

Bachat Nama

Fund Manager's Report (February - 2017)





Macro-Environment Review and Outlook

Consumer Price Index (CPI) clocked in at 4.22% YoY for the month of February, in line with street estimates. Food inflation increased by 0.3% MoM due to seasonal effect and the decision of government to pass on petroleum prices contributed 1.1% MoM increase under transport head. We expect increase in petroleum and food prices to keep contributing towards inflation in the remaining months. However, the inflation for the year is expected to remain below 4.3%.

On the external front, the current account witnessed a massive deficit of USD 1.189 billion during the month of Jan'17. Trade deficit worsened by USD 164 million, as imports went up by 2% MoM. Textile, machinery and petroleum remained the main contributor in imports where as exports declined by 4% MoM lead by decline in food sector (-8% MoM). It is pertinent to note that the reversal in oil prices would weigh up on import bill in coming months. Remittances increased by 1.71% YoY in the month of January to USD 1.49 bn. We believe remittances to remain flat in the short term with positive contribution likely from implementation of OPEC's agreement whereas longterm downside risk emerging from President Trump's foreign policy.

The LSM growth clocked in at an impressive 7.0% during the month of December, 2016 with major contributions driven from automobile (Trucks and tractors).

Keeping in view the rising current account deficit, and uncertain outlook for remittances the SBP recently imposed 100% cash margin requirement on import of a large number of goods in order to discourage imports.

The foreign exchange reserves stood at USD 21.93 bn, decreasing by USD 505 mn during the month. It is pertinent to note that foreign exchange reserves have decreased by USD 2.5 bn from their peak in October due to deteriorating current account balance and maturity of loans.

Equity Market Review and Outlook

After positive momentum witnessed in the previous three months, the index witnessed correction in Feb'17, dropping by ~0.46% to close at 48,534 points.

The foreigners liquidated USD ~30 mn of equities from local market. The market continued to absorb this outflow mainly on account of robust domestic liquidity where selling was absorbed by mutual funds and insurance companies who bought UDS 48 mn and USD 16 mn respectively worth of equities. While average daily volumes decreased by ~21% to ~348 mn shares, value traded decreased by ~26% to PKR 16.7 bn.

OMC sector led the charts outperforming the benchmark index recording a gain of an impressive 4% during the month, on the back of rally in SNGP due to announcements of plan to award contract for a second gas pipeline from Karachi to Lahore carrying 1.2 billion cubic feet of liquefied natural gas (LNG) per day. Cement sector rallied 1.69% due to decrease in international coal prices by ~5 during the month.

Power generation sector plunged 5% during the month due to lower than expected dividend announcements. Pharmaceuticals remained under pressure, declining 9% during the month. The Punjab Assembly passed the Drug Act 1976 on February 8, 2017, according to which the sale of medical drugs which are below the acceptable standards will be punishable. Due to this policy, Joint Committee of pharmacy retailers and wholesalers went on strike. Automobile sector also remained laggard due to adverse currency movement.

Going forward, we believe strong local liquidity is expected to mitigate the impact of adverse foreign flows. However, sooner or later, we can expect improved foreign flows in the market because of inclusion in MSCI in May 2017. We recommend our investors to focus on the long term value offered by the local bourse through our equity funds.

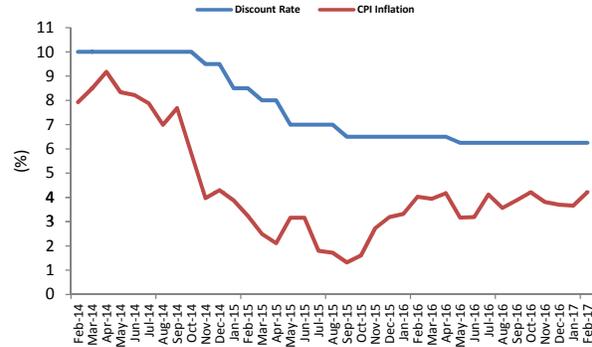
Money Market Review and Outlook

During the month yield curve remained flat where activity in long tenor bonds as compared to previous month remained quite thin. Activity in long tenor bonds remained range bound and most of the trades took place in a narrow range. This cautious sentiment is attributable to deteriorating numbers on external front, widening current account deficit and flatish remittances. The watchful stance continued in PIB auction held in month of February 17 as no interest was shown by FIs particularly in longer tenor mere participation of PKR 17 bn & PKR 4 bn respectively was witnessed in 5 and 10 year bonds respectively. However, reasonable participation of PKR 90.75bn was witnessed in comparatively lower duration of 3 year bond. SBP kept cutoff yields unchanged and accepted PKR 58.15 bn, PKR 1 mn & PKR 25 mn at 6.4066%, 6.8994% and 7.9406% in 3, 5 and 10 years respectively. The results of the last MTB auction of February 2017 showed hefty participation of PKR 751.57 bn against maturity of PKR 588.587 bn whereas auction target was set at PKR 550 bn. SBP maintained out off for 3, 6 and 12 month at 5.9463%, 5.9896% and 5.9935% respectively. Short term liquidity remained comfortable as SBP conducted regular OMOs.

