



AL Habib Funds

HALF YEARLY REPORT

December 31, 2020

Managed By:

AL HABIB ASSET MANAGEMENT LIMITED

Rated AM2 by PACRA



CONTENTS

DIRECTORS' REPORT	02
FIRST HABIB CASH FUND	03
FIRST HABIB INCOME FUND	19
FIRST HABIB ISLAMIC INCOME FUND	37
FIRST HABIB ASSET ALLOCATION FUND	54
FIRST HABIB STOCK FUND	71
FIRST HABIB ISLAMIC STOCK FUND	88
ڈائریکٹرز کی رپورٹ	105

DIRECTORS' REPORT

The Board of Directors of AL Habib Asset Management Limited is pleased to present the condensed interim financial information of the Funds under its management for the half year ended December 31, 2020.

During the period under review, economic indicators including remittances, exports, and current account balance have showed notable improvements. State Bank of Pakistan kept policy rate unchanged at 7% to continue to assist the improving economy amidst the COVID-19 pandemic. The benchmark KSE-100 index posted a return of 27.11% for the half year ended December 31, 2020.

First Habib Cash Fund has generated a net annualized return of 6.47% for the half year ended December 31, 2020 against benchmark return of 6.72%. The Fund's gross income was Rs. 161.20 million, which comprises income of Rs. 99.68 million from government securities and Rs. 63.68 million from bank deposits. During the period, the Fund has distributed cumulative interim dividends of Rs. 2.63 per unit.

First Habib Income Fund has generated a net annualized return of 4.95% for the half year ended December 31, 2020 against benchmark return of 7.28%. The Fund's gross income was Rs. 26.82 million, which comprises income of Rs. 15.56 million from TFC / Sukuks and Rs. 12.78 million from government securities.

First Habib Islamic Income Fund has generated a net annualized return of 6.30% for the half year ended December 31, 2020 against the benchmark return of 3.93%. The Fund's gross income was Rs. 420.10 million, which comprises income of Rs. 214.09 million from bank deposits and Rs. 163.78 million from investment in Sukuks. During the period, the Fund has distributed cumulative interim dividends of Rs. 2.92 per unit.

First Habib Asset Allocation Fund has generated a net return of 12.43% for the half year ended December 31, 2020 against the benchmark return of 15.60%. The Fund's gross income was Rs. 12.96 million, which mainly includes Rs. 10.81 million from realized and unrealized capital gains on investments.

First Habib Stock Fund has generated a net return of 19.83% for the half year ended December 31, 2020 against benchmark return of 25.51%. The Fund's gross income was Rs. 22.77 million, which mainly comprises income from realized and unrealized capital gain on investments.

First Habib Islamic Stock Fund has generated a net return of 21.48% for the half year ended December 31, 2020 against benchmark return of 29.41%. The Fund's gross income was Rs. 19.03 million, which mainly comprises income from 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.

KASHIF RAFI
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: January 21, 2021

FIRST HABIB CASH FUND
Half Yearly Report
December 31, 2020

FUND'S INFORMATION

Management Company

AL 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

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
Allied Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 25-B, Block 4th
SDF/2, H.S. Main Shahr-e-Faisal
Karachi - 74600, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 14026021 - 23
URL: www.cdc-pakistan.com
Email: info@cdc-pac.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB CASH FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Cash Fund (the Fund) are of the opinion that Al Habib Asset Management Limited (Formerly Habib Asset Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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


Badiuddin Akher
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 17, 2021





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report to the unit holders of First Habib Cash Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Cash Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co. is a Private Limited Company incorporated in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with the KPMG network of independent member firms affiliated with the KPMG network of independent member firms affiliated with the KPMG network of independent member firms.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 February 2021
Karachi

