتی ادارے کے لئے یہ انتظام کرنا مشکل ہوگا کہ ہم مالی خسارے کے متوقع ہو سکتے ہیں یا مجموعی گھریلو مصنوعات (GDP) کی 5.5 فی صد کی کمی ہو رہی ہے۔ اخراجات میں اضافے، گھریلو قرضوں کی قیمتوں میں اضافے کی وجہ سے عوامی شعبے کی ترقی کے پروگرام میں کمی کا سبب بنے گا۔

بڑھتی ہوئی افراط زر کے ساتھ ساتھ بیرونی فرنٹ پر دیئے جانے والے دباؤ پراسٹیٹ بینک سے کم از کم 100 بنیادی پوائنٹس (bps) میں پہلے ہی اضافہ ہوا ہے۔

اسٹیٹ بینک کی جانب سے مالیاتی تنصیبات کے بعد بانڈ کی پیداواری گراف نے ایک ایسی پیش رفت ظاہر کی، جہاں پاکستان کی سرمایہ کار بانڈز (PIB) میں زیادہ سے زیادہ سرگرمی ہوئی۔ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے دوران، اسٹیٹ بینک آف پاکستان نے تیسرے فلوٹر پاکستان سرمایہ کاری بانڈ (PIB) کی نیلامی کا اہتمام کیا جس میں 151 ارب روپے کی بڑی شراکت کی۔ جس میں سے 108 بلین روپے کا معیار +70 بنیادی پوائنٹس (bps) کی قیمتوں میں منسلک کیا گیا تھا۔ خارجہ محاذ کے بارے میں خدشات نے مارکیٹ کے شرکاء کو طویل عرصے سے خزانہ بلوں سے لے کر رکھا ہے جس میں جمع ہونے والی کاغذات میں 3 مہینے کے برابر یا مساوی ہونے کے سلسلے میں مسلسل اضافہ ہوتا ہے۔

اسٹیٹ بینک آف پاکستان نے باقاعدہ اوپن مارکیٹ آپریشنز (OMOs) کے ذریعہ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی میں آرام دہ اور پرسکون رہا، جبکہ شرعی مطابقت پذیر راستے کی کمی کا جائزہ لینے کے دوران جاری رہا کیونکہ بازار میں کافی ہلچل کے باوجود Ijara Sukuk کا کوئی تازہ اجراء نہیں ہوا تھا۔

## ایکوٹیز مارکیٹ کا جائزہ:

سہ ماہی کے دوران بیجنگ انڈیکس میں 2 فی صد کا نقصان ہوا۔ مارکیٹ میں آنے والے 5 دن کے بعد کے ایس ایس 100 انڈیکس نے 5.4 فی صد کم ہوا۔ اقتصادی سکور کارڈ میں کسی بھی زبردست تبدیلی کے بجائے ریلی کو مضبوط مرکزی حکومت سے متعلق امید سے آگاہ کیا گیا تھا۔ موجودہ حکمرانوں کی طرف سے ضروری ٹھوس اقدامات کرنے میں تاخیر، انتخابات کے بعد ابتدائی دنوں میں دیکھے جانے والی امید کا مظاہرہ کیا ہے۔ غیر ملکیوں نے مقامی اقوام متحدہ کو بند کر دیا، 18.9 ملین ڈالر کا اسٹاک فروخت کیا جو بنیادی طور پر انشورنس کمپنیاں کی طرف سے (تقریباً 102 ملین ڈالر) اور افراد (تقریباً 97 ملین امریکی ڈالر) کی طرف سے لیا گیا تھا۔ سہ ماہی کے دوران ٹریڈنگ کی مقدار تقریباً 170 ملین حصص میں تقریباً 0.45 فی صد کا معمولی اضافہ ہوا۔