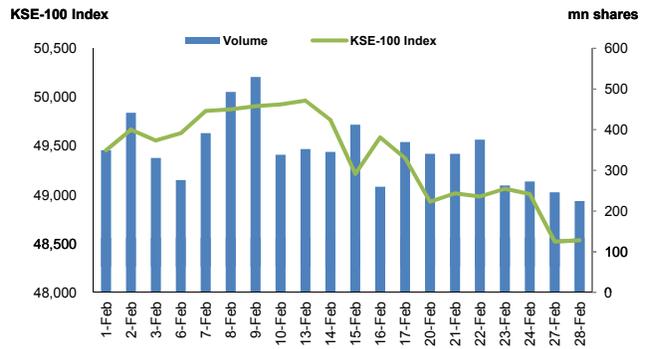
M2 witnessed an increase of 3.11% in FY16YTD to stand at PKR 13.22 tn as of 17-Feb-2017. In this regard, NFA posted a decrease of PKR 193.644 bn to PKR 813.954 bn whereas NDA stood at the level of PKR 12.41 tn (increase of PKR 592 bn). The net government sector borrowing increased by PKR 506.159 bn versus an increase of PKR 394.808 bn in the same period last year. Government has retired PKR 345.34 bn from commercial banks (versus borrowing of PKR 821 bn in same period last year). Credit to non-government sector increased by PKR 399.34 bn to PKR 5.4 tn.

Going forward market will remain cautious on back of volatility in international oil prices and deteriorating conditions on external front owing to which range bound activity is expected particularly in long tenor bonds. Further FX reserves are likely to come under pressure on account of lower financial inflows post conclusion of IMF program, large current account deficits, and easing growth in workers' remittances.

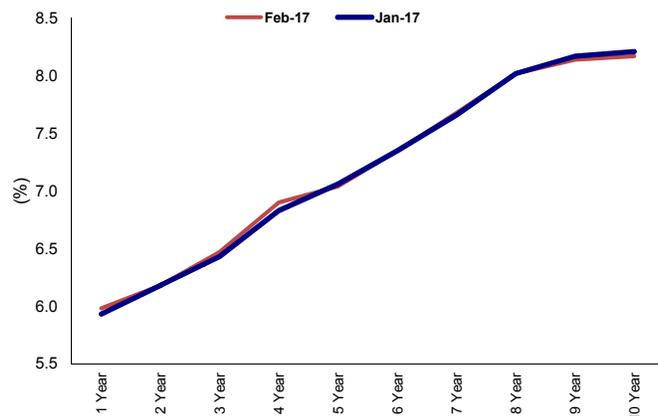
Discount Rate vs. CPI Inflation



KSE During February 2017



Yield Curve



MCB Islamic Income Fund

February 28, 2017

NAV - PKR 105.3317



General Information

| | |
|----------------------|--|
| Fund Type | An Open End Scheme |
| Category | Shariah Compliant (Islamic) Income Scheme |
| Asset Manager Rating | AM2++ (AM Two Double Plus) by PACRA (08-Jun-16) |
| Stability Rating | AA-(f) by PACRA (30-Dec-16) |
| Risk Profile | Low |
| Launch Date | 20-June-2011 |
| Fund Manager | Syed Mohammad Usama Iqbal |
| Trustee | Central Depository Company of Pakistan Limited |
| Auditor | A.F.Ferguson & Co. Chartered Accountants |
| Management Fee | 10% of Gross Earnings subject to minimum fee of 0.25% of average daily Net Assets |
| Front end load* | Class "A" Units: Individual ----- 1.5% Corporate ----- Nil Class "B" Units ----- 0% Bachat Units ----- Nil |
| Back end Load* | Class "A" Units ----- 0% Class "B" Units: 1.5% on redemption in the first (1st) year from the date of investment 1.0% on redemption in the second (2nd) year from the date of investment 0.0% on redemption after completion of two (2) years from the date of investment Bachat Units: 3% if redeemed before completion of two years from the date of initial investment. 0% if redemption after completion of two years from the date of initial investment |
| Min. Subscription | Growth & Bachat Units ----- PKR 500 Income Units ----- PKR 100,000 |
| Listing | Pakistan Stock Exchange |
| Benchmark | Six (6) months average deposits rates of three (3) A rated Scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP |
| Pricing Mechanism | Forward |
| Dealing Days | Monday - Friday |
| Cut off Timing | Mon-Fri (9:00 AM to 4:30 PM) |
| Leverage | Nil |

