

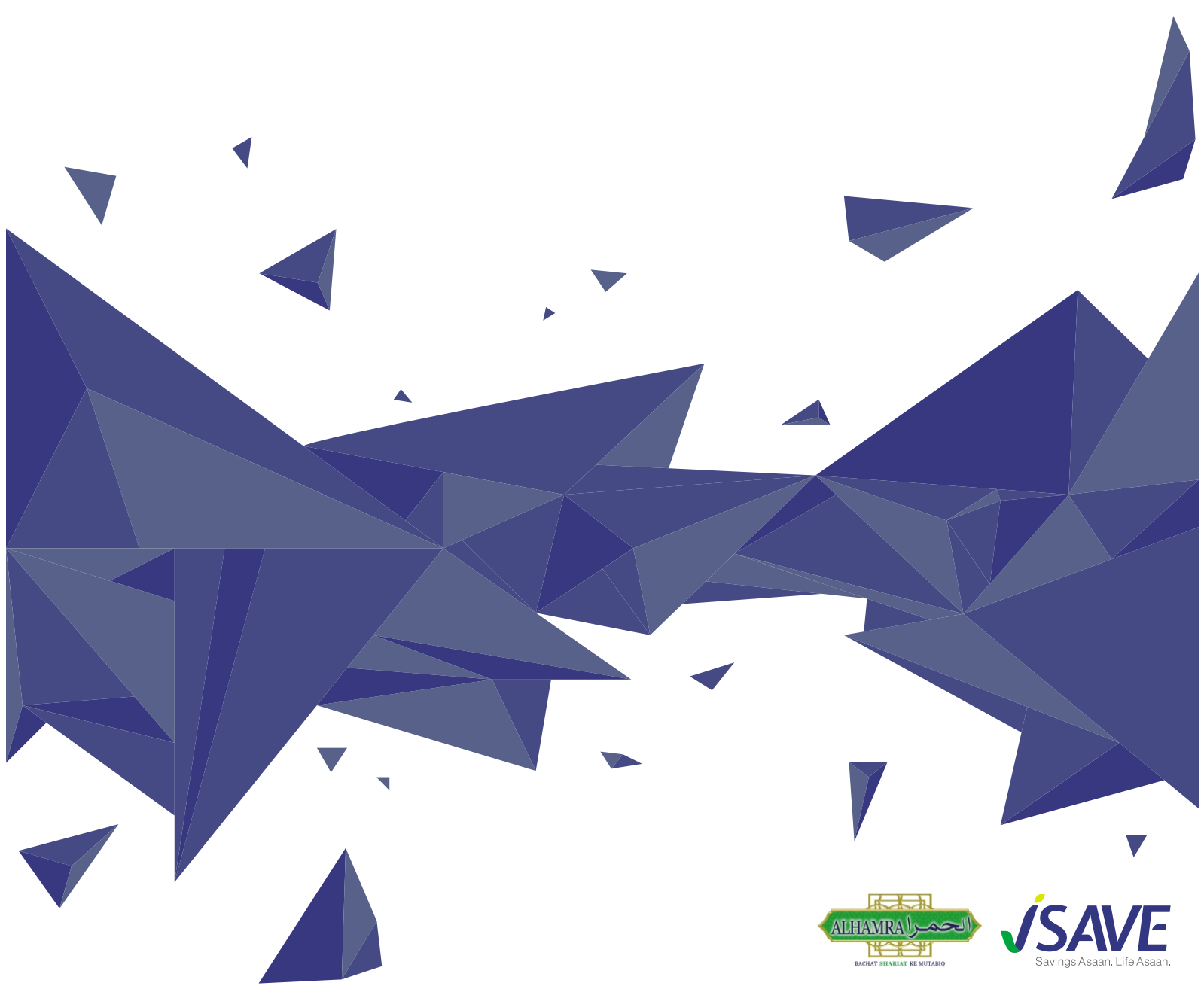


**MCB-ARIF HABIB**  
Savings and Investments Limited

# HALF YEARLY REPORT

DECEMBER  
**2022**  
(UNAUDITED)

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



# **ALHAMRA ISLAMIC ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Credit Committee</b>	Mr. Nasim Beg Mr. Ahmed Jahangir	Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> 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	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan Meezan Bank Limited Dubai Islamic Bank Pakistan Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Askari Bank Limited Soneri Bank Limited Al Baraka Bank Pak Limited Allied Bank Limited The Bank of Khyber	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Asset Allocation Fund** accounts review for the half year ended December 31, 2022.

## **ECONOMY AND MONEY MARKET REVIEW**

The macroeconomic landscape continued to remain challenging. The economy was jolted with the worst floods in more than a decade, which caused severe damage to the infrastructure, wiped off crops, devastated livestock and resulted in the loss of precious lives. Earlier, elevated commodity prices due to pent up demand post covid restrictions saw another upward push due to escalation of Russia-Ukraine conflict.

SBP foreign exchange reserves have fallen to critically low levels of USD 3.2 billion (import cover of less than 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. Due to tough impact on vast majority of poor population, government has been reluctant to agree to harsh steps which are pre-condition to IMF loans such as increasing electricity, gas and petrol prices. Unlocking IMF funding however remains critical as the delay in the IMF program is leading to a slowdown in foreign flows from bilateral and multilateral partners.

The country posted a current account deficit (CAD) of USD 3.1 billion in first five months of the fiscal year 2023 (5MFY23) declining by 57% YoY compared to a deficit of USD 7.2 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 2.0% decrease in exports coupled with 16.2% drop in imports led to 26% contraction in trade deficit. The government initially kept a lid on imports through administrative measures such as imposing import quotas on selective imports. These import restrictions helped the Rupee gain some strength against the USD, from a low of 240 in July 2022 to PKR 226.4 at December 2022 end.

Headline inflation represented by CPI averaged 25.0% during the half as compared to 9.8% in the corresponding period last year. Higher food prices as an aftermath of floods coupled with higher electricity tariff and rising petroleum prices were the major contributors towards rising CPI. The inflationary pressures were broad based which is depicted by core inflation increasing to 16.4% compared to 12.3% at the end of last fiscal year. SBP increased the policy rate by a further 100bps to 16.0% in the latest monetary policy held in November 2022. On the fiscal side, FBR tax collection increased by 17.0% in 1HFY23 to PKR 3,428 billion compared to PKR 2,929 billion in the same period last year. This missed the target by 218 billion.

Secondary markets yields increased in the half on account of monetary tightening and an additional bout of inflationary pressures post floods. The 3,6 and 12 Month T-Bills yield increased by 171, 184 and 170 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 219,168 and 78bps respectively during 1HFY23.