KMS Taseer Hadi
KPMG Taseer Hadi & Co.
Chartered Accountants

FIRST HABIB CASH FUND

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2020

		December 31, 2020 (Un-Audited) Note -----(Rupees in '000)-----	June 30, 2020 (Audited)
Assets			
Bank balances	4	13,553,176	3,656,157
Investment	5	4,956,501	866,323
Income receivable	6	43,537	16,695
Advance, deposits, prepayments and other receivable	7	1,408	1,178
Total assets		18,554,622	4,540,353
Liabilities			
Payable to AL Habib Asset Management Limited - Management company	8	4,266	1,406
Provision for Federal Excise Duty on remuneration of the Management Company	9	13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee	10	517	183
Payable to Securities and Exchange Commission of Pakistan	11	446	428
Provision for Sindh Workers' Welfare Fund	12	16,518	13,593
Payable against redemption of units		368,516	5,694
Payable against purchase of investment		4,956,551	866,238
Accrued expenses and other liabilities		1,121	2,460
Total liabilities		5,361,352	903,419
Net assets		13,193,270	3,636,934
Unit holders' fund (as per the statement attached)		13,193,270	3,636,934
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		130,657,625	36,232,142
		(Rupees)	
Net assets value per unit		100.98	100.38
Contingencies and commitments	13		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

		Half year ended December 31,		Quarter ended December 31,	
	Note	2020	2019	2020	2019
----- (Rupees in '000) -----					
Income					
Profit on bank deposits		63,680	93,330	44,850	56,141
Income on government securities		99,686	42,904	64,108	16,191
Markup on placements		-	8,084	-	-
- Net realised (loss) / gain on sale of investments		(2,257)	(574)	117	(268)
- Net unrealised gain on revaluation of investments		95	-	-	-
		(2,162)	(574)	117	(268)
Total income		161,204	143,744	109,075	72,064
Expenses					
Remuneration of AL Habib Asset Management Limited - Management Company	8.1	9,001	8,699	5,220	4,270
Sindh Sales tax on management fee	8.2	1,170	1,131	678	555
Expenses allocated by management company		2,168	-	2,168	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10	1,448	660	957	336
Sindh Sales tax on Trustee fee	10.1	188	86	124	44
Annual fee - Securities and Exchange Commission of Pakistan	11	448	207	297	103
Brokerage expense		91	57	63	38
Settlement and bank charges		54	70	41	54
Auditors' remuneration		223	182	111	140
Annual listing fee		13	15	7	9
Mutual fund rating fee		134	134	77	67
Printing charges		33	33	12	17
Total expenses		14,971	11,274	9,755	5,633
Net income from operating activities		146,233	132,470	99,320	66,431
Provision for Sindh Workers' Welfare Fund		(2,925)	(2,559)	(1,982)	(1,239)
Net income for the period before taxation		143,308	129,911	97,338	65,192
Taxation	14	-	-	-	-
Net income for the period after taxation		143,308	129,911	97,338	65,192
Allocation of net income for the period after taxation					
Net income for the period after taxation		143,308	129,911	97,338	65,192
Income already paid on units redeemed		(26,075)	(13,755)	(15,568)	(10,092)
		117,233	116,156	81,770	55,100
Accounting income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		117,233	116,156	81,770	55,100
		117,233	116,156	81,770	55,100

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	143,308	129,911	97,338	65,192
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	143,308	129,911	97,338	65,192

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL 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' Fund (Un-Audited)

