



AL Habib Funds

QUARTERLY REPORT

September 30, 2020

Managed By:

AL HABIB ASSET MANAGEMENT LIMITED

(Formerly: Habib Asset Management Limited)

Rated AM2 by PACRA

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DIRECTORS' REPORT

The Board of Directors of AL Habib Asset Management Limited is pleased to present the un-audited financial statements of the Funds under its management for the quarter ended September 30, 2020.

During the period under review, Pakistan's economy witnessed signs of recovery together with decline in new cases related to COVID-19. State Bank of Pakistan kept policy rate unchanged at 7.00%. However, yields in the secondary market for debt instruments have shown a rise. The stock market remained bullish as the KSE-100 index posted a return of about 18% during the quarter.

First Habib Cash Fund generated a net annualized return of 6.17% for the quarter ended September 30, 2020 against benchmark return of 6.82%. The Fund's gross income was Rs. 52.36 million, which comprises income of Rs. 35.58 million from government securities and Rs. 18.83 million from bank deposits. During the period, the Fund has distributed cumulative interim dividends of Re. 0.98 per unit.

First Habib Income Fund generated a net annualized return of 3.08% for the quarter ended September 30, 2020 against benchmark return of 7.21%. The Fund's gross income was Rs. 9.67 million after deducting realized/unrealized loss on investment of Rs. 8.00 million.

First Habib Islamic Income Fund generated a net annualized return of 6.33% for the quarter ended September 30, 2020 against the benchmark return of 4.42%. The Fund's gross income was Rs. 199.92 million, which comprises income of Rs. 129.64 million from bank deposits and Rs. 64.34 million from investment in Sukuks. During the period, the Fund has distributed cumulative interim dividends of Rs. 1.12 per unit.

First Habib Asset Allocation Fund generated a net return of 8.03% for the quarter ended September 30, 2020 against the benchmark return of 7.95%. The Fund's gross income was Rs. 8.96 million, which includes Rs. 8.05 million from realized and unrealized capital gains on investments.

First Habib Stock Fund generated a net return of 15.27% for the quarter ended September 30, 2020 against benchmark return of 16.48%. The Fund's gross income was Rs. 16.72 million, which mainly comprises income from realized and unrealized capital gain on investments.

First Habib Islamic Stock Fund generated a net return of 13.81% for the quarter ended September 30, 2020 against benchmark return of 17.72%. The Fund's gross income was Rs. 12.68 million, which mainly comprises realized and unrealized capital gain on investments.

We wish to thank our unit holders for their continued trust and support, Securities & Exchange Commission of Pakistan for their guidance and Central Depository Company of Pakistan Limited for their cooperation. We also thank all our staff members for their sincerity, dedication and hard work.

Chief Executive Officer

Director

Karachi: October 14, 2020

FIRST HABIB CASH FUND

Quarterly Report

September 30, 2020

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited
(formerly Habib Asset Management Limited)

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali Khan	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive Officer

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Rating

AA (f) Fund Stability Rating by JCR-VIS
AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Sindh Bank Limited
Bank Alfalah Limited
Habib Bank Limited
MCB Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2020

	(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	------(Rupees in '000)-----
Assets		
Bank balances	6	3,557,486
Investments	7	3,446,926
Profit receivable	8	13,980
Advance, deposit and prepayments	9	1,467
Total assets		7,019,859
Liabilities		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		1,332
Provision for Federal Excise Duty on remuneration of the Management Company		13,417
Payable to Central Depository Company of Pakistan Limited - Trustee		173
Payable to Securities and Exchange Commission of Pakistan		151
Provision for Sindh Workers' Welfare Fund	10	14,536
Payable against redemption of units		534
Payable against purchase of investments		3,447,051
Accrued expenses and other liabilities		914
Total liabilities		3,478,108
Net assets		3,541,751
Unit holders' Funds (as per statement attached)		3,541,751
		(Number of units)
Number of units in issue (face value of units is Rs. 100 each)		35,083,823
		(Rupees)
Net asset value per unit		100.95

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

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
Note	(Rupees in '000)	
Income		
Profit on bank deposits calculated using the effective interest method	18,830	37,189
Income from Government Securities	35,578	26,713
Markup on Placements calculated using the effective interest method	-	8,084
Net loss on investments designated at fair value through income statement		
- Net capital loss on sale of investments Classified as held for trading	(2,374)	-
- Net unrealized gain / (loss) on revaluation of investments classified as held for trading 7.1	333	(306)
	(2,041)	(306)
Total Income	52,367	71,680
Expenses		
Remuneration of AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	3,781	4,429
Sales tax on management fee	492	576
Remuneration of Central Depository Company of Pakistan Limited - Trustee	555	367
Annual fee - Securities and Exchange Commission of Pakistan	151	104
Brokerage and commission	28	19
Bank charges	13	15
Auditors' remuneration	112	42
Annual listing fee	6	6
Mutual fund rating fee	57	67
Printing and settlement charges	21	16
Total expenses	5,216	5,641
Net income from operating activities	47,151	66,039
Provision for Sindh Worker's Welfare Fund	(943)	(1,320)
Net income for the period before taxation	46,208	64,719
Taxation	-	-
Net income for the period after taxation	46,208	64,719
Allocation of net Income for the period after taxation:		
Net income for the period	46,208	64,719
Income already paid on units redeemed	(10,507)	(3,663)
	35,701	61,056
Accounting Income available for distribution:		
- Relating to capital loss	(1,834)	-
- Excluding capital gains	37,535	61,056
	35,701	61,056

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

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended	
	September 30	
	2020	2019
	----- (Rupees in '000) -----	
Net income for the period after taxation	46,208	64,719
Other comprehensive income for the period	-	-
Total comprehensive income for the period	46,208	64,719

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

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital Value	Undistributed income	Net Asset	Capital Value	Undistributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	3,629,756	7,178	3,636,934	2,201,991	3,990	2,205,981
Issuance of 29,815,395 Units (2019 : 4,542,003 Units)						
Including additional 59,462 (2019: 22,498 units issued at nil value)						
- Capital Value	2,992,830	-	2,992,830	455,496	-	455,496
- Element of Income	11,135	-	11,135	3,326	-	3,326
Amount received on issuance of units	3,003,965	-	3,003,965	458,822	-	458,822
Redemption of 30,963,714 Units (2019 : 6,389,959 Units)						
- Capital Value	(3,102,762)	-	(3,102,762)	(640,819)	-	(640,819)
- Element of Income	(8,310)	(10,507)	(18,817)	(4,081)	(3,663)	(7,744)
Amount paid / payable on redemption of units	(3,111,072)	(10,507)	(3,121,579)	(644,900)	(3,663)	(648,563)
Total comprehensive income for the period	-	46,208	46,208	-	64,719	64,719
Final distribution for the year ended June 30, 2020:						
Rs. 2.1706 per units.	-	-	-	-	(40,647)	(40,647)
Interim distribution for the year ended June 30, 2021 :						
Rs. 0.9803 per units [2020: Rs. 2.1706 per unit declared]	-	(23,776)	(23,776)	-	-	-
Net assets at the end of the period	3,522,649	19,103	3,541,751	2,015,913	24,399	2,040,312
Undistributed income brought forward						
- Realised		7,093			4,047	
- Unrealised		85			(57)	
		7,178			3,990	
Accounting income available for distribution						
- Relating to capital gains	(1,834)			-		
- Excluding capital gains	37,535			61,056		
	35,701			61,056		
Final distribution for the year ended June 30, 2019 :						
Rs. 2.1706 per units [2018: Rs. 8.0388 per unit declared]	-			(40,647)		
Interim distribution for the year ended June 30, 2021 :						
Rs. 0.9803 per units [2020: Rs. 2.1706 per unit declared]	(23,776)			-		
Undistributed income carried forward		19,103			24,399	
Undistributed income carried forward comprises of:						
- Realised	18,770			24,895		
- Unrealised	333			(496)		
	19,103			24,399		
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.38			100.38	
Net assets value per unit at end of the period		100.95			101.26	

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

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	46,208	64,719
Adjustments		
Unrealised (appreciation) / diminution on investments at fair value through profit or loss - net	(333)	306
	45,875	65,025
Working Capital Changes		
<i>(increase) / Decrease in assets</i>		
Investments	(2,580,270)	200,578
Placements	-	200,000
Profit receivable	2,715	(22,082)
Advance, deposit and prepayments	(289)	(386)
	(2,577,844)	378,110
<i>Increase / (decrease) in liabilities</i>		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	(74)	(33)
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	(110)
Payable to Securities and Exchange Commission of Pakistan	(277)	(1,845)
Provision for Sindh Workers' Welfare Fund	943	1,320
Payable against redemption of units	(5,160)	(731)
Payable against purchase of investments	2,580,813	-
Accrued expenses and other liabilities	(1,546)	126,441
	2,574,689	125,042
Net cash generated from operating activities	42,720	568,177
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	3,003,965	458,822
Payment on redemption of units	(3,121,579)	(648,563)
Dividend paid during the period	(23,776)	(40,647)
Net (decrease) / Increase in cash and cash equivalents during the period	(141,391)	(230,388)
Cash and cash equivalents at the beginning of the period	3,656,157	1,731,502
Cash and cash equivalents at the end of the period	3,557,486	2,069,291
Cash and cash equivalents at the end of the period comprise of :		
Bank balances	3,557,486	2,069,291
	3,557,486	2,069,291

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

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Cash Fund (the "Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 14 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 13 2010 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 3rd Floor , MacKinnon's Building, I.I. Chundrigar Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2 ' to the Management Company and JCR-VIS has assigned fund stability rating of 'AA (f)' to the Fund.

The Fund has been categorized as an Open-End Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan (SECP) for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to earn competitive returns from a portfolio of low risk short term duration assets while maintaining high level of liquidity through a blend assets of money market and government debt instruments. The Fund, in line with its investment objective, invests primarily in treasury bills, government securities and cash and near cash instruments. The Fund has been categorized as money market scheme.

Title of the assets of the Fund are held in name of Central Depository Company (CDC) as trustee of fund.

2. BASIS OF PRESENTATION

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2020.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended June 30, 2020.

FIRST HABIB CASH FUND

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

6. BANK BALANCES

(Unaudited) September 30 2020	(Audited) June 30 2020
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Note ----- (Rupees in '000) -----

Savings account	6.1	3,557,486	3,656,157
		<u>3,557,486</u>	<u>3,656,157</u>

- 6.1 This includes balance of Rs. 47.59 million (June 30, 2020 Rs. 334.74 million) with Bank Al Habib Limited, a related party which carry profit rate of 6.25% to 6.50% (June 30, 2020: 7.00% to 11.78%) per annum and balance with other commercial banks which carry profit of 5.50% to 7.90% (June 30, 2020: 4.25% to 14.40%).

(Unaudited) September 30 2020	(Audited) June 30 2020
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- at fair value through profit or loss - held for trading

----- (Rupees in '000) -----

Government securities - Market Treasury Bills	7.1	3,446,926	866,323
		<u>3,446,926</u>	<u>866,323</u>

7.1 Government Securities - Treasury Bills

Description	Face Value				As at September 30 2020				
	As at July 01 2020	Purchases during the period	Sold / Matured during the period	As at September 30 2020	Carrying value	Market value	Appreciation / (diminution)	Market value as percentage of Net Assets	Market value as percentage of Total Investment
----- (Rupees in '000) -----									
T-Bill 3 Months (21-05-2020)	380,000	620,000	1,000,000	-	-	-	-	-	-
T-Bill 6 Months (23-04-2020)	500,000	-	500,000	-	-	-	-	-	-
T-Bill 1 Year (16-08-2019)	-	72,000	72,000	-	-	-	-	-	-
T-Bill 3 Months (27-08-2020)	-	4,867,400	3,900,550	966,850	957,636	957,906	270	27.05%	27.79%
T-Bill 3 Months (16-07-2020)	-	2,750,000	2,125,000	625,000	624,273	624,271	(1)	17.63%	18.11%
T-Bill 6 Months (02-07-2020)	-	1,391,000	1,062,000	329,000	323,251	323,339	88	9.13%	9.38%
T-Bill 6 Months (04-06-2020)	-	575,000	575,000	-	-	-	-	-	-
T-Bill 3 Months (10-09-2020)	-	5,580,000	4,020,000	1,560,000	1,541,433	1,541,409	(24)	43.52%	44.72%
T-Bill 6 Months (16-07-2020)	-	625,000	625,000	-	-	-	-	-	-
T-Bill 1 Year (12-09-2019)	-	2,300,000	2,300,000	-	-	-	-	-	-
T-Bill 1 Year (29-08-2019)	-	878,700	878,700	-	-	-	-	-	-
T-Bill 3 Months (02-07-2020)	-	75,000	75,000	-	-	-	-	-	-
T-Bill 3 Months (23-04-2020)	-	1,550,000	1,550,000	-	-	-	-	-	-
Total as at September 30 2020					3,446,592	3,446,926	333		
Total as at June 30 2020					866,238	866,323	85		

8. PROFIT RECEIVABLE

September 30 2020	June 30 2020
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----- (Rupees in '000) -----

Profit receivable on saving account	13,980	16,695
	<u>13,980</u>	<u>16,695</u>

9. ADVANCE, DEPOSIT AND PREPAYMENTS

Mutual fund rating fee	53	111
Security deposit	100	100
Advance tax	1,055	967
Prepayment - listing fee	19	-
Other receivable	240	-
	<u>1,467</u>	<u>1,178</u>

FIRST HABIB CASH FUND

10 PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on January 12, 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after 31 institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management company has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

The total provision for SWWF till September 30, 2020 is Rs. 14.54 million. Had the provision not been made, Net Asset Value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.41 (June 30, 2020: Re. 0.38) per unit.

