



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY FACRA

HALF YEAR REPORT

DECEMBER
2018
(UNAUDITED)

Half Year Report for Funds Under Management of
MCB-Arif Habib Savings and Investments Limited

ALHAMRA ISLAMIC ASSET ALLOCATION FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	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 Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Silk Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan MCB Islamic Bank Limited Bank Islami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Albaraka Bank Pakistan Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountant State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box Karachi, Sindh-74000, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Dear Investor,

On behalf of the Board of Directors, We are pleased to present Alhamra Islamic Asset Allocation Fund's Half Yearly Report for the period ended December 31, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

FY19 started off with a positive note as smooth completion of election process resulted in a sigh of relief for the market participants. The new regime inherited many economic challenges particularly on the external front. To cope with the underlying challenges, major policy actions (currency depreciation of 15% along with interest rate hike of 250 bps) were taken to address the imbalances. Furthermore, major success came through diplomatically engaging with the friendly allies. As a result, Pakistan secured BOP support package from Saudi Arabia, UAE and China amounting to USD 14 billion while Saudi Arabia & UAE committed foreign direct investment of USD 20-30 billion.

Average CPI for the first half of current fiscal year clocked in at 6.0%. Nevertheless, it is expected to jack up during the second half, owing to a low base effect and lagged impact of currency adjustments. Furthermore, government is yet to adjust electricity prices as the gap between base tariff and actual cost of generation has widened significantly. We expect CPI to average 8.5% for the 2HFY19 after accounting for electricity adjustments.

Current Account Deficit for the first six months clocked in at ~USD 8 billion which is an improvement of 4.4% from same period last year. CAD was well supported by remittances growth of 10%. However, the improvement in the external position was masked by the higher oil prices and payments for the previous periods reflected in current accounts. The non-oil imports have shown encouraging trend, declining by ~5% over the previous year. Reflecting the elevated oil prices and limited financial flows, reserves declined by ~USD 2.7 bn during the period leading to rupee depreciation of ~13.7%.

The focus of government to stabilize aggregate demand has taken its toll on large scale manufacturing which posted a decline of 0.9% YoY in the first five months of FY19. The decline has been led by reduction in production of oil products followed by slow down in autos, pharmaceuticals, consumer products. LSM growth is reflecting the overall slowdown in economy as envisaged by the steps taken by authorities to control the external imbalances.

The yield curve showed an upward trajectory during the half year as market players continued to expect further monetary tightening. During the first 6 months, State Bank of Pakistan increased the policy rate by 350 bps in line with the expectations of most of the market. Most of PIB auctions during the period under review were rejected by State Bank of Pakistan due to thin volume and participation at higher levels. The 3 year, 5 year and 10 year PIB were accepted in the PIB auction held in December '18 at 12.25%, 12.70% and 13.15% respectively. Two Floater rate PIB auction were conducted during 1HFY19. The first was accepted at a benchmark rate +70 bps. The second was rejected due to higher level of participation. Concerns over external front kept market participants at bay from longer tenor Treasury instruments with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout the period owing to regular OMOs conducted by SBP. During the second quarter, 117.7 billion worth of floater rate GOP Ijara Sukuk matured. No fresh GOP Ijara Sukuk were issued whereas SBP conducted auction of Bai Muajjal in which 72.55 billion was accepted out of total participation of 76.55.

Equity Market Review

CY18 closed itself on a negative note for the consecutive second year, as the benchmark Index KSE100 posted a loss of 8.4%. Half year/Quarterly return amounted to ~9.5%/11.5% respectively. The month of Dec'18 was the worst month of the year as KSE100 retreated by 8.5%, as unexpected monetary tightening by 150 bps during the last month created a negative environment for equities. Even announcement for support of USD 3 billion by UAE could not come to rescue as overall uncertainty continued to linger towards the economy. Foreign selling during the first half continued with foreigners offloading USD ~404 mn worth of equities, most of which was absorbed by Insurance Companies and Individuals who bought USD ~173 and ~USD 152 mn respectively. Volumes and values averaged around 179 mn shares/ PKR 7.68 bn, depicting a considerable decrease of ~6/~7% as compared to first half.

In the first half, most of the major sectors such Refineries, Autos, OMCs, E&Ps & Cements underperformed the market generating negative returns of 29%/27%/20%/18%/16% respectively. Refineries suffered due to lower throughput and closure of plants amid limited offtake of Furnace Oil. E&Ps took the brunt of plunge in international oil prices by ~30% as compared. Autos, Cements and OMCs followed the thematic decline due to economic slowdown. On the flip side, only

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Textile Composites remained in the positive territory generating a positive return of 20% due to currency depreciation of ~15% as well as supportive export-oriented policies of the newly-elected government.

FUND PERFORMANCE

During the period under review, the fund delivered a negative return of 3.73% as against its benchmark negative return of 10.81%.

On the equities front, the overall allocation was 53.7% at the end of the period under review. The fund increased its exposure in Fertilizer and Oil & Gas Exploration Companies while decreased exposure in Cement. On the fixed income side, exposure in Sukuk remained 0%.

The Net Assets of the Fund as at December 31, 2018 stood at Rs. 3,595 million as compared to Rs. 3,634 million as at June 30, 2018 registering a decrease of 1.07%.

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 67.4363 as compared to opening NAV of Rs. 70.0492 per unit as at June 30, 2018 registering a decrease of Rs. 2.6129 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The government has managed to arrange adequate financial flows for the next half year supported by deferred payment facilities, loans and deposits from friendly nations. However, the external account balance needs to improve further to reach sustainable levels for future funding of deficits. The exports are expected to show an improved trend supported by lagged impacts of currency depreciation, tax refunds to exporters, better energy supplies and energy price parity with regional peers. Imports are expected to slow down in second half of the year as effects of the one-off adjustments and oil prices neutralize along with impact of currency depreciation becomes further visible. Current account deficit for FY19 is expected to be ~USD 13 bn with CAD for next half year to slow down to ~USD 5 bn compared with first half of ~USD 8 bn. Subsequently, we expect normalize PKR/USD adjustment of around 5% in next half given the REER is close to its fundamental value.