*Subject to government levies

Fund Facts / Technical Information

| | |
|---|----------|
| NAV per Unit (PKR) | 105.3317 |
| Net Assets (PKR M) | 921 |
| Weighted average time to maturity (Years) | 2.19 |
| Sharpe Measure | 0.14 |
| Correlation | 8.5% |
| Standard Deviation | 0.05 |
| Alpha | 0.006% |
| Total expense ratio with government levy** | 0.98% |
| Total expense ratio without government levy | 0.78% |

**This includes 0.20% representing government levy, worker's welfare fund and SECP Fee.

Top Sukuk Holding (% of Total Assets)

| | |
|--------------------------------------|--------|
| Meezan Bank Limited (22-Sep-16) | 11.10% |
| Ghani Gases Limited - SUKUK | 10.60% |
| Engro Fertilizer Limited (09-Jul-14) | 10.30% |

Members of the Investment Committee

| | |
|---------------------------|---------------------------------------|
| Muhammad Saqib Saleem | Chief Executive Officer |
| Mohammad Asim, CFA | Asset Class Specialist - Equities |
| Saad Ahmed | Asset Class Specialist - Fixed Income |
| Syed Mohammad Usama Iqbal | Fund Manager Fixed Income Funds |
| Awais Abdul Sattar, CFA | Senior Research Analyst |

MCBAH Shariah Advisory Board

| | |
|-------------------------------------|----------|
| Justice (Rtd.) Muhammad Taqi Usmani | Chairman |
| Dr. Muhammad Zubair Usmani | Member |
| Dr. Ejaz Ahmed Samdani | Member |

DISCLAIMER

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Investment Objective

To generate risk adjusted returns by investing in short, medium and long-term Shariah Compliant Fixed Income instruments.

Manager's Comment

During the month the fund generated an annualized return of 5.09% as against its benchmark return of 2.36%. The fund maintained its exposure in GoP Ijara Sukuk. 50.9% of the fund exposure was kept in the form of cash, decreasing from 56% last month.

Provision against WWF liability

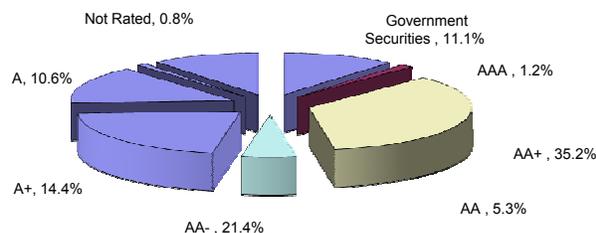
MCB-IIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 1.71 million, if the same were not made the NAV per unit of MCB-IIF would be higher by Rs. 0.1958 and YTD return would be higher by 0.19%. For details investors are advised to read Note 7.2 of the latest Financial Statements for the half year ended December 31, 2016 of MCB-IIF.

| Asset Allocation (%age of Total Assets) | Feb-17 | Jan-17 |
|---|--------|--------|
| Cash | 50.9% | 56.0% |
| GoP Ijara Sukuks | 11.1% | 11.2% |
| Sukuk | 31.9% | 21.4% |
| Certificate of Musharakah | 5.3% | 10.6% |
| Others including receivables | 0.8% | 0.8% |

| Performance Information (%) | MCB IIF | Benchmark |
|--|---------|-----------|
| Year to Date Return (Annualized) | 6.96 | 3.03 |
| Month to Date Return (Annualized) | 5.09 | 2.36 |
| 180 Days Return (Annualized) | 7.68 | 2.77 |
| 365 Days Return (Annualized) | 6.24 | 3.51 |
| Since inception (CAGR) | 7.74 | 5.64 |
| Average Annual Return (Geometric Mean) | 6.10 | - |

| Annualized | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------|------|------|------|------|------|
| Benchmark (%) | 6.6 | 6.30 | 6.09 | 6.29 | 4.42 |
| MCB IIF (%) | 10.4 | 8.90 | 8.38 | 6.55 | 5.05 |

Asset Quality (%age of Total Assets)



MUFAP's Recommended Format.

