



**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 ACTIVE ALLOCATION FUND**

## **CONTENTS**

---

---

<b>1</b>	<b>Fund's Information</b>	<b>300</b>
<b>2</b>	<b>Report of the Directors of the Management Company</b>	<b>301</b>
<b>3</b>	<b>Condensed Interim Statement of Assets And Liabilities</b>	<b>308</b>
<b>4</b>	<b>Condensed Interim Income Statement (Un-audited)</b>	<b>309</b>
<b>5</b>	<b>Condensed Interim Statement of Comprehensive Income (Un-audited)</b>	<b>310</b>
<b>6</b>	<b>Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)</b>	<b>311</b>
<b>7</b>	<b>Condensed Interim Cash Flow Statement ( Un-audited)</b>	<b>312</b>
<b>8</b>	<b>Notes to and forming part of the Condensed Interim Financial Statements</b>	<b>313</b>

## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings & Investments Limited 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>	MCB Financial Services Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
<b>Bankers</b>	MCB Bank Limited Dubai Islamic Bank Pakistan Limited Bank Islami Pakistan Limited Bank Al-Habib Limited United Bank Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes</b> Chartered Accountant Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepoin, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	AM2++Asset Manager Rating assigned by PACRA	

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

---

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Active Allocation Plan -I and Plan II** 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 115mn 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 189mn of stocks which was mainly absorbed by Insurance companies (~USD 102Mn) and Individuals (~USD 97Mn). Trading volumes during the quarter averaged around ~170mn 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.

The sectors that outperformed market were Textiles, Fertilizers & Banks. Textiles surged (+2.4% QoQ) due to favorable

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

---

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

#### Alhamra Islamic Active Allocation Plan -I

The Fund was launched on December 29, 2016. During the period, the fund posted a return of 0.04% against the negative return of 2.37% for the benchmark.

The fund was 42.3% invested in Alhamra Islamic Stock Fund and 52.3% invested in Alhamra Islamic Income Fund at the period end.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 1,401 million. The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 93.2048.

#### Alhamra Islamic Active Allocation Plan -II

The fund was launched on June 16, 2017. During the period, the fund posted a return of 0.00% against a negative return of 2.49% for the benchmark.

The fund was 43.6% invested in Alhamra Islamic Stock Fund and 54.6% invested in Alhamra Islamic Income Fund as at 30th September, 2018.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 781 million. The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs.99.3754.

### 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, and 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

---

### MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at ~PKR 577 billion at the end of 1QFY19. Monetary tightening by the government resulted in an increase in interest rates, bringing flows to the money market funds. Size of Money Market (Islamic/Conventional), Fund of Funds (Islamic/Conventional) and Conventional Equities increased, while assets under management of all other categories decreased in 1QFY19 as compared to FY18.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 60%, followed by Money Market funds with a share of 25% and Income funds having a share of 15% as at the end of 1QFY19.

The Net Assets of Pension Funds stood at ~PKR 26 billion at the end of 1QFY19. The size of both Conventional and Shariah-Compliant funds decreased by ~4% and 0.1% respectively. Amongst sub-categories, size of Debt and Equity funds decreased while those of Money Market funds increased.

### ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem  
Chief Executive Officer  
October 22, 2018



Nasim Beg  
Vice Chairman / Director

روپے تک پہنچ گئے۔ حکومت کی جانب سے سختی نے سود کی شرح میں اضافے کے نتیجے میں منی مارکیٹ کے فنڈز میں بہاؤ پیدا کیا۔ منی مارکیٹ (اسلامی/روایتی) کا سائز، فنڈ آف فنڈز (اسلامی/روایتی) اور روایتی ایکویٹیز میں اضافہ ہوا، جبکہ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی میں دیگر سالوں کے انتظام کے تحت اثاثہ مالی سال 2017 کے مقابلے میں 18 (FY18) ہوا۔ حصص کے حصول کے لحاظ سے ایکویٹی اور ایوارڈ سے متعلق فنڈز تقریباً 60 فیصد حصص کے رہنمائی کریں گے، اس کے بعد پیسے مارکیٹ میں فنڈز 25 فیصد حصص کے ساتھ ہیں اور انکم فنڈز میں 15 فی صد کا حصہ ہے، جبکہ مالی سال 2018-19 (1QFY19) کے مقابلے میں 17-18 (FY18) کی پہلی سہ ماہی میں کمی آئی ہے۔