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 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

13 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)

Connected persons / related parties include AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Income Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund, First Habib Stock Fund, First Habib Islamic Stock Fund and being the Funds managed by the common Management Company, Central Depository Company Limited being the Trustee of the Fund, directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at June 30, 2020. It also includes staff retirement benefit funds of the above connected person / related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of the transactions with connected persons and balances with them at year end are as follows:

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		
Management fee	3,781	4,429
Sales Tax	492	576
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	555	367
Bank AL Habib Limited		
Profit on bank balances	914	231

FIRST HABIB CASH FUND

Details of the balances with connected persons are as follows:

	(Unaudited) September 30 2020	(Audited) June 30 2020
	------(Rupees in '000)-----	
AL Habib Asset Management Limited - Management Company (Formerly: Habib Asset Management Limited) - Management Company		
Management fee	1,332	1,406
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	173	183
Bank AL Habib Limited		
Bank balances	47,585	334,737

	Quarter ended September 30 2020 (Units) (Rupees in '000)	Quarter ended September 30 2019 (Units) (Rupees in '000)
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Units sold to:

Other related parties

- Directors of the Management Company	-	-	13,164	1,329
- Central Depository Company of Pakistan Limited	247,979	25,000	-	-
- Ghulman-e-Abbas Educational & Medical Trust Endowment	-	-	4,986	503
- Sukaina Education & Welfare frust	-	-	23,596	2,364
- Mr Munawar Ali Habib	482	48	967	97
- Mr Qumail Habib	409	41	821	82
- Mr Murtaza Habib	268	27	1,370	137
- Mr Ali Asad Habib	603	61	1,210	121
- Mrs. Zarin Aziz	182,427	18,401	-	-
- Mr Imran Azim	221	22	-	-
- Mr Haider Azim	909	92	-	-
- Mrs. Hina Shoaib	-	-	1	0

Units redeemed by:

Management Company

AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	4,806,584	482,840	-	-
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Other related parties

- Directors of the Management Company	-	-	4,938	500
- Mrs. Zarin Aziz	181,631	18,312	-	-
- Mrs. Samina Imran	-	-	93	9

Units held by:

Parent Company

- Bank AL Habib Limited	1,392,189	140,543	1,392,189	140,974
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Other related parties

- Directors of the Management Company	-	-	17,017	1,723
- Central Depository Company of Pakistan Limited	250,086	25,246	-	-
- Habib Asset Management Limited - Provident Fund	73,192	7,389	-	-
- Sukaina Educational & Welfare Trust	-	-	1,299,158	131,554
- Dawood Habib Memorial Trust	-	-	450,155	45,583
- Ghulam-e-Abbas Trust	-	-	397,765	40,278
- Mr. Munawar Ali Habib	58,443	5,900	53,257	5,393
- Mr. Qumail Habib	49,574	5,005	45,175	4,574
- Mr. Murtaza Habib	32,532	3,284	75,417	7,637
- Mr. Ali Asad Habib	73,090	7,379	66,605	6,744
- Mr. Imran Azim	26,827	2,708	-	-
- Mr. Haider Azim	981	99	-	-
- Mrs. Hina Shoaib	39	4	31	3

FIRST HABIB CASH FUND

14 TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/ 18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund TER of the Fund for the year ended September 30, 2020 is 0.81 % which include 0.22% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

15 COVID-19 PANDEMIC

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

16 GENERAL

Date of authorization for issue

These interim financial information were authorised for issue by the Board of Directors of the Management Company on **October 14, 2020**.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

Quarterly Report

September 30, 2020

FUND'S INFORMATION**Management Company**

AL Habib Asset Management Limited
(formerly Habib Asset Management Limited)

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali Khan	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive Officer

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Rating

AA-(f) Fund Stability Rating Rating by PACRA
AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Bank Islami Pakistan Limited
JS bank Limited
Khushali Microfinance Bank

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2020

	(Unaudited) September 30 2020	(Audited) June 30 2020
<i>Note</i>	----- (Rupees in '000)-----	
Assets		
Bank balances	6 72,464	1,015,269
Investments	7 686,369	475,613
Receivable against Margin Trading System (MTS)	54,565	-
Income receivable	8 3,407	11,713
Receivable against sale of investment	9,102	-
Advance, deposits and prepayments	9 4,877	4,992
Total assets	830,784	1,507,587
Liabilities		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	754	1,061
Provision for Federal Excise Duty on remuneration of the Management Company	8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee	57	80
Payable to Securities and Exchange Commission of Pakistan	47	150
Provision for Sindh Workers' Welfare Fund	10 6,025	5,904
Payable against purchase of investments	-	357,666
Payable against redemption of units	5	7
Accrued expenses and other liabilities	2,212	11,251
Total liabilities	17,846	384,865
Net assets	812,938	1,122,722
Unit holders' funds (as per statement attached)	812,938	1,122,722
(Number of Units)		
Number of units in issue (Face value of units is Rs. 100 each)	7,990,054	11,120,375
(Rupees)		
Net asset value per unit	101.74	100.96

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
Note	----- (Rupees in '000) -----	
Income		
Profit on bank deposits calculated using the effective interest method	2,524	10,934
Income from TFC / Sukuk calculated using the effective interest method	8,581	7,275
Income from government securities calculated using the effective interest method	5,899	3,559
Income from Margin Trading System (MTS)	668	1,696
Income on margin deposit with National Clearing Company of Pakistan Limited	8	-
Dividend income	-	2,248
Net gain on investment classified at fair value through profit or loss		
-Net capital loss on sale of investment	(2,091)	(1,239)
-Net unrealised loss on revaluation of investments at fair value through profit or loss	(5,914)	(43)
-Net unrealised loss on derivative financial instruments	-	(169)
	(8,005)	(1,451)
Total income	9,675	24,261
Expenses		
Remuneration of AL Habib Asset Management Limited (Formerly: Habib Asset Management Company) - Management Company	2,356	1,949
Sales tax on management fee	306	252
Remuneration of Central Depository Company of Pakistan Limited - Trustee	200	146
Annual fee to Securities and Exchange Commission of Pakistan	47	34
Brokerage expense	180	216
Settlement and bank charges	156	254
Annual listing fee	6	6
Auditors' remuneration	145	156
Mutual fund rating fee	116	105
Printing charges	16	16
Fee and charges to National Clearing Company of Pakistan Limited	66	54
Total expenses	3,594	3,189
Net income from operating activities	6,081	21,072
Provision for Sindh Worker's Welfare Fund	(122)	(421)
Net income for the period before taxation	5,959	20,650
Taxation	-	-
Net income for the period after taxation	5,959	20,650
Allocation of net income for the period:		
Net income for the period	5,959	20,650
Income already paid on units redeemed	(1,561)	(218)
	4,398	20,432
Accounting income available for distribution:		
- Relating to capital loss	(1,543)	(1,226)
- Excluding capital gain	5,941	21,658
	4,398	20,432

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended	
	September 30	
	2020	2019
	----- (Rupees in '000) -----	
Net income for the period	5,959	20,650
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>5,959</u>	<u>20,650</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	1,105,868	16,854	1,122,722	719,956	12,859	732,815
Issue of 130,837 units (2019: 92,870 units)						
- Capital value	13,209	-	13,209	9,476	-	9,476
- Element of income	43	-	43	65	-	65
Amount received / receivable on issuance of units	13,252	-	13,252	9,541	-	9,541
Redemption of 3,261,158 units (2019: 736,215 units)						
- Capital value	(325,619)	-	(325,619)	(72,401)	-	(72,401)
- Element of loss	(1,815)	(1,561)	(3,376)	(1,799)	(218)	(2,017)
Amount paid / payable on redemption of units	(327,434)	(1,561)	(328,995)	(74,200)	(218)	(74,418)
Total comprehensive income for the period	-	5,959	5,959	-	20,650	20,650
Net income for the period less distribution	-	5,959	5,959	-	20,650	20,650
Net assets at the end of the period	791,686	21,252	812,938	655,297	33,291	688,588
Undistributed income brought forward						
- Realised income		20,363			13,298	
- Unrealised loss		(3,509)			(439)	
		16,854			12,859	
Accounting income available for distribution						
- Relating to capital loss		(1,543)			(1,226)	
- Excluding capital gains		5,941			21,658	
		4,398			20,432	
Undistributed income carried forward		21,252			33,291	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			100.96			100.46
Net assets value per unit at end of the period			101.74			103.53

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Quarter ended September 30	
	2020	2019
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	5,959	20,432
Adjustments		
Net unrealised gain on revaluation of investments classified as fair value through profit and loss	5,914	43
Unrealised diminution on derivatives financial instruments	-	169
	<u>11,873</u>	<u>20,644</u>
Working Capital Changes		
<i>(Increase) / decrease in assets</i>		
Investments	(216,670)	16,473
Receivable against margine trading system	(54,565)	41,370
Receivable against sale of units	-	(1,995)
Receivable against sale of investment	(9,102)	3,369
Income receivable	8,306	(10,851)
Advance, deposits and prepayment	115	(6,045)
	<u>(271,916)</u>	<u>42,321</u>
<i>(Decrease) / increase in liabilities</i>		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	(307)	(198)
Payable to Central Depository Company of Pakistan Limited - Trustee	(23)	(85)
Payable to Securities and Exchange Commission of Pakistan	(103)	(562)
Provision for Sindh Workers' Welfare Fund	121	421
Payable against purchase of investment	(357,666)	17,779
Payable against redemption of units	(2)	(9,408)
Derivative financial liability	-	169
Accrued expenses and other liabilities	(9,039)	(3,464)
	<u>(367,019)</u>	<u>4,653</u>
Net cash (used) / generated from operating activities	<u>(627,062)</u>	<u>67,618</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issuance of units	13,252	9,541
Amount paid on redemption of units	(328,995)	(74,200)
Net (decrease) / increase in cash and cash equivalents during the period	<u>(315,743)</u>	<u>(64,659)</u>
Cash and cash equivalents at beginning of the period	1,015,269	386,320
Cash and cash equivalents at the end of the period	<u>72,464</u>	<u>389,279</u>
Cash and cash equivalents at the end of the period comprise of :		
Bank balances	72,464	389,279
	<u>72,464</u>	<u>389,279</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Income Fund (the "Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on September 6, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 3, 2006 under Regulation 44 of the NBFC and Notified Entities Regulations 2008.

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' and 'AA-(f)' to the Management Company and the Fund respectively.

The Fund invests in a diversified portfolio of Term Finance Certificates, Government securities, corporate debt securities, certificates of investments, Term Deposit Receipts, continuous funding system and other money market instruments (including the clean placements). The Fund has been categorised as income scheme.

Title of the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended June 30, 2020.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

FIRST HABIB INCOME FUND

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2020.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

6. BANK BALANCES	Note	(Unaudited) September 30 2020	(Audited) June 30 2020
		----- (Rupees in '000) -----	
Saving accounts	6.1	64,418	1,011,008
Current accounts	6.2	8,046	4,261
		<u>72,464</u>	<u>1,015,269</u>

6.1 These carry profit rates ranging from 5.50% to 7.90% (2020: 6.25% to 14.40%) per annum. It includes balance of Rs. 37.54 million (June 30, 2020: Rs 13.22 million) with Bank AL Habib Limited, a related party carrying profit rate of 5.50% to 6.50% (June 30, 2020: 7.75% to 11.75%) per annum.

6.2 This represents balance with Bank AL Habib Limited, a related party.

7. INVESTMENTS	Note	(Unaudited) September 30 2020	(Audited) June 30 2020
		----- (Rupees in '000) -----	
- at fair value through profit or loss - held for trading			
Government securities - Market Treasury Bills	7.1	355,857	142,305
Government securities - Pakistan Investment Bonds	7.2	203,067	210,455
Term Finance Certificates / Sukuk Certificates	7.3	127,445	122,853
		<u>686,369</u>	<u>475,613</u>

7.1. Government Securities - Market Treasury Bills

Issue date	Face value				As at September 30, 2020		Market value as percentage of		
	As at July 01, 2020	Purchases during the period	Sold / Matured during the period	As at September 30, 2020	Carrying value	Market value	Unrealized loss	Net assets	Total investments
	----- (Rupees in '000) -----								
T-Bill 3 Months (23-04-2020)	-	40,500	40,500	-	-	-	-	-	-
T-Bill 3 Months (02-07-2020)	-	7,500	7,500	-	-	-	-	-	-
T-Bill 3 Months (10-09-2020)	-	68,000	34,000	34,000	335,886	335,884	(2)	41.32%	48.94%
T-Bill 3 Months (04-06-2020)	-	26,900	26,900	-	-	-	-	-	-
T-Bill 3 Months (16-07-2020) <i>Note 7.1.1</i>	-	7,500	5,500	2,000	19,976	19,973	(3)	2.46%	2.91%
T-Bill 6 Months (02-07-2020)	-	7,500	7,500	-	-	-	-	-	-
T-Bill 6 Months (16-07-2020)	-	7,500	7,500	-	-	-	-	-	-
T-Bill 6 Months (13-02-2020)	-	12,400	12,400	-	-	-	-	-	-
T-Bill 1 Year (09-04-2020)	15,000	-	15,000	-	-	-	-	-	-
T-Bill 1 Year (16-07-2020)	-	15,000	15,000	-	-	-	-	-	-
T-Bill 1 Year (18-07-2019)	-	25,100	25,100	-	-	-	-	-	-
T-Bill 1 Year (02-07-2020)	-	10,000	10,000	-	-	-	-	-	-
T-Bill 1 Year (12-09-2019)	-	28,900	28,900	-	-	-	-	-	-
T-Bill 1 Year (29-08-2019)	-	4,000	4,000	-	-	-	-	-	-
Total as at September 30, 2020					<u>355,862</u>	<u>355,857</u>	<u>(5)</u>		
Total as at June 30, 2020					<u>142,314</u>	<u>142,305</u>	<u>(9)</u>		

7.1.1 This represents Market Treasury Bill pledged with National Clearing Company of Pakistan Limited and carry rate of return of 7.02 % to 7.10 % (30 June 2020: 7.04%) per annum.