Pakistan International Element Islamic Asset Allocation Fund

February 28, 2017 NAV - PKR 80.65



General Information

| | | |
|----------------------|--|--|
| Fund Type | An Open End Scheme | |
| Category | Shariah Compliant Islamic Asset Allocation Scheme | |
| Asset Manager Rating | AM2++ (AM Two Double Plus) by PACRA (08-Jun-16) | |
| Stability Rating | Not Applicable | |
| Risk Profile | Moderate to High | |
| Launch Date | 2-May-2006 | |
| Fund Manager | Awais Abdul Sattar, CFA | |
| Trustee | Central Depository Company of Pakistan Limited | |
| Auditor | Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants | |
| Management Fee | Type A & B: 2% | Type C & D: 1.33% |
| Front end Load * | Type A: For individual 3% | For corporate Nil |
| | Type B, C & D: None | |
| Back end Load* | Type A: None | Type B, C & D: Yr 1:3%, Yr 2:2%, Yr 3:1% |
| Min. Subscription | A & B | PKR 5,000 |
| | C & D | PKR 10,000,000 |
| Listing | Pakistan Stock Exchange | |
| Benchmark | 70% KMI-30 Index + 30% DJIM-World Index | |
| Pricing Mechanism | Forward | |
| Dealing Days | Monday - Friday | |
| Cut off Timing | Mon-Fri (9:00 AM to 4:30 PM) | |
| Leverage | Nil | |

*Subject to government levies

Investment Objective

The objective of the fund is to provide medium to long term capital appreciation through investing in Shariah compliant investments in Pakistan and internationally .

Manager's Comment

The fund posted a return of -0.35% as against its benchmark return of 0.07% during the month. Exposure in equities was decreased to 79.4% as compared to 85.9% in the previous month while allocation in cash increased to 15.3% from 11.6% over the same period.

Provision against WWF liability

PIEIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 5.54 million, if the same were not made the NAV per unit of PIEIF would be higher by Rs. 0.3358 and YTD return would be higher by 0.53%. For details investors are advised to read Note 6.1 of the latest Financial Statements for the half year ended December 31, 2016 of PIEIF.

| Fund Facts / Technical Information | PIEIF | KMI-30 |
|---|---------|---------|
| NAV per Unit (PKR) | 80.65 | |
| Net Assets (PKR M) | 1,331 | |
| Sharpe Measure | 0.05 | 0.06 |
| Beta | 0.66 | 1.00 |
| Correlation | 82.6% | |
| Max draw up | 475.84% | 891.13% |
| Max draw Down | -28.90% | -39.60% |
| Standard Deviation | 0.75 | 0.94 |
| Alpha | 0.01% | |
| Total expense ratio with government levy** | 2.69% | |
| Total expense ratio without government levy | 2.02% | |

*prospective earnings

** This includes 0.67% representing government levy, worker's welfare fund and SECP Fee

| Performance Information (%) | PIEIF | Benchmark |
|-----------------------------|--------|-----------|
| Year to Date Return | 26.97 | 24.15 |
| Month to Date Return | -0.35 | 0.07 |
| 180 Days Return | 19.50 | 18.86 |
| 365 Days Return | 44.66 | 50.24 |
| Since inception | 302.95 | 474.81 |

MCBAH Shariah Advisory Board

| | |
|-------------------------------------|----------|
| Justice (Rtd.) Muhammad Taqi Usmani | Chairman |
| Dr. Muhammad Zubair Usmani | Member |
| Dr. Ejaz Ahmed Samdani | Member |

| Asset Allocation (%age of Total Assets) | Feb-17 | Jan-17 |
|---|--------|--------|
| Cash | 15.3% | 11.6% |
| Stock /Equities | 79.4% | 85.9% |
| Sukuk | 0.1% | 0.1% |
| Others including receivables | 5.2% | 2.4% |

Top 10 Holdings (%age of Total Assets)

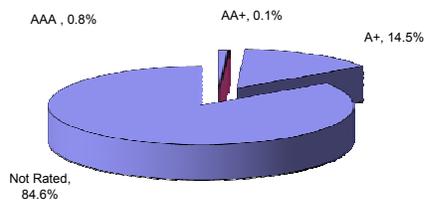
| | | |
|---|--------|------|
| Lucky Cement Limited | Equity | 7.8% |
| Hub Power Company Limited | Equity | 5.7% |
| Maple Leaf Cement Factory Limited | Equity | 4.2% |
| Mari Petroleum Company Limited | Equity | 4.1% |
| Oil and Gas Development Company Limited | Equity | 4.0% |
| Engro Corporation Limited | Equity | 3.9% |
| Pak Suzuki Motors Company Limited | Equity | 3.2% |
| Dawood Hercules Corporation Limited | Equity | 3.1% |
| Engro Fertilizers Limited | Equity | 3.0% |
| Cherat Cement Company Limited | Equity | 3.0% |