پنشن فنڈ کے نیٹ اثاثے مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے اختتام پر تقریباً 26 PKR ارب ہو گئے ہیں۔ روایتی اور شرعی مطابقت فنڈز دونوں کا سائز تقریباً 4 فی صد اور 0.1 فی صد سے کمی آئی، ذیلی شعبوں کے درمیان، منی اور ایکویٹی فنڈز کا سائز کم ہو گیا جبکہ منی مارکیٹ کے فنڈز میں اضافہ ہوا۔

## 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، لگن اور حصص یافتگان کے لیے کمپنی کے ملازمین کی کوششوں کی تعریف کرتے ہیں۔

منجانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر/ نائب چیئرمین

22 اکتوبر، 2018ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018ء

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 پر اسٹیٹ بینک سے کم از کم 100 بنیادی پوائنٹس (bps) میں پہلے ہی اضافہ ہوا ہے۔

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 ملحقہ 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 ملحقات (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 گے 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۔

باہمی فنڈ کی صنعت کا جائزہ:

اوپن اینڈ میوچل فنڈ انڈسٹری کے مکمل اثاثے مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے اختتام پر 577PKR بلین

بڑھتی ہے۔

ٹیکسٹائل، فریٹلائزر اور بنک 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 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 سردیوں 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:

### الہمہ اسلامک ایکٹو لوکیشن پلان I

فاؤنڈیشن دسمبر 2، 2016ء کو شروع کی گئی تھی۔ اس عرصے کے دوران، فنڈ شیئنگ مارک کے لئے 2.37 فیصد کی منفی واپسی کے خلاف 0.04 فیصد کی واپسی کی ہے۔

الہمہ اسلامک اسٹاک فنڈ میں 42.3 فیصد سرمایہ کاری اور مدت کے اختتام پر الہمہ اسلامک انکم فنڈ میں 52.3 فیصد سرمایہ کاری کیا گیا تھا۔

ستمبر 30، 2018ء کے طور پر فنڈ کے نیٹ اثاثے 1.401 ملین۔ ستمبر 20، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ 93.2048 روپے تھے۔

### الہمہ اسلامک ایکٹو لوکیشن پلان II

اس فنڈ کو 16 جون، 2017ء کو شروع کیا گیا تھا۔ اس عرصے کے دوران، فنڈ نے معیار کے لئے 2.49 فیصد کی منفی واپسی کے مقابلے میں 0.00 فی صد کی واپسی کی۔

الہمہ اسلامک اسٹاک فنڈ میں فنڈ 43.6 فیصد کا تھا اور 30 ستمبر، ستمبر 8 کو الہمہ اسلامک انکم فنڈ میں 54.6 فیصد سرمایہ کاری ہوئی۔ ستمبر 30، 2018ء کے طور پر فنڈ کے نیٹ اثاثے 781 ملین روپے تھے۔ ستمبر 20، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ 99.3754 روپے تھے۔

مارکیٹ اور معیشت - مستقبل کے نقطہ نظر:

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

عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے الہم اسلامک ایکٹو لوکیشن پلان - اینڈ پلان-II کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے سہ ماہی اکاؤنٹس کا جائزہ پیش خدمت ہے۔

## مارکیٹ اور اقتصادی جائزہ:

### معیشت اور کرنسی مارکیٹ 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 آرہی 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

