



MCB FUNDS
Investments for Life

QUARTERLY REPORT

SEPTEMBER
2023
(UNAUDITED)

Funds Under Management of
MCB INVESTMENT MANAGEMENT LIMITED
(Formerly: MCB-Arif Habib Savings and Investments Limited)



ALHAMRA ISLAMIC INCOME FUND

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Manzar Mushtaq Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem	Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited	Bank Islamic Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Limited Soneri Bank Limited Silk Bank Limited Al Baraka Bank Pakistan Limited The Bank of Khyber
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Rating	AM1 Asset Manager Rating assigned by PACRA	
Transfer Agent	MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Income Fund** accounts review for the quarter ended September 30, 2023.

Economy and Money Market Review

The new fiscal year started on a positive note as the government secured a much needed Stand-by Arrangement (SBA) facility of USD 3bn from the IMF, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows of USD 3bn from Saudi Arabia and UAE and timely rollover from China. These led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook.

Macroeconomic concerns resurfaced in Aug-23 when there was change of political guard as the new interim government came into power. An immediate effort of new finance team to clear pending import payments turned by the speculators to give a notion of weakening external account putting significant pressure on the currency. The rupee weakened to PKR 307 against the greenback in interbank while the open market rate hovered around PKR 330. The interim setup albeit with some delay took decisive steps against smuggling of dollar and abuse of Afghan Transit which led a sharp recovery in exchange rate and elimination of the difference between open market and interbank rates. A sustained action and elimination of smuggling of goods and currency bodes well for the economy.

The country posted a current account deficit (CAD) of USD 0.9bn in the first two months of the fiscal year 2024 (2MFY24) declining by 54% YoY compared to a deficit of USD 2.0bn in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 8.3% decrease in exports coupled with a 26.0% drop in imports led to a 39.5% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 7.6bn as of Sep-23 end compared to USD 4.5bn at the end of last fiscal year. This was on account of flows from IMF and friendly countries.

Headline inflation represented by CPI averaged 29.0% during 1QFY24 compared to 25.1% in the corresponding period last year. Inflation remained on the higher side as currency depreciation led to higher food and energy prices. The government increased electricity base tariff to comply with IMF conditions which led to further inflationary pressure. SBP mainlined status quo in monetary policy held in Sep-23 as it noted that inflation is projected to remain on the downwards trajectory and real interest rates continue to remain in positive territory on a forward-looking basis.

The country's GDP growth recorded at 0.29% in FY23 with Agricultural and Services sector increasing by 1.6% and 0.9%, respectively, while industrial sector witnessed a drop of 2.9%. Historic high interest rates coupled with import restrictions were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 24.1% in 1QFY24 to PKR 2,041bn compared to PKR 1,644bn in the same period last year, outpacing the target by PKR 63bn.

The Secondary markets yields initially increased in the period preceding Sep-23 monetary policy as there was a general market consensus that interest rates will be increased by 100-200bps in the MPS. The 3 month yields increased from 22.7% to a high of 23.8% while 3 Year Bond yields rose from 19.5% to a peak of 21.2%. After SBP maintained status quo in the MPS and dollar started reversing, the yields also receded.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

The 3-month T-Bill Yield declined to 22.5% while 3 Year PIB decreased to 19.1% as of Sep 23.

Fund Performance

During the period under review, the fund generated an annualized return of 18.93% as against its benchmark return of 7.60%.

The allocation of fund was towards Cash and Sukuk with the exposures standing at 34.3% and 24.2% respectively.

The Net Assets of the Fund as at September 30, 2023 stood at Rs. 3,675 million as compared to Rs. 4,275 million as at June 30, 2023 registering a decrease of 14.035%.

The Net Asset Value (NAV) per unit as at September 30, 2023 was Rs. 107.9026 as compared to opening NAV of Rs. 102.9884 per unit as at June 30, 2023 registering an increase of Rs. 4.9142 per unit.

Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 4.1% in FY24 after a dismal performance last year. The industrial and services sector is expected to show growth as import restriction has been removed which will help to normalize trade activities. Agriculture growth is likely to remain on the higher side due to base effect as the heavy floods last year affected agriculture output. The arrivals of crops have been encouraging with cotton arrival increasing by 72% YoY to 5.0mn bales in the quarter.

The successful resumption of IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. We expect SBP reserves to increase to USD 10.5bn on the back of flows from friendly countries, IMF and multilateral agencies. 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 this year to stave off external concerns. We expect a CAD of USD 3.1bn (0.9% of GDP) in FY24 as policy of consolidation is likely to continue under the IMF umbrella.

The rupee has recovered from its recent low due to the administrative measures by the government to curb dollar smuggling and hoarding. However, the sustainability of this recovery will depend on recovery in export and remittances flow. In addition, the flows from bilateral and multilateral sources and reserve building will be vital for external outlook. We expect USD/PKR to close the fiscal year on 311.7 on an ending REER of 95.