ریفانسریریز، آٹو، اوپن مارکیٹ آپریشنز (OMOs)، پاور اور سیشنز انڈیکس کی کمی کے باعث اہم شراکت دار تھے۔ جس میں 15 فی صد / 12 فی صد / 8 فی صد / 5 فی صد / 4 فی صد کی منفی واپسی کی گئی تھی۔ ذیل میں متوقع آمدنی کی وجہ سے ریفانسریریز نے انڈیکس کو ڈرا دیا۔ تیل مارکیٹنگ کمپنیوں (OMCs) نے پیٹرولیم مصنوعات کی فروخت کے حجم میں بڑے پیمانے پر کمی کی وجہ سے اس سہ ماہی میں تقریباً 32 فی صد سالانہ (YoY) نیچے آنے کی وجہ سے کم ہوا۔ ایک بار پھر گاڑی کی خریداری کے لئے نان فلٹر پر مسلسل پابندیوں کی وجہ سے آٹو سیکٹر نے کمی کی رجحان کو جاری رکھا۔ کونلہ کے شعبے میں اعلیٰ کونلے کی قیمتوں کی وجہ سے ابھی تک ایک مایوسی ہوئی تھی (سہ ماہی میں +2% (QoQ)) اور ترقیاتی منصوبوں پر تشویش، پبلک سیکٹر ڈویلپمنٹ پروگرام (PSDP) مختص میں کمی کی وجہ سے اور اقتصادی ترقی آگے بڑھتی ہے۔

ٹیکسٹائل، فریٹلائزر اور بینک کے شعبے مارکیٹ سے باہر تھے۔ ٹیکسٹائل انڈسٹری میں (+2.4% سہ ماہی (QoQ)) کی وجہ سے اور برآمد کے فروغ، نئی منتخب حکومت کے مناسب موقف کی وجہ سے علاقے کے لئے لگائی گئی لاگت میں کمی ہوئی۔ اس کے علاوہ، بہتر سالانہ

عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے الہم اسلامک اسٹاک لوکیشن فنڈ کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے نومبر اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مارکیٹ اور اقتصادی جائزہ:

معیشت اور منی مارکیٹ کا جائزہ:

مالی سال 2018-19 کی پہلی سہ ماہی میں (1QFY19) سیاسی غیر یقینی، بیرونی دباؤ اور اقتصادی کمی کا شکار ہو گیا ہے۔ تیل کی قیمتوں میں اضافہ، بیرونی افواج کی مسلسل تسلسل، بڑھتی ہوئی رجحان میں اضافہ، اسٹیٹ بینک آف پاکستان کے مونیٹری پالیسی کمیٹی (MPC) نے اس سہ ماہی میں منعقد ہونے والے دونوں اجلاسوں میں 100 بنیادی پوائنٹس (bps) کے اضافے کے لئے انتخاب کیا۔ اہم وجہ یہ تھی کہ انفراسٹرکچر کے دباؤ کے نتیجے میں بنیادی افراط زر کے ساتھ اعلیٰ تیل اور گیس کی قیمتوں کی آمد کے ساتھ پیدا ہونے کی امید ہے۔ اس کے علاوہ، مونیٹری پالیسی کمیٹی (MPC) نے غیر ملکی خارجہ اکاؤنٹ کی حیثیت کو کم کرنے کے لئے غیر ملکی ادارے کی حیثیت اور مجموعی گھریلو مصنوعات (GDP) کی ترقی میں کمی کی ضرورت پر زور دیا ہے۔

مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے لئے صارفین کی قیمت انڈیکس (CPI) 5.6 فیصد کے اثرات کے طور پر رجسٹر کیا گیا تھا۔ عالمی بین الاقوامی قیمتوں میں اضافہ، گھریلو گیس کی قیمتوں میں کمزور کرنسی اور اوپر کی نظر ثانی کی امید ہے، مالی سال 2018-19 (مجموعی طور پر انفراسٹرکچر کے اعداد و شمار کو جیک)، جو گزشتہ سال کی شرح 3.8 فی صد کی شرح سے تقریباً 8.1 فیصد ہوا ہے۔ دریں اثنا، بنیادی افراط زر کی شرح 8.5 فیصد سے زائد ہے۔