Members of the Investment Committee

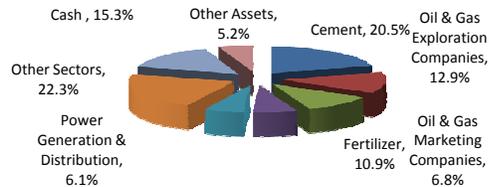
| | |
|---------------------------|---------------------------------------|
| Muhammad Saqib Saleem | Chief Executive Officer |
| Muhammad Asim, CFA | Chief Investment Officer |
| Syed Abid Ali | Asset Class Specialist - Equities |
| Saad Ahmed | Asset Class Specialist - Fixed Income |
| Awais Abdul Sattar, CFA | Senior Research Analyst |
| Mohammad Aitazaz Farooqui | Research Analyst |

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------|-------|-------|-------|-------|-------|
| Benchmark (%) | 11.00 | 46.60 | 28.51 | 17.47 | 13.53 |
| PIEIF (%) | 15.70 | 28.40 | 18.89 | 35.59 | 5.09 |

Asset Quality - Inclusive of equity portfolio (%age of Total Assets)



Sector Allocation (%age of Total Assets)



MUFAP's Recommended Format.

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MCB Pakistan Islamic Stock Fund

February 28, 2017

NAV - PKR 13.97



General Information

| | |
|----------------------|--|
| Fund Type | An Open End Scheme |
| Category | Shariah Compliant Equity Scheme |
| Asset Manager Rating | AM2+ (AM Two Double Plus) by PACRA (08-Jun-16) |
| Stability Rating | Not Applicable |
| Risk Profile | Moderate to High |
| Launch Date | 11-Sept-2004 (Converted into Shariah Compliant Islamic Fund with effect from July 01 2015) |
| Fund Manager | Awais Abdul Sattar, CFA |
| Trustee | Central Depository Company of Pakistan Limited |
| Auditor | Ernst&Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants |
| Management Fee | 2.0% p.a. |
| Front end load* | Type "B" Units: Individual ----- 3% Corporate ----- Nil Type "C" Units: Bachat Units(Two Years)-----Nil Bachat Units(ThreeYears)-----Nil |
| Back-end load* | Type "B" Units ----- Nil Type "C" Unit s -Bachat Units(Two Years): 3% if redeemed before completion of two (2) years from the date of initial investment. 0% if redemption after completion of two (2) years from the date of initial investment. Type "C" Unit s -Bachat Units(Three Years): 3% if redeemed before completion of three (3) years from the date of initial investment. 0% if redemption after completion of three (3) years from the date of initial investment. |
| Min. Subscription | PKR 500 |
| Listing | Pakistan Stock Exchange |
| Benchmark | KMI-30 Index |
| Pricing Mechanism | Forward |
| Dealing Days | Monday - Friday |
| Cut off Timing | Mon-Fri (9:00 AM to 4:30PM) |
| Leverage | Nil |

*Subject to government levies

| Fund Facts / Technical Information | MCB-PISF | KMI-30 |
|---|----------|---------|
| NAV per Unit (PKR) | 13.97 | |
| Net Assets (PKR M) | 2,291 | |
| Price to Earning (x)* | 13.05 | 12.7 |
| Dividend Yield (%) | 4.40 | 5.2 |
| No. of Holdings | 46.0 | 30 |
| Weighted Avg. Market Cap. (PKR Bn) | 103.77 | 191.4 |
| Sharpe Measure | 0.04 | 0.04 |
| Beta | 0.75 | 0.00 |
| Correlation | 90.2% | |
| Max draw up | 627.50% | 738.68% |
| Max draw down | -60.1% | -14.7% |
| Standard Deviation | 1.07 | 1.28 |
| Alpha | 0.003% | |
| Total expense ratio with government levy** | 2.90% | |
| Total expense ratio without government levy | 2.07% | |

*prospective earnings

**This includes 0.83% representing government levy, worker's welfare fund and SECP fee

| Performance Information (%) | MCB-PISF | Benchmark |
|-----------------------------|----------|-----------|
| Year to Date Return | 31.54 | 26.31 |
| Month to Date Return | 0.14 | -0.29 |
| 180 Days Return | 22.98 | 20.85 |
| 365 Days Return | 51.58 | 55.46 |
| Since inception | 36.01 | 43.68 |