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

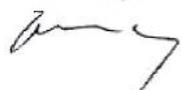
	----- (Unaudited) -----			----- (Audited) -----		
	AIAAP - I	AIAAP - II	Total	AIAAP - I	AIAAP - II	Total
	2018	September 30, 2018	2018	2018	June 30, 2018	2018
	----- (Rupees in 000) -----			----- (Rupees in 000) -----		
<b>ASSETS</b>						
Bank balances	73,741	13,528	87,269	77,940	27,395	105,335
Investments	1,327,673	767,997	2,095,670	1,326,599	767,744	2,094,343
Profit receivable	454	105	559	420	221	641
Prepayments and other receivables	224	14	238	209	-	209
Preliminary expenses and floatation costs	610	-	610	1,240	-	1,240
<b>Total assets</b>	<b>1,402,702</b>	<b>781,644</b>	<b>2,184,346</b>	<b>1,406,408</b>	<b>795,360</b>	<b>2,201,768</b>
<b>LIABILITIES</b>						
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	185	81	266	191	105	296
Payable to MCB Financial Services Limited - Trustee	108	66	174	109	68	177
Payable to the Securities and Exchange Commission of Pakistan	335	189	524	1,385	687	2,072
Accrued expenses and other liabilities	896	447	1,343	822	408	1,230
<b>Total liabilities</b>	<b>1,524</b>	<b>783</b>	<b>2,307</b>	<b>2,507</b>	<b>1,268</b>	<b>3,775</b>
<b>NET ASSETS</b>	<b>1,401,178</b>	<b>780,861</b>	<b>2,182,039</b>	<b>1,403,901</b>	<b>794,092</b>	<b>2,197,993</b>
<b>UNIT HOLDERS' FUND (as per statement attached)</b>	<b>1,401,178</b>	<b>780,861</b>	<b>2,182,039</b>	<b>1,403,901</b>	<b>794,092</b>	<b>2,197,993</b>
<b>CONTINGENCIES AND COMMITMENTS</b>						
	(Number of units)			(Number of units)		
<b>NUMBER OF UNITS IN ISSUE</b>	<b>15,033,323</b>	<b>7,857,690</b>		<b>15,067,846</b>	<b>7,974,996</b>	
	----- (Rupees) -----			----- (Rupees) -----		
<b>NET ASSET VALUE PER UNIT</b>	<b>93.2048</b>	<b>99.3754</b>		<b>93.1720</b>	<b>99.5728</b>	

The annexed notes 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 (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Note	AIAAP - I	AIAAP - II	Total	AIAAP - I	AIAAP - II	Total
	September 30, 2018	September 30, 2018	September 30, 2018	September 30, 2017	September 30, 2017	September 30, 2017
------(Rupees in 000)-----			------(Rupees in 000)-----			
<b>INCOME</b>						
	(1,992)	-	(1,992)	(11,015)	(8,983)	(19,998)
Loss on sale of investments - net						
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	2,807	102	2,910	(89,377)	(49)	(89,426)
5.2 Profit on bank balances	1,353	374	1,727	1,305	404	1,708
Dividend Income from Mutual Funds	259	151				
Other income	96	130	226	1,046	45	1,090
<b>Total income / (loss)</b>	<b>2,523</b>	<b>757</b>	<b>2,871</b>	<b>(98,042)</b>	<b>(8,584)</b>	<b>(106,625)</b>
<b>EXPENSES</b>						
Remuneration of the Management Company	189	53	242	223	57	281
Sindh sales tax on remuneration of the Management Company	25	7	32	29	7	36
Remuneration of the Trustee	293	179	472	312	100	412
Sindh sales tax on remuneration of the Trustee	38	23	61	41	13	54
Annual fee to the Securities and Exchange Commission of Pakistan	335	189	524	364	89	454
Allocated expenses and related taxes	399	225	624	433	106	539
Printing charges	16	7	23	36	8	44
Settlement and bank charges	1	4	5	6	6	12
Listing fee	4	3	7	7	0	7
Legal and professional charges	35	20	55	49	5	54
Auditors' remuneration	57	32	89	77	17	94
Provision against Sindh Workers' Welfare Fund	10	-	10	-	-	-
6.1 Amortisation of preliminary expenses and floatation costs	630	-	630	630	-	630
<b>Total expenses</b>	<b>2,032</b>	<b>742</b>	<b>2,774</b>	<b>2,207</b>	<b>409</b>	<b>2,617</b>
<b>Net income / (loss) for the period before taxation</b>	<b>491</b>	<b>15</b>	<b>97</b>	<b>(100,249)</b>	<b>(8,993)</b>	<b>(109,242)</b>
Taxation	-	-	-	-	-	-
9 <b>Net income / (loss) for the period after taxation</b>	<b>491</b>	<b>15</b>	<b>97</b>	<b>(100,249)</b>	<b>(8,993)</b>	<b>(109,242)</b>
<b>Earning per unit</b>						
11 <b>Allocation of net income for the period</b>						
Net income for the period after taxation	491	15	507	-	-	-
Income already paid on units redeemed	-	-	-	-	-	-
	<b>491</b>	<b>15</b>	<b>507</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accounting income available for distribution</b>						
- Relating to capital gains	491	15	507	-	-	-
- Excluding capital gains	-	-	-	-	-	-
	<b>491</b>	<b>15</b>	<b>507</b>	<b>-</b>	<b>-</b>	<b>-</b>