FIRST HABIB INCOME FUND

7.2. Government Securities - Pakistan Investment Bonds

Issue date	Face value				As at September 30, 2020		Market value as percentage of		
	As at July 01, 2020	Purchases during the period	Sold / Matured during the period	As at September 30, 2020	Carrying value	Market value	Unrealized loss	Net assets	Total investments
(Rupees in '000)									
PIB 5 Years (19-09-2019)	200,000	-	-	200,000	208,750	203,067	(5,683)	24.98%	29.59%
Total as at September 30, 2020					208,750	203,067	(5,683)		
Total as at June 30, 2020					209,919	210,455	536		

7.3 Term Finance Certificates / Sukuk Certificates

Issue date	Face value				As at September 30, 2020		Market value as percentage of		
	As at July 01, 2020	Purchases during the period	Sold / Matured during the period	As at September 30, 2020	Carrying value	Market value	Unrealized loss	Net assets	Total investments
(Number of certificate) (Rupees in '000)									
Unquoted									
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	6,000	-	6,000	-	-	-	-	0.00%	0.00%
JS Bank Limited II - TFC (29-12-2017) (certificates of Rs. 100,000 each)	250	-	250	-	-	-	-	0.00%	0.00%
Askari Bank Limited - TFC (17-03-2020) (certificates of Rs. 100,000 each)	-	60	-	60	60,029	60,000	(29)	7.38%	8.74%
HBL Bank Limited - TFC (19-02-2016) (certificates of Rs. 100,000 each)	150	-	-	150	14,680	14,562	(118)	1.79%	2.12%
Ghani Gases Limited- Sukuk (2-2-2017) (certificates of Rs. 100,000 each)	250	26	-	276	12,205	12,058	(148)	1.48%	1.76%
AGP Limited - Sukuk (9-6-2017) (certificates of Rs. 100,000 each)	250	-	-	250	8,761	8,823	62	1.09%	1.29%
International Brands Limited- Sukuk (15-11-2017) (certificates of Rs. 100,000 each)	150	-	-	150	10,636	10,732	96	1.32%	1.56%
Quoted									
Dawood Hercules Limited - Sukuk (I) (certificates of Rs. 100,000 each)	250	-	250	-	-	-	-	0.00%	0.00%
Dawood Hercules Limited - Sukuk (II) (certificates of Rs. 100,000 each)	300	-	-	300	21,360	21,270	(90)	2.62%	3.10%
Total as at September 30, 2020					127,672	127,445	(226)		
Total as at June 30, 2020					126,888	122,853	(4,035)		

7.3.1 Significant terms and conditions of Term Finance Certificates and Sukuk Certificates outstanding at the period end are as follows:

Name of security	Number of Certificates	Repayment frequency	Unredeemed face value Per TFC/Sukuk (Rupees)	Mark-up rate / Profit Rate (per annum)	Issue date	Maturity date	Rating
Term Finance Certificates							
Askari Bank Limited	60	Quarterly	1,000,491	3 Month KIBOR plus 1.20%	17-Mar-20	17-Mar-30	AA+
Habib Bank Limited	150	Semi-Annually	97,865	6 Month KIBOR plus 0.5%	19-Feb-16	19-Feb-26	AA+
Sukuk Certificates							
Ghani Gases Limited	276	Quarterly	44,222	3 Month KIBOR plus 1%	2-Feb-17	2-Feb-23	A
AGP Limited	250	Quarterly	35,043	3 Month KIBOR plus 1.3%	9-Jun-17	9-Jun-22	A
International Brands Limited	150	Monthly	70,908	3 Month KIBOR plus 1.1%	28-Nov-16	28-Nov-21	AA-
Dawood Hercules Corporation - Sukuk II	300	Quarterly	71,200	3 Month KIBOR plus 1%	16-Nov-17	16-Nov-22	AA

7.4 Listed equity securities (spread transactions)

Financial Equity Securities (Spend on Investments)								Market Value as a percentage of:	
Name of the Investee	As at July 01, 2020	Purchased during the period	Sold during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealised gain / (loss)	Net Assets	Total Investments
(Rupees in '000)									
Oil an Gas Marketing Companies									
Sui Northern Gas Pipeline Limited	-	500	500	-	-	-	-	0.00%	0.00%
Total as at September 30, 2020					-	-	-		
Total as at June 30, 2020					-	-	-		

FIRST HABIB INCOME FUND

	(Unaudited) September 30 2020	(Audited) June 30 2020
	----- (Rupees in '000) -----	
8. INCOME RECEIVABLE		
Receivable against TFCs / Sukuks	1,336	6,735
Bank deposits	1,792	4,978
Margin Trading System	279	-
	<u>3,407</u>	<u>11,713</u>

9. ADVANCE, DEPOSITS AND PREPAYMENTS

Security Deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with NCCPL against margin trading system (MTS)	250	250
Prepayment against MTS account maintenance fee	63	126
Prepayment against PSX annual listing / Rating fee	19	107
Advance tax	1,945	1,909
	<u>4,877</u>	<u>4,992</u>

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Management Company has recognised SWWF charge, amounting to Rs. 6.02 million (June 30, 2020 Rs. 5.90 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.74 (June 30, 2020 Re 0.53).

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. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2020.

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

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

Level 3 : Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

FIRST HABIB INCOME FUND

As at September 30, 2020 the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Government securities - Market Treasury Bills	-	355,857	-	355,857
Government securities - Pakistan Investment Bonds	-	203,067	-	203,067
Term Finance Certificates / Sukuk Certificates	-	127,445	-	127,445
	-	686,369	-	686,369

As at June 30, 2020 the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Government securities - Market Treasury Bills	-	352,760	-	352,760
Term finance certificates / Sukuk certificates	-	122,853	-	122,853
	-	475,613	-	475,613

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) being the Management Company, associated companies of the Management Company, First Cash Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund, First Habib Stock Fund and First Habib Islamic Stock Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of of the transactions with connected persons are as follows:

	(Unaudited) September 30	
	2020	2019
	(Rupees in '000)	
AL Habib Asset Management Limited		
(Formerly: Habib Asset Management Limited) - Management Company		
- Management fee	2,356	1,949
- Sales Tax	306	252
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	200	146
Bank AL Habib Limited		
-Profit on Bank Balance	719	152
	(Unaudited) September 30 2020	(Audited) June 30 2020
	(Rupees in '000)	

Details of balances with connected persons at period end are as follows:

AL Habib Asset Management Limited		
(Formerly: Habib Asset Management Limited) - Management Company		
- Management Company fee payable	754	1,061
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	57	80
-Other CDC Charges payable	-	2
-Security deposit - Non interest bearing	100	100
Bank AL Habib Limited		
-Bank Balance	29,495	13,225

FIRST HABIB INCOME FUND

Units sold to:	(Unaudited) September 30 2020		(Unaudited) September 30 2019	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties:				
- Habib Insurance Company Limited- Employees Provident Fund	-	-	5	1
- Mr. Haider Azim	523	53	-	-
Units redeemed by:				
Other related parties				
- Mrs. Imran Azim	2,979	300	-	-
- Mrs. Samina Imran	-	-	62	6
Units held by:				
Parent Company				
- Bank AL Habib Limited	1,363,808	138,759	1,363,808	137,691
Other related parties				
- Directors and executives of the Management Company	-	-	18,309	1,848
- Habib Insurance Company Limited- Employees Provident Fund	519	53	519	52
- Mr. Abass D. Habib	23,822	2,424	23,822	2,405
- Mr. Munawar Ali Habib	41,073	4,179	41,073	4,147
- Mr. Qumail Habib	103	10	103	10
- Mr. Murtaza Habib	51	5	51	5
- Mrs. Shama Sajjad Habib	277,433	28,227	277,433	28,010
- Mr. Ali Asad Habib	57,143	5,814	57,143	5,769
- Mr. Imran Azim	15,330	1,560	-	-
- Mr. Haider Azim	45	5	15	2
- Mrs. Hina Shoaib	228	23	228	23

15. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended September 30, 2020 is 1.58 % which include 0.21 % representing government levy, Sindh Worker Welfare Fund, SECP fee.

16. COVID-19 PANDEMIC

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

17. GENERAL

DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Management Company on **October 14, 2020**.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

Quarterly Report

September 30, 2020

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited
(formerly Habib Asset Management Limited)

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali Khan	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive Officer

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

KPMG Taseer Hadi & CO.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Rating

AA(f) Fund Stability Rating, Rating by PACRA
AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank Islami Pakistan Limited
Sindh Bank Limited
Summit Bank Limited
MCB Bank Limited
Dubai Islamic Bank
Al Barka Bank

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2020

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6	7,144,636	4,841,237
Investments	7	5,122,234	4,090,339
Profit receivable	8	121,214	112,614
Preliminary expenses and floatation cost		442	527
Advances, deposits and prepayments	9	6,222	6,203
Total assets		12,394,748	9,050,920
Liabilities			
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		5,378	3,970
Payable to Central Depository Company of Pakistan Limited - Trustee		795	596
Payable to Securities and Exchange Commission of Pakistan		570	846
Provision for Sindh Workers' Welfare Fund	10	12,552	8,953
Payable against redemption of Units		30,680	-
Accrued expenses and other liabilities		3,835	6,463
Total liabilities		53,810	20,828
Net assets		12,340,938	9,030,092
Unit holders' Funds (as per statement attached)		12,340,938	9,030,092
		(Number of Units)	
Number of units in issue (Face value of units is Rs. 100 each)		122,390,884	89,980,132
		(Rupees)	
Net asset value per unit		100.83	100.36

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Quarter ended September 30	
	2020	2019
Note	-----	(Rupees in '000)-----
Income		
Profit on bank deposits calculated using the effective yield method	129,644	46,373
Profit / return on investments calculated using the effective yield method	64,337	1,393
Return on margin deposit with NCCPL	18	-
Net loss / gain on investments designated at fair value through profit or loss		
- Net capital loss on sale of investments	(256)	(3)
- Net unrealised gain / loss on revaluation of investments	6,172	(79)
	5,916	(82)
Total income	199,915	47,683
Expenses		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	14,341	1,909
Sales Tax on management fee	1,854	248
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,417	315
Annual fee to Securities and Exchange Commission of Pakistan	570	74
Brokerage expense	422	-
Settlement and bank charges	118	2
Annual listing fee	6	5
Auditors' remuneration	99	112
Amortization of formation cost	85	85
Mutual fund rating fee	34	30
Printing charges	16	16
Other expense	3	2
Total expenses	19,965	2,800
Net income from operating activities	179,950	44,883
Provision for Sindh Worker's Welfare Fund	(3,599)	(898)
Net income for the period before taxation	176,351	43,986
Taxation	-	-
Net income for the period after taxation	176,351	43,986
Allocation of Net Income for the period:		
Net income for the period after taxation	176,351	43,986
Income already paid on units redeemed	(29,336)	(647)
	147,015	43,339
Accounting Income available for distribution:		
- Relating to capital loss	(213)	-
- Excluding capital gains	147,228	43,339
	147,015	43,339

The annexed notes 1 to 17 form an integral part of these financial statements.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
Net income for the period after taxation	176,351	43,986
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>176,351</u>	<u>43,986</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	9,012,534	17,558	9,030,092	110,008	139	110,147
Issuance of 87,413,254 units (2019: 24,585,080 units)						
Including additional 259,157 units (2019: 282,647 units) issued at nil value						
-Capital Value	8,772,488	-	8,772,488	2,441,515	-	2,441,515
-Element of Income	(7,414)	-	(7,414)	21,110	-	21,110
Amount received on issuance of units	8,765,074	-	8,765,074	2,460,850	-	2,462,625
Redemption of 55,002,502 units (2019: 686,075 units)						
-Capital Value	(5,490,523)	-	(5,490,523)	(68,759)	-	(68,759)
-Element of Income	(7,976)	(29,336)	(37,312)	(589)	(647)	(1,236)
Amount paid on redemption of units	(5,498,499)	(29,336)	(5,527,835)	(69,348)	(647)	(69,995)
Total comprehensive income for the period	-	176,351	176,351	-	43,986	43,986
Interim cash distribution for the period ended 30 June 2020: Rs. 2.0062 per unit.	-	-	-	-	(21,504)	(21,504)
Interim cash distribution for the period ended 30 June 2021: Rs. 1.1182 (30 June 2020 Rs. 2.0062 per unit)	-	(102,744)	(102,744)	-	-	-
Net income for the period less distribution	-	73,607	73,607	-	22,482	22,482
Net assets at end of the period	12,279,109	61,829	12,340,938	2,501,510	21,974	2,523,259
Undistributed income brought forward						
- Realised		119			331	
- Unrealised		17,439			(192)	
		17,558			139	
Accounting income available for distribution						
-Relating to capital loss		(213)			-	
-Excluding capital gains		147,228			43,339	
		147,015			43,339	
Interim cash distribution for the period ended 30 June 2020: Rs. 2.0062/- per unit.		-			-	
Interim cash distribution for the period ended 30 June 2021: Rs. 1.1182/- (30 June 2020 Rs. 2.0062/-) per unit		(102,744)			(21,504)	
Undistributed income carried forward		61,829			21,974	
Undistributed income carried forward comprise of:						
- Realised		55,657			21,792	
- Unrealised		6,172			182	
		61,829			21,974	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.36			100.16	
Net assets value per unit at end of the period		100.83			101.02	

The annexed notes 1 to 17 form an integral part of these financial statements.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	176,351	43,986
Adjustments		
Net unrealised (gain) / loss on revaluation of investments	(6,172)	79
	170,179	44,065
Working Capital Changes		
<i>(Increase) / decrease in assets</i>		
Investments	(1,025,723)	7,176
Profit receivable	(8,600)	(27,972)
Preliminary expenses and floatation cost	85	82
Advances, deposits and prepayments	(19)	(15)
	(1,034,257)	(20,729)
<i>Increase / (decrease) in liabilities</i>		
Payable to Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	1,408	1,062
Payable to Central Depository Company of Pakistan Limited - Trustee	199	299
Payable to Securities and Exchange Commission of Pakistan	(276)	(21)
Provision for Sindh Workers' Welfare Fund	3,599	893
Payable against Redemption of Units	30,680	-
Accrued expenses and other liabilities	(2,628)	3,358
	32,982	5,591
Net cash (used) / generated from operating activities	(831,096)	28,927
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issuance of units	8,765,074	2,462,625
Amount paid on redemption of units	(5,527,835)	(69,995)
Dividend paid during the period	(102,744)	(21,504)
Net increase in cash and cash equivalents during the period	2,303,399	2,400,053
Cash and cash equivalents at beginning of the period	4,841,237	58,562
Cash and cash equivalents at the end of the period	7,144,636	2,458,615
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	7,144,636	2,458,615
	7,144,636	2,458,615

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Islamic Income Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 30, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 22, 2016 under Regulation 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd Floor, MacKinnon's Building, I.I. Chundrigar Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

The Fund has been categorized as an Open-End Shariah Compliant (Islamic) Income Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for Categorisation of Collective Investment Schemes (CIS).