## **EQUITY MARKET REVIEW**

The KSE-100 index closed in negative territory, declining by 1,120 points (-2.7%) in 1HFY23 to close at 40,420 points. The initial exuberance on the account of the resumption of the IMF program and support from friendly countries soon washed away with catastrophic floods, which further deteriorated the already ailing economic conditions of the country. The period under review was marked with elevated inflation (CPI clocking in at a 47-year high), depleting SBP Reserves (lowest levels since April 2014), and a surprise interest rate hike by 100bps, which kept investors in a grim situation. Moreover, continuous delay in the completion of the 9th review under the IMF Program amid political turbulence in the country further dented investors' sentiments.

Foreigners remained net sellers with an outflow of USD 1 million, while on the local front, Mutual Funds offloaded about USD 64 million, which was largely absorbed by Banks and individuals with net buying of USD 50 million and USD 48 million respectively. During the first half, average trading volumes saw a

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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decline to 219 million shares compared to about 240 million shares during the preceding half. Similarly, the average trading value during the half saw a drop of 23% over the last half to near USD 30 million.

Commercial Banks, Auto Assemblers, Pharmaceuticals and Chemicals sector were the major contributors to the index decline posting -542/-429/-322/-160 points, respectively. Banking sector struggled to foreign selling pressure despite positing healthy earnings growth and strong balance sheets. Automobile Assemblers struggled due to poor volumetric sales thanks to restrictions imposed by SBP. On the flip side, Technology sector added 964 points to the index.

### FUND PERFORMANCE

During the period under review, the fund delivered a return of -2.49% as against its benchmark return of -0.53%. On the equities front, the overall allocation was 79.0% and 20.4% in cash at the end of the period under review. The fund was mainly invested in Cement, Oil & Gas Exploration Companies and Commercial Banks significantly during the period. On the fixed income side, there was exposure towards Cash at the end of the period under review.

The Net Assets of the Fund as at December 31, 2022, stood at Rs. 1,490 million as compared to Rs. 1,689 million as at June 30, 2022 registering a decrease of 11.78%.

The Net Asset Value (NAV) per unit as at December 31, 2022, was Rs. 62.7925 as compared to opening NAV of Rs. 64.3927 per unit as at June 30, 2022 registering a decrease of Rs. 1.6002 per unit.

### ECONOMY & MARKET – FUTURE OUTLOOK

We expect FY23 GDP growth to decline to 0.6% as monetary tightening, rupee devaluation and the prevailing uncertainty will lead to slowdown in the economy. The loss of cotton and rice crop in the aftermath of floods would trim agriculture growth to 0.4% while industrial growth is expected at clock at -6.8% owing to demand slowdown and shortage of raw materials. The government is taking administrative measures to control imports, which may reduce service sector growth to 3.1%.

We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 18% YoY to USD 59 billion as we will witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 6.8 billion (2.0% of GDP) in FY23, a massive drop, when compared with USD 17.4 billion (4.5% of GDP) in FY22.

The successful resumption of IMF program will unlock funding from bilateral and multilateral sources. The aid commitment by multilateral agencies in the aftermath of floods should lend support to foreign inflows. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account in the medium term to stave off external concerns.

The rupee has recovered from its recent low due to continuous drain in forex reserves encouraging spreads in Interbank and open market to widen significantly. We believe that restoring a market based exchange rate would bring equilibrium by incentivizing exports and remittances and discouraging imports. Thus we expect USD/PKR to close at 251 by fiscal year end on an assumed REER of 90.

We expect Average FY23 inflation to clock at 24.8% compared to 12.1% in FY22. We foresee the second round impact of the currency devaluation and expected increase in petroleum, electricity and gas prices, which will keep inflation numbers elevated for remainder of the year. SBP has increased the policy rate to 16.0% to cool aggregate demand and deescalate inflationary pressures. Given the significant economic challenges, we do not rule out a scenario where SBP further increases interest rates in the next monetary policy. We expect monetary easing cycle to begin in second half of CY23 where decline in inflation can provide some breather.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market appears to have priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 9.1%, a discount of 55% from its historical average. Similarly, Earning Yield Minus Risk Free Rate are close to 7.1%, compared to historical average of 2.7% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. However, we do not see this potential translating into gains, unless issues on the external fronts are dealt with. The market is currently trading at PER of 4.8x, while offering a dividend yield of 11.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

### MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual funds industry increased by about 26.1% during 1HFY23 to PKR 1,531 billion. Total money market funds grew by about 34.2% since June 2022. Within the money market sphere, the conventional funds showed a growth of 19.8% to PKR 535 billion while Islamic funds increased by 62.7% to PKR 367 billion. In addition, the total fixed Income funds increased by about 24.1% since June 2022 to PKR 370 billion. Equity and related funds declined by 13.3% as market witnessed a drop in 1HFY23, eroding AUMs as concern over macroeconomic factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 58.9%, followed by Income funds with 24.2% and Equity and Equity related funds having a share of 13.0% as at the end of 1HFY23.

### MUTUAL FUND INDUSTRY OUTLOOK

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, a correction in stock prices has opened up valuations and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

### ACKNOWLEDGEMENT

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 03, 2023



**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹرز رپورٹ

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی، اور پُرکشش شرحوں پر انکم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ، جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے خالص اثاثہ جات مالی سال 2023ء کے نصف اول کے دوران تقریباً 26.1 فیصد بڑھ کر 1,531 بلین روپے ہو گئے۔ مجموعی منی مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 34.2 فیصد اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 19.8 فیصد بڑھ کر 535 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 62.7 فیصد بڑھ کر 367 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 24.1 فیصد بڑھ کر 370 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 13.3 فیصد کم ہو گئے جس کی وجہ مالی سال 2023ء کے نصف اول میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانتظامیہ میں کمی ہے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔ شعبہ جاتی اعتبار سے مالی سال 2023ء کے نصف اول کے اختتام پر منی مارکیٹ فنڈز تقریباً 58.9 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.2 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تھے جن کا 13.0 فیصد حصہ تھا۔

### میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے منی مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں تصحیح سے تعینات قدر کھل گئی ہیں اور طویل المیعاد سرمایہ کار ان پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

### اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کے مسلسل تعاون اور حمایت کے لیے شکر گزار ہے۔ نیز، ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز

نسیم بیگ  
ڈائریکٹر / وائس چیئرمین

محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
03 فروری 2023ء



## ڈائریکٹرز رپورٹ

قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس کے باعث خدمات کے شعبے کی ترقی کم ہو کر 3.1 فیصد ہو جائے گی۔ ہم حکومت سے توقع کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے کھینچ کر رکھے گی اور ڈالر کے غیر ضروری اخراجاتی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 18 فیصد YoY کم ہو کر 59 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد گوشوں کے حجم سکڑ جائیں گے۔ چنانچہ ہمیں توقع ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ (CAD) کم ہو کر 6.8 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) ہو جائے گا جو مالی سال 2022ء کے 17.4 بلین ڈالر (جی ڈی پی کے 4.5 فیصد) کے مقابلے میں ایک بڑی کمی ہے۔