معیشت کے لئے تشویشناک پوزیشن کو نمایاں کرنے پر بیرونی اکاؤنٹ کی حیثیت رکھتی ہے۔ موجودہ اکاؤنٹ نے مالی سال 2018-19 کے پہلے دو مہینوں میں 2.7 ارب امریکی ڈالر کا خسارہ دیکھا تھا جو گزشتہ سال اسی مدت میں 2.5 بلین ڈالر ہوا تھا۔ بین الاقوامی آئل کی قیمتوں میں اضافے کی وجہ سے نجی درآمدات کی وجہ سے غیر تیل کی درآمد میں بہتری آ رہی ہے، اس وجہ سے موجودہ اکاؤنٹ کے خسارے کو زیادہ رہنے کا باعث بنتا ہے۔ تاہم، کرنسی کے ایڈجسٹمنٹ کے نقطہ نظر اور مالیاتی سختی کی وجہ سے تجارت کی توازن (پاکستان کے اعداد و شمار، بیورو کے اعداد و شمار) کے طور پر ظاہر ہوتا ہے کہ غیر تیل درآمد میں کمی کی وجہ سے سہ ماہی میں 1.6 فی صد کمی ہوئی۔ چین سے آمدنی حاصل کرنے کے باوجود، ہر ہفتے غیر ملکی ذخائر تقریباً 115 ملین امریکی ڈالر سے کم ہو گئے۔ اسٹیٹ بینک کے غیر ملکی کرنسی کے ذخائر 8.41 بلین ڈالر پر کھڑے ہوئے ہیں جو اسٹیٹ بینک کے ذخائر کی بنیاد پر درآمد کا احاطہ کرتا ہے، اس سے دو ماہ کے مقابلے میں زیادہ خطرناک حد تک پہنچ گئی ہے۔

بڑھتی ہوئی سود کی شرح، منی ایڈجسٹمنٹ اور بیرونی دباؤ معیشت کی ترقی کے اثرات پر اثر انداز کر رہی ہیں، جس میں بڑے پیمانے پر مینوفیکچرنگ انڈیکس کی طرف اشارہ کیا گیا جس سے پٹرولیم کی مصنوعات میں جولائی 2018 کے مہینے میں 0.5 فیصد اضافہ ہوا۔

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2018**

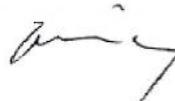
		(Unaudited) September 30, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	4	1,674,023	1,892,537
Investments	5	2,240,838	1,819,611
Dividend, profit and other receivables		48,124	10,681
Advances, deposits and prepayments		<u>3,412</u>	<u>3,245</u>
<b>Total assets</b>		<b>3,966,397</b>	<b>3,726,074</b>
 <b>LIABILITIES</b>			
Payable to the Management Company		17,220	14,056
Payable to the Trustee		451	420
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		903	2,369
Payable against purchase of investments		41,312	57,694
Accrued and other liabilities	6	18,080	17,998
<b>Total liabilities</b>		<b>77,966</b>	<b>92,537</b>
 <b>NET ASSETS</b>		<b>3,888,431</b>	<b>3,633,537</b>
 Unit holders' fund (as per statement attached)		<b>3,888,431</b>	<b>3,633,537</b>
 Contingencies and commitments	7		
		----- (Number of units) -----	
 <b>NUMBER OF UNITS IN ISSUE</b>		<b>55,291,499</b>	<b>51,871,228</b>
		----- (Rupees) -----	
 <b>NET ASSETS VALUE PER UNIT</b>		<b>70.3260</b>	<b>70.0492</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statement.

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

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018 ----- (Rupees in '000) -----	September 30, 2017 -----
<b>INCOME</b>		
Profit on bank deposits	32,740	12,259
Net gain on sale of investments	15,105	(24,766)
Net unrealised (loss) on revaluation of investments classified as: 'at fair value through profit or loss'	(34,583)	(57,299)
Dividend income on investments	30,513	5,802
Income from sukuk certificates	-	18
Income on term deposit receipt	548	-
<b>Total income</b>	<b>44,323</b>	<b>(63,986)</b>
<b>EXPENSES</b>		
Remuneration of the Management Company	19,014	8,377
Sales tax on remuneration of the Management Company	2,472	1,089
Expenses allocated by the Management Company and related taxes	1,074	473
Selling and marketing expenses	3,803	1,675
Remuneration of the Trustee	1,203	671
Sales tax on remuneration of the Trustee	156	87
Annual fee to SECP	903	398
Auditors' remuneration	154	136
Brokerage, settlement and bank charges	1,459	1,101
Fees and subscription	23	257
Legal and professional charges	55	54
Shariah advisory fee	228	225
Printing and related costs	25	40
Donation / charity	304	40
Provision for Sindh Workers' Welfare Fund (SWWF)	269	-
<b>Total expenses</b>	<b>31,142</b>	<b>14,623</b>
<b>Net income / (loss) for the period from operating activities</b>	<b>13,181</b>	<b>(78,609)</b>
<b>Net income / (loss) for the period before taxation</b>	<b>13,181</b>	<b>(78,609)</b>
Taxation	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>13,181</b>	<b>(78,609)</b>
<b>Earning per unit</b>		
<i>Allocation of net income for the period:</i>		
Net Income for the period after taxation	13,181	-
Income already paid on units redeemed	(31)	-
	<b>13,150</b>	<b>-</b>
<i>Accounting Income available for distribution:</i>		
- Relating to capital gains	-	-
- Excluding capital gains	13,150	-
	<b>13,150</b>	<b>-</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statement.