We expect Average FY24 inflation to ease to 24.1% compared to 29.0% in FY23 as the base effect will come into play. Inflation readings have peaked and inflation is expected to follow a downward trajectory with headline number falling sharply in 2HFY24. This coupled with the buildup of forex reserves during the period will allow the monetary easing cycle to start in the second half of the year. We expect a cumulative easing of around 4.0% till Jun-24, however, its pace and timing would be determined by trend in FX reserves.

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 7.6%, a discount of 61% from its historical average of 19.5%. Similarly, Earning Yield minus Risk Free Rate is close to 5.6%, compared to the historical average of 2.7% signifying a deep discount at which the

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.6x, while offering a dividend yield of 12.2%.

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 14.7% during 1QFY24 to PKR 1,793bn. Total money market funds grew by about 15.8% since Jun-23. Within the money market sphere, conventional funds showed a growth of 17.0% to PKR 553bn while Islamic funds increased by 14.4% to PKR 491bn. In addition, the total fixed Income funds increased by about 23.0% since Jun-23 to PKR 454bn while Equity and related funds increased by 1.7% to PKR 170bn.

In terms of the segment share, Money Market funds were the leader with a share of around 58.2%, followed by Income funds with 25.3% and Equity and Equity related funds having a share of 8.5% as at the end of Sep-23.

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, external concerns have eased post agreement with IMF 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.

Acknowledgment

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
October 18, 2023



Manzar Mushtaq
Director
October 18, 2023

ڈائریکٹرز رپورٹ

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا اُن کی مسلسل معاونت اور حمایت کے لیے شکرگزار ہے۔ علاوہ ازیں، ڈائریکٹرز انتظامی ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

Maszar Mushtaq

منظر مشتاق
ڈائریکٹر

من جانب ڈائریکٹرز،

M. Saad

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
18 اکتوبر 2023ء

ڈائریکٹرز رپورٹ

تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 12.2 فیصد پر ہے۔

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 net اثاثہ جات مالی سال 2024ء کی پہلی سہ ماہی کے دوران تقریباً 14.7 فیصد بڑھ کر 1,793 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2023ء سے اب تک تقریباً 15.8 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 17.0 فیصد بڑھ کر 553 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 14.4 فیصد بڑھ کر 491 بلین روپے ہو گئے۔ مزید برآں، فیکسڈ انکم کے مجموعی فنڈز جون 2023ء سے اب تک تقریباً 23.0 فیصد بڑھ کر 454 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 1.7 فیصد بڑھ کر 170 بلین روپے ہو گئے۔ شعبہ جاتی شراکت کے اعتبار سے ستمبر 2023ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 58.2 فیصد کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز 25.3 فیصد کے ساتھ تھے، اور تیسرے نمبر پر ایکویٹی اور متعلقہ فنڈز 8.5 فیصد کے ساتھ تھے۔

میوچل فنڈ صنعت کی 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 آئی ایم ایف معاہدے کے بعد خارجی خدشات کم ہو گئے ہیں اور طویل المیعاد سرمایہ کاران بے حد پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگا سکتے ہیں۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

ڈائریکٹرز رپورٹ

زراعت کے شعبے کی ترقی متوقع طور پر *base* کے اثر کی بدولت بلند سطح پر ہوگی کیونکہ گزشتہ سال سیلابوں کے باعث بڑے پیمانے پر زرعی پیداوار متاثر ہوئی تھی۔ فصلوں کی پیداوار حوصلہ افزا رہی، مثلاً کپاس دوران سہ ماہی 72 فیصد YoY (سال در سال) بڑھ کر 5.0 ملین گانٹھیں ہو گئی۔

آئی ایم ایف پروگرام کی کامیابی بحالی اہم ترین پیش رفت ہے کیونکہ اس سے پاکستان کو باہمی اور کثیرالجہتی ذرائع سے رقم کے حصول میں مدد ملے گی۔ دوستانہ ممالک، آئی ایم ایف اور کثیرالجہتی ایجنسیوں سے آمدات کی بدولت اسٹیٹ بینک آف پاکستان کے ذخائر متوقع طور پر بڑھ کر 10.5 بلین ڈالر ہو جائیں گے۔ تاہم ہماری خارجی صورتحال تاحال بے یقینی کا شکار ہے کیونکہ ہم مشکل عالمی حالات کے باعث بین الاقوامی یورو بانڈ اور سٹاک کا اجراء ممکن نظر نہیں آ رہا۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) اور RDA سے ہونے والی آمدنی بھی موجودہ معاشی مسائل کے باعث ممکنہ طور پر تعطل کا شکار رہیں گی۔ چنانچہ ہمیں سال رواں میں ایک قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی مسائل کا خطرہ ٹل سکے۔ مالی سال 2024ء میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) متوقع طور پر 3.1 بلین ڈالر (جی ڈی پی کا 0.9 فیصد) ہوگا کیونکہ آئی ایم ایف کی چھتری تلے استحکام کے حصول کی پالیسی ممکنہ طور پر جاری رہے گی۔