آئی ایم ایف پروگرام کی کامیابی بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو جہتی اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ سیلاب کی تباہ کاریوں کے ضمن میں کثیر الجہتی ایجنسیوں کی طرف سے امداد کے وعدے سے غیر منملکی آمدنی بہاؤ کو معاونت حاصل ہوگی۔ تاہم ہماری خارجی حالت اب بھی غیر یقینی ہے کیونکہ دقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی یورو بانڈ یا سٹاک جاری کریں۔ ایف ڈی آئی اور آر ڈی اے سے حاصل ہونے والی آمدنیاں بھی موجودہ معاشی مشکلات کے باعث متوقع طور پر رُک رہیں گی۔ چنانچہ ہمیں درمیانی مدت میں قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی خدشات ختم ہو سکیں۔

غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی کی وجہ سے روپیہ اپنی حالیہ کم ترین سطح سے بحال ہوا ہے جس سے انٹربینک اور اوپن مارکیٹ میں فرق کو نمایاں طور پر وسیع کرنے کی حوصلہ افزائی ہوئی ہے۔ ہم سمجھتے ہیں کہ مارکیٹ پر مبنی شرح زرمبادلہ سے توازن پیدا ہوگا کیونکہ برآمدات اور ترسیلات زر میں ترغیبات پیدا ہوں گی اور درآمدات کی حوصلہ شکنی ہوگی۔ چنانچہ ہماری توقع ہے کہ 90 کے مفروضہ REER پر مالی سال کے اختتام پر ڈالر/روپیہ تقریباً 251 روپے پر ہوگا۔

مالی سال 2023ء میں اوسط مہنگائی 24.8 فیصد متوقع ہے، بالمقابل مالی سال 2022ء میں 12.1 فیصد کے روپے کی قدر میں کمی کے اثر کا دوسرا دور، اور پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ بھی متوقع ہے، جس کے باعث سال کے بقیہ حصے کے دوران مہنگائی کے عدد بلند سطح پر ہیں گے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 16.0 فیصد کر دیا ہے تاکہ مجموعی مانگ اور مہنگائی کے دباؤ سے نمٹا جاسکے۔ معیشت میں قابل ذکر منسست روی اور مانگ میں کمی کے باعث اس بات کا امکان خارج از بحث نہیں ہے کہ ایس بی پی اگلی مائٹری پالیسی میں شروع سود میں مزید اضافہ کرے۔ ہمیں اُمید ہے کہ مالی سال 2023ء کی دوسری ششماہی میں مالیاتی تسہیل کا دور شروع ہوگا، اور مہنگائی میں کمی سے حالات میں بہتری آئے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے بظاہر شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ کی قدر کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.1 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 55 فیصد کمی ہے۔ اسی طرح، Earning Yield Minus Risk Free Rate تقریباً 7.1 فیصد ہیں، اور ان کے قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر مارکیٹ میں ہونے والی تجارت میں بھرپور کمی کا پتہ چلتا ہے۔ ہم سمجھتے ہیں کہ شعبہ جات اور اسٹاکس کا بہت قریبی تناظر، ہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیوں پر توجہ مرکوز کی جانی چاہیے جو اپنی اصل قدر کے مقابلے میں بہت کم پرفورمنٹ ہو رہی ہیں۔ تاہم ہمیں نہیں لگتا کہ خارجی جہات کے مسائل سے نمٹے بغیر اس استعداد سے منافع حاصل ہوں گے۔ موجودہ حالات پر مارکیٹ میں 4.8x کے PER پر تجارت چل رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 11.2 فیصد پر ہے۔

## ڈائریکٹر رپورٹ

### ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج KSE-100 انڈیکس منفی علاقے میں بند ہوا؛ دورانِ ششماہی 1120 پوائنٹس (2.7) فیصد کم ہو کر 40240 پوائنٹس پر بند ہوا۔ آئی ایم ایف پروگرام کی بحالی اور دوست ممالک کی طرف سے تعاون کے حوالے سے جو ابتدائی جوش و خروش تھا وہ جلد ہی تباہ کن سیلابوں کی نذر ہو گیا جس کے نتیجے میں پہلے سے بد حال ملکی معیشت مزید ابتر ہو گئی۔ زیر جائزہ مدت میں مہنگائی میں اضافہ ہوا (سی پی آئی گزشتہ 47 برسوں کی بلند ترین سطح پر پہنچ گیا) جس کے باعث ایس بی پی کے ذخائر کم ہو گئے (اور اپریل 2014ء سے اب تک کی پست ترین سطح پر پہنچ گئے)، اور شرح سود میں 100bps کے غیر متوقع اضافے کے باعث سرمایہ کار تشویش کا شکار رہے۔ مزید برآں، آئی ایم ایف پروگرام کے تحت نویں (9th) جائزے میں مسلسل تاخیر اور ملک میں سیاسی افراتفری نے سرمایہ کاروں کو مزید پریشانی سے دوچار کر دیا۔

غیر ملکی افراد 1 ملین ڈالر اخراجی بہاؤ کے ساتھ net خریدار رہے، جبکہ مقامی جہت میں میوچل فنڈز نے 64 ملین ڈالر کی فروخت کی جس کے بڑے خریدار بینک (50 ملین ڈالر) اور افراد (48 ملین ڈالر) تھے۔ دورانِ نصف اوّل اوسط تجارتی حجم میں 219 ملین حصص کی کمی ہوئی، جبکہ سابقہ نصف میں تقریباً 240 ملین حصص کمی ہوئی تھی۔ اسی طرح، دورانِ ششماہی اوسط تجارتی قدر گزشتہ ششماہی کے مقابلے میں 23 فیصد کم ہو کر تقریباً 30 ملین ڈالر ہو گئی۔

