EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

AC/AR/308/22
01 February 2022

The Board of Directors
MCB-Arif Habib Savings and Investments
Limited (the Management Company)
2nd Floor, Adamjee House
I.I. Chundrigar Road
Karachi

Dear Sirs

DRAFT CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

We are pleased to enclose two copies of the draft condensed interim financial statements of the following Funds for the above period, together with our draft review reports thereon to the unit holders, initialled by us only for identification:

- Alhamra Daily Dividend Fund (AHDDF)
- Alhamra Islamic Active Allocation Fund (AHIAAF)
- MCB Pakistan Stock Market Fund (MCBPSMF)
- Alhamra Islamic Stock Fund (AHISF)
- Alhamra Islamic Money Market Fund (AHIMMF)

We shall be pleased to sign and issue our reports after:

(a) the Board has approved the condensed interim financial statements; and

(b) the condensed interim financial statements have been signed by the Chief Financial Officer, Chief Executive Officer and at least one director of the Management Company authorized in this behalf and we have:

(i) seen the Board's resolution approving these financial statements and the items specified in Annexure A; and

(ii) received representation letter duly signed by the Chief Executive Officer and Chief Financial Officer of the Management Company.

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibility for preparation and presentation of condensed interim financial statements in accordance with the approved accounting standards is primarily that of the Management Company of the Funds. This includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Funds and prevention and detection of frauds and irregularities. The review of the condensed interim financial statements does not relieve the management of its responsibilities.

We have conducted the half-yearly review of the condensed interim financial statements of the Funds in accordance with the International Standard on Review Engagements 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our responsibility is to express a conclusion on the interim financial statements based on our review.

2. REVERSAL OF PROVISION FOR SINDH WOKERS' WELFARE FUND

As fully disclosed in respective notes to the accompanying financial statements of the Funds, Sindh Revenue Board (SRB), during the period, through its letter dated 12 August 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions.

This development was discussed at MUFAP level and was also taken up with the Securities and Exchange Commission of Pakistan (SECP). Accordingly, all the Asset Management Companies, in consultation with SECP, have reversed the provision for SWWF amounting to Rs.7.516 million, Rs.120.605 million, Rs.27.763 million and Rs.10.909 million recognised in the financial statements of AHDDF, MCBPSMF, AHISF and AHIMMF respectively for the period from inception of Fund to 12 August 2021 and the same has been recorded as income in the condensed interim financial statements.

The SECP has given its concurrence for prospective reversal of provision for SWWF through its letter dated 30 August 2021. Accordingly, going forward, no provision for SWWF has been recognised in the financial statements of the Fund from 13 August 2021.

3. CONTINGENCIES AND COMMITMENTS

The Management Company has informed us that there are no contingencies and commitments outstanding as at period end other than those disclosed in the condensed interim financial statements.

4. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

The Management Company has informed us that the transactions with connected persons / related parties are undertaken at contracted rates and there are no transactions and balances with related parties other than those disclosed in the condensed interim financial statements.

EY
Building a better working world

Finally, we wish to place on record our appreciation of the cooperation and courtesy extended to us by the management and staff of the Management Company at all levels during the course of our review.

Yours faithfully

SAS:AR:MA.

Building a better working world

Items requiring specific approval by the Board by way of board resolutions:

Alhamra Daily Dividend Fund

	Rupees in '000
- Investments - net	72,285
- Remuneration of the Management Company	3,407
- Sales tax on management fee	443
- Expenses allocated by the Management Company and related taxes	484
- Transactions and balances with related parties / connected persons as disclosed in note 15 to the financial statements	

Alhamra Islamic Active Allocation Fund (Smart Portfolio Fund)

	Rupees in '000
- Investments - net	(39,276)
- Remuneration of the Management Company	27
- Sales tax on management fee	4
- Expenses allocated by the Management Company and related taxes	90
- Transactions and balances with related parties / connected persons as disclosed in note 12 to the financial statements	

MCB Pakistan Stock Market Fund

	Rupees in '000
- Investments - net	138,340
- Remuneration of the Management Company	121,175
- Sales tax on management fee	15,753
- Expenses allocated by the Management Company and related taxes	6,059
- Selling and Marketing Expenses	78,763
- Transactions and balances with related parties / connected persons as disclosed in note 13 to the financial statements	

Building a better working world

Alhamra Islamic Stock Fund

	Rupees in '000'
- Investments - net	64,338
- Remuneration of the Management Company	35,353
- Sales tax on management fee	4,596
- Expenses allocated by the Management Company and related taxes	1,768
- Selling and Marketing Expenses	22,978
- Transactions and balances with related parties / connected persons as disclosed in note 13 to the financial statements	

Alhamra Islamic Money Market Fund

	Rupees in '000'
- Investments - net	6,399,705
- Remuneration of the Management Company	10,016
- Sales tax on management fee	1,302
- Expenses allocated by the Management Company and related taxes	142
- Selling and Marketing Expenses	3,554
- Transactions and balances with related parties / connected persons as disclosed in note 15 to the financial statements	