The annexed notes 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 (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	<u>AIAAP - I</u>	<u>AIAAP - II</u>	<u>Total</u>	<u>AIAAP - I</u>	<u>AIAAP - II</u>	<u>Total</u>
	September 30, 2018	September 30, 2018	September 30, 2018	September 30, 2017	September 30, 2017	September 30, 2017
	------(Rupees in 000)-----			------(Rupees in 000)-----		
<b>Net income / (loss) for the period after taxation</b>	491	15	507	(100,249)	(8,993)	(109,242)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>491</u>	<u>15</u>	<u>507</u>	<u>(100,249)</u>	<u>(8,993)</u>	<u>(109,242)</u>

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

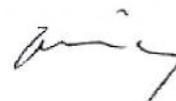
**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

Particulars	AIAAP - I				AIAAP - II				AIAAP-I	AIAAP-II
	For the quarter ended September 30, 2018								For the quarter ended September 30, 2017	For the quarter ended September 30, 2017
	Capital Value	Undistrib-uted income / (loss)	Unrealised appreciation / (diminution) on FVTOCI (Previously: 'AFS')	Total	Capital Value	Undistrib-uted income / (loss)	Unrealised appreciation / (diminution) on FVTOCI (Previously: 'AFS')	Total	Total	Total
Net assets at beginning of the period	1,510,798	(106,897)	-	,403,901	785,630	8,462	-	794,092	1,584,241	87,969
Issue of Nil units of Plan I and 13,683 of Plan II - including additional units (2017: 107,205 units of Plan I and 7,472,906 units of Plan II)										
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	1,360	-	-	1,360		
- Element of income	-	-	-	-	-	-	-	-		
					1,360	-	-	1,360	10,722	736,526
Redemption of 34,524 units of Plan I and 130,989 units of Plan II (2017: 357,664 units of Plan I and 15,112 units of Plan II)										
- Capital value (at net asset value per unit at the beginning of the period)	3,217	-	-	3,217	13,017	-	-	13,017		
- Element of income	(2)	-	-	(2)	(6)	-	-	(6)		
	3,215	-	-	3,215	13,011	-	-	13,011	(35,067)	(1,488)
Total comprehensive income / (loss) for the period	-	491	-	491	-	15	-	15	(100,249)	(8,993)
Final distributions for the year ended June 30, 2018 (including additional units) at the rate of Rs. 0.2 per unit (Declared on Julv 04, 2018)	-	-	-	-	-	(1,595)	-	(1,595)	-	-
	-	491	-	491	-	(1,579)	-	(1,579)	(100,249)	(8,993)
<b>Net assets at end of the period</b>	<b>1,507,583</b>	<b>(106,406)</b>	<b>-</b>	<b>1,401,178</b>	<b>773,978</b>	<b>6,883</b>	<b>-</b>	<b>780,861</b>	<b>1,459,647</b>	<b>814,014</b>
Undistributed (loss) / income brought forward										
- Realised		(61,709)				13,697			(6,534)	49
- Unrealised		(45,188)				(5,235)			6,792	(44)
		(106,897)				8,462			258	5
Accounting income available for distribution (after deducting income already paid on units redeemed):										
- Relating to capital gains		491				15			-	-
- Excluding capital gains		-				-			-	-
		491				15			-	-
Net loss for the period before taxation									(100,249)	(8,993)
Cash Distribution during the period						(1,595)			-	-
Undistributed (loss) / income carried forward		(106,406)				6,883			(99,991)	(8,988)
Undistributed (loss) / income carried forward										
- Realised income		(109,213)				6,780			(10,614)	(8,939)
- Unrealised income / (loss)		2,807				102			(89,377)	(49)
		(106,406)				6,883			(99,991)	(8,988)
Net assets value per unit as at beginning of the period		93.1720				99.5728			100.0163	100.0057
Net assets value per unit as at end of the period		93.2048				99.3754			93.6309	97.6336