انڈیکس میں کمی میں اہم ترین کردار کمرشل بینکوں، گاڑیوں کی اسمبلنگ، دو سازی اور کیمیکل کے شعبوں نے ادا کیا جنہوں نے بالترتیب -542، -429، -332 اور -160 پوائنٹس پوسٹ کیے۔ بینکاری کے شعبے کی ناقص کارکردگی کی وجہ گھانا کا ڈیفالٹ ہے جہاں مقامی قرض کو reschedule کیا گیا۔ گاڑیوں کی اسمبلنگ کی کمپنیاں فروخت کے ناقص حجم کے باعث مشکل کا شکار ہوئیں جس کی وجہ ایس بی پی کی عائد کردہ پابندیاں ہیں۔ دوسری جانب ٹیکنالوجی کے شعبے نے انڈیکس میں 964 پوائنٹس کا اضافہ کیا۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے (2.49) فیصد منافع حاصل کیا، جبکہ مقررہ معیار کا منافع (0.53) فیصد تھا۔ ایکویٹیز میں مجموعی اختصاص زیر جائزہ مدت کے اختتام پر 79.0 فیصد اور نقد میں 20.4 فیصد تھا۔ دورانِ مدت فنڈ کی زیادہ تر سرمایہ کاری تیل اور گیس کی دریافت کی کمپنیوں اور کمرشل بینکوں کے شعبے میں تھی۔ مقررہ آمدنی کی جہت میں زیر جائزہ مدت کے اختتام پر نقد میں کوئی شمولیت نہیں تھی۔

31 دسمبر 2022ء کو فنڈ کے خالص اثاثہ جات 1,490 ملین روپے تھے جو 30 جون 2022ء کی سطح 1,689 ملین روپے کے مقابلے میں 11.78 فیصد کی کمی ہے۔ 31 دسمبر 2022ء کو خالص اثاثہ جاتی قدر (NAV) نی یونٹ 62.7925 روپے تھی جو 30 جون 2022ء کو ابتدائی اثاثہ جاتی قدر (NAV) 64.3927 روپے نی یونٹ کے مقابلے میں 1.6002 روپے نی یونٹ کی کمی ہے۔

### معیشت اور بازار - مستقبل کے امکانات

مالی سال 2023ء میں جی ڈی پی کی ترقی میں 0.6 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور موجودہ غیر یقینی صورتحال کے نتیجے میں معیشت سنست روی کا شکار ہو جائے گی۔ سیلاب کی تباہ کاریوں کے ضمن میں کپاس اور چاول کی فصلوں کے ضیاع کے باعث زراعت کی ترقی متاثر ہو کر 0.4 فیصد ہو جائے گی جبکہ صنعتی ترقی 6.8- فیصد متوقع ہے جس کی وجہ مانگ میں سنست روی اور خام مال کی قلت ہیں۔ حکومت درآمدات پر

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحراء اسلامک ایسیٹ ایلوکیشن کے اکاؤنٹس مختتمہ 31 دسمبر 2022ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

ملک کا مجموعی معاشیاتی منظر بدستور ناخوشگوار رہا۔ معیشت گزشتہ دہائی سے زیادہ کے بدترین سیلاب کے باعث شدید متاثر ہوئی جس سے انتظامی ڈھانچے کو گھمبیر نقصان پہنچا، فصلوں کا صفایا ہو گیا، مویشی ہلاک ہوئے اور قیمتی جانیں ضائع ہوئیں۔ اس سے قبل، کووڈ پابندیوں کے بعد اجناس کی بڑھتی ہوئی مانگ کی وجہ سے اشیاء کی قیمتوں میں روس-یوکرین کے تنازعہ کی وجہ سے مزید اضافہ دیکھا گیا۔

ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 3.2 بلین ڈالر ہو گئے ہیں (جو صرف تین ہفتوں کا درآمداتی ادائیگیوں کو پورا کر سکتے ہیں) بالمتقابل مالی سال کے آغاز پر جو 9.8 بلین ڈالر تھے۔ غریب آبادی کی اکثریت پر کڑے اثرات کی وجہ سے حکومت سخت اقدامات پر راضی ہونے سے گریزاں ہے جو آئی ایم ایف کے قرضوں کی پیشگی شرط ہیں جیسے بجلی، گیس اور پیٹرول کی قیمتوں میں اضافہ۔ تاہم آئی ایم ایف کی فنڈنگ کو غیر مقفل کرنا بہت اہم ہے کیونکہ آئی ایم ایف پروگرام میں تاخیر دو طرفہ اور کشیدہ جہتی شراکت داروں سے غیر ملکی بہاؤ میں سست روی کا باعث بن رہی ہے۔

ملک نے مالی سال 2023 کے پہلے پانچ ماہ میں 3.1 بلین ڈالر کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو 57 سال در سال کم تھا، بالمتقابل گزشتہ سال مماثل مدت میں 7.2 بلین ڈالر تجارتی خسارے میں کمی کرنٹ اکاؤنٹ خسارے (CAD) میں بہتری کا اہم ترین سبب تھی کیونکہ برآمدات میں 2 فیصد کمی کے ساتھ ساتھ درآمدات میں 16.2 فیصد کمی کے نتیجے میں تجارتی خسارہ 26 فیصد سکڑ گیا۔ حکومت نے انتظامی اقدامات مثلاً منتخب اشیاء پر درآمداتی کوٹے عائد کرنے کے ذریعے درآمدات کو قابو میں رکھا۔ ان درآمداتی پابندیوں سے روپے کو بمقابلہ ڈالر کچھ تقویت حاصل ہوئی اور روپے کی قدر جولائی 2022ء میں 240 کی پست سطح سے اٹھ کر دسمبر 2022ء کے اختتام تک 226.4 ہو گئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط دوران ششماہی 25.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 9.8 فیصد تھا۔ سیلابوں کے نتیجے میں اشیاء خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پیٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ وسیع پیمانے پر تھا جس کا اظہار بنیادی افراط زر (core inflation) میں 16.4 فیصد کمی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے نومبر 2022ء کی تازہ ترین ماہی پالیسی میں پالیسی شرح کو مزید 100 بیسیس پوائنٹس (بی پی ایس) بڑھا کر 16.0 فیصد کر دیا۔ مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی میں مالی سال 2023ء کی پہلی ششماہی میں 17.0 فیصد اضافہ ہوا اور 3,428 بلین روپے ٹیکس جمع ہوا، جبکہ گزشتہ سال مماثل مدت میں 2,929 بلین روپے تھا۔ اس طرح ہدف سے 218 بلین روپے کم ٹیکس وصول ہوا۔

ثانوی مارکیٹوں کی پیداوار میں دوران ششماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دوران ششماہی 3، 6 اور 12 ماہانہ ٹی-بلنز کے منافع جات میں بالترتیب 171، 184 اور 170 بی پی ایس، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں بالترتیب 168، 219 اور 78 بی پی ایس کا اضافہ ہوا۔

# 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  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



## TRUSTEE REPORT TO THE UNIT HOLDERS

### ALHAMRA ISLAMIC ASSET ALLOCATION FUND

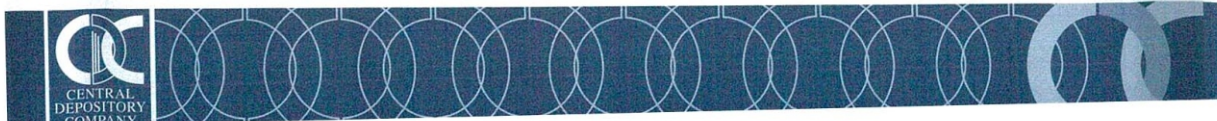
#### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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, 2022 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, 2023



# AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



A.F.FERGUSON & CO.