Title to the assets of the Fund are held in the name of Central Depository Company Limited (CDC) as a trustee of the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' and 'AA(f)' to the Management Company and the Fund respectively.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended June 30, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

FIRST HABIB ISLAMIC INCOME FUND

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2020.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

6	BANK BALANCES	Note	(Unaudited) September 30 2020	(Audited) June 30 2020
			----- (Rupees in '000) -----	
	Saving Accounts	6.1	7,144,636	4,841,237
			<u>7,144,636</u>	<u>4,841,237</u>

6.1 These carry profit rates ranging from 4.00% to 6.50% (June 30, 2020: 4.75% to 14.35%) per annum.

7	INVESTMENTS	Investments by Category		(Unaudited) September 30 2020	(Audited) June 30 2020
				----- (Rupees in '000) -----	
		At fair value through profit or loss			
	Investment in Sukuk Certificate	7.1		3,522,234	2,690,339
		At amortized cost			
	Term Deposit Receipts (TDR)			1,100,000	900,000
	Certificate of Musharaka (COM)			500,000	500,000
				<u>5,122,234</u>	<u>4,090,339</u>

7.1 Sukuk Certificate

Name of the Investee	Face Value				As at September 30, 2020			Market value as percentage of	
	As at July 01 2020	Purchases during the period	Sold / Matured during the period	As at September 30 2020	Carrying value	Market value	Unrealized gain / loss	Net assets	total investments
----- (Rupees in '000) -----									
<u>UnQuoted</u>									
Ghani Gases Limited- Secured (2-2-2017)	105	-	-	105	5,130	5,068	(62)	0.04%	0.10%
AGP Limited - Secured (9-6-2017)	100	-	-	100	3,504	3,529	25	0.03%	0.07%
International Brands Limited Sukuk - Unsecured (15-11-17)	100	-	-	100	7,091	7,155	64	0.06%	0.14%
Meezan Bank Limited Sukuk - secured	310	-	-	310	317,272	318,510	1,238	2.58%	6.22%
Meezan Bank Limited Sukuk - secured	200	-	-	200	202,767	205,000	2,233	1.66%	4.00%
Pakistan Energy Sukuk - secured	100,000	80,000	25,100	154,900	775,344	776,875	1,531	6.30%	15.17%
<u>Quoted</u>									
Dawood Hercules Corporation Limited- Secured (16-11-17)	3,475	1,599	-	5,074	358,120	359,797	1,677	2.92%	7.02%
Dawood Hercules Corporation Limited - II- Secured (1-3-18)	2,025	-	-	2,025	144,180	143,574	(606)	1.16%	2.80%
Dubai Islamic Bank Sukuk	422	-	-	422	432,413	432,634	221	3.51%	8.45%
Engro Polymer & Chemical Limited Sukuk	150	2,500	-	2,650	269,373	269,707	335	2.19%	5.27%
Fatima Fertilizer Company Limited	28,251	37,325	-	65,576	98,945	99,078	133	0.80%	1.93%
GOP Ijara Sukuk	150,000	-	-	150,000	751,921	751,875	(46)	6.09%	14.68%
GOP Ijara Sukuk - FRR	-	2,625	2,625	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk - VRR	-	2,625	1,125	1,500	150,000	149,430	(570)	1.21%	2.92%
Total as at September 30, 2020					<u>3,516,061</u>	<u>3,522,234</u>	<u>6,172</u>		
Total as at June 30, 2020					<u>2,672,900</u>	<u>2,690,339</u>	<u>17,439</u>		

FIRST HABIB ISLAMIC INCOME FUND

7.1.1 Significant terms and conditions of Sukuk Certificates outstanding at the period end are as follows:

Name of the Investee	Number of Certificate	Repayment frequency	Unredeemed face value per Sukuk	Mark-up rate (per annum)	Issue date	Maturity date	Rating
UnQuoted							
Ghani Gases Limited- Secured (2-2-2017)	105	Quarterly	48,855	3 Month KIBOR plus 1%	2-Feb-17	2-Feb-23	A
AGP Limited - Secured (9-6-2017)	100	Quarterly	35,043	3 Month KIBOR plus 1.3%	9-Jun-17	9-Jun-22	A
International Brands Limited - (15-11-2017)	100	Annually	70,908	One Year Kibor plus 0.5%	15-Nov-17	15-Nov-21	AA
Meezan Bank Limited Sukuk	310	Half Year	1,023,458	6 months KIBOR plus 0.50%	22-Sep-16	22-Sep-26	AA
Meezan Bank Limited Sukuk	200	Half Year	1,013,837	6 months KIBOR plus 0.90%	9-Jan-20	9-Jan-30	AA
Pakistan Energy Sukuk	100,000	Half Year	5,005	6 months KIBOR	21-May-20	21-May-30	Unrated
Quoted							
Dawood Hercules Corporation Limited- Secured (16-11-2017)	5,074	Quarterly	70,580	3 Month KIBOR plus 1%	16-Nov-17	16-Nov-22	AA
Dawood Hercules Corporation Limited - II- Secured (1-3-18)	2,025	Quarterly	71,200	3 Month KIBOR plus 1.15%	1-Mar-18	1-Mar-23	AA
Dubai Islamic Bank Sukuk	422	Half Year	1,024,676	6 months KIBOR plus 0.50%	14-Jul-17	14-Jul-27	AA-
Engro Polymer & Chemical Limited Sukuk	2,650	Quarterly	101,650	3 Months KIBOR plus 0.9%	11-Jan-19	11-Jul-26	AA
Fatima Fertilizer Company Limited	65,576	Half Year	1,509	6 months KIBOR plus 1.10%	28-Nov-16	28-Nov-21	AA-
GOP Ijara Sukuk - (29-05-2020)	151,500	Annually	5,953	7.64%	29-May-20	29-May-25	Unrated

	(Unaudited) September 30 2020	(Audited) June 30 2020
8 PROFIT RECEIVABLE	----- (Rupees in '000) -----	
Profit accrued on sukuk certificates	69,669	70,164
Profit receivable on savings deposits	51,545	42,450
	<u>121,214</u>	<u>112,614</u>

9 ADVANCES, DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited (CDC)	100	100
Advance tax	3,603	3,603
Prepayments	19	-
	<u>6,222</u>	<u>6,203</u>

10 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Management Company has recognised SWWF charge, amounting to Rs. 12.55 million (June 30, 2020 Rs. 8.95 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.10 (June 30, 2020 Rs 0.10).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended September 30, 2020 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2020.

FIRST HABIB ISLAMIC INCOME FUND

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

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

Level 3 : Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at September 30 2020, the categorisation of investments is shown below:

September 30 2020

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in Sukuk Certificate	3,522,234	-	-	3,522,234
	<u>3,522,234</u>	<u>-</u>	<u>-</u>	<u>3,522,234</u>

As at June 30 2020, the categorisation of investments is shown below:

June 30 2020

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in Sukuk Certificate	2,690,339	-	-	2,690,339
	<u>2,690,339</u>	<u>-</u>	<u>-</u>	<u>2,690,339</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Al Habib Asset Management Limited (Formerly: Habib Asset Management Limited) being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Stock Fund, First Habib Cash Fund, First Habib Islamic Stock Fund and First Habib Asset Allocation Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of of the transactions with connected persons are as follows:

	(Unaudited) September 30	
	2020	2019
	(Rupees in '000)	
AL Habib Asset Management Limited		
(Formerly: Habib Asset Management Limited) - Management Company		
- Management fee	14,341	1,909
- Sales Tax	1,854	248
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	2,417	315

FIRST HABIB ISLAMIC INCOME FUND

Details of balances with connected persons at period end are as follows:

	(Unaudited) September 30 2020	(Audited) June 30 2020
	----- (Rupees in '000) -----	
Parnet Company		
-Bank AL Habib Limited	-	5,886
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		
- Management Company fee payable	5,378	3,970
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	795	596
-Security deposit - Non interest bearing	100	100

	(Unaudited) September 30 2020		(Unaudited) September 30 2019	
Units sold to:	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited)	16,513,778	1,663,815	270,329	27,500
Other related parties:				
- Directors and executives of the Management Company			2,557	257
- Mr. Imran Azim	400	40		
- Mr. Kashif Rafi	190	22	-	-
Unit sold to Connected Parties holding 10% or more of the unit in issue	25,047,307	1,016,071	23,968,146	2,427,744
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited)	11,393,007	1,149,389	269,508	27,392
Unit sold to Connected Parties holding 10% or more of the unit in issue	3,483,502	349,850	-	-
Units held by:				
Management Company				
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited)	5,179,514	522,262	-	-
Parent Company				
- Bank AL Habib Limited	5,493,453	553,917	5,493,453	551,304
Other related parties				
- Directors and executives of the Management Company	-	-	62,101	6,232
- Mr. Imran Azim	42,535	4,289	-	-
- Mr. Mansoor Ali	19,966	2,013	-	-
- Mr. Kashif Rafi	20,256	2,034	-	-
Units held by Connected Persons holding 10% or more of the units in issue:	89,478,891	9,022,352	63,914,651	6,414,251

15. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20,2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended September 30, 2020 is 0.83 % which include 0.22 % representing government levy, Sindh Workers' Welfare Fund and SECP fee.

16. COVID-19 PANDEMIC

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

17. GENERAL

Date of authorisation for Issue

These financial statements were authorized for issue by the Board of Directors of the Management Company on **October 14, 2020**.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

Quarterly Report

September 30, 2020

FIRST HABIB ASSET ALLOCATION FUND

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited
(formerly Habib Asset Management Limited)

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali Khan	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive Officer

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

JS Bank Limited
Khushali Microfinance Bank Limited
NRSP Microfinance Bank Limited
MCB Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT SEPTEMBER 30, 2020

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6	16,866	56,552
Investments	7	62,926	45,275
Profit and dividend receivable	8	112	337
Preliminary expenses and floatation costs		501	561
Receivable against sale of Investment		-	600
Receivable against sale of units		18,000	-
Advances, deposits and prepayments	9	4,314	4,363
Total assets		102,719	107,688
Liabilities			
Payable to AL Habib Asset Management Limited - (Formerly: Habib Asset Management Limited)- Management Company		141	165
Payable to Central Depository Company of Pakistan Limited - Trustee		16	16
Payable to Securities and Exchange Commission of Pakistan		4	19
Provision for Sindh Workers' Welfare Fund	10	268	109
Accrued expenses and other liabilities		767	827
Total liabilities		1,196	1,136
Net assets		101,523	106,552
Unit holders' Fund (as per statement attached)		101,523	106,552
(Number of Units)			
Number of units in issue (face value of units is Rs. 100 each)		1,036,044	1,174,650
(Rupees)			
Net asset value per unit		97.99	90.71

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
Note	2020	2019
	------(Rupees in '000)-----	
Income		
Profit on bank deposits calculated using the effective interest method	309	799
Markup on investments calculated using the effective interest method	175	756
Income from government securities	309	-
Dividend income	116	245
Return on deposit with NCCPL	2	29
Net income / (loss) on investments classified at fair value through profit or loss		
- Net capital gain / (loss) on sale of investments	3,985	(4,231)
- Net unrealised gain / (loss) on revaluation of investments at fair value through profit or loss	7.2 4,065	(1,151)
	8,050	(5,382)
Total income / loss	8,961	(3,553)
Expenses		
Remuneration of AL Habib Asset Management Limited - (Formerly: Habib Asset Management Limited) Management Company	445	454
Sales Tax on management fee	58	59
Remuneration of Central Depository Company of Pakistan Limited - Trustee	50	113
Annual fee to Securities and Exchange Commission of Pakistan	4	5
Brokerage expense	101	68
Settlement and bank charges	61	109
Annual listing fee	9	7
Auditors' remuneration	57	74
Amortization of formation cost	60	60
Printing charges	16	16
Mutual fund rating fee	46	31
Fee and charges to National Clearing Company of Pakistan Limited	63	51
Total expenses	970	1,046
Net income / loss from operating activities	7,991	(4,599)
Provision for Sindh Worker's Welfare Fund	(160)	-
Net income / (loss) for the period before taxation	7,831	(4,599)
Taxation	-	-
Net income / (loss) for the period after taxation	7,831	(4,599)
Allocation of net income / (loss) for the period after taxation:		
Net income / (loss) for the period	7,831	(4,599)
Income already paid on units redeemed	(2,827)	-
	5,004	(4,599)
Accounting income available for distribution:		
- Relating to capital gains	2,546	-
- Excluding capital gains	2,458	(4,599)
	5,004	(4,599)

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended	
	September 30	
	2020	2019
	----- (Rupees in '000) -----	
Net income / (loss) for the period after taxation	7,831	(4,599)
Other comprehensive income for the period	-	-
Total comprehensive income / loss for the period	7,831	(4,599)

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital Value	Undistributed income	Net Asset	Capital Value	Undistributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	116,807	(10,255)	106,552	110,789	(9,941)	100,848
Issuance of 335,977 units (2019: 172,872 units)						
- Capital value	30,476	-	30,476	15,754	-	15,754
- Element of loss / income	2,540	-	2,540	(754)	-	(754)
Amount received / receivable on issuance of units	33,016	-	33,016	15,000	-	15,000
Redemption of 474,583 Units (2019: 103,572 units)						
- Capital Value	(43,049)	-	(43,049)	(9,657)	-	(9,657)
- Element of income / loss	-	(2,827)	(2,827)	452	-	452
Amount paid on redemption of units	(43,049)	(2,827)	(45,876)	(9,205)	-	(9,205)
Total comprehensive income / loss for the period	-	7,831	7,831	-	(4,599)	(4,599)
	-	7,831	7,831	-	(4,599)	(4,599)
Net assets at end of the period	106,774	(5,251)	101,523	116,584	(14,540)	102,044
Undistributed loss brought forward						
- Realised		(4,709)			(2,855)	
- Unrealised		(5,546)			(7,086)	
		(10,255)			(9,941)	
Accounting income available for distribution						
- Relating to capital gains	2,546			-		
- Excluding capital gains	2,458			-		
	5,004			-		
Undistributed loss carried forward		(5,251)			(9,941)	
Undistributed loss carried forward comprises of:						
- Realised loss		(9,316)			(8,790)	
- Unrealised gain		4,065			(1,151)	
		(5,251)			(9,941)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		90.71			91.21	
Net assets value per unit at end of the period		97.99			86.85	

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	7,831	(4,599)
Adjustments		
Net unrealised (gain) / loss on revaluation of investments at fair value through profit or loss	(4,065)	1,151
	<u>3,766</u>	<u>(3,448)</u>
Working Capital Changes		
<i>Decrease / (increase) in assets</i>		
Investments	(13,586)	41,475
Profit and dividend receivable	225	(1,061)
Preliminary expenses and floatation costs	60	60
Receivable against sale of Investment	600	
Receivable against sale of units	(18,000)	4,000
Advances, deposits and prepayments	49	5,037
	<u>(30,652)</u>	<u>49,511</u>
<i>Decrease / (increase) in liabilities</i>		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	(24)	(16)
Payable to Central Depository Company of Pakistan Limited - Trustee	-	13
Payable to Securities and Exchange Commission of Pakistan	(15)	(108)
Provision for Sindh Workers' Welfare Fund	159	28
Payable Against Purchase of Investment	-	-
Accrued expenses and other liabilities	(60)	257
	<u>60</u>	<u>173</u>
Net cash (used) / generated from operating activities	<u>(26,826)</u>	<u>46,236</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issuance of units	(45,876)	(9,205)
Amount paid on redemption of units	33,016	15,000
Net (decrease) / increase in cash and cash equivalents during the period	<u>(39,686)</u>	<u>52,030</u>
Cash and cash equivalents at beginning of the period	56,552	13,773
Cash and cash equivalents at the end of the period	<u>16,866</u>	<u>65,803</u>
Cash and cash equivalents at the end of the year comprise of :		
Bank Balances	16,866	65,803
	<u>16,866</u>	<u>65,803</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Asset Allocation Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 August 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 26 July 2017 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by the SECP. The registered office of the management company is situated at Mackinnons Building, I, I Chundrigar Road, Karachi, Pakistan.