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

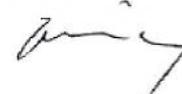
**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

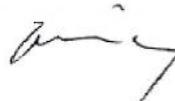
	AIAAP - I	AIAAP - II	Total	AIAAP - I	AIAAP - II
	September 30, 2018	September 30, 2018	September 30, 2018	September 30, 2017	September 30, 2017
	------(Rupees in 000)-----			------(Rupees in 000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income / (loss) for the period before taxation	491	15	507	(100,249)	(8,993)
<b>Adjustments for:</b>					
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(2,807)	(102)	(2,910)	89,377	49
Amortisation of preliminary expenses and floatation costs	630	-	630	630	-
	(1,686)	(87)	(1,773)	(10,242)	(8,944)
<b>Decrease / (increase) in assets</b>					
Investments	1,734	(151)	1,583	21,015	(696,516)
Profit receivable	(34)	116	82	2,641	81
Advances, deposits, prepayments and other receivable	(15)	(14)	(29)	(80)	(11)
	1,685	(49)	1,636	23,576	(696,446)
<b>(Decrease) / increase in liabilities</b>					
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(6)	(24)	(30)	(399)	305
Payable to MCB Financial Services	(1)	(2)	(3)	(10)	49
Payable to the Securities and Exchange	(1,050)	(498)	(1,548)	(359)	86
Dividend Payable	74	39	113	(12,672)	(158)
Accrued expenses and other liabilities	(983)	(485)	(1,468)	178	10,646
	(984)	(621)	(1,605)	(13,261)	10,929
<b>Net cash generated from / (used in) operating activities</b>	(984)	(621)	(1,605)	74	(694,461)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Amount received against issuance of units	-	1,360	1,360	10,722	736,526
Amount paid against redemption of units	(3,215)	(13,011)	(16,226)	(35,067)	(1,488)
Dividend paid	-	(1,595)	(1,595)	-	-
<b>Net cash (used in) / generated from operating activities</b>	(3,215)	(13,246)	(16,461)	(24,345)	735,038
<b>Net increase in cash and cash equivalents during the period</b>	(4,199)	(13,867)	(18,066)	(24,272)	40,576
Cash and cash equivalents at the beginning of the period	77,940	27,395	105,335	104,568	12,996
<b>Cash and cash equivalents at the end of the period</b>	73,741	13,528	87,269	80,296	53,572