## 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, 2022 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, 2022. 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, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

### 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.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Junaid Mesia**

Dated: February 22, 2023

Karachi

UDIN: RR202210611S6we4doKy

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■ KARACHI ■ LAHORE ■ ISLAMABAD

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2022**

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Balances with banks	5 315,491	324,500
Investments	6 1,219,111	1,370,513
Markup and other receivables	2,710	4,631
Advances, deposits and prepayments	3,906	3,905
Receivable against sale of investments	2,113	21,945
<b>Total assets</b>	<u>1,543,331</u>	<u>1,725,494</u>
<b>LIABILITIES</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7 4,713	6,073
Payable to Central Depository Company of Pakistan Limited - Trustee	8 231	253
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9 157	429
Payable against purchase of investments	37,086	17,522
Accrued and other liabilities	10 11,453	12,146
<b>Total liabilities</b>	<u>53,640</u>	<u>36,423</u>
<b>NET ASSETS</b>	<u>1,489,691</u>	<u>1,689,071</u>
<b>Unit holders' fund (as per statement attached)</b>	<u>1,489,691</u>	<u>1,689,071</u>
<b>Contingencies and commitments</b>	11	
	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<u>23,724,028</u>	<u>26,230,784</u>
	----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>	<u>62.7925</u>	<u>64.3927</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 INCOME STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Six months period ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
Note ----- (Rupees in '000) -----				
<b>INCOME</b>				
Capital gain / (loss) on sale of investments - net	11,018	(50,469)	616	(40,350)
Dividend income	35,907	50,944	22,424	28,916
Markup on bank deposits	16,964	11,749	7,163	6,297
Net unrealised (diminution) / appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss'	6.1.2 (56,553)	(133,907)	(37,059)	24,096
<b>Total income / (loss)</b>	<b>7,336</b>	<b>(121,683)</b>	<b>(6,856)</b>	<b>18,959</b>
<b>EXPENSES</b>				
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1 25,925	38,517	12,279	18,956
Sindh Sales tax on remuneration of the Management Company	7.2 3,370	5,007	1,596	2,464
Allocated expenses	7.3 786	1,167	373	574
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8 1,290	1,671	624	826
Sindh sales tax on remuneration of the Trustee	166	217	79	107
Annual fee to the Securities and Exchange Commission of Pakistan	9 157	233	74	114
Brokerage, settlement and bank charges	3,142	4,847	1,730	2,246
Printing and related costs	14	17	(17)	(11)
Fees and subscription	15	14	7	7
Shariah advisory fee	360	363	179	182
Auditor's remuneration	472	308	320	179
Legal and professional charges	80	471	13	37
Donation	1,268	1,638	787	787
<b>Total expenses</b>	<b>37,045</b>	<b>54,470</b>	<b>18,044</b>	<b>26,468</b>
<b>Net (loss) from operating activities</b>	<b>(29,709)</b>	<b>(176,153)</b>	<b>(24,900)</b>	<b>(7,509)</b>
Reversal of provision for Sindh Worker's Welfare Fund (SWWF)	-	18,922	-	-
<b>Net (loss) for the period before taxation</b>	<b>(29,709)</b>	<b>(157,231)</b>	<b>(24,900)</b>	<b>(7,509)</b>
Taxation	12 -	-	-	-
<b>Net (loss) for the period after taxation</b>	<b>(29,709)</b>	<b>(157,231)</b>	<b>(24,900)</b>	<b>(7,509)</b>
<b>Allocation of net income for the period:</b>				
Net income for the period after taxation	-	-	-	-
Income already paid on units redeemed	-	-	-	-
<b>Accounting income available for distribution:</b>				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	-	-	-	-
<b>Earnings per unit</b>	14			

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 OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Six months period ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
<b>Net (loss) for the period after taxation</b>	(29,709)	(157,231)	(24,900)	(7,509)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) for the period</b>	<u>(29,709)</u>	<u>(157,231)</u>	<u>(24,900)</u>	<u>(7,509)</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, 2022**

	Six months period ended December 31, 2022			Six months period ended December 31, 2021		
	Capital value	Accumulated loss	Total	Capital value	Undistributed income	Total
	------(Rupees in '000)-----					
<b>Net assets at the beginning of the period</b>	1,919,624	(230,553)	1,689,071	2,177,116	157,772	2,334,888
Issuance of 5,179,341 units (2021: 6,693,858 units)						
- Capital value (at net asset value per unit at the beginning of the period)	333,512	-	333,512	520,669	-	520,669
- Element of loss	(3,222)	-	(3,222)	(11,487)	-	(11,487)
	330,290	-	330,290	509,182	-	509,182
Redemption of 7,686,097 units (2021: 5,754,341 units)						
- Capital value (at net asset value per unit at the beginning of the period)	494,929	-	494,929	447,591	-	447,591
- Element of loss / (income)	5,032	-	5,032	(15,598)	-	(15,598)
	499,961	-	499,961	431,993	-	431,993
Total comprehensive loss for the period	-	(29,709)	(29,709)	-	(157,231)	(157,231)
<b>Net assets at the end of the period</b>	<u>1,749,953</u>	<u>(260,262)</u>	<u>1,489,691</u>	<u>2,254,305</u>	<u>541</u>	<u>2,254,846</u>
<b>(Accumulated loss) / undistributed income brought forward comprising of:</b>						
- Realised (loss) / gain		(27,389)			14,771	
- Unrealised (loss) / gain		(203,164)			143,001	
		(230,553)			157,772	
Net (loss) for the period after taxation		(29,709)			(157,231)	
<b>(Accumulated loss) / undistributed income carried forward</b>		<u>(260,262)</u>			<u>541</u>	
<b>(Accumulated loss) / undistributed income carried forward comprising of:</b>						
- Realised (loss) / gain		(203,709)			134,448	
- Unrealised loss		(56,553)			(133,907)	
		(260,262)			541	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net asset value per unit at the beginning of the period	<u>64.3927</u>			<u>77.7831</u>		
Net asset value per unit at the end of the period	<u>62.7925</u>			<u>72.8369</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 CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	<u>Six Months Period Ended</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>----- (Rupees in '000) -----</b>
Net loss for the period before taxation		(29,709)      (157,231)
<b>Adjustments for:</b>		
Dividend income		(35,907)      (50,944)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1.2	56,553      133,907
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-      (18,922)
		<u>(9,063)      (93,190)</u>
<b>Decrease / (increase) in assets</b>		
Investments - net		94,849      (130,439)
Markup and other receivables		1,921      (499)
Advances, deposits and prepayments		(1)      (14)
Receivable against sale of investments		19,832      24,861
		<u>116,601      (106,091)</u>
<b>Increase in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		(1,360)      (1,590)
Payable to Central Depository Company of Pakistan Limited - Trustee		(22)      (8)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(272)      (255)
Payable against purchase of investments		19,564      4,598
Accrued and other liabilities		(693)      (2,566)
		<u>17,217      179</u>
Dividend received		35,907      51,170
<b>Net cash generated from / (used in) operating activities</b>		<u>160,662      (147,932)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units		330,290      509,182
Payments against redemption of units		(499,961)      (431,993)
<b>Net cash (used in) / generated from financing activities</b>		<u>(169,671)      77,189</u>
<b>Net decrease in cash and cash equivalents during the period</b>		<u>(9,009)      (70,743)</u>
Cash and cash equivalents at the beginning of the period		324,500      334,549
<b>Cash and cash equivalents at the end of the period</b>	13	<u>315,491      263,806</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 STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 14, 2005 under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC rules). The Fund are required to be registered under the "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on August 13, 2021 the Trust Deed of the fund had been registered under the Sindh Trust Act.
- 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 SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, 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 or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Shariah compliant Islamic Asset Allocation" scheme by the Board of Directors of the Asset Management Company in accordance with the requirements of Circular 7 of 2009 dated March 06, 2009 issued by SECP.
- 1.4 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2022 (2021: 'AM1' dated October 6, 2021) to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the 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 Regulations) 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 from with the requirements of 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.