For the half year ended December 31, 2020

	Half year ended December 31,					
	2020			2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	3,629,756	7,178	3,636,934	2,201,991	3,990	2,205,981
Issuance of 178,640,546 units (2019: 23,236,266 units)						
including additional units 298,122 units issued at nil value						
- Capital value	17,931,938	-	17,931,938	2,314,215	-	2,314,215
- Element of income	68,578	-	68,578	11,915	-	11,915
Amount received on issuance of units	18,000,516	-	18,000,516	2,326,130	-	2,326,130
Redemption of 84,215,063 units (2019: 24,166,129 units)						
- Capital value	(8,453,508)	-	(8,453,508)	(2,423,507)	-	(2,423,507)
- Element of income	(37,750)	(26,075)	(63,825)	(12,249)	(13,755)	(26,004)
Amount paid / payable on redemption of units	(8,491,258)	(26,075)	(8,517,333)	(2,435,756)	(13,755)	(2,449,511)
Total comprehensive income for the period	-	143,308	143,308	-	129,911	129,911
Interim distribution for the year ended June 30, 2020 :						
Rs. 6.4436 per units (2019: Rs. 8.0388 per unit declared)	-	-	-	-	(101,036)	(101,036)
Interim distribution for the year ended June 30, 2021 :						
Rs. 2.6333 per units (2020: Rs. 6.4436 per unit declared)	-	(70,155)	(70,155)	-	-	-
Net income for the period less distribution	-	73,153	73,153	-	28,875	28,875
Net assets at end of the period	13,139,014	54,256	13,193,270	2,092,365	19,110	2,111,475
Undistributed income brought forward						
- Realised income		7,093			4,047	
- Unrealised income / (loss)		85			(57)	
		7,178			3,990	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	117,233			116,156		
	117,233			116,156		
Cash dividend paid during the period		(70,155)			(101,036)	
Undistributed income carried forward		54,256			19,110	
Undistributed income carried forward comprises of:						
- Realised income		54,256			19,110	
- Unrealised income		-			-	
		54,256			19,110	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			100.38			100.29
Net assets value per unit at end of the period			100.98			100.23

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB CASH FUND

Condensed Interim Cash Flow Statement (Un-Audited)

For the half year ended December 31, 2020

	Half year ended December 31,	
	2020	2019
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	143,308	129,911
Adjustments for non-cash and other items		
Unrealised (appreciation) / diminution on investments at fair value through profit or loss	(95)	-
Provision for Sindh Workers' Welfare Fund	2,925	2,559
Net cash generated from operations before working capital changes	146,138	132,470
(Increase) / decrease in assets		
Investments	(4,090,083)	300,884
Placements	-	200,000
Receivable against sale of units	-	(50,326)
Income receivable	(26,842)	(22,859)
Advance, deposits, prepayments and other receivable	(230)	(338)
	(4,117,155)	427,361
Increase / (decrease) in liabilities		
Payable to AL Habib Asset Management Limited	2,860	18
Payable to Central Depository Company of Pakistan Limited - Trustee	334	(90)
Payable to Securities and Exchange Commission of Pakistan	18	(1,742)
Payable against redemption of units	362,822	(731)
Payable against purchase of investment	4,090,313	-
Accrued expenses and other liabilities	(1,339)	3,415
	4,455,008	870
Net cash generated from operating activities	483,991	560,701
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	18,000,516	2,326,130
Payments against redemption of units	(8,517,333)	(2,449,511)
Dividend paid during the period	(70,155)	(101,036)
Net cash generated / (used in) from financing activities	9,413,028	(224,417)
Net increase in cash and cash equivalents during the period	9,897,019	336,284
Cash and cash equivalents at beginning of the period	3,656,157	1,731,502
Cash and cash equivalents at end of the period	13,553,176	2,067,786
CASH AND CASH EQUIVALENTS		
Bank balances	4 13,553,176	2,067,786

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Notes To The Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 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 as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the 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 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, 1.I Chundrigar Road Karachi, Pakistan.

The Fund is an open-end mutual fund categorised as 'Money Market Scheme' and is listed on the Pakistan Stock Exchange Limited (PSX). 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.

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 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, in line with its investment objective, invests primarily in treasury bills, government securities and cash and near cash instruments.

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

Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, 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.

2.1.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statement and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of the (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.1.4 The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.

2.1.5 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

FIRST HABIB CASH FUND

2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.3 Standards effective during the period

Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

FIRST HABIB CASH FUND

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

4. BANK BALANCES

	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
Savings account	4.1	<u>13,553,176</u>	<u>3,656,157</u>
		<u>13,553,176</u>	<u>3,656,157</u>

4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 5.5% to 9% (30 June 2020: 4.25% to 14.40%) per annum. It also includes a balance of Rs.10.4 million (30 June 2020: Rs. 334.74 million) with Bank AL Habib Limited, parent company carrying profit rate of 6.25% - 6.5% (30 June 2020: 7.00% to 11.78%) per annum.