ڈالر کی اسمگلنگ اور ذخیرہ اندوزی کی روک تھام کے حکومتی اقدامات کی بدولت روپے کی قدر اپنی حالیہ پستی سے بحال ہوئی ہے۔ تاہم اس بحالی کی قابلیت بقاء کا انحصار برآمدات اور ترسیلات کے بہاؤ کی بحالی پر ہے۔ مزید برآں، خارجی منظر نامے کے لیے باہمی اور کثیرالجہتی ذرائع سے آمدات اور ذخائر میں اضافہ اہمیت کے حامل ہیں۔ ڈالر روپیہ مالی سال کے اختتام پر 311.7 ہوگا اور اختتامی REER 95 ہوگی۔

مالی سال 2024ء کی اوسط مہنگائی متوقع طور پر مالی سال 2023ء کی سطح 29.0 فیصد سے کم ہو کر 24.1 فیصد ہو جائے گی کیونکہ *base* کا اثر اپنا کردار ادا کرے گا۔ مہنگائی کی سطحیں عروج پر پہنچ گئی ہیں اور اس میں بتدریج کمی متوقع ہے، اور ہیڈ لائن عدد مالی سال 2024ء کی دوسری سہ ماہی میں تیزی سے گرے گا۔ اس کے ساتھ ساتھ دوران مدت زرمبادلہ کے ذخائر میں اضافے کی بدولت سال کے نصف آخر میں مالیاتی تسہیل کی گردش شروع ہو سکتی ہے۔ جون 2024ء تک مجموعی طور پر تقریباً 4.0 فیصد مجموعی متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زرمبادلہ کے ذخائر کے رجحان پر ہوگا۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی *valuations* پر کاروبار ہو رہا ہے۔ مارکیٹ *cap* کا جی ڈی پی کے ساتھ تناسب کم ہو کر 7.6 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.7 فیصد سے 61 فیصد کی ہے۔ اسی طرح Earning Yield مائنس محفوظ شرح تقریباً 5.6 فیصد کے قریب ہے، اور جو کہ 2.7 فیصد کی تاریخی اوسط سے موازنہ کرنے پر پتہ چلتا ہے کہ مارکیٹ میں بھرپور رعایت پر تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد کار آمد بنانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.6x PER پر

ڈائریکٹرز رپورٹ

میں جو جمود کو بنیادی طور پر برقرار رکھا کیونکہ افراد ذریعہ شرح نیچے کی طرف رہنے کا امکان ہے اور سود کی حقیقی شرحیں ترقی پسندانہ بنیاد پر بدستور مثبت زمرے میں برقرار ہیں۔

مجموعی ملکی پیداوار (GDP) میں مالی سال 2023ء میں 0.29 فیصد ترقی ہوئی۔ اس ضمن میں زراعت اور خدمات کے شعبوں میں بالترتیب 1.6 فیصد اور 0.9 فیصد اضافہ ہوا جبکہ صنعتی شعبے میں 2.9 فیصد گراؤٹ ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ درآمداتی پابندیاں صنعتی پیداوار میں کمی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں دیکھا جائے تو ایف بی آر ٹیکس وصولی مالی سال 2024ء کی پہلی سہ ماہی میں 24.1 فیصد بڑھ کر 2,041 بلین روپے ہو گئی، بالمقابل گزشتہ سال مماثل مدت میں 1,644 بلین روپے کے، چنانچہ ہدف سے 63 بلین روپے زیادہ ٹیکس وصولی ہوئی۔

ثانوی مارکیٹوں کی پیداوار میں ستمبر 2023ء کی مانیٹری پالیسی سے قبل مدت میں ابتدائی طور پر اضافہ ہوا کیونکہ مارکیٹ میں اس بات پر اتفاق تھا کہ MPS میں سود کی شرحوں میں 100 سے 200 بی پی ایس اضافہ ہوگا۔ تین ماہانہ منافع جات 22.7 فیصد سے بڑھ کر 23.8 فیصد ہو گئے جبکہ تین سالہ بانڈز کے منافع جات 19.5 فیصد سے بڑھ کر 21.2 فیصد ہو گئے۔ ایس بی پی کی جانب سے MPS میں جمود کو برقرار رکھنے اور ڈالر کی قدر میں کمی کے بعد منافع جات میں بھی کمی ہونا شروع ہو گئی۔ تین ماہانہ ٹی بیل کے منافع جات ستمبر 2023ء کے اختتام پر کم ہو کر 22.5 فیصد ہو گئے جبکہ تین سالہ پی آئی بی کم ہو کر 19.1 فیصد ہو گئے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 18.93 فیصد تھا، بالمقابل اس کے بیخ مارک منافع 7.60 فیصد کے۔