The Fund is an open-end mutual fund and is in the process of listing on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The objective of the Fund is to provide risk adjusted competitive returns to its investors by investing in a blend of investments based on market outlook.

The Fund has been categorized as an Open-End Asset Allocation Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

Title to the assets of the Fund are held in the name of Central Depository Company Limited (CDC) as a trustee of the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company.

2. BASIS OF PRESENTATION

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

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules),

Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended June 30, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2020.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

FIRST HABIB ASSET ALLOCATION FUND

		(Unaudited) September 30 2020	(Audited) June 30 2020
		----- (Rupees in '000) -----	
6. BANK BALANCES	Note		
Saving Accounts	6.1	16,866	56,552
		<u>16,866</u>	<u>56,552</u>
6.1 This represents saving accounts, carrying profit rates ranging from 5.5% to 8% (June 30, 2020: 6.00% to 14.30% per annum).			
7. INVESTMENTS - at fair value through profit or loss - held for trading		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Term Finance Certificates	7.1	-	8,409
Listed equity securities	7.2	37,960	36,867
Government securities - Market Treasury Bills	7.3	24,966	-
Pakistan Investment Bond	7.4	-	-
		<u>62,926</u>	<u>45,276</u>

7.1 Term Finance Certificates

Name of the Investee	As at July 01, 2020	Purchases during the period	Sold / Matured during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	net assets	total investments
----- (Rupees in '000) -----									
<u>Unquoted</u>									
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	1,000	-	1,000	-	-	-	-	0.00%	0.00%
Byco Petroleum - Sukuk (18-01-2017) (certificates of Rs. 100,000 each)	60	-	60	-	-	-	-	0.00%	0.00%
Total as at September 30, 2020					-	-	-		
Total as at June 30, 2020					8,490	8,409	(81)		

7.2 Listed equity securities

Name of the Investee	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	Market Value as a Percentage of:	
									Net Assets	Total Investments
----- (Rupees in '000) -----										
Automobile Pats and Accessories										
Thall Limited	200	2,000	-	-	2,200	925	925	(0)	0.91%	1.47%
	<u>200</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,200</u>	<u>925</u>	<u>925</u>	<u>(0)</u>		
Banks										
Askari Bank Limited	-	110,000	-	70,000	40,000	804	741	(63)	0.73%	1.18%
Bank Alfalah Limited	4,150	92,000	-	46,000	50,150	1,798	1,744	(54)	1.72%	2.77%
Bank AL Habib Limited	60,000	-	-	11,500	48,500	2,537	3,132	595	3.08%	4.98%
The bank of Punjab Limited	300,000	-	-	105,000	195,000	1,638	1,927	289	1.90%	3.06%
Habib Bank Limited	21,400	-	-	5,000	16,400	1,589	2,144	555	2.11%	3.41%
MCB Bank Limited	8,000	-	-	8,000	-	-	-	-	0.00%	0.00%
United Bank Limited	12,200	19,500	-	13,500	18,200	2,002	2,095	93	2.06%	3.33%
	<u>405,750</u>	<u>221,500</u>	<u>-</u>	<u>259,000</u>	<u>368,250</u>	<u>10,367</u>	<u>11,782</u>	<u>1,416</u>		
Fertilizer										
Engro Corporation Limited	7,027	-	-	2,000	5,027	1,473	1,513	41	1.49%	2.40%
Engro Fertilizers Limited	32,000	-	-	32,000	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Company Limited	5,500	-	-	5,500	-	-	-	-	0.00%	0.00%
	<u>44,527</u>	<u>-</u>	<u>-</u>	<u>39,500</u>	<u>5,027</u>	<u>1,473</u>	<u>1,513</u>	<u>41</u>		
Cement										
Cherat Cement Company Limited	500	-	-	500	-	-	-	-	0.00%	0.00%
D.G Khan Cement Company Limited	25,000	-	-	15,000	10,000	853	1,031	178	1.02%	1.64%
Lucky Cement Company Limited	5,000	-	-	1,500	3,500	1,616	2,265	649	2.23%	3.60%
Maple Leaf Cement Company Limited	78,000	-	-	54,000	24,000	624	861	238	0.83%	1.37%
Pioneer Cement Limited	-	7,500	-	-	7,500	757	680	(77)	0.67%	1.08%
	<u>108,500</u>	<u>7,500</u>	<u>-</u>	<u>71,000</u>	<u>45,000</u>	<u>3,850</u>	<u>4,837</u>	<u>988</u>		
AUTOMOBILE ASSEMBLERS										
Sagar Engineering Works Ltd	-	4,000	-	-	4,000	744	684	(60)	0.67%	1.09%
	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>744</u>	<u>684</u>	<u>(60)</u>		

FIRST HABIB ASSET ALLOCATION FUND

Name of the Investee	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	Market Value as a Percentage of:	
									Net Assets	Total Investments
------(Rupees in '000)-----										
Engineering										
Amreli Steels	35,000	-	-	15,000	20,000	653	875	223	0.86%	1.39%
Crescent Steel & Allied Products Limited	-	9,000	-	-	9,000	738	661	(77)	0.65%	1.05%
	35,000	9,000	-	15,000	29,000	1,391	1,537	146		
Oil and Gas Exploration Companies										
Mari Gas Company Limited	2,000	-	-	300	1,700	2,102	2,328	226	2.29%	3.70%
Oil and Gas Development Company Limited	24,400	-	-	4,500	19,900	2,169	2,062	(107)	2.03%	3.28%
Pakistan Oilfield Limited	5,500	-	-	1,800	3,700	1,297	1,559	262	1.54%	2.48%
Pakistan Petroleum Limited	26,800	-	-	12,000	14,800	1,284	1,362	78	1.34%	2.17%
	58,700	-	-	18,600	40,100	6,853	7,311	458		
Oil and Gas Marketing Companies										
Attock Petroleum Limited	-	3,500	-	-	3,500	1,130	1,195	65	1.18%	1.90%
Pakistan State Oil Company Limited	10,000	-	-	5,500	4,500	712	901	189	0.89%	1.43%
Sui Northern Gas Company Limited	16,000	-	-	-	16,000	874	989	115	0.97%	1.57%
	26,000	3,500	-	5,500	24,000	2,716	3,085	369		
Power Generation and Distribution										
The Hub power Company Limited	14,000	-	-	14,000	-	-	-	-	0.00%	0.00%
	14,000	-	-	14,000	-	-	-	-		
TECHNOLOGY AND COMMUNICATIONS										
Pakistan Telecommunication Company Limited	-	130,000	-	-	130,000	1,514	1,405	(108)	1.38%	2.23%
	-	130,000	-	-	130,000	1,514	1,405	(108)		
INSURANCE										
Jubilee Life Insurance	-	10,000	-	6,000	4,000	1,348	1,777	428	1.75%	2.82%
	-	10,000	-	6,000	4,000	1,348	1,777	428		
PHARMACEUTICALS										
ABBOTT Laboratories	-	3,600	-	1,600	2,000	1,234	1,533	299	1.51%	2.44%
The Searle Company Limited	-	5,000	-	5,000	-	-	-	-	0.00%	0.00%
	-	8,600	-	6,600	2,000	1,234	1,533	299		
Paper and Boards										
Packages Limited	1,600	-	-	1,600	-	-	-	-	0.00%	0.00%
Security Papers Limited	-	3,500	-	-	3,500	805	759	(46)	0.75%	1.21%
	1,600	3,500	-	1,600	3,500	805	759	(46)		
Textile Composite										
Kohinoor Textile Mills Limited	-	25,000	-	10,000	15,000	675	812	137	0.80%	1.29%
Gul Ahmed Textile Limited company Limited	25,000	-	-	25,000	-	-	-	-	0.00%	0.00%
	25,000	25,000	-	35,000	15,000	675	812	137		
Total as at September 30, 2020	719,277	424,600	-	471,800	672,077	33,894	37,960	4,066		
Total as at June 30, 2020						42,332	36,867	(5,465)		

7.2.2 Following shares were pledged with National Clearing Company Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses:

	September 30 2020	June 30 2020
	(Number of shares)	
Bank Alfalah Limited	4,150	4,150
Bank AL Habib Limited	48,500	60,000
	52,650	64,150

FIRST HABIB ASSET ALLOCATION FUND

7.3 Government securities - Market Treasury Bills

Issue date	Face Value				As at September 30, 2020		Market value as percentage of		
	As at July 01, 2020	Purchases during the period	Sold / Matured during the period	As at September 30, 2020	Carrying value	Market value	Unrealized loss	net assets	Total investments
(Rupees in '000)									
Treasury bills - 3 months									
16-Jul-20	-	500	500	-	-	-	-	0.00%	0.00%
Treasury bills - 6 months									
27-Feb-20	-	250	250	-	-	-	-	0.00%	0.00%
16-Jul-20	-	500	500	-	-	-	-	0.00%	0.00%
Treasury bills - 1 Year									
16-Jul-20	-	500	500	-	-	-	-	0.00%	0.00%
10-Oct-19	-	250	-	250	24,967	24,966	(1)	24.59%	39.68%
12-Sep-19	-	250	250	-	-	-	-	0.00%	0.00%
Total as at September 30, 2020					24,967	24,966	(1)		
Total as at June 30, 2020					9,970	9,967	(3)		

7.4 Government securities - Pakistan Investment Bonds

Issue date	Face Value				As at September 30, 2020		Market value as percentage of		
	As at July 01, 2020	Purchases during the period	Sold / Matured during the period	As at September 30, 2020	Carrying value	Market value	Unrealized loss	net assets	Total investments
(Rupees in '000)									
PIB 3 Years (18-06-2020) - Floater	-	500	500	-	-	-	-	0.00%	0.00%
PIB 5 Years (18-06-2020) - Floater	-	500	500	-	-	-	-	0.00%	0.00%
Total as at September 30, 2020					-	-	-		
Total as at June 30, 2020					-	-	-		

7.5 Net unrealised loss on revaluation of investments at fair value through profit or loss

	(Unaudited) September 30 2020	(Audited) June 30 2020
(Rupees in '000)		
Term Finance Certificates	-	(81)
Listed equity securities	4,066	(5,465)
Government securities - Market Treasury Bills	(1)	-
Government securities - Pakistan Investment Bond	-	-
	<u>4,065</u>	<u>(5,546)</u>

8. PROFIT AND DIVIDEND RECEIVABLE

Profit accrued on sukuk certificate	-	89
Profit receivable on bank deposits	38	229
Profit receivable on Margine Trading System (MTS)	-	-
Dividend receivable	74	19
Profit receivable on cash margin deposit with NCCPL	-	-
	<u>112</u>	<u>337</u>

9. ADVANCES, DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,750	2,750
Deposit with Central Depository Company of Pakistan Limited	100	100
Advance tax	1,132	1,123
Receivable from AL Habib Asset management Limited (Formerly habib Asset management Limited)	250	250
Prepayments	82	140
	<u>4,314</u>	<u>4,363</u>

FIRST HABIB ASSET ALLOCATION FUND

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Management Company has recognised SWWF charge, amounting to Rs. 0.268 million (June 30, 2020 Rs. 0.109 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.26 (June 30, 2020 Rs 0.09).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended September 30, 2020 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2020.

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

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

Level 3 : Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at September 30 2020, the categorisation of investments is shown below:

30 September 2020

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Government securities - Market Treasury Bills	-	24,966	-	24,966
Listed equity securities	37,960	-	-	37,960
Term Finance Certificates	-	-	-	-
	<u>37,960</u>	<u>24,966</u>	<u>-</u>	<u>62,926</u>

As at June 30, 2020, the categorisation of investments is shown below:

June 30, 2020

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Government securities - Market Treasury Bills		-		-
Listed equity securities	36,867			36,867
Term Finance Certificates		8,409		8,409
	<u>36,867</u>	<u>8,409</u>	<u>-</u>	<u>45,276</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Stock Fund, First Habib Cash Fund, First Habib Islamic Stock Fund and First Habib Islamic Income Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

FIRST HABIB ASSET ALLOCATION FUND

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulation 2008 and the Trust deed respectively.