The government has announced to approach the IMF for an economic program for balance of payments support. IMF program would lead to better policy management relative to dealing with the structural issues in the economy along with responsible fiscal management. Besides, entrance into IMF program would allow Pakistan to secure financial flows from other multilateral agencies which would allow better external account management.

Inflationary pressures are expected to become more visible in second half of the year as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

For the remaining year, the economic growth is expected to remain on a slower trajectory 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 unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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
February 18, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

قیمتوں میں علاقائی فریقوں سے مساوات کے سبب اثر سے ہوگی۔ درآمدات میں سال کے نصف آخر میں سبب سے زیادہ متوقع ہے کیونکہ یکبارگی کی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اوّل کے 8 بلین ڈالر کے مقابلے میں سبب سے زیادہ متوقع ہے کیونکہ یکبارگی کی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اوّل کے 8 بلین ڈالر کے مقابلے میں سبب سے زیادہ متوقع ہے کیونکہ یکبارگی کی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔

حکومت نے اعلان کیا ہے کہ ادائیگیوں کے توازن میں معاونت کے معاشی پروگرام کے لئے آئی ایم ایف سے رجوع کیا جائے گا۔ آئی ایم ایف پروگرام کی بدولت پالیسی کے انتظام میں بہتری ہوگی جس سے معیشت کی ساخت سے متعلق مسائل سے نمٹا جاسکے گا اور ذمہ دارانہ مالیاتی انتظام ممکن ہو سکے گا۔ علاوہ ازیں، آئی ایم ایف پروگرام میں داخل ہونے سے پاکستان کو دیگر کثیرالجہت ایجنسیوں سے مالیات حاصل کرنے میں مدد ملے گی جس کی بدولت خارجی اکاؤنٹ کا بہتر انتظام ممکن ہو سکے گا۔ افراط زر کے دہاؤ سال کے نصف آخر میں مزید واضح ہونے کی توقع ہے کیونکہ کرنسی کی قدر میں کمی، گیس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی سبب سے زیادہ اثرات کا حامل ہوگا۔ تاہم مالیاتی تنگی کا اکثر حصہ مکمل کیا جا چکا ہے جس میں آنے والے افراط زر کے دہاؤ کی عکاسی ہوتی ہے، اور مزید تنگی 50 bps کی حد میں رہے گی۔ سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سبب سے زیادہ متوقع ہے کیونکہ کرنسی میں کمی پیشی اور مالیاتی پالیسی میں مزید تنگی صرفی رجحان پر حاوی رہے گی۔ تاہم بجلی کی سپلائی سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور ممکنہ ناپسندیدہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکوٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات قیمت شدہ ہیں یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریسٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) ان کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دوچار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکریٹریز اینڈ ایگزیکٹو کیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹر،

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

18 فروری، 2019ء

نسیم بیگ

وائس چیئرمین / ڈائریکٹر

بلین مالیت کے حکومت پاکستان کے فلوئر ریٹ اجارہ سلگ کی مدت مکمل ہوئی۔ حکومت پاکستان کے تازہ اجارہ سلگ کا اجراء نہیں کیا گیا جبکہ اسٹیٹ بینک آف پاکستان نے Bai Muajjal کی نیلامی منعقد کی جس میں 76.55 بلین کی کل شرکت میں سے 72.55 بلین قبول کیے گئے۔

ایکویٹی مارکیٹ کا جائزہ

سال رواں میں بیج مارک انڈیکس KSE100 نے 8.4% خسارہ پوسٹ کیا، اور یوں متواتر دوسرے سال کا اختتام منفی صورتحال پر ہوا۔ ششماہی اور سہ ماہی منافع بالترتیب 9.5% اور 11.5% تھا۔ دسمبر 2018ء سال کا بدترین مہینہ تھا کیونکہ KSE100 میں 8.5% تنزلی ہوئی کیونکہ ماہ گزشتہ کے دوران 150 bps غیر متوقع مالیاتی تنگی کے باعث ایکویٹیز کے لیے منفی ماحول پیدا ہو گیا تھا۔ حتیٰ کہ متحدہ عرب امارات کی طرف سے 3 بلین ڈالر کے تعاون کے اعلان سے بھی کوئی خاص فائدہ نہیں ہوسکا کیونکہ معیشت میں مجموعی طور پر غیر یقینی صورتحال منڈلاتی رہی۔ نصف اوّل کے دوران غیر ملکی فروخت جاری رہی؛ غیر ملکیوں نے 404 ملین ڈالر مالیت کی ایکویٹیز فروخت کیں جن میں سے انشورنس کمپنیوں نے 173 ملین ڈالر افراد نے 152 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ ایکویٹیز کے حجم کا اوسط تقریباً 179 ملین حصص تھا جبکہ ایکویٹیز کی قدر کا اوسط تقریباً 7.68 بلین روپے تھا، جو نصف اوّل کے مقابلے میں 6 سے 7 فیصد کی اچھی خاصی کمی ہے۔

نصف اوّل میں اکثر بڑے شعبہ جات مثلاً ریفائنریز، آئوز، E&Ps، OMCs اور سیمنٹ نے مارکیٹ کے مقابلے میں کمزور کارکردگی کا مظاہرہ کیا اور بالترتیب 29%، 27%، 20%، 18% اور 16% منفی منافع دیا۔ ریفائنریز مال کی پست سطح اور فرنیس آئل کے محدود offtake کے باعث پلانٹس بند ہو جانے سے متاثر ہوئیں۔ E&Ps تیل کی بین الاقوامی قیمتوں میں 30% کمی سے متاثر ہوئیں، اور آئوز، سیمنٹ اور OMCs کے شعبے بھی اسی ضمن میں معاشی سست روی کے باعث تنزلی کا شکار ہوئے۔ دوسری جانب صرف ٹیکسٹائل Composites مثبت احاطے میں رہے اور 20% مثبت منافع حاصل کیا جس کی وجہ روپے کی قدر میں 15% کمی اور منتخب حکومت کی برآمدات کی معاونت کرنے والی پالیسیاں ہیں۔