فنڈ کی سرمایہ کاری نقد اور سلگ میں بالترتیب 34.3 فیصد اور 24.2 فیصد تھی۔

30 ستمبر 2023ء کو فنڈ کے net اثاثہ جات 3,675 ملین روپے تھے، جبکہ 30 جون 2023ء کو 4,275 ملین روپے تھے، یعنی 14.035 فیصد کمی ہوئی۔

30 ستمبر 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 107.9026 روپے تھی، جبکہ 30 جون 2023ء کو ابتدائی این اے وی 102.9884 روپے فی یونٹ تھی، یعنی 4.9142 روپے فی یونٹ اضافہ ہوا۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) میں گزشتہ سال مایوس کن کارکردگی کے بعد مالی سال 2024ء میں 4.1 فیصد بہتری متوقع ہے۔ صنعت اور خدمات کے شعبے میں ترقی متوقع ہے کیونکہ درآمدات پر عائد پابندی ختم کر دی گئی ہے جس کی بدولت کاروباری سرگرمیاں بحال ہوں گی۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک انکم فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی اکتوبر 2023ء پیش خدمت ہے۔

معیشت اور بازارز کا جائزہ

نیامالی سال مثبت انداز میں شروع ہوا کیونکہ حکومت نے آئی ایم ایف سے بے حد مطلوبہ 3 بلین ڈالر کا اسٹینڈ بائے اگریمنٹ (ایس بی اے) کر لیا، جس میں سے 1.2 بلین ڈالر فوری طور پر جاری کر دیئے گئے۔ اس کے بعد سعودی عرب اور متحدہ عرب امارات سے 3 بلین ڈالر کی مزید آمد، اور چین کی طرف سے بروقت رول اوور کی فراہمی عمل میں آئی۔ اس کے نتیجے میں خارجی منظر نامے میں خوش آئند پیش رفت کی بدولت Fitch کی جاری کردہ پاکستان کی خود مختار درجہ بندی -CCC سے بہتر ہو کر CCC ہو گئی۔

مجموعی معاشی مسائل اگست 2023ء میں دوبارہ ابھرنے لگے جب سیاسی منظر نامہ تبدیل ہوا اور نگران حکومت آئی۔ درآمدات کے واجبات کی ادائیگی کے لیے نئی مالیاتی ٹیم کی فوری کوشش کو خارجی اکاؤنٹ کی صورتحال میں کمزوری کے طور پر قیاس کیا گیا جس سے روپے پر قابض ڈالر دباؤ پڑا۔ انٹرنیٹ میں ڈالر کے مقابلے میں روپے کی قدر میں 307 روپے کی کمی ہوئی جبکہ اوپن مارکیٹ کی شرح تقریباً 330 روپے کے آس پاس رہی۔ نگران حکومت نے، اگرچہ کچھ تاخیر کے ساتھ، ڈالر کی اسمگلنگ اور افغان ٹرانزٹ کے ناجائز استعمال کے حوالے سے فیصلہ گن اقدام کیے جس کے نتیجے میں زرمبادلہ کی شرح تیزی سے بحال ہوئی اور اوپن مارکیٹ اور انٹرنیٹ کی شرحوں میں فرق ختم ہوا۔ باقاعدہ بنیادوں پر کارروائی اور اشیاء اور روپے کی اسمگلنگ کی روک تھام ملک کے حالات میں بہتری کی نوید ہیں۔

ملک کا کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2024ء کے پہلے دو ماہ میں 0.9 بلین ڈالر تھا، جبکہ گزشتہ سال مماثل مدت میں 2.0 بلین ڈالر تھا، یعنی 54 فیصد سال در سال (YoY) کمی ہوئی۔ تجارتی خسارے کا کم ہونا CAD کو بہتر بنانے میں اہم کردار ادا کر رہا ہے۔ برآمدات میں 8.3 فیصد کمی اور درآمدات میں 26.0 فیصد کمی کی بدولت کاروباری خسارے میں 39.5 فیصد کمی ہوئی۔

ملک کی خارجی صورتحال میں بہتری آئی کیونکہ اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر گزشتہ مالی سال کے اختتام پر 4.5 بلین ڈالر کے مقابلے میں بڑھ کر ستمبر 2023ء کے اختتام تک 7.6 بلین ڈالر ہو چکے تھے۔ اس کی وجہ آئی ایم ایف اور دوستانہ ممالک کی طرف سے مالیاتی آمدات تھی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفین کی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2024ء کی پہلی سہ ماہی کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 25.1 فیصد تھا۔ اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی، گیس اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے عوامل رہے۔ حکومت نے آئی ایم ایف کی شرائط پوری کرنے کے لیے بجلی کی بنیادی قیمت میں اضافہ کیا جس کے نتیجے میں مہنگائی کے دباؤ میں مزید اضافہ ہوا۔ ایس بی پی نے ستمبر 2023ء کی مانیٹری پالیسی