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



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

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	September 30, 2018 ----- (Rupees in '000) -----	September 30, 2017 -----
<b>Net income / (loss) for the period after taxation</b>	<b>13,181</b>	<b>(78,609)</b>
Net realised diminution on re-measurement of investments previously classified as 'available-for-sale'		(6,043)
<b>Total comprehensive income / (loss) for the period</b>	<b><u>13,181</u></b>	<b><u>(84,652)</u></b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statement.

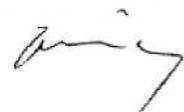
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018			September 30, 2017	
	Capital value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on FVTOCI (Previously: 'AFS') (Rupees in '000)	Total	Total
<b>Net assets at beginning of the period</b>	3,513,190	97,827	22,520	3,633,537	1,485,258
Issuance of 6,599,758 (2017: 10,550,342) units					
- Capital value (at net assets value per unit at beginning of the period)	462,308	-	-	462,308	-
- Element of income	2,336	-	-	2,336	-
	464,644	-	-	464,644	744,173
Redemption of 3,179,489 (2017: 2,535,896) units					
- Capital value (at net assets value per unit at beginning of the period)	222,721	-	-	222,721	-
- Element of income	179	31	-	210	-
	222,899	31	-	222,930	(177,397)
Total comprehensive income for the period	-	13,181		13,181	(84,652)
Re-designation of Equity investment previously classified as Available for sale at the beginning of period	22,520		(22,520)	-	-
	22,520	13,181	(22,520)	13,181	(84,652)
<b>Net assets at end of the period</b>	<b>3,777,454</b>	<b>110,977</b>	<b>-</b>	<b>3,888,431</b>	<b>1,967,381</b>
<b>Undistributed income brought forward</b>					
- Realised		97,827			165,326
- Unrealised		-			9,694
		97,827			175,020
Accounting income available for distribution:					
- Relating to capital gain		-			-
- Excluding capital gain		13,150			-
		13,150			-
Net income / (loss) for the period after taxation					(78,609)
Distribution during the period		-			-
<b>Undistributed income carried forward</b>		<b>110,977</b>			<b>96,411</b>
<b>Undistributed income carried forward</b>					
- Realised		145,560			153,710
- Unrealised		(34,583)			(57,299)
		110,977			96,411
				----- (Rupees) -----	
<b>Net assets value per unit at beginning of the period</b>				<b>70.0492</b>	73.0135
<b>Net assets value per unit at end of the period</b>				<b>70.3260</b>	69.3798

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statement.

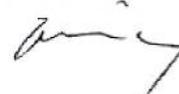
**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	13,181	(78,609)
<b>Adjustments for:</b>		
Net unrealised loss on revaluation of investments classified as: 'at fair value through profit or loss - held-for-trading'	34,583	57,299
	47,764	(21,310)
<b>(Increase) in assets</b>		
Investments	(455,810)	(289,383)
Profit and other receivables	(37,443)	(4,708)
Advances, deposits and prepayments	(167)	8
	(493,420)	(294,084)
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	3,164	2,262
Payable to the Trustee	31	33
Annual fee payable to SECP	(1,466)	(724)
Payable against purchase of investments	(16,382)	-
Accrued and other liabilities	81	(716)
	(14,572)	853
<b>Net cash (used in) from operating activities</b>	(460,228)	(314,541)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	464,453	744,173
Payments on redemption of units	(222,739)	(177,397)
<b>Net cash generated from financing activities</b>	241,714	566,775
<b>Net (decrease) in cash and cash equivalents during the period</b>	(218,514)	252,234
Cash and cash equivalents at beginning of the period	1,892,537	846,966
<b>Cash and cash equivalents at end of the period</b>	1,674,023	1,099,200

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statement.