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, 2022.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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, 2022.

### 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 used 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, 2022.

4.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of 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 judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2022.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. 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, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>5 BALANCES WITH BANKS</b>			
In current accounts		8,652	9,342
In saving accounts	5.1	306,839	315,158
	5.2	315,491	324,500
5.1	These carry profit at the rates ranging from 11.05% to 15.51% per annum (June 30, 2022: 6.55% to 15.51% per annum).		
5.2	These include balances held with related parties of Rs. 8.579 million (June 30, 2022: Rs. 9.161 million) with MCB Bank Limited and Rs. 200.889 million (June 30, 2022: Rs. 0.013 million) with MCB Islamic Bank Limited.		

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
<b>6 INVESTMENTS</b>			
6.1 <b>At fair value through profit or loss</b>			
Listed equity securities	6.1.1	1,219,111	1,370,513
		1,219,111	1,370,513

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

**6.1.1 Listed equity securities**

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

Name of investee company	Number of shares					Balance as at December 31, 2022			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2022	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised (diminution) / appreciation	Net assets of the fund		
									Total investments		
----- (Rupees in '000) ----- % -----											
<b>Automobile parts &amp; accessories</b>											
Agriauto Industries Limited **	56,400	-	14,025	44,600	25,825	2,768	2,216	(553)	0.15	0.18	0.07
Thal Limited **	53,000	3,400	-	3,400	53,000	14,159	10,243	(3,916)	0.69	0.84	0.07
						16,927	12,459	(4,469)	0.84	1.02	0.14
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited ***	900,000	490,000	-	1,390,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Cement</b>											
Kohat Cement Company Limited	229,400	-	-	147,400	82,000	10,671	12,111	1,440	0.81	0.99	0.04
Lucky Cement Limited	179,000	76,500	-	135,500	120,000	54,478	53,590	(888)	3.60	4.40	0.04
Maple Leaf Cement Factory Limited	1,975,000	827,000	-	1,302,000	1,500,000	38,271	33,855	(4,416)	2.27	2.78	0.14
Fauji Cement Company Limited (note 6.1.1.1)	5,857,500	1,220,000	681,250	2,563,500	5,195,250	65,252	62,447	(2,805)	4.19	5.12	0.21
D.G. Khan Cement Company Limited ***	328,265	225,000	-	553,265	-	-	-	-	-	-	-
Cherat Cement Company Limited	153,128	277,684	-	230,812	200,000	20,466	20,380	(86)	1.37	1.67	0.10
Gharibwal Cement Limited	659,000	5,000	-	-	664,000	12,958	10,617	(2,341)	0.71	0.87	0.17
Pioneer Cement Limited	193	-	-	193	-	-	-	-	-	-	-
						202,096	193,000	(9,096)	12.95	15.83	0.70
<b>Chemicals</b>											
Archroma Pakistan Limited	10,900	3,500	-	-	14,400	7,795	6,279	(1,516)	0.42	0.52	0.04
						7,795	6,279	(1,516)	0.42	0.52	0.04
<b>Commercial banks</b>											
BankIslami Pakistan Limited	3,300,000	1,230,000	-	1,600,000	2,930,000	36,386	39,145	2,759	2.63	3.21	0.26
Meezan Bank Limited (note 6.1.1.1)	1,360,000	246,000	125,000	256,000	1,475,000	152,271	146,821	(5,450)	9.86	12.04	0.08
Faysal Bank Limited	-	2,800,000	-	1,150,000	1,650,000	45,302	42,620	(2,682)	2.86	3.50	0.11
						233,959	228,586	(5,374)	15.35	18.75	0.45
<b>Engineering</b>											
Agha Steel Industries Limited	25	-	-	25	-	-	-	-	-	-	-
Aisha Steel Mills Limited ***	700,000	650,000	-	166,805	1,183,195	13,442	9,714	(3,728)	0.65	0.80	0.13
Mughal Iron & Steel Industries Limited	385,000	29,000	-	414,000	-	-	-	-	-	-	-
						13,442	9,714	(3,728)	0.65	0.80	0.13
<b>Fertilizer</b>											
Engro Fertilizers Limited	700,000	110,843	-	360,443	450,400	39,199	34,631	(4,568)	2.32	2.84	0.03
Engro Corporation Limited	293,612	271,388	-	50,000	515,000	134,450	134,935	485	9.06	11.07	0.09
Fauji Fertilizer Bin Qasim Limited	595,000	110,000	-	705,000	-	-	-	-	-	-	-
						173,649	169,566	(4,083)	9.06	11.07	0.12
<b>Food &amp; Personal Care Products</b>											
At-Tahur Limited	407,500	110,000	40,000	117,500	440,000	7,846	7,520	(326)	0.50	0.62	0.20
The Organic Meat Company Limited	1,026,600	323,500	68,406	420,000	998,506	20,369	20,629	260	1.38	1.69	0.74
						28,215	28,149	(66)	1.88	2.31	0.94
<b>Glass &amp; Ceramics</b>											
Shabbir Tiles & Ceramics Limited **	435,000	115,000	-	-	550,000	8,050	4,730	(3,320)	0.32	0.39	0.23
Tariq Glass Industries Limited	151,588	-	-	151,588	-	-	-	-	-	-	-
						8,050	4,730	(3,320)	0.32	0.39	0.23
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	182,100	8,000	-	11,900	178,200	31,334	19,085	(12,249)	1.28	1.57	0.28
Synthetic Products Enterprises Limited	402	-	-	402	-	-	-	-	-	-	-
						31,334	19,085	(12,249)	1.28	1.57	0.28
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited	83,709	8,500	-	26,709	65,500	112,896	101,325	(11,571)	6.80	8.31	0.05
Oil & Gas Development Company Limited	700,000	564,018	-	514,018	750,000	59,064	59,745	681	4.01	4.90	0.02
Pakistan Oilfields Limited	37,000	98,450	-	5,450	130,000	51,475	51,071	(404)	3.43	4.19	0.05
Pakistan Petroleum Limited	826,821	814,863	-	586,684	1,055,000	68,996	71,888	2,892	4.83	5.90	0.04
						292,431	284,029	(8,402)	19.07	23.30	0.16
<b>Balance carried forward</b>						1,007,898	955,597	(52,302)			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