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2023**

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
Note	----- (Rupees in '000) -----	
ASSETS		
Balance with banks	4	1,284,358
Investments	5	2,012,816
Advance against IPO		281,250
Markup receivable		141,238
Advances, deposits and other receivables		23,772
Total assets		3,743,434
LIABILITIES		
Payable to the Management Company	6	9,509
Payable to the Central Depository Company of Pakistan Limited - Trustee		257
Payable to the Securities and Exchange Commission of Pakistan	7	227
Dividend Payable		10
Accrued expenses and other liabilities	8	58,084
Total liabilities		68,087
NET ASSETS		3,675,347
Unit holders' fund (as per statement attached)		3,675,347
Contingencies and commitments	9.	
		(Number of units)
Number of units in issue		34,061,696
		(Rupees)
NET ASSET VALUE PER UNIT		107.9026

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

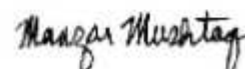
For MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	September 30 2023	September 30 2022
Note	----- (Rupees in '000) -----	
INCOME		
Income from government securities	48,415	32,312
(Loss)/ gain on sale of investments - net	(481)	561
Income from term finance certificates	79,414	90,083
Profit on bank deposits	61,073	62,139
Income on term deposit receipt	12,440	8,754
Income on commercial paper	-	2,134
Income on nccpl deposit against exposure margin	53	-
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	(1,488)	(8,194)
Total income	199,425	187,790
EXPENSES		
Remuneration of the Management Company	6,770	8,596
Sindh Sales Tax on remuneration of the Management Company	880	1,118
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	738	1,014
Sindh Sales Tax on remuneration of Trustee	96	132
Securities and Exchange Commission of Pakistan - annual fee	738	270
Allocated expense	1,309	1,351
Marketing And Selling Expense	5,673	-
Brokerage expenses	75	10
Settlement and bank charges	182	134
Fees and subscriptions	200	130
Legal and professional charges	79	67
Shariah advisory fee	151	181
Auditors' remuneration	191	169
Printing and related costs	25	31
Total expenses	17,107	13,202
	182,318	174,588
Net income for the period before taxation	182,318	174,588
Taxation	10. -	-
Net income for the period	182,318	174,588
Allocation of net income for the period:		
Net income for the period	182,318	174,588
Income already paid on units redeemed	(20,293)	(38,591)
	162,025	135,997
Accounting income available for distribution		
- Relating to capital gains	-	-
- Excluding capital gains	162,025	135,997
	162,025	135,997
Earnings per unit	11.	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

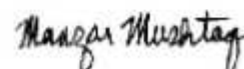
For MCB Investment Management Limited
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	September 30	
	2023	2022
	----- (Rupees in '000) -----	
Net income for the period after taxation	182,318	174,588
Other comprehensive income for the period	-	-
Total comprehensive income for the period	182,318	174,588

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

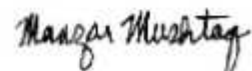
For MCB Investment Management Limited
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	September 30					
	2023			2022		
	(Rupees in '000)					
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	
Net assets at beginning of the period	4,226,347	48,778	4,275,125	4,747,853	35,522	4,783,375
Issue of 5,381,698 units (2022: 58,306,365 units)						
- Capital value (at net asset value per unit at the beginning of the period)	554,252	-	554,252	5,956,782	-	5,956,782
- Element of income	10,763	-	10,763	124,794	-	124,794
Total proceeds on issuance of units	565,015	-	565,015	6,081,576	-	6,081,576
Redemption of 12,830,755 units (2022: 43,328,917 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,321,419)	-	(1,321,419)	(4,426,634)	-	(4,426,634)
- Element of Income	(5,399)	(20,293)	(25,692)	(53,926)	(38,591)	(92,517)
Total payments on redemption of units	(1,326,818)	(20,293)	(1,347,111)	(4,480,560)	(38,591)	(4,519,151)
Total comprehensive income for the period	-	182,318	182,318	-	174,588	174,588
Net income for the period less distribution	-	182,318	182,318	-	174,588	174,588
Net assets at end of the period	3,464,544	210,803	3,675,347	6,348,870	171,518	6,520,389
Undistributed income brought forward						
- Realised		64,760			37,763	
- Unrealised		(15,982)			(2,241)	
		48,778			35,522	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		162,025			135,997	
		162,025			135,997	
Undistributed income carried forward		210,803			171,518	
Undistributed income carried forward						
- Realised		212,291			179,712	
- Unrealised		(1,488)			(8,194)	
		210,803			171,518	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		102.9884			102.1635	
Net assets value per unit at end of the period		107.9026			105.5110	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