فنڈ کی کارکردگی

دوران جائزہ مدت کے دوران فنڈ نے 3.73% منفی منافع پوسٹ کیا، جبکہ بیج مارک منفی منافع 10.81% تھا۔ زیر جائزہ مدت کے اختتام پر ایکویٹیز کے شعبے میں مجموعی سرمایہ کاری 53.7% تھی۔ کھاد اور آئل اینڈ گیس ایکسپلوریشن کے شعبوں میں فنڈ کی سرمایہ کاری میں اضافہ کیا گیا جبکہ سیمنٹ کے شعبے میں کمی کی گئی۔ مقررہ آمدنی کے شعبے میں سلگ میں سرمایہ کاری 0% رہی۔ 31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 3,595 ملین روپے تھے، جو 30 جون 2018ء کو 3,634 ملین روپے کے مقابلے میں 1.07% کمی ہے۔ 31 دسمبر 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 67.4363 روپے تھی، جو 30 جون 2018ء کو 70.0492 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 2.6129 روپے فی یونٹ کمی ہے۔

بازار اور معیشت - مستقبل کا منظر

حکومت اگلی ششماہی کے لیے خاطر خواہ مالیاتی فراہمی کا انتظام کر پائی ہے جس کی معاونت دوست ممالک کی طرف سے تاخیر سے ادائیگی کی سہولیات، قرضوں اور deposits سے ہوتی ہے۔ تاہم کاروباری اکاؤنٹ کے توازن میں مزید بہتری درکار ہے تاکہ مستقبل میں مالیات کی فراہمی اور خساروں کی قابل بقاء سطحوں تک رسائی ہو سکے۔ برآمدات میں بہتری کا رجحان متوقع ہے جس کی معاونت روپے کی قدر میں کمی، برآمدکاروں کو ٹیکس کی واپسی، توانائی کی بہتر فراہمیوں اور توانائی کی

ڈائریکٹر رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک ایسٹیلویشن فنڈ کی 31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی ششماہی رپورٹ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار زر کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلار کاؤٹ تکمیل کے نتیجے میں مارکیٹ کے فریقوں نے اطمینان کا سانس لیا۔ نئی حکومت کو متعدد معاشی مسائل وراثت میں ملے، خاص طور پر خارجی میدان میں۔ درپیش مشکلات سے نبرد آزما ہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% کی کمی کے ساتھ ساتھ انٹریسٹ کی شرح میں 250 bps اضافہ) تاکہ عدم توازن سے نمٹا جاسکے۔ مزید برآں، اہم ترین کامیابی دوست اتحادیوں سے سفارتی تعلقات قائم کرنے سے حاصل ہوئی۔ نتیجتاً، پاکستان کو سعودی عرب، متحدہ عرب امارات اور چین سے ادائیگیوں کے توازن میں معاونت کے لیے 14 بلین ڈالر کے پیکج حاصل ہوئے، جبکہ سعودی عرب اور متحدہ عرب امارات نے 20 سے 30 بلین ڈالر کی براہ راست غیر ملکی سرمایہ کاری کا وعدہ کیا۔

موجودہ مالی سال کی پہلی ششماہی کے لیے CPI کا اوسط 6% تھا۔ لیکن دوسری ششماہی میں پست base effect اور کرنسی میں کمی بیشی کے سبب اثر کے باعث اس اوسط میں اضافہ متوقع ہے۔ مزید برآں، حکومت کی طرف سے بجلی کی قیمتوں میں کمی بیشی ہونا باقی ہے کیونکہ پیداوار کی بنیادی چٹائی اور اصل قیمت کے درمیان فاصلے میں اچھا خاصا اضافہ ہو گیا ہے۔ مالی سال 2019ء کی دوسری ششماہی کے لیے CPI کا اوسط بجلی میں کمی بیشی کے اثر کا احاطہ کرنے کے بعد 8.5% متوقع ہے۔

پہلے چھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ 8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت کے مقابلے میں 4.4% بہتری ہے۔ CAD کو ترسیل زر میں 10% اضافے کی بھرپور معاونت حاصل ہوئی۔ تاہم تیل کی بلند قیمتیں اور موجودہ اکاؤنٹس میں سابقہ مدتوں کی ادائیگیوں کی عکاسی خارجی صورتحال میں بہتری کی بھرپور اثر پذیری میں رکاوٹ بنے۔ Non-oil درآمدات میں گزشتہ سال کی نسبت 5% کمی حوصلہ افزا رہا۔ تیل کی بلند قیمتوں اور محدود مالی بہاؤ کی عکاسی کرتے ہوئے دوران مدت ذخائر میں 2.7 بلین ڈالر کمی، اور اس کے نتیجے میں روپے کی قدر میں 13.7% کمی ہوئی۔