The annexed notes 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 Al-Hamra Islamic Active Allocation Fund (the Fund) was established under a Trust Deed dated, November 25, 2016, executed between MCB-Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 02, 2016 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008).
- 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-ended mutual fund and has been categorised as "Shariah Compliant Asset Allocation Fund of Funds". The units of the Fund are redeemable subject to a contingent load.
- 1.4 The duration of the Fund is perpetual. However, Allocation Plans launched may have a set time frame. The Fund commenced its operations from December 29, 2016 and on that date, had offered one type of Allocation Plan (Plan-I). However, the Fund has launched Allocation Plan-II from June 16, 2017. The Fund is allowed to invest in Shariah Compliant Collective Investment Schemes or in cash and / or near cash instruments as allowed under circular no. 07 of 2009 dated March 6, 2009 issued by the SECP. The maturity of Allocation Plan I and II is two years from the close of the initial period i.e. December 28, 2018 and June 16, 2019 respectively.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2++ dated October 08, 2018 to the Management Company. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.6 The title to the assets of the Fund is held in the name of MCB Financial Services 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.
- 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.

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

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 with out 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 quater 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 publised 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 of 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.

#### Classification and measurement:

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

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

- 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.

----- (Unaudited) -----  
**AIAAP - I    AIAAP - II    Total**  
**September 30, 2018**  
 -----(Rupees in 000)-----

**4    Balance with Bank**

Current Account  
 Saving Account

494	-	494
<u>73,247</u>	<u>12,954</u>	<u>86,201</u>
<u><b>73,741</b></u>	<u><b>12,954</b></u>	<u><b>86,695</b></u>

----- (Audited) -----  
**AIAAP - I    AIAAP - II    Total**  
**June 30, 2018**  
 -----(Rupees in 000)-----

**Balance with Bank**

Current Account  
 Saving Account

1,997	1,384	3,381
<u>75,943</u>	<u>26,011</u>	<u>101,954</u>
<u><b>77,940</b></u>	<u><b>27,395</b></u>	<u><b>105,335</b></u>

----- (Unaudited) -----  
**AIAAP - I    AIAAP - II    Total**  
**September 30, 2018**  
 -----(Rupees in 000)-----

**5    INVESTMENTS**

**'at fair value through profit or loss'**

- Units of open end mutual funds

**Note**

5.1

<u>1,327,673</u>	<u>767,997</u>	<u>2,095,670</u>
------------------	----------------	------------------

----- (Audited) -----  
**AIAAP - I    AIAAP - II    Total**  
**June 30, 2018**  
 -----(Rupees in 000)-----

**'at fair value through profit or loss'**

- Units of open end mutual funds

<u>1,492,831</u>	<u>74,956</u>	<u>1,567,787</u>
------------------	---------------	------------------

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

**5.1 at fair value through profit or loss'**

**5.1.1 Allocation Plan I - Units of open end mutual funds (related party)**

Name of the fund	Number of units			Carrying value as at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the year	Sold during the year					
Alhamra Islamic Stock Fund	55,988,653	9,615,385	9,532,888	601,324	593,793	(7,530)	42%	45%
Alhamra Islamic Income Fund	6,816,335	1,319,624	986,243	723,542	733,880	10,338	52%	55%
<b>Total as at September 30, 2018</b>				<b>1,324,866</b>	<b>1,327,673</b>	<b>2,807</b>		
<b>Total as at June 30, 2018</b>				<b>1,371,787</b>	<b>1,326,599</b>	<b>(45,188)</b>		

-----  
(Rs in "000")

**5.1.2 Allocation Plan II - Units of open end mutual funds (related party)**

Name of the fund	Number of units			Carrying value as at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the year	Sold during the year					
Alhamra Islamic Stock Fund	32,195,678	-	-	347,069	340,952	(6,117)	44%	44%
Alhamra Islamic Income Fund	3,965,839	194,595	-	420,826	427,045	6,219	55%	56%
<b>Total as at September 30, 2018</b>				<b>767,895</b>	<b>767,997</b>	<b>102</b>		
<b>Total as at June 30, 2018</b>				<b>772,979</b>	<b>767,744</b>	<b>(5,235)</b>		

-----  
(Rs in "000")