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------|-------|-------|-------|-------|-------|
| Benchmark (%) | 10.40 | 52.20 | 41.16 | 16.01 | 15.53 |
| MCB-PISF(%) | 14.90 | 32.30 | 31.38 | 19.20 | 3.90 |

Members of the Investment Committee

| | |
|---------------------------|-------------------------------------|
| Muhammad Saqib Saleem | Chief Executive Officer |
| Mohammad Asim CFA | Chief Investment Officer |
| Saad Ahmed | Asset Class Specialist-Fixed Income |
| Syed Abid Ali | Asset Class Specialist-Equities |
| Awais Abdul Sattar, CFA | Senior Research Analyst |
| Mohammad Aitazaz Farooqui | Research Analyst |

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Investment Objective

The objective of the Fund is to provide investors long term capital appreciation from its investment in Shariah Compliant Equity Securities.

Manager's Comment

The Fund posted a flattish return of 0.14% during February 2017, a 43 bps higher than the benchmark, which dropped by 0.29% during the month. For fiscal year to date, the fund comprehensively outpaced the benchmark by 524 basis points, with a return of 31.54% compared to the benchmark return of 26.31%. During the month, we reduced exposure from Pharmaceuticals (2.3%), Cable & Electrical (2.2%) and Refineries (1.6%) to capitalize the strong performance shown by these sectors. At month end the fund was 82.4% invested in equities while the rest was in cash and cash equivalent.

Provision against WWF liability

MCB-PISF has maintained provisions against Workers' Welfare Funds' liability to the tune of Rs.8.99 million, if the same were not made the NAV per unit of MCB-PISF would be higher by Rs. 0.0548 and YTD return would be higher by 0.52%. For details investors are advised to read Note 6.1 of the latest Financial Statements for the half year ended December 31, 2016 of MCB-PISF.

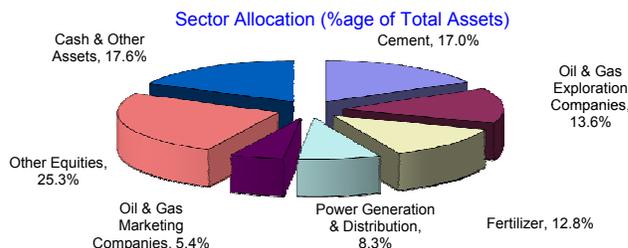
| Asset Allocation (%age of Total Assets) | Feb-17 | Jan-17 |
|---|--------|--------|
| Stock / Equities | 82.4% | 88.4% |
| Cash | 10.7% | 10.7% |
| Others including receivables | 6.9% | 0.9% |

Top 10 Equity Holdings (%age of Total Assets)

| | |
|-----------------------------------|------|
| Lucky Cement Limited | 6.9% |
| Engro Corporation Limited | 6.0% |
| Hub Power Company Limited | 5.7% |
| Mari Petroleum Company Limited | 4.3% |
| Pakistan Petroleum Limited | 3.6% |
| Engro Fertilizer Limited | 3.2% |
| Pakistan Oilfields Limited | 3.2% |
| Maple Leaf Cement Factory Limited | 3.1% |
| Pak Suzuki Motors Company Limited | 2.9% |
| International Industries Limited | 2.9% |

MCBAH Shariah Advisory Board

| | |
|--------------------------------------|----------|
| Justice (Rtd.) Muhammad Taqi 'Usmani | Chairman |
| Dr. Muhammad Zubair Usmani | Member |
| Dr. Ejaz Ahmed Samdani | Member |



MUFAP's Recommended Format.



Alhamra Islamic Active Allocation Plan-I

(An Allocation Plan of Alhamra Islamic Active Allocation Fund)