Name of investee company	Number of shares					Balance as at December 31, 2022			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2022	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised (diminution) / appreciation	Net assets of the fund	Total investments	
<b>Balance brought forward</b>						1,007,898	955,597	(52,302)			
<b>Oil And Gas Marketing Companies</b>											
Attock Petroleum Limited	-	3,048	-	3,048	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	80,590	-	-	80,590	-	-	-	-	-	-	-
<b>Paper and board</b>											
Century Paper & Board Mills Limited	596	-	59	655	-	-	-	-	-	-	-
Packages Limited	40,244	-	-	3,000	37,244	14,855	13,786	(1,069)	0.93	1.13	0.04
<b>Pharmaceuticals</b>											
AGP Limited	81,861	75,509	-	45,926	111,444	9,276	7,243	(2,033)	0.49	0.59	0.04
Citi Pharma Limited	700,000	263,000	-	188,000	775,000	23,837	18,716	(5,121)	1.26	1.54	0.34
GlaxoSmithKline Consumer Healthcare Pakistan Limited	104,500	-	-	38,400	66,100	15,754	10,834	(4,920)	0.73	0.89	0.06
Highnoon Laboratories Limited	10,015	-	-	10,015	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	60,000	9,300	-	69,300	14,941	9,532	(5,409)	0.64	0.78	0.17
<b>Power Generation &amp; Distribution</b>											
The Hub Power Company Limited	550,000	489,500	-	539,500	500,000	33,390	31,540	(1,850)	2.12	2.59	0.04
<b>Refinery</b>											
Attock Refinery Limited	170,000	116,000	-	286,000	-	-	-	-	-	-	-
<b>Technology &amp; Communication</b>											
Air Link Communication Limited	300,000	-	-	300,000	-	-	-	-	-	-	-
Avanceon Limited	-	185,000	-	185,000	-	-	-	-	-	-	-
Octopus Digital Limited	-	263,000	-	73,000	190,000	13,359	10,764	(2,595)	0.72	0.88	0.14
Systems Limited	95,000	149,000	-	39,500	204,500	77,616	98,963	21,348	6.64	8.12	0.07
<b>Textile Composite</b>											
Interloop Limited	228,450	629,250	22,840	191,451	689,089	40,607	39,037	(1,570)	2.62	3.20	0.07
Kohinoor Textile Mills Limited	479,150	20,000	-	98,500	400,650	20,079	18,931	(1,148)	1.27	1.55	1.32
Nishat (Chunian) Limited ***	1,005,000	636,420	-	1,441,420	200,000	4,052	4,168	117	0.28	0.34	0.08
Nishat Mills Limited ***	400,000	50,000	-	450,000	-	-	-	-	-	-	-
<b>Total as at December 31, 2022</b>						<u>1,275,664</u>	<u>1,219,111</u>	<u>(56,553)</u>			
<b>Total as at June 30, 2022</b>						<u>1,573,677</u>	<u>1,370,513</u>	<u>(203,164)</u>			

\* Nil figures due to rounding off

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

\*\*\* These represent transactions in shares of related parties

**6.1.1.1** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan (SECP).

Name of security	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022
	--- (Number of shares) ---		----- (Rupees in '000) -----	
Meezan Bank Limited	500,000	500,000	49,770	56,490
Fauji Cement Company Limited	2,000,000	2,000,000	24,040	28,340
	<u>2,500,000</u>	<u>2,500,000</u>	<u>73,810</u>	<u>84,830</u>

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

**6.1.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh had issued notices to the relevant parties and had ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the Management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.038 million (June 30, 2022: Rs. 0.057 million).

<b>6.1.2 Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>	<b>Note</b>	<b>December 31, 2022 (Un-audited) ------(Rupees in '000)-----</b>	<b>June 30, 2022 (Audited)</b>
Market value of investments	6.1.1	1,219,111	1,370,513
Less: Carrying value of investments	6.1.1	1,275,664	1,573,677
		(56,553)	(203,164)

### **7 PAYABLE TO MCB - ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY**

Management remuneration payable	7.1	3,976	4,680
Sindh Sales Tax payable on remuneration of the Management Company	7.2	517	609
Allocated expenses payable	7.3	120	141
Sales load payable (including indirect taxes)		2	76
Back end load payable		38	507
Shariah advisory fee payable		60	60
		4,713	6,073

**7.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. The Management Company has charged its remuneration at the rate of 3.3% per annum (June 30, 2022: 3.3% per annum) of the average daily net assets of the Fund during the year.

**7.2** Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2022: 13%).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

- 7.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

**8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

- 8.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on average daily net asset value of the Fund. The tariff structure applicable to the Fund in respect of trustee fee is as follows:

Tariff applicable in prior year	
Net Assets (Rs.)	Fee
- Up to Rs.1,000 million	0.20% per annum of net assets
- Amount exceeding Rs.1,000 million	Rs. 2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

**9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2022: 0.02%) of the daily net assets of the Fund.

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
----- (Rupees in '000) -----			
<b>10 ACCRUED AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty payable on:			
- Remuneration of the Management Company	10.1	5,910	5,910
- Sales load	10.1	1,136	1,136
Charity / donation payable		1,268	2,940
Auditors' remuneration payable		304	303
Withholding tax payable		1	4
Brokerage payable		1,176	762
Other payables		1,658	1,091
		11,453	12,146

- 10.1** 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 and sales load were 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.