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

		----- (Unaudited) -----			
		Note	AIAAP - I	AIAAP - II	Total
		September 30, 2018			
		----- (Rupees in 000) -----			
<b>5.2</b>	<b>Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'</b>				
	Market value	5.1.1 & 5.1.2	1,327,673	767,997	2,095,670
	Less: carrying value	5.1.1 & 5.1.2	1,324,866	767,895	2,092,761
			<u>2,807</u>	<u>102</u>	<u>2,910</u>

		----- (Un-Audited) -----		
		AIAAP - I	AIAAP - II	Total
		September 30, 2017		
		----- (Rupees in 000) -----		
	Market value	1,382,440	771,424	2,153,864
	Less: carrying value	<u>1,471,817</u>	<u>771,473</u>	<u>2,243,290</u>
		<u>(89,377)</u>	<u>(49)</u>	<u>(89,426)</u>

		(Un Audited)			
		Note	AIAAP - I	AIAAP - II	Total
		September 30, 2018			
		----- (Rupees in 000) -----			
<b>6</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>				
	Auditors' remuneration		168	87	255
	Printing charges		40	25	65
	Payable to legal advisor		81	40	121
	Others		333	119	452
	Provision for Sindh Workers' Welfare Fund	6.1	<u>274</u>	<u>176</u>	<u>450</u>
			<u>896</u>	<u>447</u>	<u>1,343</u>

		(Audited)		
		AIAAP - I	AIAAP - II	Total
		June 30, 2018		
		----- (Rupees in 000) -----		
	Auditors' remuneration	187	93	280
	Printing charges	24	16	40
	Payable to legal advisor	58	27	85
	Others	289	96	385
	Provision for Sindh Workers' Welfare Fund	<u>264</u>	<u>176</u>	<u>440</u>
		<u>822</u>	<u>408</u>	<u>1,230</u>

**6.1** There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2018. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of Plan I and II as at June 30, 2018 would have been higher by Re. 0.0182 (2018: Re 0.0175) per unit and Re. 0.0224 (2018: Re 0.0221) per unit respectively.

**7 CONTINGENCIES AND COMMITMENTS**

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

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

## 8 TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the period ended September 30, 2018 is 0.15% (2018: 0.57%) and 0.09% (2018: 0.43%) for Plan-I and Plan-II respectively which includes 0.04% (2018: 0.13%) in Plan-I and 0.03% (2018: 0.15%) in Plan-II representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as fund of fund where management fee is charged.

## 9 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

## 10 TRANSACTIONS WITH CONNECTED PERSONS / 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:

### 10.1 Details of transactions with related parties / connected persons during the period

#### Unit Holders' Fund

#### 10.1.1 Alhamra Islamic Active Allocation Plan I

Particulars	Quarter ended September 30, 2018 (Un-audited)							
	As at July 01, 2018	Issuance	Redeemed / conversion out / transfer out	As at September 30, 2018	As at July 01, 2018	Issuance	Redeemed / conversion out / transfer out	As at September 30, 2018
	----- (Number of units) -----				----- (Rupees in '000) -----			
<b>Associated companies / undertakings</b>								
MCB Employees Pension Fund	586,520	-	-	586,520	54,647	-	-	54,666
Alhamra Islamic Income Fund	6,816,335	1,319,624	986,243	7,149,716	723,041	100,259	100,000	733,880
Alhamra Islamic Stock Fund	55,988,654	9,615,385	9,532,888	56,071,151	603,558	100,000	100,000	593,793

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

For the quarter ended September 30, 2017(Unaudited)

Particulars	As at July 01, 2017	Issued for cash	Redeemed	As at September 30, 2017	As at July 01, 2017	Issued for cash	Redeemed	As at September 30, 2017
Alhamra Islamic Stock Fund	71,103,335	47,034,607	34,000,521	84,137,421	871,016	550,000	400,000	915,415
Alhamra Islamic Income Fund	6,151,984	3,947,931	5,525,749	4,574,166	621,815	400,000	560,000	467,025
MCB Employees Pension Fund	586,520	-	-	586,520	58,662	-	-	54,916
Directors and key management personnel of the Management Company	4,007	-	-	4,007	401	-	-	375