مجموعی مانگ کو مستحکم کرنے کی حکومتی توجہ کے نتیجے میں بڑے پیمانے پر ہونے والی مینوفیکچرنگ (LSM) متاثر ہوئی جس میں مالی سال 2019ء کے ابتدائی پانچ ماہ میں 0.9% YoY کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دواسازی اور صارفی مصنوعات میں سست روی ہے۔ LSM میں ترقی معیشت میں مجموعی سست روی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔ دوران ششماہی مالیاتی تنگی میں اضافے کے حوالے سے مارکیٹ کے فریقوں کی توقع برقرار رہی، چنانچہ پیداواری خم بلندی کی طرف مائل ہوا۔ ابتدائی چھ ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو بازار کے زیادہ تر حصے کی توقعات کے مطابق بڑھا کر 350 bps کر دیا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز (PIB) کی اکثر نیلامیوں کو اسٹیٹ بینک آف پاکستان نے کمزور حجم اور بلند سطح پر شرکت کے باعث مسٹر دکر دیا۔ تین سالہ، پانچ سالہ اور دس سالہ PIB کو دسمبر 2018ء میں ہونے والی نیلامی میں بالترتیب 12.25%، 12.70% اور 13.15% پر قبول کیا گیا۔ مالی سال 2019ء کی پہلی ششماہی کے دوران Two Floater شرح کے PIB کی نیلامیاں منعقد ہوئیں۔ پہلی کو بیچ مارک شرح 70 bps + پر قبول کیا گیا۔ دوسری کو شرکت کی بلند سطح کے باعث مسٹر دکر دیا گیا۔ خارجی صورتحال پر خدشات کے باعث طویل تر میعاد کے ٹریڈر سی انسٹرومنٹس میں بازار کی شرکت متاثر ہوئی اور 3 ماہ یا اس سے کم مدت کے دستاویزات میں بدستور اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان کے باقاعدگی سے منعقدہ OMOs کی بدولت نقدیت پوری مدت کے دوران سہل سطح پر رہی۔ دو سی سرمایہ کے دوران 117.7

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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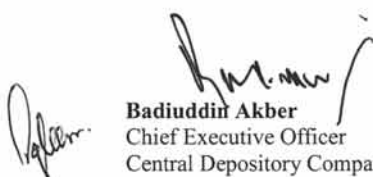
TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2019





A.F. FERGUSON & CO.

AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alhamra Islamic Asset Allocation Fund** (the Fund) as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2018. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The condensed interim financial statements of the Fund for the half year ended December 31, 2017 were reviewed and the financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 26, 2018 and September 14, 2018 respectively.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 22, 2019

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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

		December 31, 2018 (Unaudited) ----- (Rupees in '000) -----	June 30, 2018 (Audited) -----
ASSETS	Note		
Balances with banks	5	1,683,810	1,892,537
Investments	6	1,986,634	1,819,611
Dividend, profit and other receivables		19,264	10,681
Advances, deposits and prepayments		3,278	3,245
Total assets		3,692,985	3,726,074
LIABILITIES			
Payable to MCB Arif Habib Savings and Investments Limited - Management Company	7	12,808	14,056
Payable to Central Depository Company of Pakistan Limited		455	420
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		1,818	2,369
Payable against purchase of investments		65,041	57,694
Accrued and other liabilities	9	17,509	17,998
Total liabilities		97,630	92,537
NET ASSETS		3,595,355	3,633,537
Unit holders' fund (as per statement attached)		3,595,355	3,633,537
Contingencies and commitments	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		53,314,796	51,871,228
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		67.4363	70.0492

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Six months period ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
Note ----- (Rupees in '000) -----				
INCOME				
Net (loss) / gain on sale of investments	(228)	(58,740)	(15,333)	(33,974)
Dividend income	56,564	27,601	26,051	21,799
Income on term deposit	870	701	322	701
Income from sukuk certificates	-	34	-	16
Profit on bank deposits	76,537	29,482	43,797	17,223
Net unrealised (loss) / gain on revaluation of investments at fair value through profit or loss'	6.1 (215,612)	(38,092)	(181,029)	19,207
Total (loss) / income	(81,869)	(39,014)	(126,192)	24,972
Impairment loss on investment in equity securities classified as 'available-for-sale'	-	(8,587)	-	(8,587)
EXPENSES				
Remuneration of the Management Company	7.1 38,271	19,425	19,257	11,048
Sindh Sales tax on remuneration of the Management Company	7.2 4,975	2,525	2,503	1,436
Expenses allocated by the Management Company and related taxes	8 2,162	1,097	1,088	624
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	2,418	1,475	1,215	804
Sindh Sales tax on trustee fee	314	192	158	105
Annual fee to Securities and Exchange Commission of Pakistan	1,818	923	915	525
Brokerage, settlement and bank charges	3,041	2,789	1,582	1,688
Printing and related costs	24	(12)	(1)	(52)
Fees and subscription	38	462	15	151
Shariah advisory fee	450	450	222	225
Auditors' remuneration	201	385	47	249
Legal and professional charges	109	91	54	91
Selling and marketing expenses	12 7,654	3,885	3,851	2,210
Donation	849	432	545	392
Total expenses	62,323	34,119	31,450	19,496
Net (Loss) from operating activities	(144,193)	(81,720)	(157,643)	(3,111)
Provision for Sindh Worker's Welfare Fund (SWWF)	-	-	269	-
Net loss for the period before taxation	(144,193)	(81,720)	(157,374)	(3,111)
Taxation	11 -	-	-	-
Net loss for the period after taxation	(144,193)	(81,720)	(157,374)	(3,111)
<i>Allocation of net (loss) / income for the period:</i>				
Net loss for the period after taxation	(144,193)	(81,720)	(157,374)	(3,111)
Income already paid on units redeemed	-	-	-	-
	(144,193)	(81,720)	(157,374)	(3,111)
<i>Accounting loss available for distribution:</i>				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	-	-	-	-
Loss per unit	13			