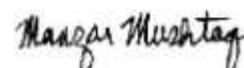
For MCB Investment Management Limited
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	September 30,	
	2023	2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	182,318	174,588
Adjustments for non cash and other items:		
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	1,488	8,194
	183,806	182,782
(Increase) / Decrease in assets		
Investments	164,438	(89,444)
Profit receivable	24,665	(99,506)
Advance against IPO	115,750	-
Advances, deposit and prepayments	(3,202)	9,228
	301,651	(179,723)
Increase / (Decrease) in liabilities		
Payable to the Management Company	3,319	(1,217)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(41)	(30)
Payable to the Securities and Exchange Commission of Pakistan	(944)	(1,236)
Payable against purchase of investments	-	(741,576)
Dividend Payable	-	-
Accrued expenses and other liabilities	38,776	(10,446)
	41,110	(754,506)
Net cash generated from / (used) in operating activities	526,567	(751,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units excluding additional units	565,015	6,081,576
Payments on redemption of units	(1,347,111)	(4,519,151)
Net cash (used in) / generated from financing activities	(782,096)	1,562,426
Net (decrease) / increase in cash and cash equivalents during the period	(255,529)	810,980
Cash and cash equivalents at beginning of the period	1,539,887	1,855,629
Cash and cash equivalents at end of the period	1,284,358	2,666,609

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

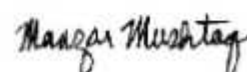
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Income Fund (the Fund) was established under a trust deed executed between MCB Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management Company has been changed from MCB Asset Management Company Limited to MCB-Arif Habib Savings and Investments Limited with effect from June 27, 2011. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 25, 2011 and was executed on March 7, 2011. According to the Trust Deed, the first accounting period of the Fund commenced from May 1, 2011 i.e. the date on which the trust property was first paid or transferred to the Trustee. The SECP has approved Supplemental Trust Deed, under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), vide its letter No. SCD/AMCW/MCBAHSIL/MCBIIIF/396/2017 dated January 25, 2017 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alhamra Islamic Income Fund. Due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" the Fund is required to be registered under the said Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investments Management Limited. Thereafter, the Company applied to SECP, for approval of change of name, which was granted on August 15, 2023 and as such, the change of name became effective from that date.
- 1.4 The Fund is an open-end collective investment scheme categorised as a "Shariah Compliant (Islamic) Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 The objective of the Fund is to seek to generate superior risk-adjusted returns by investing in short, medium and long-term high quality Shariah Compliant fixed income instruments.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of AM1 dated October 06, 2023 to the Management Company and AA-(f) as stability rating dated September 08, 2023 to the Fund.
- 1.7 Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

- 2.1.1 This 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 Financial Reporting Standards (IFRSs) 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 VIII A of the repealed Companies Ordinance, 1984; and
 - 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 VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulation and the requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2023. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2023 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2023, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2022.
- 2.1.3 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.1.4 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.1.5 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

- 3.1 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, 2023. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.
- 3.2 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, 2023. 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, 2023.

			(Un-audited) September 2023 — (Rupees in '000) —	(Audited) June 2023 — (Rupees in '000) —
4	BALANCE WITH BANKS			
	Savings accounts	4.1	1,264,528	1,502,321
	Current accounts	4.2	19,830	37,566
			<u>1,284,358</u>	<u>1,539,887</u>

4.1 These carry profit at the rates ranging between 18.50% to 21.25% (2023: 12.52% to 20.25%) per annum and include Rs. 6.407 million (2023: 202.841 million) maintained with MCB Islamic Bank Limited, (a related party).

4.2 These include Rs.19.548 million (2023: Rs 37.514 million) maintained with MCB Bank Limited, a connected person / related party.

			(Un-audited) September 2023 — (Rupees in '000) —	(Audited) June 2023 — (Rupees in '000) —
5.	INVESTMENTS			
	At fair value through profit or loss			
	Sukuk certificates- Unlisted	5.1	1,029,821	1,064,120
			1,029,821	1,064,120
	Government securities	5.2	982,995	559,622
	Term Deposit Receipts	5.3	-	555,000
			982,995	1,114,622
			<u>2,012,816</u>	<u>2,178,742</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