5. INVESTMENT

	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
At fair value through profit or loss:			
Government securities - Market Treasury Bills	5.1	<u>4,956,501</u>	<u>866,323</u>
		<u>4,956,501</u>	<u>866,323</u>

5.1 Government securities - Market Treasury Bills

Description	Face Value				As at December 31, 2020				
	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments
	(Number of Units)				(Rupees in '000)				%
T-Bill 3 Months (21-05-2020)	380,000	620,000	1,000,000	-	-	-	-	-	-
T-Bill 3 Months (05-11-2020)	-	17,500,000	2,500,000	15,000,000	1,493,327	1,493,385	58	11.32%	30.14%
T-Bill 3 Months (27-08-2020)	-	50,284,000	50,284,000	-	-	-	-	-	-
T-Bill 1 Year (23-04-2020)	-	5,000,000	-	5,000,000	489,820	489,777	(43)	3.71%	9.88%
T-Bill 1 Year (05-12-2019)	-	10,750,000	10,750,000	-	-	-	-	-	-
T-Bill 3 Months (16-07-2020)	-	6,250,000	6,250,000	-	-	-	-	-	-
T-Bill 1 Year (07-11-2019)	-	500,000	500,000	-	-	-	-	-	-
T-Bill 6 Months (02-07-2020)	-	13,910,000	13,910,000	-	-	-	-	-	-
T-Bill 3 Months (19-11-2020)	-	24,500,000	4,500,000	20,000,000	1,985,728	1,985,808	80	15.05%	40.06%
T-Bill 6 Months (04-06-2020)	-	6,150,000	6,150,000	-	-	-	-	-	-
T-Bill 3 Months (10-09-2020)	-	15,600,000	15,600,000	-	-	-	-	-	-
T-Bill 3 Months (16-07-2020)	-	27,500,000	27,500,000	-	-	-	-	-	-
T-Bill 6 Months (16-07-2020)	-	6,250,000	6,250,000	-	-	-	-	-	-
T-Bill 3 Months (17-12-2020)	-	10,000,000	-	10,000,000	987,531	987,531	-	7.49%	19.92%
T-Bill 3 Months (10-09-2020)	-	66,450,000	66,450,000	-	-	-	-	-	-
T-Bill 3 Months (08-10-2020)	-	97,830,000	97,830,000	-	-	-	-	-	-
T-Bill 3 Months (24-09-2020)	-	49,260,000	49,260,000	-	-	-	-	-	-
T-Bill 1 Year (21-11-2019)	-	2,000,000	2,000,000	-	-	-	-	-	-
T-Bill 1 Year (12-09-2019)	-	23,000,000	23,000,000	-	-	-	-	-	-
T-Bill 6 Months (09-04-2020)	-	800,000	800,000	-	-	-	-	-	-
T-Bill 1 Year (29-08-2019)	-	8,787,000	8,787,000	-	-	-	-	-	-
T-Bill 1 Year (19-12-2019)	-	15,770,000	15,770,000	-	-	-	-	-	-
T-Bill 6 Months (23-04-2020)	500,000	-	500,000	-	-	-	-	-	-
T-Bill 3 Months (02-07-2020)	-	750,000	750,000	-	-	-	-	-	-
T-Bill 1 Year (16-08-2019)	-	720,000	720,000	-	-	-	-	-	-
T-Bill 3 Months (23-04-2020)	-	15,500,000	15,500,000	-	-	-	-	-	-
Total as at December 31, 2020					<u>4,956,406</u>	<u>4,956,501</u>	<u>95</u>		
Total as at June 30, 2020					<u>866,238</u>	<u>866,323</u>	<u>85</u>		

5.1.1 Rate of return on above Treasury Bill's ranges from 6.00% to 3.32% (2019: 6.70% to 6.74%) per annum.

6. INCOME RECEIVABLE

	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
Profit receivable on saving account		<u>43,537</u>	<u>16,695</u>
		<u>43,537</u>	<u>16,695</u>