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	Six months period ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(144,193)	(81,720)	(157,374)	(3,111)
Other comprehensive income for the period:				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'		(355)	-	5,688
Total comprehensive (loss) / income for the period	<u>(144,193)</u>	<u>(82,075)</u>	<u>(157,374)</u>	<u>2,577</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Six months period ended December 31, 2018				Six months period ended December 31, 2017				
(Rupees in '000)								
Capital value	Undistributed income/ (accumulated loss)	Unrealised appreciation / (diminution) on available-for-sale investments	Total	Capital value	Undistributed income	Unrealised appreciation / (diminution) on available-for-sale investments	Total	
Net assets at beginning of the period	3,513,190	97,827	22,520	3,633,537	1,272,574	175,020	37,664	1,485,258
Change in accounting policy - note 4.3	-	22,520	(22,520)	-	-	-	-	-
Net assets at beginning of the period	3,513,190	120,347	-	3,633,537	1,272,574	175,020	37,664	1,485,258
Issuance of 8,782,750 units (2017: 20,823,015 units):								
- Capital value (at net asset value per unit at the beginning of the period)	615,225	-	-	615,225	1,520,361	-	-	1,520,361
- Element of income	2,331	-	-	2,331	(66,596)	-	-	(66,596)
	617,556	-	-	617,556	1,453,765	-	-	1,453,765
Redemption of 7,339,182 units (2017: 6,473,475 units):								
- Capital value (at net asset value per unit at the beginning of the period)	514,104	-	-	514,104	(472,650)	-	-	(472,650)
- Element of loss	(2,559)	-	-	(2,559)	22,118	-	-	22,118
	511,545	-	-	511,545	(450,532)			(450,532)
Total comprehensive loss for the period	-	(144,193)		(144,193)	-	(81,720)	(355)	(82,075)
Distribution during the period	-	-		-	-	-		-
Net loss for the period less distribution	-	(144,193)	-	(144,193)	-	(81,720)	(355)	(82,075)
Net assets at end of the period	3,619,201	(23,846)	-	3,595,355	2,275,807	93,300	37,309	2,406,416
Undistributed income brought forward comprising of:								
- Realised gain	97,827				165,326			
- Unrealised gain	-				9,694			
	97,827				175,020			
Change in accounting policy-Note 4.3	22,520				-			
Undistributed income brought forward - restated	120,347				175,020			
Net loss for the period after taxation	(144,193)				(81,720)			
Undistributed income carried forward	(23,846)				93,300			
Undistributed income carried forward comprising of:								
- Realised gain	191,766				131,392			
- Unrealised loss	(215,612)				(38,092)			
	(23,846)				93,300			
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				70.0492				73.0135
Net assets value per unit at end of the period				67.4363				69.3656

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**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 HALF YEAR ENDED DECEMBER 31, 2018

		Six months period ended December 31,	
		2018	2017
Note	----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period before taxation		(144,193)	(81,720)
Adjustments for:			
Net unrealised loss / (gain) on revaluation of investments 'at fair value through profit or loss'		215,612	38,092
Dividend income		(56,564)	(27,601)
Impairment loss on 'available-for-sale' investment		-	8,587
		<u>14,855</u>	<u>(62,642)</u>
(Increase) / decrease in assets			
Investments		(382,635)	(494,489)
Profit receivable		(8,583)	(3,581)
Advances, deposits and prepayments		(33)	1,044
		<u>(391,251)</u>	<u>(497,026)</u>
Increase / (decrease) in liabilities			
Payable to the Management Company		(1,248)	2,921
Payable to Central Depository Company of Pakistan Limited		35	87
Payable to Securities and Exchange Commission of Pakistan		(551)	(199)
Payable against purchase of investments		7,347	5,709
Accrued and other liabilities		(489)	(1,507)
		<u>5,093</u>	<u>7,011</u>
Dividend received		<u>56,564</u>	<u>25,674</u>
Net cash used in operating activities		<u>(314,738)</u>	<u>(526,983)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		617,556	1,453,765
Payments on redemption of units		(511,545)	(450,532)
Net cash generated from financing activities		<u>106,011</u>	<u>1,003,233</u>
Net (decrease) / increase in cash and cash equivalents during the period		<u>(208,727)</u>	<u>476,250</u>
Cash and cash equivalents at beginning of the period		1,892,537	846,966
Cash and cash equivalents at end of the period	14	<u><u>1,683,810</u></u>	<u><u>1,323,216</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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 (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alhamra Islamic Asset Allocation Fund was established under a Trust Deed executed between Arif Habib Investments Limited (the Management Company, "AHIL") as Management Company and the 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** 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 instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Shariah compliant Asset Allocation" scheme by the Board of Directors of the Asset Management Company in pursuant to Circular 7 of 2009 dated March 06, 2009 issued by the SECP.
- 1.4** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM 2++ dated October 08, 2018 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do 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.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2018.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

4.1 The accounting policies adopted and the methods of computation of balances in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for change in accounting policy as stated in note 4.3.

4.2 The preparation of the condensed interim financial statements in conformity with the accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

4.3 Standards and amendments to published accounting and reporting standards that are effective in the current period

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as FVPL.

The Fund has adopted modified retrospective restatement for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current period.

The effect of this change in accounting policy is as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018
-----Rupees in '000-----			
Impact on Statement of Assets and Liabilities			
Investments - 'Available for sale'	137,328	(137,328)	-
Investments - 'At fair value through profit or loss'	1,682,283	137,328	1,819,611
Impact on Statement of Unitholders' fund			
Unrealised appreciation / (diminution) on 'Available-for-sale' investments	22,520	(22,520)	-
Undistributed income	97,827	22,520	120,347

There is no impact on the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim cash flow statement.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the condensed interim financial statements of the Fund.

4.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after January 1, 2019. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
5 BANK BALANCES	Note	----- (Rupees in '000) -----	
In current accounts		11,275	10,384
In saving accounts	5.1	1,672,535	1,882,153
		<u>1,683,810</u>	<u>1,892,537</u>

- 5.1** This includes balances of Rs. 10.88 million (June 30, 2018: Rs. 6.48 million) maintained with MCB Bank Limited (a related party) and Rs. 0.438 million (June 30, 2018: Rs. 0.24 million) maintained with MCB Islamic Bank Limited (a related party) that carry profit at 8% per annum (June 30, 2018: 3.75%). Other profit and loss saving accounts of the Fund carry profit rates ranging from 8.00% to 10.8% per annum (June 30, 2018: 5.25% to 6.50% per annum).