5.1 Sukuk certificates - Unlisted

Certificates have a face value of Rs. 100,000 each unless stated otherwise

Name of investee company	Number of certificates				As at September 30, 2023			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2023	Purchased during the period	Matured during the period	Disposed off during the period	As at Sep 30, 2023	Carrying value	Market value		
	(Rupees in '000)								
Chemical									
Ghani Gases Limited (03-Feb-17 issue)	1,000	-	-	-	1,000	7,667	7,627	160	0.39
Pharmaceutical									
Aspin Pharma (Pvt) Ltd (30-Nov-17 issue)	2,033	-	-	-	2,033	10,185	10,173	(12)	0.51
Power									
Pakistan Energy Sukuk*	81,100	-	-	-	81,100	405,581	405,581	-	11.04
Commercial Banks									
Meezan Bank Limited** (09-Jan-20 issue)	355	-	-	40	315	317,120	315,409	(1,711)	8.58
Meezan Bank Limited** (16-Dec-21 issue)	272	-	-	-	272	269,280	269,777	(503)	7.31
Dubai Islamic Bank (02-Dec-22 issue)	22	-	-	-	22	22,000	22,055	55	0.60
As at September 30, 2023						1,031,832	1,029,821	(2,011)	
As at June 30, 2023						1,078,609	1,064,120	(14,489)	

* Face value of the investment is Rs. 5,000

** Face value of the investment is Rs. 1,000,000

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

5.2 Government securities

- Government of Pakistan (GoP) Ijarah sukuk

Name of investee company	Issue Date	Face Value				As at September 30, 2023			Market value as a percentage of net assets	Market value as a percentage of total investment	
		As at July 1, 2023	Purchased during the year	Matured / Sold during the year	Disposed off during the year	As at September 30, 2023	Carrying value	Market value			Appreciation / (diminution)
GcP Ijarah Sukuks	July 12, 2023	-	100,000	-	-	100,000	99,998	100,000	2	2.72%	4.97%
GcP Ijarah Sukuks	June 26, 2023	-	200,000	-	-	200,000	197,443	198,060	617	5.38%	9.84%
GcP Ijarah Sukuks	July 29, 2020	563,000	-	-	-	563,000	560,031	559,960	(72)	15.24%	27.82%
GcP Ijarah Sukuks	September 20, 2023	-	125,000	-	-	125,000	125,000	124,975	(25)	3.40%	6.21%
GcP Ijarah Sukuks	August 7, 2023	-	400,000	400,000	-	-	-	-	-	0.00%	0.00%
As at September 30, 2023							992,472	982,995	523		
As at June 30, 2023							561,115	559,622	(1,493)		

5.3 Term Deposit Receipt

Particulars	Profit rate	Issue date	Maturity date	Face Value	Carrying Value	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
MCB Islamic Bank Limited	15.15%	24-Aug-22	24-Aug-23	-	-	-	-
As at September 30, 2023							
Total as at June 30, 2023				555,000	555,000		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

		(Un-audited) September 30, 2023	(Audited) 30 June 2023
		(Rupees in '000)	
6 PAYABLE TO MANAGEMENT COMPANY			
Management remuneration payable	6.1	2,339	2,422
Sindh sales tax payable on management remuneration	6.2	304	315
Sales load payable		513	566
Payable against Shariah advisory fee		51	50
Payable against allocated expenses	6.3	629	351
Marketing and selling expense	6.4	5,673	2,486
		<u>9,509</u>	<u>6,190</u>

6.1 The management company charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis. The remuneration is paid to the Management Company on a monthly basis in arrears.

6.2 Sales tax on management remuneration has been charged at the rate of 13%.

6.3 The Management Company has charged allocated expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

6.4 The Management Company has charged Selling and Marketing Expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

		(Un-audited) September 30, 2023	(Audited) 30 June 2023
		(Rupees in '000)	
SECP fee payable		<u>227</u>	<u>1,171</u>
		<u>227</u>	<u>1,171</u>

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis.

		(Un-audited) September 30, 2023	(Audited) 30 June 2023
		(Rupees in '000)	
8 ACCRUED AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related tax on	8.1		
- Management fee		8,639	8,639
- Sales load		3,028	3,028
Capital gain tax		502	554
Auditors' remuneration		745	4,050
Printing and related expenditure		65	40
Other		45,104	2,997
		<u>58,084</u>	<u>19,308</u>

8.1 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2023. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2023 would have been higher by Re. 0.3426 per unit (June 30, 2023: Re.0.281 per unit).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

9. CONTINGENCIES AND COMMITMENTS

- 9.1 As reported in the annual audited financial statements of the Fund for the year ended June 30, 2022, on December 17, 2020, the Federal Board of Revenue (FBR) issued an Order u/s 122 (5A) of the Income Tax Ordinance (ITO), 2001 for the Tax Year 2018 thereby raising a net tax demand of Rs. 41 million. The Management Company on behalf of the Fund filed appeal before Commissioner Inland Revenue –Appeals (CIRA) and has also obtained stay order from the Sindh High Court against the tax demanded by Commissioner in Assessment Order.