Details of the transactions with connected persons are as follows:

	Quarter Ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
AL Habib Asset Management Limited		
(Formerly Habib Asset management Limited) - Management Company		
- Management fee	445	454
- Sales Tax	58	59
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration to the Trustee	50	113
	(Unaudited) September 30	(Audited) June 30
	2020	2020
	----- (Rupees in '000) -----	

Details of balances with connected persons at period end are as follows:

AL Habib Asset Management Limited		
(Formerly: Habib Asset Management Limited) - Management Company		
- Management Company fee payable	141	165
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	16	16
- Security deposit - Non interest bearing	100	100

	(Unaudited) September 30, 2020		(Unaudited) September 30, 2019	
<u>Units sold to:</u>	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited)	335,807	33,000	-	-
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited)	404,085	39,000	-	-
Units held by:				
Management Company				
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited)	604,573	59,243	432,321	37,547
Parent Companies				
- Bank AL Habib Limited	200,149	19,613	200,149	17,383
Other related parties				
- Directors and executives of the Management Company	-	-	7,080	615

FIRST HABIB ASSET ALLOCATION FUND

15. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended September 30, 2020 is 5.09% which include 1.03% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

16. COVID-19 Pandemic

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

17. GENERAL

Date of authorisation for issue

These financial statements were authorized for issue by the Board of Directors of the Management Company on **October 14, 2020**.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

Quarterly Report

September 30, 2020

FUND'S INFORMATION**Management Company**

AL Habib Asset Management Limited
(formerly Habib Asset Management Limited)

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali Khan	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive Officer

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

KPMG Taseer Hadi & CO.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
MCB Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2020

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6.	15,212	18,059
Investments	7.	96,007	90,114
Dividend and profit receivable	8.	459	107
Receivable against sale of Units		169	-
Advances, deposits and prepayments	9.	2,808	2,789
Total assets		114,655	111,069
Liabilities			
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		211	182
Provision for federal excise duty on remuneration of the Management Company		2,043	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee		21	18
Payable to Securities and Exchange Commission of Pakistan		6	22
Provision for Sindh Workers' Welfare Fund (SWWF)	10.	1,257	945
Accrued expenses and other liabilities		1,503	932
Payable against purchase of investment		-	2,085
Total liabilities		5,041	6,227
Net assets		109,614	104,842
Unit holders' Funds (as per the statement attached)		109,614	104,842
(Number of Units)			
Number of units in issue (Face value of units is Rs. 100 each)		1,323,931	1,459,663
(Rupees)			
Net asset value per unit - Rupees		82.79	71.83

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		Quarter ended September 30	
		2020	2019
Note		----- (Rupees in '000) -----	
Income			
Profit on bank deposits		230	220
Dividend income		451	1,500
Net gain / loss on investment designated at fair value through profit or loss			
- Net capital gain / loss on sale of investments		6,654	(1,888)
- Net unrealised gain / loss on revaluation of investment		9,389	(4,139)
		16,043	(6,027)
Total income / loss		16,724	(4,307)
Expenses			
Remuneration of AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		557	471
Sales tax on management fee		72	61
Remuneration of Central Depository Company of Pakistan Limited - Trustee		63	114
Annual fee - Securities and Exchange Commission of Pakistan		6	5
Brokerage expense		163	43
Settlement and bank charges		90	101
Annual listing fee		9	9
Auditors' remuneration		88	84
Amortization of preliminary expenses and floatation costs		-	11
Mutual fund rating fee		51	50
Printing charges		16	16
Total expenses		1,115	965
Net income / loss from operating activities		15,609	(5,272)
Provision for Sindh Worker's Welfare Fund		(312)	-
Net income / loss for the period before taxation			
Taxation		-	-
Net income / loss for the period after taxation		15,297	(5,272)
Allocation of net income for the period:			
Net income / loss for the period after taxation		15,297	(5,272)
Income already paid on units redeemed		(1,243)	-
		14,054	(5,272)
Accounting income available for distribution:			
- Relating to capital gains		6,113	-
- Excluding capital gains		7,941	(5,272)
		14,054	(5,272)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	------(Rupees in '000)-----	
Net income / loss for the period after taxation	15,297	(5,272)
Other comprehensive income for the period	-	-
Total comprehensive income / loss for the period	<u>15,297</u>	<u>(5,272)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	165,076	(60,234)	104,842	162,690	(58,670)	104,020
Issue of 230,569 units (2019: 204,843 Units)						
- Capital Value	16,562	-	16,562	14,833	-	14,833
- Element of loss	2,177	-	2,177	(718)	-	(718)
Amount received on issuance of units	18,739	-	18,739	14,114	-	14,114
Redemption of 366,301 units (2019: 125,776 units)						
- Capital Value	(26,311)	-	(26,311)	(8,853)	-	(8,853)
- Element of loss	(1,710)	(1,243)	(2,953)	441	-	441
Amount paid on redemption of units	(28,021)	(1,243)	(29,264)	(8,412)	-	(8,412)
Total comprehensive income / loss for the period	-	15,297	15,297	-	(5,272)	(5,272)
Net assets at the end of the period	155,794	(46,180)	109,614	168,393	(63,942)	104,451
Undistributed loss brought forward						
- Realised		(51,879)			(37,647)	
- Unrealised		(8,355)			(21,023)	
		(60,234)			(58,670)	
Net income / loss for the period after taxation		14,054			(5,272)	
Undistributed income carried forward		(46,180)			(63,942)	
Undistributed loss carried forward						
- Realised loss		(55,569)			(59,803)	
- Unrealised gain		9,389			(4,139)	
		(46,180)			(63,942)	
Net assets value per unit at beginning of the period		71.83			72.52	
Net assets value per unit at end of the period		82.79			69.01	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net gain / loss for the period before taxation	15,297	(5,272)
Adjustments		
Net unrealised (gain) / loss on revaluation of investment	(9,389)	4,139
	5,908	(1,133)
Working Capital Changes		
<i>Increase / decrease in assets</i>		
Investments	3,496	(3,762)
Dividend and profit receivable	(352)	(896)
Receivable against sale of Units	(169)	-
Advances, deposits and prepayments	(19)	3,534
	2,956	(1,125)
<i>Decrease / increase in liabilities</i>		
Payable to AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company	29	(31)
Payable to Central Depository Company of Pakistan Limited - Trustee	3	12
Payable to Securities and Exchange Commission of Pakistan	(16)	(119)
Provision for Sindh Workers' Welfare Fund (SWWF)	312	-
Accrued expenses and other liabilities	571	157
Payable against purchase of investments	(2,085)	10,454
	(1,186)	10,474
Net cash flow from operating activities	7,678	8,216
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issuance of units	18,739	14,114
Amount paid on redemption of units	(29,264)	(8,412)
Net cash (used) in / generated from financing activities	(10,525)	5,703
Net increase in cash and cash equivalents during the period	(2,847)	13,919
Cash and cash equivalents at the beginning of the period	18,059	7,583
Cash and cash equivalents at the end of period	15,212	21,502

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Stock Fund (the "Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 21, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 11, 2008 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the management company is situated at 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

The policy of the fund is to invest in equity securities of listed companies, cash and near cash instrument. The Fund has been categorized as equity scheme.

Title of the assets of the Fund are held in the name of Central Depository Company (CDC) as a trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2020.

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended June 30, 2020

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended June 30, 2020.

FIRST HABIB STOCK FUND

6. BANK BALANCES

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Current accounts		127	132
Savings accounts	6.1	15,085	17,927
		<u>15,212</u>	<u>18,059</u>

- 6.1** This represents savings accounts held with various commercial banks carrying profit rates ranging from 5.5% to 6.5% (June 30, 2020: 6% to 13.34%) per annum. It also includes a balance of Rs. 13.04 million (June 30, 2020: Rs. 17.7 million) with Bank AL Habib Limited, a related party, carrying profit rate of 5.5% (June 30, 2020: 7.75% to 11.75%) per annum.

7. INVESTMENTS - at fair value through profit or loss - held for trading

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Equity securities		96,007	90,114
	7.1	<u>96,007</u>	<u>90,114</u>

7.1 Equity securities

Name of the Investee	As at July 01, 2020	Purchased/ bonus/ right shares received during the period	Bonus during the period	Disposed during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	Market value as a percentage of:	
									Net Assets	Total Investments
<div><div>-----Number of shares-----</div><div>----- (Rupees in '000)-----</div></div>										
Commercial Banks										
Allied Bank Limited	19,000	-	-	-	19,000	1,455	1,601	146	1.46%	1.67%
Askari Bank Limited	36,000	60,000	-	36,000	60,000	1,204	1,111	(93)	1.01%	1.16%
Bank Alfalah Limited	23,800	187,320	-	107,000	104,120	3,747	3,621	(126)	3.30%	3.77%
Bank AL Habib Limited	68,000	-	-	-	68,000	3,556	4,391	834	4.01%	4.57%
Bank of Punjab Limited	435,500	-	-	95,000	340,500	2,860	3,364	504	3.07%	3.50%
Faysal Bank Limited	450	-	-	450	-	-	-	-	0.00%	0.00%
Habib Bank Limited	46,500	-	-	9,000	37,500	3,633	4,903	1,270	4.47%	5.11%
Habib Metro Bank Limited	-	35,000	-	-	35,000	1,224	1,173	(51)	1.07%	1.22%
MCB Bank Limited	23,470	7,000	-	12,500	17,970	2,986	3,124	137	2.85%	3.25%
Meezan Bank Limited	-	15,000	1,500	-	16,500	1,268	1,356	89	1.24%	1.41%
United Bank Limited	41,000	10,000	-	14,500	36,500	3,856	4,202	346	3.83%	4.38%
	693,720	314,320	1,500	274,450	735,090	25,789	28,846	3,057		
Oil & Gas Marketing Companies										
Sui Northern Gas Pipelines Limited	42,000	-	-	8,000	34,000	1,856	2,102	245	1.92%	2.19%
Pakistan State Oil Company Limited	12,840	5,500	-	3,000	15,340	2,673	3,071	398	2.80%	3.20%
Haseol Petroleum Limited	2	-	-	2	-	-	-	-	0.00%	0.00%
	54,842	5,500	-	11,002	49,340	4,529	5,173	643		
Engineering										
Amreli Steel Limited	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%
Crescent Steel & Allied Products	-	14,000	-	-	14,000	1,157	1,028	(129)	0.94%	1.07%
International Steels Limited	32,000	-	-	22,000	10,000	517	770	254	0.70%	0.80%
	52,000	14,000	-	42,000	24,000	1,674	1,799	125		
Chemicals										
Engro Polymer & Chemicals limited	92,000	-	-	92,000	-	-	-	-	0.00%	0.00%
ICI Pakistan Limited	3,000	-	-	500	2,500	1,737	1,809	72	1.65%	1.88%
	95,000	-	-	92,500	2,500	1,737	1,809	72		

FIRST HABIB STOCK FUND

Name of the Investee	As at July 01, 2020	Purchased/ bonus/ right shares received during the period	Bonus during the period	Disposed during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	Market value as a percentage of:	
									Net Assets	Total Investments
				Number of shares		(Rupees in '000)				
Fertilizers										
Fauji Fertilizer Company Limited	36,500	10,000	-	46,500	-	-	-	-	0.00%	0.00%
Engro Fertilizers Limited	48,500	-	-	15,000	33,500	2,019	2,037	18	1.86%	2.12%
Engro Corporation Limited	18,650	4,000	-	5,500	17,150	5,090	5,163	72	4.71%	5.38%
	103,650	14,000	-	67,000	50,650	7,110	7,200	90		
Oil & Gas Exploration Companies										
Oil and Gas Development Company Limited	55,799	10,500	-	10,000	56,299	6,124	5,833	(291)	5.32%	6.08%
Pakistan Oilfields Limited	5,100	6,500	-	-	11,600	4,403	4,887	484	4.46%	5.09%
Pakistan Petroleum Limited	52,536	21,000	-	17,000	56,536	5,129	5,205	75	4.75%	5.42%
Mari Petroleum Company Limited	5,530	-	-	1,500	4,030	4,984	5,519	535	5.04%	5.75%
	118,965	38,000	-	28,500	128,465	20,641	21,444	803		
Paper & Board										
Century Paper & Board Mills Limited	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%
Security Paper Limited	-	5,000	-	-	5,000	1,175	1,084	(91)	0.99%	1.13%
	20,000	5,000	-	20,000	5,000	1,175	1,084	(91)		
Insurance										
Jubilee Life Insurance	-	10,000	-	4,000	6,000	1,884	2,665	781	2.43%	2.78%
	-	10,000	-	4,000	6,000	1,884	2,665	781		
Construction & Material (Cement)										
Cherat Cement Company Limited	500	-	-	500	-	-	-	-	0.00%	0.00%
D.G. Khan Cement Company limited	13,000	-	-	3,000	10,000	853	1,031	178	0.94%	1.07%
Lucky Cement Limited	13,050	2,000	-	3,800	11,250	5,354	7,280	1,926	6.64%	7.58%
Maple Leaf cement	102,000	-	-	69,000	33,000	857	1,184	327	1.08%	1.23%
Pioneer Cement	15,000	24,000	-	27,000	12,000	1,212	1,088	(124)	0.99%	1.13%
	143,550	26,000	-	103,300	66,250	8,277	10,583	2,307		
Automobile Assemblers										
Indus Motor Company Limited	1,200	-	-	1,200	-	-	-	-	0.00%	0.00%
Sazgar Engineering Works	-	13,000	-	-	13,000	2,395	2,222	(173)	2.03%	2.31%
	1,200	13,000	-	1,200	13,000	2,395	2,222	(173)		
Software & Computer Services										
Netsol	1,500	-	-	1,500	-	-	-	-	0.00%	0.00%
	1,500	-	-	1,500	-	-	-	-		
Automobiles Parts and Accessories										
Thal Limited	1,650	3,500	-	-	5,150	2,116	2,165	49	1.97%	2.25%
	1,650	3,500	-	-	5,150	2,116	2,165	49		
Textile Composition										
Nishat Mills Limited	30,000	-	-	-	30,000	2,340	3,032	692	2.77%	3.16%
Gul Ahmed Textile Mills Limited	75,600	-	-	75,600	-	-	-	-	0.00%	0.00%
	105,600	-	-	75,600	30,000	2,340	3,032	692		
Pharmaceutical										
ABBOTT Laboratories	-	3,500	-	2,000	1,500	926	1,150	224	1.05%	1.20%
GlaxoSmithKline	3,500	-	-	3,500	-	-	-	-	0.00%	0.00%
The Searle Company Limited	550	4,500	-	5,050	-	-	-	-	0.00%	0.00%
	4,050	8,000	-	10,550	1,500	926	1,150	224		
Power Generation and Distribution										
The Hub Power Company Limited	42,400	15,000	-	33,000	24,400	1,817	1,914	98	1.75%	1.99%
K-Electric Limited	100,000	-	-	-	100,000	301	421	120	0.38%	0.44%
	142,400	15,000	-	33,000	124,400	2,118	2,335	218		
Technology & Communications										
Pakistan Telecommunication Limited	500	200,000	-	500	200,000	2,330	2,162	(168)	1.97%	2.25%
Systems Limited	10,700	-	-	2,100	8,600	1,580	2,340	760	2.13%	2.44%
	11,200	200,000	-	2,600	208,600	3,909	4,502	592		
Total as at September 30, 2020						86,618	96,007	9,389		
Total as at June 30, 2020						98,469	90,114	(8,355)		