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
6 INVESTMENTS	Note	----- (Rupees in '000) -----	
Investment by category			
'At fair value through profit or loss "			
- Quoted equity securities	6.1	1,986,634	1,682,283
'Available-for-sale'			
- Quoted equity securities	6.2	-	137,328
		<u>1,986,634</u>	<u>1,819,611</u>

During the period, the Fund has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 137.328 million have been reclassified from 'Available for sale' as at June 30, 2018 to 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 4.3).

6.1

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	Number of shares					Balance as at December 31, 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	Transfers from 'Available for sale' category upon adoption of FRS 9 - note 3.3	As at July 1, 2018 - Adjusted	Purchased during the year	Right issue/Bonus during the year	Sold during the year	As at December 31, 2018	Carrying value	Market value	
Automobile Parts and accessories										
Agriauto Industries Limited**	-	37,000	37,000	-	-	-	37,000	10,915	8,216	(2,699) 0.41% 0.23% 0.26%
Millat Tractors Limited	50,000	-	-	-	-	50,000	-	-	-	- - -
								10,915	8,216	(2,699) 0.41% 0.23% 0.26%
Cable and electrical goods										
Pak Elektron Limited	500,000	-	-	-	-	500,000	-	-	-	- - -
Cement										
Lucky Cement Limited***	256,900	-	-	128,050	-	-	384,950	198,109	167,326	(30,783) 8.42% 4.65% 0.12%
Kohat Cement Company Limited	62,600	-	-	-	14,700	13,600	63,700	6,030	5,410	(620) 0.27% 0.15% 0.04%
Maple Leaf Cement Factory Limited	1,225,000	-	-	1,350,000	-	1,225,000	1,350,000	54,377	54,878	501 2.76% 1.53% 0.23%
Cherat Cement Company Limited	50,000	-	-	-	-	50,000	-	-	-	- - -
D.G. Khan Cement Company Limited	623,000	-	-	225,000	-	848,000	-	-	-	- - -
								258,516	227,614	(30,902) 11.47% 6.32% 0.39%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

Name of the investee company	Number of shares						Balance as at December 31, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company	
	Transfers from		As at July 1, 2018 - Adjusted	Purchased during the year	Right issue/Bonus during the year	Sold during the year	As at December 31, 2018	Carrying value	Market value	Unrealised (loss) / gain	As a percentage of total invest-ments		As a percentage of net assets
	As at July 01, 2018	'Available for sale' category upon adoption of IFRS 9 - note 3.3											
Chemical													
Engro Polymer & Chemicals Limited	2,830,500			4,007,748	-	2,084,000	4,754,248	151,962	176,572	24,610	8.89%	4.91%	0.72%
Engro Polymer & Chemicals Limited (right)	440,248			-	-	440,248	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	201,000			1,241,500	-	750,000	692,500	11,708	11,696	(12)	0.59%	0.33%	0.05%
ICI Pakistan Limited	-	12,000	12,000	-	-	12,000	-	-	-	-	-	-	-
								163,670	188,268	24,598	9.48%	5.24%	0.76%
Commercial banks													
Meezan Bank Limited	10			1,290,000	1	-	1,290,011	118,200	119,184	984	6.00%	3.31%	0.12%
								118,200	119,184	984	6.00%	3.31%	0.12%
Engineering													
International Industries Limited	156,600			-	-	-	156,600	36,376	24,124	(12,252)	1.21%	0.67%	0.13%
								-	-	-	-	-	-
Fertilizers													
Engro Corporation Limited	384,000			250,200	-	126,000	508,200	158,839	147,927	(10,912)	7.45%	4.11%	0.10%
Engro Fertilizer Limited	1,735,000			472,000	-	-	2,207,000	166,012	152,393	(13,619)	7.67%	4.24%	0.17%
Fatima Fertilizer Company Limited	400,000			1,680,500	-	-	2,080,500	68,888	75,876	6,988	3.82%	2.11%	0.10%
Dawood Hercules Corporation Limited	45,400	149,200	194,600	-	-	194,600	-	-	-	-	-	-	-
								393,739	376,196	(17,543)	18.94%	10.46%	0.36%
Leather and tanneries													
Service Industries Limited	22,000	3,050	25,050	-	-	25,050	-	-	-	-	-	-	-
								-	-	-	-	-	-
Food and personal care products													
Al Shaheer Corporation Limited	53,000			12,000	-	-	65,000	1,775	1,555	(220)	0.08%	0.04%	0.05%
Engro Foods Limited	-	700	700	-	-	-	700	62	56	(6)	-	-	-
National Foods Limited	-			67,000	13,400	-	80,400	19,095	15,718	(3,377)	0.79%	0.44%	0.16%
								20,932	17,329	(3,603)	0.87%	0.48%	0.05%
Oil and gas exploration companies													
Pakistan Petroleum Limited	334,500	83,100	417,600	901,300	123,780	-	1,442,680	256,415	215,911	(40,504)	10.87%	6.01%	0.07%
Oil & Gas Development Company Limited**	955,000	242,400	1,197,400	250,000	-	65,000	1,382,400	214,503	176,947	(37,556)	8.91%	4.92%	0.03%
Pakistan Oilfields Limited	265,300	43,500	308,800	80,000	60,960	152,100	297,660	159,831	126,452	(33,379)	6.37%	3.52%	0.13%
Mari Petroleum Company Limited	-	2,260	2,260	25,000	2,726	29,760	226	313	279	(34)	0.01%	0.01%	0.00%
								631,062	519,589	(111,473)	26.16%	14.46%	0.23%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