### 10.1.2 Alhamra Islamic Active Allocation Plan II

Quarter ended September 30, 2018 (Un-audited)

	As at July 01, 2018	Issuance	Redeemed / conversion out / transfer out	As at September 30, 2018	As at July 01, 2018	Issuance	Redeemed / conversion out / transfer out	As at September 30, 2018
<b>Associated companies / undertakings</b>								
MCB Employees Pension Fund	751,350	1,512	-	752,862	74,814	150	-	74,816
Alhamra Islamic Income Fund	3,965,838	194,595	-	4,160,433	420,675	151	-	427,045
Alhamra Islamic Stock Fund	32,195,678	-	-	32,195,678	347,069	-	-	340,952
Mandate Under discretionary portfolio	52,821	-	-	52,821	5,260	-	-	5,249
<b>Unit holders holding 10% or more units</b>	1,001,305	1,763	-	1,003,068	99,703	175	-	99,680

\* Includes additional units issued at zero cost

For the quarter ended September 30, 2017(Unaudited)

Particulars	As at July 01, 2017	Issued for cash	Redeemed	As at September 30, 2017	As at July 01, 2017	Issued for cash	Redeemed	As at September 30, 2017
Alhamra Islamic Stock Fund	2,029,221	23,234,715	18,570,102	6,693,834	24,858	260,000	200,000	72,829
Alhamra Islamic Income Fund	495,648	8,789,590	2,560,537	6,724,702	50,098	893,500	260,000	686,683
MCB Employees Pension Fund	751,350	-	-	751,350	75,139	-	-	73,357

### 10.2 Details of transactions with related parties / connected persons during the period

	(UnAudited)		
	AIAAP - I	AIAAP - II	Total
	September 30, 2018	September 30, 2018	September 30, 2018
	------(Rupees in 000)-----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>			
Remuneration of the Management Company (including indirect taxes)	214	60	274
Allocated expenses and related taxes	399	225	624
<b>MCB Financial Services Limited - Trustee</b>			
Remuneration of the Trustee (including indirect taxes)	331	202	533

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

	AIAAP - I	(UnAudited) AIAAP - II	Total
	September 30, 2017	September 30, 2017	September 30, 2017
	------(Rupees in 000)-----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>			
Remuneration of the Management Company (including indirect taxes)	252	65	317
Allocated expenses and related taxes	433	106	539
<b>MCB Financial Services Limited - Trustee</b>			
Remuneration of the Trustee (including indirect taxes)	353	112	465

**10.3 Details of balances with related parties / connected persons at the end of period**

	Note	AIAAP - I	(UnAudited) AIAAP - II	Total
		September 30, 2018		
		------(Rupees in 000)-----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>				
Management remuneration payable		61	14	75
Sindh sales tax payable on management remuneration		8	2	10
Payable against allocated expenses		116	65	181
<b>MCB Financial Services Limited - Trustee</b>				
Trustee remuneration payable		97	58	155
Sindh sales tax payable on Trustee remuneration		11	8	19
<b>MCB Bank Limited - Parent of the Management Company</b>				
Bank balance		494	574	1,068

	AIAAP - I	(Audited) AIAAP - II	Total
	June 30, 2018		
	------(Rupees in 000)-----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>			
Management remuneration payable	66	34	100
Sindh sales tax payable on management remuneration	9	4	13
Payable against allocated expenses	116	67	183
<b>MCB Financial Services Limited - Trustee</b>			
Trustee remuneration payable	98	60	158
Sindh sales tax payable on Trustee remuneration	11	8	19
<b>MCB Bank Limited - Parent of the Management Company</b>			
Bank balance	1,997	1,384	3,381

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

---

---

### 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.

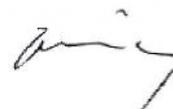
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

**Head Office:** 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900  
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,  
URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)