With effect from July 1, 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.

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.

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 1, 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 7.046 million (June 30, 2022: Rs 7.046 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the SCP. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2022 would have been higher by Re 0.29 per unit (June 30, 2022: Re 0.27 per unit).

**11 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

**12 TAXATION**

The income of the Fund is exempt from income tax under 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 as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements during the period.

	(Un-Audited)	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
<b>13 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	315,491	263,806

**14 EARNINGS PER UNIT**

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the management the determination of the same is not practicable.

**15 TOTAL EXPENSE RATIO**

The annualised total expense ratio (TER) of the Fund based on the current period results is 4.72% (December 31, 2021: 4.66%) which includes 0.47% (December 31, 2021: 0.45%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2021: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an " Shariah Complaint Islamic Asset Allocation" scheme.

**16 TRANSACTIONS AND BALANCES OUTSTANDING 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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Details of transactions and balances with related parties / connected persons during the period are as follows:

**16.1 Details of transactions with connected persons are as follows:**

	(Un-Audited)	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company and related taxes	29,295	43,524
Allocated expenses	786	1,167
Shariah advisory fee	360	363
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee and related taxes	1,456	1,888
Settlement charges	51	125

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
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	(Un-Audited)	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
<b>Group / Associated Companies:</b>		
<b>MCB Bank Limited</b>		
Bank charges	6	12
<b>Arif Habib Limited</b>		
Brokerage expense *	133	145
<b>Nishat Mills Limited</b>		
Purchase of 50,000 (December 31, 2021: 106,100) shares	3,475	8,481
Sale of 450,000 (December 31, 2021: 106,100) shares	31,443	8,349
<b>D.G. Khan Cement Company Limited</b>		
Purchase of shares 225,000 (December 31, 2021: 345,000) shares	13,925	30,238
Sale of shares 553,265 (December 31, 2021: 210,000) shares	30,335	22,047
Dividend Income	380	250
<b>Aisha Steel Mills Limited</b>		
Purchase of 650,000 (December 31, 2021: 1,534,000) shares	7,602	24,575
Sale of 166,805 (December 31, 2021: 391,000) shares	1,393	7,053
<b>Nishat Chunian Limited</b>		
Purchase of 636,420 (December 31, 2021: 225,000) shares	20,905	9,480
Sale of 1,441,420 (December 31, 2021: Nil) shares	59,436	-
Dividend Income	1,746	-
<b>Pak Elektron Limited</b>		
Purchase of 490,000 (December 31, 2021: 782,500) shares	8,246	19,918
Sale of 1,390,000 (December 31, 2021: 325,000) shares	22,534	9,795

\* 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.

16.2 Balances outstanding at period / year end:	(Un-Audited)	Audited
	December 31, 2022	June 30, 2022
	----- (Rupees in '000) -----	
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	3,976	4,680
Sindh sales tax payable on remuneration of the management company	517	609
Allocated expenses payable	120	141
Sales load payable	-	68
Sales tax payable on sales load	2	9
Back end load payable	38	507
Shariah advisory fee payable	60	60
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	206	224
Sindh sales tax payable on Trustee remuneration	25	29
Security deposit payable	200	200
<b>Group / Associated Companies:</b>		
<b>MCB Bank Limited</b>		
Balance with bank	8,579	9,161
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage and settlement charges payable *	66	16
<b>MCB Islamic Bank Limited</b>		
Balance with bank	200,889	13

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
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	(Un-Audited) December 31, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
<b>D.G. Khan Cement Company Limited</b>		
Nil (2022: 328,265) shares held	-	20,517
<b>Nishat Chunian Limited</b>		
200,000 (2022: 1,005,000) shares held	4,168	45,014
<b>Nishat Mills Limited</b>		
Nil (2022: 400,000) shares held	-	29,564
<b>Aisha Steel Mills Limited</b>		
1,183,195 (2022: 700,000) shares held	9,714	7,735

\* 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.

**16.3 Transactions during the period with connected persons / related parties in units of the Fund:**

	December 31, 2022 (Un-audited)							
	As at July 01, 2022	Issued for cash	Redeemed	As at December 31, 2022	As at July 01, 2022	Issued for cash	Redeemed	As at December 31, 2022
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / Associated Companies</b>								
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	112,524	-	-	112,524	7,246	-	-	7,066
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	580,377	1,562,083	-	2,142,460	37,372	100,000	-	134,530
Adamjee Life Assurance Company Limited - Amaanat Fund	463,331	850,929	15,924	1,298,336	29,835	52,591	1,000	81,526
Adamjee Life Assurance Company Limited - (MAZAAF)	1,932,537	1,952,603	-	3,885,140	124,441	125,000	-	243,958
Hyundai Nishat Motor Private Limited Employees Provident Fund	167,136	46,180	57,046	156,270	10,762	2,900	3,700	9,813
<b>Key management personnel*</b>	17,324	464	1,048	16,740	1,116	30	68	1,051
<b>Mandate under Discretionary Portfolio Services *</b>	742,386	164,323	476,308	430,401	47,804	10,850	30,851	27,026

\* This reflects the position of related parties / connected persons status as at December 31, 2022.

	December 31, 2021 (Un-audited)							
	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / Associated Companies</b>								
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	112,524	-	-	112,524	8,752	-	-	8,196
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	580,377	-	-	580,377	45,144	-	-	42,273
Adamjee Life Assurance Company Limited - Amaanat Fund	290,429	275,872	102,970	463,331	22,590	20,000	7,500	33,748
Adamjee Life Assurance Company Limited - (MAZAAF)	1,932,536	-	-	1,932,536	150,319	-	-	140,760
<b>Key management personnel*</b>	19,469	9,135	77	28,527	1,514	701	6	2,078
<b>Mandate under Discretionary Portfolio Services *</b>	561,520	415,706	146,585	830,641	43,677	31,700	11,050	60,501

\* This reflects the position of related parties / connected persons status as at December 31, 2021.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

## 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. Consequently, differences can arise between carrying values and the fair value estimates.

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); and
- Level 3 : inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

The Fund held the following financial instruments measured at fair values:

----- Unaudited -----			
December 31, 2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			
<b>Financial assets 'at fair value through profit or loss'</b>			
Listed equity securities	1,219,111	-	1,219,111
----- Audited -----			
June 30, 2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			
<b>Financial assets 'at fair value through profit or loss'</b>			
Listed equity securities	1,370,513	-	1,370,513

## 18 GENERAL

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

## 19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 03, 2023 by the Board of Directors of the Management Company.

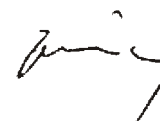
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

**Head Office:** 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

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