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



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (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 and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to make investment in shariah compliant investments in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Shariah compliant Islamic Asset Allocation" scheme by the Board of Directors of the Asset Management Company in 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 AM2++ dated October 08, 2018 to the Management Company and has assigned performance ranking of 4-Star dated May 24, 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

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

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

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

- 2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.3 In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2018.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

- 2.4 These condensed interim financial statements are unaudited. Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.
- 2.5 The "date of initial application" of IFRS 9 is the date when the entity first applies its requirements. Therefore, the beginning of an interim or annual reporting period i.e July 01, 2018 is the date of initial application and applied prospectively because it is not possible to do so without the use of hindsight and is impracticable, therefore comparative figures are not restated. The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at September 30, 2018 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparatives in the condensed interim income statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Fund for the quarter ended September 30, 2017.

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN

- 3.1 The accounting policies, financial risk management objectives & policies, basis of accounting estimates applied & methods of computation adopted in the preparation of the condensed interim financial statement and all standards, interpretations and amendments to published approved accounting standards are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018, except with respect to adoption of IFRS- 9 as explained in detail in note 3.2.
- 3.2 In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well. Further, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. From July 01, 2018 the Fund has adopted IFRS-9 as per approved accounting and reporting standards as applicable in Pakistan.

#### Key requirements of IFRS 9:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election at initial recognition to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. However, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

### Classification and measurement:

Classification and Measurement of Financial Assets and Financial Liabilities after the adoption of IFRS-9 is discussed as under:

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Listed equity securities classified as 'at Available for sale' investments carried at fair value have been re-designated & will be measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Debt securities (Listed / Unlisted) and government securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- all financial assets classified as Loans and receivable as on June 30, 2018 have now been re-classified as Amortized cost. These assets under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.
- All other financial assets and financial liabilities under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

	<b>(Unaudited) September 30, 2018</b>	<b>(Audited) June 30, 2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>4 Balances with Bank</b>		
In current accounts	4,301	10,384
In deposit accounts	1,669,722	1,882,153
	<b>1,674,023</b>	<b>1,892,537</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>June 30,</b>
	<b>2018</b>	<b>2018</b>
<b>5 INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
Listed equity securities	5.1 <b>1,965,837</b>	456,501
	<b>1,965,837</b>	456,501
<b>At amortised cost</b>		
Term Deposit Receipt	5.3 <b>275,000</b>	-
	<b>275,000</b>	-
<b>Previously classified as available-for-sale - under IAS 39</b>		
Listed equity securities	5.2 -	196,421
	-	<b>652,922</b>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## 5.1 Listed equity securities - at fair value through profit or loss'