FIRST HABIB STOCK FUND

7.2 Following shares were pledged with National Clearing Company Pakistan Limited (NCCPL) as collateral against margin:

	(Unaudited) September 30 2020	(Audited) June 30 2020
	----- (Number of Shares) -----	
Engro Fertilizers Limited	15,000	15,000
Habib Bank Limited	15,000	15,000
The Hub Power Company Limited	13,500	13,500
Oil & Gas Development Company Limited	15,000	15,000
Pakistan Petroleum Limited	15,000	15,000
United Bank Limited	15,000	15,000
	<u>88,500</u>	<u>88,500</u>

8. DIVIDEND AND PROFIT RECEIVABLE

	(Unaudited) September 30 2020	(Audited) June 30 2020
	----- (Rupees in '000) -----	
Dividend receivable	367	44
Profit receivable on saving account	92	63
	<u>459</u>	<u>107</u>

9. ADVANCES, DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited (CDC)	100	100
Advance tax	189	189
Prepayments - Listing Fee	19	-
	<u>2,808</u>	<u>2,789</u>

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on January 12, 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management company has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

The total provision for SWWF till September 30, 2020 is Rs. 1.257 million. Had the provision not been made, Net Asset Value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.95 (June 30, 2020: Rs. 0.65) per unit

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. TAXATION

"The income of the fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company has distributed not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in this financial statements.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the period ended September 30, 2020.

FIRST HABIB STOCK FUND

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

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

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at September 30, 2020, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	96,007	-	96,007
Government securities	-	-	-
	<u>96,007</u>	<u>-</u>	<u>96,007</u>

As at June 30, 2020, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	90,114	-	90,114
Government securities	-	-	-
	<u>90,114</u>	<u>-</u>	<u>90,114</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AL Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Cash Fund, First Habib Income Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund First Habib Islamic Stock Fund, and Bank AL Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non- Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Quarter ended September 30	
	2020	2019
	(Rupees in '000)	
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		
Management fee	<u>557</u>	<u>471</u>
Sales Tax	<u>72</u>	<u>61</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>63</u>	<u>114</u>
Bank AL Habib Limited		
Profit on bank balances	<u>230</u>	<u>220</u>

FIRST HABIB STOCK FUND

Details of balances with connected persons are as follows:	(Unaudited)	(Audited)
	September 30	June 30
	2020	2020
	----- (Rupees in '000) -----	
Bank AL Habib Limited		
Bank balance	13,041	17,797
AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) - Management Company		
Management fee payable	211	182
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	21	18
- Security deposit - non interest bearing	100	100
AL Habib Capital Markets (Private) Limited - Brokerage house		
- Brokerage payable	-	5

14.1 Sale / redemption of units for the period ended

	Quarter ended		Quarter ended	
	September 30, 2020		September 30, 2019	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<u>Units sold to:</u>				
Other related parties				
- Directors of the Management Company	-	-	1,468	100
Management Company				
AL Habib Asset Management Limited				
- (Formerly Habib Asset Management Limited)	148,716	12,000	-	-
<u>Units redeemed by:</u>				
Other related parties				
- Directors of the Management Company	-	-	10,205	700
- Mr. Haider Azim	1,697	145	12,977	924
Management Company				
AL Habib Asset Management Limited				
- (Formerly Habib Asset Management Limited)	249,318	19,586	-	-
<u>Units held by:</u>				
Parent Companies				
- Bank AL Habib Limited	100,000	8,279	100,000	6,901
Other related parties				
- Directors of the Management Company	-	-	27,213	1,879
- AL Habib Asset Management Limited - Employees PF	-	-	20,910	1,443
- Mr. Qumail Habib	27,285	2,259	27,285	1,883
- Mr. Imran Azim	8,228	681	35,425	2,445
- Mr. Haider Azim	2,424	201	-	-
- Mr. Abbas Qurban	61,143	5,062	5,371	371
Connected persons holding 10% or more of the units in issue	604,091	50,015	-	-

15. TOTAL EXPENSE RATIO (TER)

In the current year, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended September 30, 2020 is 5.13% which include 1.43% representing government levy, Sindh Worker Welfare Fund and SECP fee.

FIRST HABIB STOCK FUND

16. The COVID-19 Pandemic

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

17. GENERAL

Date of Authorisation for issue

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **October 14, 2020**.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

Quarterly Report

September 30, 2020

FUND'S INFORMATION**Management Company**

AL Habib Asset Management Limited
(formerly Habib Asset Management Limited)

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali Khan	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive Officer

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali Khan	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

KPMG Taseer Hadi & CO.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Rating

AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited
Bank Islami Pakistan Limited
MCB Bank Limited
National Bank of Pakistan

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2020

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6.	21,686	40,432
Investments	7.	73,695	75,804
Dividend and profit receivable	8.	404	117
Receivable against issuance of units		12,000	-
Advances, deposits and prepayments	9.	3,110	3,136
Total assets		110,895	119,489
Liabilities			
Payable to AL Habib Asset Management Limited (Formerly Habib Asset Management Limited) - Management Company		179	447
Provision for federal excise duty on remuneration of AL Habib Asset Management Limited (Formerly Habib Asset Management Limited) - the Management Company		1,478	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee		16	21
Payable to Securities and Exchange Commission of Pakistan		4	20
Provision for Sindh Workers' Welfare Fund (SWWF)	10.	738	504
Payable against purchase of investments		-	12,705
Accrued expenses and other liabilities		7,413	909
Total liabilities		9,828	16,084
Net assets		101,067	103,405
Unit holders' Fund (as per statement attached)		101,067	103,405
		(Number of Units)	
Number of units in issue (Face value of units is Rs. 100 each)		1,269,175	1,477,879
		(Rupees)	
Net asset value per unit		79.63	69.97

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		Quarter ended September 30	
		2020	2019
Note		----- (Rupees in '000) -----	
Income			
	Profit on bank deposits using effective yield method	182	348
	Dividend income	404	1,344
	Net gain / (loss) on investments classified at fair value through profit or loss		
	- Net capital gain / (loss) on sale of investments	5,459	(1,467)
7.1	- Net unrealised gain / (loss) on revaluation of investments	6,634	(5,499)
		12,093	(6,966)
	Total income / loss	12,679	(5,275)
Expenses			
	Remuneration of AL Habib Asset Management Limited (Formerly Habib Asset Management Limited) - Management Company	422	466
	Sindh Sales Tax on Management Company's remuneration	55	61
	Expenses allocated by Management Company	26	-
	Remuneration of Central Depository Company of Pakistan Limited - Trustee	47	114
	Annual fee to Securities and Exchange Commission of Pakistan (SECP)	4	5
	Brokerage expense	154	25
	Settlement and bank charges	87	95
	Annual listing fee	6	5
	Auditors' remuneration	114	124
	Other expenses	3	2
	Mutual fund rating fee	46	30
	Charity expense	11	-
	Printing charges	16	16
	Total expenses	991	942
	Net income / (loss) from operating activities	11,688	(6,217)
	Provision for Sindh Worker's Welfare Fund	(234)	-
	Net income / (loss) for the period before taxation	11,454	(6,217)
	Taxation	-	-
	Net income / (loss) for the period after taxation	11,454	(6,217)
Allocation of net income / (loss) for the period:			
	Net income / (loss) for the period	11,454	(6,217)
	Income already paid on units redeemed	(4,780)	-
		6,674	(6,217)
Accounting income available for distribution:			
	- Relating to capital gains	3,181	-
	- Excluding capital gains	3,493	(6,217)
		6,674	(6,217)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended September 30	
	2020	2019
	----- (Rupees in '000) -----	
Net income / loss for the period after taxation	11,454	(6,217)
Other comprehensive income for the period	-	-
Total comprehensive income / loss for the period	11,454	(6,217)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	141,398	(37,993)	103,405	138,494	(37,638)	100,856
Issue of 742,787 (2019: 161,780) units						
- Capital Value	51,973	-	51,973	11,300	-	11,300
- Element of loss	6,872	-	6,872	(700)	-	(700)
Amount received on issuance of units	58,845	-	58,845	10,600	-	10,600
Redemption of 951,491 units (2019: 21,199 units)						
- Capital Value	(66,576)		(66,576)	(1,466)		(1,466)
- Element of loss	(1,281)	(4,780)	(6,061)	92	-	92
Amount paid on redemption of units	(67,857)	(4,780)	(72,637)	(1,374)	-	(1,374)
Total comprehensive income / (loss) for the period	-	11,454	11,454	-	(6,217)	(6,217)
Net assets at the end of the period	132,386	(31,319)	101,067	147,720	(43,855)	103,864
Undistributed income brought forward						
- Realised loss		(36,280)			(16,035)	
- Unrealised loss		(1,713)			(21,603)	
		(37,993)			(37,638)	
Total comprehensive income / (loss) for the period		6,674			(6,217)	
Undistributed loss carried forward		(31,319)			(43,855)	
Undistributed loss carried forward Comprises of:						
- Realised loss		(37,953)			(38,356)	
- Unrealised gain / (loss)		6,634			(5,499)	
		(31,319)			(43,855)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		69.97			70.04	
Net assets value per unit at end of the period		79.63			65.71	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Quarter ended September 30	
	2020	2019
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period after taxation	11,454	(6,217)
Adjustments		
- Net unrealised (gain) / loss on revaluation of investments	(6,634)	5,499
	4,820	(718)
Working capital changes		
<i>Increase / decrease in assets</i>		
Investments	8,743	(12,802)
Dividend and profit receivable	(287)	(1,453)
Receivable against issuance of units	(12,000)	5,500
Advances, deposits and prepayments	26	15
	(3,518)	(8,740)
<i>Decrease / (increase) in liabilities</i>		
Payable to AL Habib Asset Management Limited (Formerly Habib Asset Management Limited) - Management Company	(268)	(9)
Payable to Central Depository Company of Pakistan Limited - Trustee	(5)	13
Payable to Securities and Exchange Commission of Pakistan	(16)	(95)
Provision for Sindh Workers' Welfare Fund (SWWF)	234	-
Payable against purchase of investments	(12,705)	9,033
Accrued expenses and other liabilities	6,504	200
	(6,256)	9,142
Net cash used in operating activities	(4,954)	(316)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of units	58,845	10,600
Payment on redemption of units	(72,637)	(1,374)
Net cash used in financing activities	(13,792)	9,226
Net (decrease) / increase in cash and cash equivalents during the period	(18,746)	8,910
Cash and cash equivalents at the beginning of the period	40,432	12,338
Bank Balances	21,686	21,248

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

First Habib Islamic Stock Fund (the "Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (Formerly: Habib Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on November 24, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 3, 2011 under Regulation 44(3) of the Non-Banking Finance Companies & Notified Entities Regulation, 2008. The Fund revised its Trust Deed (the Deed) dated December 06, 2016, under the Trusts Act, 1882 entered into and between Habib Asset Management Limited (Wakeel), the Management Company, and Central Depository Company of Pakistan Limited, the Trustee. The Trust Deed (revised) was approved by SECP on November 24, 2016.

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the management company is situated at 3rd Floor, Mackinnons Building, I,I Chundrigar Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund revised its investment objectives in order to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws. Previously, the Fund has been investing to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company.

The Fund has been categorized as an Open -End Shariah Compliant Equity Scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2020.

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended June 30, 2020.

FIRST HABIB ISLAMIC STOCK FUND

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended June 30, 2020.

6. BANK BALANCES

		(Unaudited) September 30 2020	(Audited) June 30 2020
	Note	----- (Rupees in '000) -----	
Current accounts		162	169
Savings accounts	6.1	21,524	40,263
		<u>21,686</u>	<u>40,432</u>

- 6.1 These carry profit rates ranging from 4% to 6.25% (30 June 2020: 6.00% to 13.00%) per annum. It includes balance of Rs. 0.69 million (June 30, 2020: Rs 0.38 million) with Bank AL Habib Limited, a related party carrying profit rate of 4% (June 30, 2020: 4% to 6.10%) per annum.