February 28, 2017

NAV - PKR 101.6016



General Information

| | |
|----------------------|--|
| Plan Type | An Open End Scheme |
| Category | Shariah Compliant Islamic Asset Allocation Plan |
| Asset Manager Rating | AM2++ (AM Two Double Plus) by PACRA (08-Jun-16) |
| Stability Rating | Not Applicable |
| Risk Profile | Moderate to High |
| Launch Date | 29-Dec-16 |
| Fund Manager | Syed Abid Ali |
| Trustee | MCB Financial Services Limited |
| Auditor | A.F. Ferguson & Co. Chartered Accountants |
| Management Fee | 1% p.a. on average annual net assets on a portion not invested in mutual funds of MCB Arif Habib Savings and Investments Limited. |
| Front end Load* | Individuals 3% Corporate Nil |
| Back end Load* | Nil |
| Contingent Load* | 3% |
| Min. Subscription | PKR 500 |
| Lis ing | Lis ing in progress |
| Benchmark | KMI-30 Index and six (6) months average deposit rates of three (3) "A" rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks on the basis of actual proportion held by the scheme |
| Pricing Mechanism | Forward |
| Dealing Days | Monday - Friday |
| Cut off Timing | Mon-Fri (9:00AM to 4:30 PM) |
| Leverage | Nil |

*Subject to government levies

Fund Facts / Technical Information

| | ALHIAAP - I |
|---|-------------|
| NAV per Unit (PKR) | 101.6016 |
| Net Assets (PKR M) | 1,613 |
| Total expense ratio with government levy* | 0.27% |
| Total expense ratio without government levy | 0.19% |

*This includes 0.08% representing government levy, worker's welfare fund and SECP fee

Performance Information (%)

| | ALHIAAP - I | Benchmark |
|----------------------|-------------|-----------|
| Year to Date Return | 1.60% | 0.90% |
| Month to Date Return | 0.25% | 0.02% |
| 180 Days Return | - | - |
| 365 Days Return | - | - |
| Since inception | 1.60% | 0.90% |

Investment Objective

Alhamra Islamic Active Allocation Plan-I is a Shari'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shari'ah Compliant Islamic Scheme based on the Fund Manager's outlook of the asset classes.

Provision against WWF liability

ALHIAAP-I has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 0.52 million, if the same were not made the NAV per unit would be higher by Rs. 0.0327 and YTD return would be higher by 0.03%. For details investors are advised to read Note 19 of the latest Financial Statements for the half year ended December 31, 2016 of ALHIAAP-I.

Manager's Comment

During the month, the Fund posted a return of 0.25% against its benchmark return of 0.02%. The fund increased its exposure in cash from 62.1% to 64.5%.

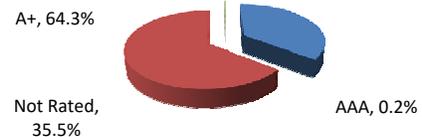
Asset Allocation (%age of Total Assets)

| | Feb-17 | Jan-17 |
|------------------------------------|--------|--------|
| Cash | 64.5% | 62.1% |
| MCB Pakistan Islamic Stock Fund... | 34.9% | 37.3% |
| MCB Islamic Income Fund | 0.0% | 0.0% |
| GoP Ijara Sukuk | 0.0% | 0.0% |
| Others including receivables | 0.6% | 0.6% |

Members of the Investment Committee

| | |
|---------------------------|---------------------------------------|
| Muhammad Saqib Saleem | Chief Executive Officer |
| Muhammad Asim, CFA | Chief Investment Officer |
| Syed Abid Ali | Asset Class Specialist - Equities |
| Saad Ahmed | Asset Class Specialist - Fixed Income |
| Awais Abdul Sattar, CFA | Senior Research Analyst |
| Muhammad Aitazaz Farooqui | Research Analyst |

Asset Quality (%age of Total Assets)



MUFAP's Recommended Formula

DISCLAIMER

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General Information

| | |
|------------------------|---|
| Fund Type | An Open End Scheme |
| Category | Islamic Voluntary Pension Scheme |
| Asset Manager Rating | AM2++ (AM Two Double Plus) by PACRA (08-Jun-16) |
| Stability Rating | Not Applicable |
| Launch Date | 15-Nov-07 |
| Fund Manager | Awais Abdul Sattar, CFA |
| Trustee | Central Depository Company of Pakistan Limited |
| Auditor | Deloitte Yousuf Adil & Co., Chartered Accountants |
| Management Fee | 1.5% p.a. |
| Front / Back end Load* | 3% / 0% |
| Min. Subscription | PKR 500 |
| Pricing Mechanism | Forward |
| Dealing Days | Monday - Friday |
| Cut off Timing | Mon-Fri (9:00AM to 5:00 PM) |
| Leverage | Nil |

*Subject to government levies

Investment Objective

The investment objective of the fund is to seek steady returns with a moderate risk for investors by investing in a portfolio of equity, short medium term debt and money market instruments.

Manager's Comment

Equity sub-fund generated return of -1.47% during the month. Allocations were increased in Cement, while reduced in Power Generation and distribution Sectors.