On February 24, 2022, appellate order was passed by CIRA whereby the assessment order issued by ACIR has been remanded back by CIRA. Since then no notice/ Order has yet been issued from FBR.

- 9.2 There were no other material contingencies and commitments outstanding as at June 30, 2023 and September 30, 2023.

10. 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 Management Company intends to distribute at least 90% of the Fund's accounting income to be earned during current year to the unit holders as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore, no provision for taxation has been made in these condensed interim financial statements during the period. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. EXPENSE RATIO

The annualized total Expense Ratio (TER) of the Fund for the period ended September 30, 2023 is 1.74% which includes 0.18% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc.

13. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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

	(Unaudited) September 30,	
	2023	2022
	----- (Rupees in '000) -----	
MCB Investments Management Limited - Management Company (Formerly: MCB Arif Habib Savings and Investments Limited)		
Remuneration of management company	7,650	9,715
Allocated expenses including indirect taxes	1,309	1,351
Shariah advisory fee	151	181
Marketing and Selling Expense	5,673	-
Central Depository Company of Pakistan Limited		
Remuneration of the trustee	834	1,145
CDC settlement charges	27	2
MCB Bank Limited - Parent of the Management Company		
Bank charges	43	39
13.2 Amount outstanding as at period end / year end	(Unaudited)	(Audited)
	September 30,	June 30,
	2023	2023
	----- (Rupees in '000) -----	
MCB Investments Management Limited - Management Company (Formerly: MCB Arif Habib Savings and Investments Limited)		
Management remuneration payable	2,339	2,422
Sindh sales tax payable on management remuneration	304	315
Sales load payable	386	105
Back end load payable	127	461
Payable against Shariah advisory fee	51	50
Payable against allocated expenses	629	351
Payable against selling and marketing	5,673	2,486
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	227	264
Sindh Sales tax payable on remuneration of Trustee	30	34
Security deposits	100	100
MCB Bank Limited		
Bank deposit held	19,548	37,514
MCB Islamic Bank Limited		
Bank balances	6,407	202,819
Profit receivable on bank balances	402	508,877
Term Deposit Receipt	-	555,000
Markup Receivable on Term Deposit Receipt	-	71,643

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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

For the quarter ended September 30, 2023								
	As at July 01, 2023	Issued for cash	Redeemed	As at September 30, 2023	As at July 01, 2023	Issued for cash	Redeemed	As at September 30, 2023
	----- Units ----- (Rupees in '000) -----							
Associated Companies:								
Arif Habib Securities Limited Employees Provident Fund Trust	73,294	-	73,294	-	7,548	-	7,628	-
DCCL Trustee Alhamra Smart Portfolio	798,631	17,577	15,746	800,462	82,250	1,846	1,654	86,372
MCB Investment Management Limited	61,939	-	-	61,939	6,379	-	-	6,683
Mandate Under Discretionary Portfolio Services	71	2,812	1,950	933	7	295	206	101
Key management personnel	27,010	77,333	40,744	63,599	2,782	8,225	4,331	6,862
	----- Units ----- (Rupees in '000) -----							
	As at July 01, 2022	Issued for cash	Redeemed	As at September 30, 2022	As at July 01, 2022	Issued for cash	Redeemed	As at September 30, 2022
Associated Companies:								
MCB Investment Management Limited	-	340,419	340,419	-	-	35,366	35,613	-
Adamjee Life Assurance Co. Ltd. Amanat Fund	-	493,041	-	493,041	-	52,000	-	52,021
Adamjee Life Assurance Company Limited - Tameen	-	3,838,991	1,663,993	2,154,998	-	400,000	175,870	227,376
Hyundai Nishat Motor Private Limited Employees Provident Fund	-	193,996	62,846	131,150	-	19,913	6,500	13,838
Arif Habib Securities Limited Employees Provident Fund Trust	87,440	-	-	87,440	8,933	-	-	9,226
DCCL Trustee Alhamra Smart Portfolio	1,009,242	84,543	334,452	759,333	103,108	8,873	35,101	80,118
Adamjee Life Assurance Co. Ltd. - Saman	-	11,351	-	11,351	-	1,180	-	1,198
Adamjee Life Assurance Co. Ltd. Managed Growth Fund	-	8,609	8,609	-	-	895	896	-
Mandate Under Discretionary Portfolio Services	756	1,191,709	73,714	1,118,751	77	124,605	7,737	118,041
Key management personnel	126,373	53,616	106,030	73,959	12,911	5,592	10,913	7,803

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

14 GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

14.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation.

15 FAIR VALUE MEASUREMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value based on:

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: those inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

16 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on October 18, 2023 by the Board of Directors of the Management Company.

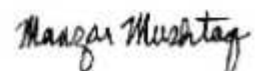
For MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

(Formerly: MCB Arif Habib Savings and Investments Limited)

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

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