Name of the investee company	Number of shares							Balance as at December 31, 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	Transfers from	As at July 1, 2018 - Adjusted	Purchased during the year	Right issue/Bonus during the year	Sold during the year	As at December 31, 2018	Carrying value	Market value	Unrealised (loss) / gain	As a percentage of total invest-ments	As a percentage of net assets		
		'Available for sale' category upon adoption of IFRS 9 - note 3.3												
%														
Oil and gas marketing companies														
Attock Petroleum Limited	350	200	550	-	110	650	10	5	4	(1)	0.00%	0.00%	0.00%	
Sui Northern Gas Company Limited	800,000			596,500	-	130,000	1,266,500	119,524	97,609	(21,915)	4.91%	2.71%	0.20%	
Hi-Tech Lubricants Limited	154,400			-	-	-	154,400	15,644	10,206	(5,438)	0.51%	0.28%	0.13%	
Pakistan State Oil Company Limited	-			348,200	43,840	-	392,040	107,241	88,378	(18,863)	4.45%	2.46%	0.10%	
								242,414	196,197	(46,217)	9.88%	5.46%	0.43%	
Paper and Board														
Packages Limited	-	350	350	-	-	-	350	171	135	(36)	0.01%	-	-	
								171	135	(36)	0.01%	0.00%	0.00%	
Pharmaceuticals														
The Searle Company Limited	35,000	186	35,186	18,300	2,772	35,000	21,258	6,189	5,221	(968)	0.26%	0.15%	0.01%	
AGP Limited	453,532			37,500	-	491,000	32	3	3	-	-	-	0.01%	
IBL Healthcare Limited	-	4,933	4,933	-	-	-	4,933	396	247	(149)	0.01%	0.01%	0.01%	
								6,588	5,471	(1,117)	0.28%	0.15%	0.03%	
Power generation and distribution														
The Hub Power Company Limited***	1,759,000	270,744	2,029,744	200,000	-	326,000	1,903,744	174,821	163,322	(11,499)	8.22%	4.54%	0.16%	
K-Electric Limited *	2,894,000	-	-	-	-	640,000	2,254,000	12,803	13,389	586	0.67%	0.37%	0.02%	
								187,624	176,711	(10,913)	8.89%	4.91%	0.19%	
Sugar and allied industries														
Faran Sugar Mills Limited	92,000	-	-	-	-	-	92,000	7,646	7,535	(111)	0.38%	0.21%	0.37%	
								7,646	7,535	(111)	0.38%	0.21%	0.37%	
Technology and communication														
Systems Limited	350,000			145,000	-	-	495,000	50,218	54,387	4,169	2.74%	1.51%	0.44%	
								50,218	54,387	4,169	2.74%	1.51%	0.44%	
Textile composite														
Kohinoor Textile Mills Limited	185,500	29,150	214,650	-	-	-	214,650	11,804	9,676	(2,128)	0.49%	0.27%	0.07%	
Nishat Mills Limited	856,000			-	-	413,400	442,600	62,371	56,002	(6,369)	2.82%	1.56%	0.13%	
								74,175	65,678	(8,497)	3.31%	1.83%	0.20%	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

Name of the investee company	Number of shares					Balance as at December 31, 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	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.3	As at July 1, 2018 - Adjusted	Purchased during the year	Right issue/Bonus during the year	Sold during the year	As at December 31, 2018	Unrealised (loss) / gain	As a percentage of total investments	As a percentage of net assets

(Rupees in '000)

Miscellaneous

Shifa International Hospitals Limited

	222	222	-	-	222	-	-	-	-	-
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Total as at December 31, 2018

2,202,246 1,986,634 (215,612)

Total as at June 30, 2018

1,806,634 1,682,283 (124,351)

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

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

*** These include shares with market value of Rs.43.7 million (June 30, 2018: 49.8 million) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trade in terms of Circular No.11 dated October 23, 2007, issued by SECP

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

6.2 Listed equity securities - 'Available for Sale'

Name of the investee company	Number of shares			Balance as at December 31, 2018		
	As at July 01, 2018	Purchased during the period	Transferred to Fair Value to profit or loss category on adoption of IFRS 9	As at December 31, 2018	Carrying value	Market value Appreciation / (Diminution)
----- (Rupees in '000) -----						
Automobile part and accessories						
Agriauto Industries Limited	37,000	-	(37,000)	-	-	-
Chemical						
ICI Pakistan Limited	12,000	-	(12,000)	-	-	-
Fertilizer						
Dawood Hercules Corporation Limited	149,200	-	(149,200)	-	-	-
Food and personal care products						
Engro Foods Limited	700	-	(700)	-	-	-
Leather and tanneries						
Service Industries Limited	3,050	-	(3,050)	-	-	-
Oil and gas exploration companies						
Pakistan Petroleum Limited	83,100	-	(83,100)	-	-	-
Oil & Gas Development Company Limited	242,400	-	(242,400)	-	-	-
Pakistan Oilfields Limited	43,500	-	(43,500)	-	-	-
Mari Petroleum Company Limited	2,260	-	(2,260)	-	-	-
Oil And Gas Marketing Companies						
Attock Petroleum Limited	200	-	(200)	-	-	-
Paper And Board						
Packages Limited	350	-	(350)	-	-	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

6.2 Listed equity securities - 'Available for Sale'

Name of the investee company	Number of shares			Balance as at December 31, 2018		
	As at July 01, 2018	Purchased during the period	Transferred to Fair Value or loss category on adoption of IFRS 9	As at December 31, 2018	Carrying value	Market value
						Appreciation / (Diminution)
Pharmaceuticals						
The Searle Company Limited	186	-	(186)	-	-	-
IBL HealthCare Limited	4,933	-	(4,933)	-	-	-
Power Generation and Distribution						
The Hub Power Company Limited	270,744	-	(270,744)	-	-	-
Textile Composite						
Kohinoor Textile Mills Limited	29,150	-	(29,150)	-	-	-
Miscellaneous						
Shifa International Hospitals Limited	222	-	(222)	-	-	-
Total as at December 31, 2018						
Total as at June 30, 2018					114,808	137,328
						22,520