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of the investee company	As at June 30, 2018	Re-designated*	Number of shares				Balance as at September 30, 2018		Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company	
			As at July 01, 2018	Purchased during the year	Right issue during the year	Sold during the year	As at September 30, 2018	Carrying value	Market value	As a percentage of total investments		As a percentage of net assets
<b>Automobile Assembler</b>												
Millat Tractors Limited	50,000	-	50,000	-	-	7,460	42,540	50,540	43,142	43,142	2.19%	1.11%
								<b>50,540</b>	<b>43,142</b>	<b>(7,398)</b>	<b>2.19%</b>	<b>1.11%</b>
<b>Automobile Parts &amp; Accessories</b>												
Agriauto Industries Limited***	-	37,000	37,000	-	-	-	37,000	10,915	8,713	(2,202)	0.44%	0.22%
								<b>10,915</b>	<b>8,713</b>	<b>(2,202)</b>	<b>0.44%</b>	<b>0.22%</b>
<b>Cable &amp; Electrical Goods</b>												
Pak Elektron Limited	500,000	-	500,000	-	-	500,000	-	-	-	-	0.00%	0.00%
<b>Cement</b>												
Cheral Cement Company Limited	50,000	-	50,000	-	-	-	50,000	4,862	4,028	(834)	0.20%	0.10%
D.G. Khan Cement Company Limited	623,000	-	623,000	-	-	623,000	-	-	-	-	0.00%	0.00%
Fauji Cement Company Limited	465,500	-	465,500	-	-	465,500	-	-	-	-	0.00%	0.00%
Kohat Cement Limited	62,600	-	62,600	-	-	62,600	62,600	7,704	7,834	130	0.40%	0.20%
Lucky Cement Limited****	256,900	-	256,900	-	-	-	342,400	178,903	175,631	(3,272)	8.93%	4.52%
Maple Leaf Cement Factory Limited	1,225,000	-	1,225,000	-	-	1,225,000	-	191,469	187,492	(3,977)	9.84%	4.82%
								<b>191,469</b>	<b>187,492</b>	<b>(3,977)</b>	<b>9.84%</b>	<b>4.82%</b>
<b>Chemicals</b>												
Engro Polymer & Chemical(R)	440,248	-	440,248	-	-	440,248	-	-	-	-	0.00%	0.00%
Engro Polymer And Chemicals Limited	2,830,500	-	2,830,500	-	-	1,884,000	2,882,748	86,579	83,715	(4,864)	4.26%	2.15%
ICI Pakistan Limited	-	12,000	12,000	-	-	12,000	-	3,330	3,858	529	0.00%	0.00%
Lotte Chemical Pakistan Limited	201,000	-	201,000	-	-	464,000	286,000	91,908	87,573	(4,335)	4.45%	2.25%
								<b>91,908</b>	<b>87,573</b>	<b>(4,335)</b>	<b>4.45%</b>	<b>2.25%</b>
<b>Commercial Banks</b>												
Meezan Bank Limited	10	-	10	-	-	-	11	1	1	-	0.00%	0.00%
<b>Engineering</b>												
International Industries Limited	156,600	-	156,600	-	-	-	156,600	36,377	33,700	(2,676)	1.71%	0.87%
								<b>36,377</b>	<b>33,700</b>	<b>(2,676)</b>	<b>1.71%</b>	<b>0.87%</b>
<b>Fertilizer</b>												
Dawood Hercules Corporation	45,400	149,200	194,600	-	-	-	194,600	21,558	20,735	(823)	1.05%	0.53%
Engro Corporation Limited	384,000	-	384,000	-	-	33,000	396,000	124,578	123,405	(1,172)	6.28%	3.17%
Engro Fertilizer Limited	1,735,000	-	1,735,000	-	-	-	2,207,000	166,012	166,606	594	8.48%	4.28%
Falima Fertilizer Company Limited	400,000	-	400,000	-	-	1,680,500	2,080,500	68,888	77,832	8,944	3.96%	2.00%
								<b>381,036</b>	<b>368,578</b>	<b>7,542</b>	<b>19.77%</b>	<b>9.99%</b>
<b>Food &amp; Personal Care Products</b>												
Al-Shaheer Corporation	53,000	-	53,000	-	-	-	65,000	1,775	1,788	12	0.09%	0.05%
Engro Foods Limited	-	700	700	-	-	-	700	62	59	(3)	0.00%	0.00%
National Foods Limited	-	-	-	-	-	-	67,000	19,085	19,430	335	0.99%	0.50%
								<b>20,933</b>	<b>21,277</b>	<b>344</b>	<b>1.08%</b>	<b>0.55%</b>
<b>Leather &amp; Tanneries</b>												
Service Industries	22,000	3,050	25,050	-	-	25,050	-	-	-	-	0.00%	0.00%
<b>Miscellaneous</b>												
Shifa International Hospitals	-	111	111	-	-	-	111	30	30	0	0.00%	0.00%
								<b>30</b>	<b>30</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Oil &amp; Gas Exploration Companies</b>												
Mari Petroleum Company Limited	-	2,260	2,260	-	-	-	27,260	41,529	42,480	951	2.16%	1.09%
Oil & Gas Development Company Limited****	955,000	242,400	1,197,400	-	-	-	1,447,400	224,589	221,438	(3,152)	11.26%	5.69%
Pakistan Oilfields Limited	265,300	43,500	308,800	-	-	4,000	365,760	207,762	200,868	(3,894)	10.22%	5.17%
Pakistan Petroleum Limited	334,500	600	335,100	-	-	-	791,900	167,635	168,991	1,357	8.60%	4.35%
								<b>638,515</b>	<b>633,777</b>	<b>(4,737)</b>	<b>32.24%</b>	<b>16.30%</b>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

		(Unaudited) September 30, 2018	(Audited) June 30, 2018
<b>6. ACCRUED AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund (SWWF)	6.1	7,891	7,622
Federal Excise Duty payable on remuneration to management fee the Management Company	6.2	5,910	5,910
Federal Excise Duty and related taxes payable on sales load		1,136	1,136
Sale load payable to MCB Bank Limited		-	1
Charity / donation payable		1,243	626
Auditors' remuneration		215	470
Zakat payable		15	12
Withholding tax payable		31	546
Brokerage payable		752	1,600
Other payables		887	425
		<u>18,080</u>	<u>18,348</u>

**6.1 Provision for Sindh Workers' Welfare Fund (SWWF)**

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, 2018. 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 September 30, 2018 would have been higher by Re.0.14 per unit (June 30, 2018 Re. 0.15 per unit).