Debt sub-fund generated a return of 0.61% during the month. Exposure was reduced in GoP Ijarah Sukuk.

Money Market sub-fund generated an return of 2.51% during the month. The exposure was maintained.

Provision against WWF liability

PIPF-EQ has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 2.42 million, if the same were not made the NAV per unit would be higher by Rs. 3.2296 per unit and YTD return would be higher by 0.74%. For details investors are advised to read Note 8.1 of the latest Financial Statements for the half year ended December 31, 2016 of PIPF.

PIPF-DT has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 0.25 million, if the same were not made the NAV per unit would be higher by Rs. 0.2782 per unit and YTD return would be higher by 0.15%. For details investors are advised to read Note 8.1 of the latest Financial Statements for the half year ended December 31, 2016 of PIPF.

PIPF-MM has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 0.07 million, if the same were not made the NAV per unit would be higher by Rs. 0.1825 and YTD return would be higher by 0.11%. For details investors are advised to read Note 8.1 of the latest Financial Statements for the half year ended December 31, 2016 of PIPF.

Top 10 Equity Holdings (%age of Total Assets)

| | |
|---------------------------------------|------|
| Lucky Cement Limited | 9.2% |
| Hub Power Company Limited | 7.2% |
| Mari Petroleum Company Limited | 5.0% |
| Oil & Gas Development Company Limited | 4.7% |
| Engro Corporation Limited | 3.7% |
| Maple Leaf Cement Factory Limited | 3.4% |
| Fauji Cement Company Limited | 3.3% |
| Pak Suzuki Motors Company Limited | 3.2% |
| Pakistan Oil Fields Limited | 3.0% |
| Engro Fertilizers Limited | 2.9% |

PIPF -Money Market (%age of Total Assets)

| | Feb-17 | Jan-17 |
|------------------------------|--------|--------|
| Cash | 83.5% | 83.3% |
| GoP Ijarah Sukuk | 15.8% | 16.1% |
| Others including receivables | 0.7% | 0.6% |

PIPF-Debt (%age of Total Assets)

| | Feb-17 | Jan-17 |
|------------------------------|--------|--------|
| Cash | 31.0% | 31.8% |
| GoP Ijarah Sukuk | 57.4% | 67.5% |
| Others including receivables | 9.3% | 0.7% |
| TFCs | 2.3% | 0.0% |

Performance Information & Net Assets

| | PIPF-EQ* | PIPF-DT** | PIPF-MM** | | |
|--------------------------|----------|-----------|-----------|-------|-------|
| Year to Date Return (%) | 34.50 | 4.74 | 3.73 | | |
| Month to Date Return (%) | -1.47 | 0.61 | 2.51 | | |
| Since inception (%) | 489.14 | 7.17 | 5.95 | | |
| Net Assets (PKR M) | 442.69 | 174.13 | 69.98 | | |
| NAV (Rs. Per unit) | 590.32 | 191.22 | 171.85 | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| PIPF - EQ* | 24.70 | 41.80 | 42.10 | 39.53 | 14.84 |
| PIPF - DT** | 8.40 | 6.80 | 8.22 | 4.76 | 4.04 |
| PIPF - MM** | 8.30 | 7.70 | 6.86 | 4.80 | 2.36 |

* Total Return ** Annualized return

PIPF-Equity (%age of Total Assets)

| | Feb-17 | Jan-17 |
|---------------------------------|--------|--------|
| Cement | 22.7% | 21.0% |
| Oil & Gas Exploration Companies | 15.1% | 15.0% |
| Fertilizer | 8.8% | 7.3% |
| Automobile Assembler | 7.2% | 7.1% |
| Power Generation & Distribution | 7.2% | 8.2% |
| Other equity sectors | 33.2% | 35.1% |
| Cash | 2.9% | 2.6% |
| Others including receivables | 2.9% | 3.7% |

MCBAH Shariah Advisory Board

| | |
|-------------------------------------|----------|
| Justice (Rtd.) Muhammad Taqi Usmani | Chairman |
| Dr. Muhammad Zubair Usmani | Member |
| Dr. Ejaz Ahmed Samdani | Member |

Members of the Investment Committee

| | |
|---------------------------|---------------------------------------|
| Muhammad Saqib Saleem | Chief Executive Officer |
| Muhammad Asim, CFA | Chief Investment Officer |
| Syed Abid Ali | Asset Class Specialist - Equities |
| Saad Ahmed | Asset Class Specialist - Fixed Income |
| Awais Abdul Sattar, CFA | Senior Research Analyst |
| Muhammad Aitazaz Farooqui | Research Analyst |

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