7. INVESTMENTS

At fair value through profit or loss:

Quoted equity securities	7.1	73,695	75,804
		<u>73,695</u>	<u>75,804</u>

7.1 Quoted equity securities

Name of the Investee	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	Market Value as a Percentage of:	
									Net Assets	Total Investments
				-----Number of shares-----		----- (Rupees in '000) -----				
COMMERCIAL BANKS										
Meezan Bank Limited	70,135	70,500	5,813	52,500	93,948	6,702	7,723	1,022	7.64%	10.48%
	<u>70,135</u>	<u>70,500</u>	<u>5,813</u>	<u>52,500</u>	<u>93,948</u>	<u>6,702</u>	<u>7,723</u>	<u>1,022</u>		
CHEMICALS										
Engro Polymer & Chemicals Limited	92,000	15,000	-	107,000	-	-	-	-	0.00%	0.00%
ICI Pakistan Limited	3,000	600	-	1,700	1,900	1,341	1,375	34	1.36%	1.87%
	<u>95,000</u>	<u>15,600</u>	<u>-</u>	<u>108,700</u>	<u>1,900</u>	<u>1,341</u>	<u>1,375</u>	<u>34</u>		
FERTILIZER										
Engro Fertilizers Limited	56,500	22,000	-	40,000	38,500	2,356	2,342	(15)	2.32%	3.18%
Engro Corporation Limited	32,340	3,000	-	14,400	20,940	6,167	6,304	137	6.24%	8.55%
	<u>88,840</u>	<u>25,000</u>	<u>-</u>	<u>54,400</u>	<u>59,440</u>	<u>8,523</u>	<u>8,645</u>	<u>122</u>		
CEMENT										
Cherat Cement Company Limited	13,000	-	-	5,000	8,000	697	934	237	0.92%	1.27%
D.G. Khan Cement Company Limited	3,000	12,000	-	-	15,000	1,573	1,547	(27)	1.53%	2.10%
Kohat Cement Company Limited	15,000	-	-	5,000	10,000	1,375	1,707	333	1.69%	2.32%
Lucky Cement Limited	11,400	8,800	-	5,467	14,733	7,803	9,533	1,730	9.43%	12.94%
Maple Leaf Cement Factory Limited	142,000	30,000	-	152,500	19,500	550	700	150	0.69%	0.95%
	<u>184,400</u>	<u>50,800</u>	<u>-</u>	<u>167,967</u>	<u>67,233</u>	<u>11,999</u>	<u>14,421</u>	<u>2,422</u>		
POWER GENERATION & DISTRIBUTION										
The Hub Power Company Limited	64,300	-	-	64,300	-	-	-	-	0.00%	0.00%
K-Electric Limited	100,000	-	-	100,000	-	-	-	-	0.00%	0.00%
	<u>164,300</u>	<u>-</u>	<u>-</u>	<u>164,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
AUTOMOBILE ASSEMBLERS										
Sazgar Engineering Works	-	4,500	-	-	4,500	837	769	(68)	0.76%	1.04%
	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>837</u>	<u>769</u>	<u>(68)</u>		
ENGINEERING										
Crescent Steel & Allied Products	-	10,000	-	-	10,000	805	735	(70)	0.73%	1.00%
International Steels Limited	15,000	-	-	15,000	-	-	-	-	0.00%	0.00%
	<u>15,000</u>	<u>10,000</u>	<u>-</u>	<u>15,000</u>	<u>10,000</u>	<u>805</u>	<u>735</u>	<u>(70)</u>		
TECHNOLOGY & COMMUNICATION										
Systems Limited	5,000	-	-	-	5,000	918	1,360	442	1.35%	1.85%
Pakistan Telecommunication Limited	3,500	150,000	-	3,500	150,000	1,751	1,622	(130)	1.60%	2.20%
	<u>8,500</u>	<u>150,000</u>	<u>-</u>	<u>3,500</u>	<u>155,000</u>	<u>2,670</u>	<u>2,982</u>	<u>312</u>		

FIRST HABIB ISLAMIC STOCK FUND

Name of the Investee	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Unrealized gain / (loss)	Market Value as a Percentage of:	
									Net Assets	Total Investments
-----Number of shares-----					----- (Rupees in '000) -----					
PAPER & BOARD										
Packages	4,100	-	-	1,200	2,900	1,007	1,457	450	1.44%	1.98%
Security Paper Limited	-	4,000	-	-	4,000	940	867	(73)	0.86%	1.18%
	4,100	4,000	-	1,200	6,900	1,947	2,324	377		
OIL & GAS EXPLORATION COMPANIES										
Mari Petroleum Company Limited	4,460	-	-	1,500	2,960	3,660	4,054	393	4.01%	5.50%
Oil & Gas Development Company	80,500	8,000	-	24,500	64,000	6,979	6,630	(349)	6.56%	9.00%
Pakistan Oilfields Limited	12,050	7,200	-	8,100	11,150	4,088	4,698	610	4.65%	6.37%
Pakistan Petroleum Limited	56,010	34,000	-	22,500	67,510	6,256	6,215	(41)	6.15%	8.43%
	153,020	49,200	-	56,600	145,620	20,985	21,597	612		
OIL & GAS MARKETING COMPANIES										
Hascol Petroleum Limited	187	-	-	187	-	-	-	-	0.00%	0.00%
Attock Petroleum Limited	2,500	-	-	-	2,500	763	854	91	0.84%	1.16%
Hi-Tech Lubricants Limited	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%
Pakistan State Oil Company Limited	14,160	9,000	-	8,000	15,160	2,669	3,035	367	3.00%	4.12%
Sui Northern Gas Pipeline Limited	45,500	15,000	-	21,500	39,000	2,142	2,411	269	2.39%	3.27%
TOTAL	69,347	24,000	-	36,687	56,660	5,573	6,299	726		
TEXTILE COMPOSITE										
Kohinoor Textile Mills Limited	-	45,000	-	10,000	35,000	1,731	1,894	162	1.87%	2.57%
Nishat Mills Limited	36,000	5,000	-	16,000	25,000	2,012	2,527	515	2.50%	3.43%
TOTAL	36,000	50,000	-	26,000	60,000	3,743	4,421	677		
PHARMACEUTICALS										
ABBOTT Laboratories	-	3,300	-	1,200	2,100	1,297	1,610	313	1.59%	2.18%
The Searle Company Limited	6,600	4,000	-	7,500	3,100	640	795	155	0.79%	1.08%
TOTAL	6,600	7,300	-	8,700	5,200	1,937	2,405	468		
Total as at September 30, 2020	895,242	460,900	5,813	695,554	666,401	67,061	73,695	6,634		
Total as at June 30, 2020						77,517	75,804	(1,713)		

7.2 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	(Unaudited) September 30 2020	(Audited) June 30 2020
	------(No. of shares)-----	
The Hub Power Company Limited	-	20,000
ICI Pakistan limited	1,900	-
Meezan Bank Limited	10,000	-
Packages Limited	2,900	-
Pakistan Petroleum Limited	5,000	5,000
	19,800	25,000

8. DIVIDEND AND PROFIT RECEIVABLE

	(Unaudited) September 30 2020	(Audited) June 30 2020
	----- (Rupees in '000) -----	
Profit receivable on savings accounts	60	56
Dividend receivable	344	61
	404	117

9. ADVANCES, DEPOSITS, AND PREPAYMENTS

Security Deposit with Central Depository Company of Pakistan Limited	100	100
Security Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Mutual fund rating fee	87	132
Receivable from AL Habib Asset Management Limited (Formerly Habib Asset management limited)	150	150
Prepayment - Listing Fee	19	-
Advance tax on dividend	254	254
	3,110	3,136

FIRST HABIB ISLAMIC STOCK FUND

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

The total provision for SWWF till September 30, 2020 is Rs. 0.738 million. Had the provision not been made, Net Asset Value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.58 (June 30, 2020: Re. 0.34) per unit.

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. TAXATION

The income of the fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company has distributed not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in this financial statements.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2020.

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

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

Level 3 : Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at September 30, 2020 the categorisation of investments is shown below:

	Level 1	Level 2	Total
	-----	(Rupees) -----	-----
Equity securities	73,695	-	73,695
	<u>73,695</u>	<u>-</u>	<u>73,695</u>

As at June 30, 2020 the categorisation of investments is shown below:

	Level 1	Level 2	Total
	-----	(Rupees) -----	-----
Equity securities	75,804	-	75,804
	<u>75,804</u>	<u>-</u>	<u>75,804</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Cash Fund, First Habib Income Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund and First Habib Stock Fund being the funds managed by the common Management Company, Central Depository Company Limited being the Trustee of the Fund, directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at June 30, 2020. It also includes staff retirement benefit funds of the above connected person / related parties.

Details of transactions with connected persons are as follows:

	Quarter ended September 30	
	2020	2019
	-----	-----
	(Rupees in '000)	(Rupees in '000)
AL Habib Asset Management Limited (Formerly Habib Asset Management Limited) - Management Company		
Management fee	422	466
Sales tax on management fee	55	61
Expenses allocated by Management Company	26	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	47	114
Bank AL Habib Limited		
Profit on bank balances	3	6
	<u>79</u>	<u>79</u>

FIRST HABIB ISLAMIC STOCK FUND

Details of balances with connected persons are as follows:	(Unaudited)	(Audited)
	September 30	June 30
	2020	2020
	----- (Rupees in '000) -----	
Bank AL Habib Limited		
Bank balance	691	384
Profit receivable on saving account	1	4
AL Habib Asset Management Limited (Formerly - Habib Asset Management Limited) - Management Company		
Management fee payable	179	447
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	16	21
- Security deposit - non interest bearing	100	100

14.1 Sale / redemption of units for the period	Quarter ended		Quarter ended	
	September 30, 2020		September 30 2019	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
AL Habib Asset Management Limited - (Formerly Habib Asset Management Limited)	493,355	39,000	-	-
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited - (Formerly Habib Asset Management Limited)	754,466	57,000	-	-
Units held by:				
Management Company				
AL Habib Asset Management Limited - (Formerly Habib Asset Management Limited)	550,711	43,854	627,397	41,226
Other related parties				
- Directors of the Management Company	8,603	685	24,784	1,629
Parent Companies				
- Bank AL Habib Limited	100,929	8,037	100,929	6,632
Other related parties				
- Habib Insurance Company Ltd - Employees Provident Fund	16,952	1,350	16,952	1,114

15. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/ 18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended September 30, 2020 is 5.81% which include 1.54% representing government levy, Worker Welfare Fund and SECP fee.

16. COVID-19 PANDEMIC

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it was operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

17. GENERAL

DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **October 14, 2020**.

**For AL Habib Asset Management Limited
(Formerly: Habib Asset Management Limited)
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

129.64 ملین روپے اور سکوک سرٹیفکیٹ 64.34 ملین روپے پر منافع رہا۔ موجودہ سہ ماہی کے دوران فنڈ نے 1.12 روپے فی یونٹ کے حساب سے اپنے یونٹ ہولڈرز کو منافع تقسیم کیا۔

فرسٹ حبیب ایسیٹ ایلوکیشن فنڈ:

30 ستمبر 2020ء کے اختتام پر فنڈ کا منافع 8.03 فیصد رہا جبکہ بیچ مارک 7.95 فیصد تھا۔ فنڈ کی مجموعی آمدنی 8.96 ملین رہی۔ جس میں فروخت اور غیر فروخت شدہ اثاثوں پر حاصل ہونے والا 8.05 ملین کا منافع شامل ہے۔

فرسٹ حبیب اسٹاک فنڈ:

30 ستمبر 2020ء کے اختتام پر فنڈ کا منافع 15.27 فیصد رہا جبکہ بیچ مارک منافع 16.48 فیصد تھا۔ فنڈ کی مجموعی آمدنی 16.72 ملین روپے رہی جو کہ فروخت اور غیر فروخت شدہ اثاثوں پر حاصل ہونے والے منافع پر مشتمل ہے۔

فرسٹ حبیب اسلامک اسٹاک فنڈ:

30 ستمبر 2020ء کے اختتام پر فنڈ کا منافع 13.81 فیصد رہا جبکہ بیچ مارک منافع 17.72 فیصد تھا۔ فنڈ کی مجموعی آمدنی 12.68 ملین روپے رہی جو کہ فروخت اور غیر فروخت شدہ اثاثوں پر حاصل ہونے والے منافع پر مشتمل ہے۔

بورڈ آف ڈائریکٹر بے حد شکر گزار ہیں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سنٹرل ڈپازٹری کمپنی آف پاکستان اور بورڈ اپنے یونٹ ہولڈرز کے بھی شکر گزار ہیں جنہوں نے ہمیشہ تعاون کیا، بورڈ کمپنی کی انتظامیہ اور اس کے ملازمین کی محنت پر مشکور ہیں۔

ڈائریکٹر

چیف ڈائریکٹر آفیسر

مورخہ اکتوبر 14، 2020ء

ڈائریکٹر رپورٹ

الحبيب ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹر 30 ستمبر 2020ء کو ختم ہونے والی سہ ماہی کے لئے زیر انتظام فنڈ کی غیر آڈٹ شدہ مالیاتی رپورٹ پیش کرتے ہیں۔

ذیر جائزہ مدت کے دوران پاکستان کی معیشت میں بہتری آئی ہے۔ ساتھ ہی COVID-19 وبائی بیماری کے اعداد و شمار میں کمی دیکھنے میں آئی ہے۔ اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو 7.00 فیصد پر برقرار رکھا تاہم قرضوں کی شرح سود میں اضافہ دیکھا گیا ہے۔ اسٹاک مارکیٹ میں تیزی رہی کیونکہ سہ ماہی کے دوران کے ایس ای 100 انڈیکس میں 18 فیصد اضافہ ہوا۔

فرسٹ حبیب کیش فنڈ:

30 ستمبر 2020ء کو ختم ہونے والی سہ ماہی میں فنڈ کا منافع 6.17 فیصد رہا، جبکہ بینچ مارک 6.82 فیصد تھا۔ فنڈ کی مجموعی آمدنی 52.37 ملین روپے رہی۔ جسکی تفصیل درج ذیل ہے۔ گورنمنٹ سیکیورٹیز پر منافع 35.58 ملین روپے اور بینک ڈپازٹس پر منافع 18.83 ملین روپے ہے، جبکہ فنڈ نے 0.98 روپے فی یونٹ کے حساب سے اپنے یونٹ ہولڈرز کو منافع تقسیم کیا۔

فرسٹ حبیب انکم فنڈ:

30 ستمبر 2020ء کو ختم ہونے والی سہ ماہی میں فنڈ کا منافع 3.08 فیصد رہا، جبکہ بینچ مارک 7.21 فیصد تھا۔ فنڈ کی مجموعی آمدنی 9.67 ملین روپے رہی جو کہ سرمایہ کاری کی فروخت اور اخذ کردہ سیکیورٹیز پر غیر حاصل شدہ نقصان کو منہا کرنے کے بعد جو کہ 8 ملین روپے ہے۔

فرسٹ حبیب اسلامک انکم فنڈ:

30 ستمبر 2020ء کو ختم ہونے والی سہ ماہی میں فنڈ کا منافع 6.33 فیصد رہا، جبکہ بینچ مارک 4.42 فیصد تھا۔ فنڈ کی مجموعی آمدنی 199.92 ملین روپے رہی۔ جس میں بینک ڈپازٹس پر منافع

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