**6.2 Federal Excise Duty on remuneration to the Management Company**

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, 2018. 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 September 30, 2018 would have been higher by Re. 0.11 per unit (June 30, 2018: Re.0.11 per unit).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as September 30, 2018 and June 30, 2018.

**8 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

**9 TRANSACTIONS AND BALANCES OUTSTANDING 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:



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

(Unaudited)  
September 30,      September 30,  
2018                      2017  
----- (Rupees in '000) -----

**9.2 Transactions during the period:**

**Management Company**

**MCB Arif Habib Savings and Investments Limited**

Remuneration (including related taxes)	21,486	9,466
Selling and marketing expenses	3,803	1,675
Expense allocated by the Management Company and related taxes	1,074	473
Shariah advisory fee	228	225

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

Remuneration (including indirect taxes)	1,359	758
Central Depository Service (CDS) settlement charges	57	140

**Group / Associated Companies**

**MCB Bank Limited**

Bank charges	4	10
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**Silk Bank Limited**

Profit on Bank deposit	13,916	-
Bank charges	18	-

**MCB Islamic Bank Limited**

Profit on bank deposits	1	-
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**Arif Habib Limited - Brokerage house**

Brokerage and settlement charges *	114	64
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**Next Capital Limited - Brokerage house**

Brokerage and settlement charges *	86	6
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**D.G. Khan Cement Company Limited**

Purchase of Nil (2017: 266,400) shares	-	52,149
Sale of shares 623,000 (2017: 209,400) shares	71,944	35,778

**Fatima Fertilizer Company Limited**

Purchase of 1,680,500 (2017: Nil) shares	55,928	-
Sale of Nil (2017: 300,000) shares	-	8,653

**Nishat Mills Limited**

Purchase of Nil (2017: 235,000) shares	-	34,624
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**Mughal Iron and Steel Industries**

Purchase of Nil (2017: 314,500) shares	-	23,587
Sale of Nil(2017: 213,000) shares	-	15,103

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	(Unaudited) September 30, 2018	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
<b>9.3 Balances outstanding at period end:</b>		
<b>Management Company</b>		
<b>MCB Arif Habib Savings and Investments Limited</b>		
Remuneration payable	6,333	5,782
Sales tax on remuneration payable	823	752
Selling and marketing expenses payable	3,803	3,396
Sales load payable	5,820	3,705
Sales tax payable on sales load	47	57
Shariah advisory fee payable	78	75
Expenses allocated by the Management Company	316	289
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (including indirect taxes)	399	372
Sales tax on remuneration payable	52	48
Security deposit	200	200
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage and settlement charges payable *	114	18
<b>Next Capital Limited - Brokerage house</b>		
Brokerage and settlement charges payable *	63	74
<b>MCB Bank Limited</b>		
Balances with bank	2,208	6,479
<b>MCB Islamic Bank Limited</b>		
Balances with bank	438	243
Profit receivable on deposit account with bank	-	194
<b>Silk Bank Limited</b>		
Balances with bank	1,013,533	-
Profit receivable on deposit account with bank	12,649	-
<b>Nishat Mills Limited</b>		
856,000 (2018: 856,000) shares held	77,832	120,628
<b>Fatima Fertilizer Company Limited</b>		
2,080,500 (2018: 400,000) shares held	120,346	12,960
<b>D.G. Khan Cement Limited</b>		
Nil (2018: 623,000) shares held	-	71,327

\* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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### 10 TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 0.83% as on September 30, 2018 (2018: 3.43%) and this includes 0.11% (2017: 0.98%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as a shariah compliant Islamic asset allocation scheme.

### 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.

### 12 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 3.2.

### 13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 22, 2018 by the Board of Directors of the Management Company.

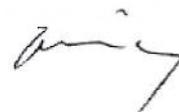
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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