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
7 PAYABLE TO THE MANAGEMENT COMPANY			
Management remuneration payable	7.1	6,343	5,782
Sindh sales Tax payable on management remuneration	7.2	825	752
Expenses allocated by the Management Company		317	289
Selling and marketing expenses		3,851	3,396
Sales load payable		1,397	3,762
Shariah advisory fee		75	75
		<u>12,808</u>	<u>14,056</u>

7.1 The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 Sindh sales tax on management remuneration has been charged at the rate of 13% (June 30, 2018: 13%)

8 ALLOCATED EXPENSES

The Management Company may charge fees and expenses related to registrar services, accounting, operations and valuations services, related to Collective Investment Scheme (CIS) upto a maximum of 0.1% of the average annual net assets of the Scheme. Accordingly, such expenses have been charged at the rate of 0.1% of the average annual net assets of the Scheme being lower than actual expenses.

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
9 ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	7,622	7,622
Federal Excise Duty payable on management fee	9.2	5,910	5,910
Federal Excise Duty and related taxes payable on sales load		1,136	1,136
Charity / donation payable		849	939
Auditors' remuneration		235	369
Zakat payable		-	15
Withholding tax payable		75	70
Brokerage payable		362	1,126
Other payables		1,320	811
		<u>17,509</u>	<u>17,998</u>

9.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

In the repealed Companies Ordinance, 1984 as well as Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

The provision for SWWF is now being made on a daily basis. Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2018 would have been higher by Re.0.14 (June 30, 2018: Re.0.15) per unit.

9.2 Federal Excise Duty and related tax payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 5.91 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2018 would have been higher by Re 0.11 (June 30, 2018: Re 0.11) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

11 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 Fund has incurred a loss during the period, accordingly, no provision for taxation has been made in these condensed interim financial statements.

12 SELLING AND MARKETING EXPENSES

SECP vide a Circular No.40 of 2016 dated December 30, 2016 (later amended via circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds), initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the Fund or actual expenses whichever is lower. Accordingly, such expenses have been charged at the rate of 0.4% of net assets of the Fund, being lower than actual expenses incurred.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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13 LOSS PER UNIT

Loss 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.

	(Un-Audited) December 31, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
14 CASH AND CASH EQUIVALENTS		
Balances with banks	1,683,810	1,237,216
Term Deposit Musharika (TDM)	-	86,000
	<u>1,683,810</u>	<u>1,323,216</u>

15 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

15.1 Unit Holders' Fund

* This reflects position of related party / connected persons status

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	----- (Un-Audited) -----	
	Half year ended	
	December 31,	December 31,
	2018	2017
	----- (Rupees in '000) -----	
15.2 Transactions during the period:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration (including indirect taxes)	43,246	21,950
Expenses allocated by the Management Company and related taxes	2,162	1,097
Selling and marketing expenses	7,654	3,885
Shariah advisory fee	450	450
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	2,732	1,667
Settlement charges	96	179
Group / Associated Companies:		
MCB Bank Limited		
Bank charges	7	13
Arif Habib Limited		
Brokerage expense *	182	224
Next Capital Limited		
Brokerage expense *	93	84
Nishat Mills Limited		
Purchase of Nil (2017: 256,700) shares	-	37,663
Sale of 413,400 (2017: Nil) shares	56,022	-
Dividend income	2,696	1,803
Mughal Iron and Steel Limited		
Purchase of Nil (2017: 314,500) shares	-	23,588
Sale of Nil (2017: 213,000) shares	-	15,104
D.G. Khan Cement Company Limited		
Purchase of 225,000 (2017: 971,300) shares	20,752	140,304
Sale of 848,000 (2017: 609,400) shares	95,966	91,186
Dividend income	-	14
Fatima Fertilizer Company Limited		
Purchase of 1,680,500 (2017: Nil) shares	55,928	-
Sale of Nil (2017: 300,000) shares	-	7,337

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
15.3 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	6,343	5,782
Sindh sales tax payable on management remuneration	825	752
Expense allocated by the Management Company	317	289
Selling and marketing expenses payable	3,851	3,396
Sale load payable	1,397	3,762
Shariah advisory fee payable	75	75
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	455	420
Security deposit	200	200

Group / Associated Companies:

MCB Bank Limited

Balance with bank	10,888	6,479
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* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
Arif Habib Limited		
Brokerage payable *	2	18
Next Capital Limited		
Brokerage payable *	-	74
MCB Islamic Bank Limited		
Balances with bank	438	243
Profit receivable on deposit account with bank	-	194
D.G. Khan Cement Company Limited		
Nil shares held (June 30, 2018: 623,000 shares)	-	71,327
Nishat Mills Limited		
442,600 shares held (June 30, 2018: 856,000 shares) -	56,002	120,628
Fatima Fertilizer Company Limited		
2,080,500 shares held (June 30, 2018: 400,000 shares)	75,876	12,960

* 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 (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

16 TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.63% (June 30, 2018: 3.43%) and this includes 0.19% (June 30, 2018: 0.39%) 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.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

17.1 FAIR VALUE HIERARCHY

International Financial Reporting Standard IFRS 13- "Fair Value Measurement": requires the fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

-----December 31, 2018 -----				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Investment classified at fair value through profit or loss	1,986,634	-	-	1,986,634
	<u>1,986,634</u>	<u>-</u>	<u>-</u>	<u>1,986,634</u>
-----June 30, 2018 -----				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Investment classified at fair value through profit or loss	1,682,283	-	-	1,682,283
Investments classified as Available for sale	137,728	-	-	137,728
	<u>1,820,011</u>	<u>-</u>	<u>-</u>	<u>1,820,011</u>

18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

19 DATE OF AUTHORISATION

- 19.1** These condensed interim financial statements were authorised for issue on February 18, 2019 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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