FIRST HABIB CASH FUND

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note(Rupees in '000).....	
7 ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Mutual fund rating fee		—	111
Security deposit		100	100
Advance tax	7.1	1,056	967
Prepayment - listing fee		12	—
Other Receivable		240	—
		1,408	1,178
7.1	The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001 regarding which the management is confident that the same will be refunded in due course.		
8 PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
8.1	As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund was entitled to a remuneration at the rate of 10% of net income of the Fund with a maximum of 0.85% and a minimum of 0.5% of average daily net assets per annum. The Management has changed its remuneration at the rate of 10% of the gross earning w.e.f November 20, 2020, which shall be within allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.		
8.2	Sindh Sales Tax has been charged at 13% (June 30, 2020: 13%) on the Management Company's remuneration during the period.		
9 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY			
	There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 9 to the annual audited financial statements for the year ended June 30, 2020.		
	However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 13.42 million.		
	Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2020 would have been higher by Rs. 0.10 (June 30, 2020: Rs. 0.37) per unit.		
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
	The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.075% per annum of net assets.		
10.1 SINDH SALES TAX ON MANAGEMENT TRUSTEE'S REMUNERATION			
	Sindh Sales Tax has been charged at 13% on the trustee's remuneration charged during the period (June 2020: 13%).		
11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)			
	This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.		
12 PROVISION FOR SINDH WORKERS' WELFARE FUND			
	There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 12 to the annual audited financial statements for the year ended June 30, 2020.		
	The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record provision for SWWF on prudence basis.		
	Had the SWWF not been provided for, the net assets value per unit would have been higher by Rs. 0.13 (June 30, 2020: Rs. 0.38) per unit.		
13 CONTINGENCIES AND COMMITMENTS			
	Except as stated in note 12, there are no contingencies and commitments as at December 31, 2020 (June 30, 2020: Nil).		
14 TAXATION			
	The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90% of the net accounting income excluding capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.		
15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES			
	Connected persons / related parties include AL Habib Asset Management Limited being the Management Company, Bank AL Habib Limited being the ultimate parent and AL Habib Capital Markets (Private) Limited being a company under common management or directorship, First Habib Stock Fund, First Habib Income Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund and First Habib Islamic Stock Fund being the Funds managed by the common Management Company, CDC 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 31 December 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 the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.		

FIRST HABIB CASH FUND

Details of the transactions with connected persons are as follows:

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	(Rupees in '000)			
AL Habib Asset Management Limited - Management Company				
Remuneration	9,001	8,699	5,220	4,270
Sindh Sales Tax on remuneration	1,170	1,131	678	555
Expenses allocated by management company	2,168	-	2,168	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,448	660	957	336
Sindh Sales Tax on remuneration	188	86	124	44
Bank AL Habib Limited				
Profit on bank balances	2,719	600	1,805	275

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

	December 31, (Un-Audited)	June 30, (Audited)
	(Rupees in '000)	
AL Habib Asset Management Limited - Management Company		
Remuneration payable (inclusive of Sindh Sales Tax)	4,266	1,406
Federal Excise Duty payable on remuneration	13,417	13,417
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (inclusive of Sindh Sales tax)	517	183
Bank AL Habib Limited		
Bank balance	10,459	334,737

15.1 Sale / Redemption of units for the period ended December 31, 2020

	Half year ended December 31, 2020 (Un-Audited)		Half year ended December 31, 2019 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
AL Habib Asset Management Limited	5,580,780	562,519	-	-
Parent Company				
Bank AL Habib Limited	14,896,114	1,500,000	-	-
Other related parties				
Central Depository Company of Pakistan Ltd.	993,623	100,000	-	-
Habib Asset Management Limited - Employees Provident Fund	1,922	193	-	-
Connected parties holding 10% or more of the units in issue:	53,113,681	5,354,701	2,029,805	200,000
Directors & their relatives of the Management Company	83,858	8,422	53,590	5,397
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited	4,945,231	496,833	-	-
Directors & their relatives of the Management Company	75,678	7,616	24,974	2,518
Units held by:				
	December 31, 2020 (Un-Audited)		June 30, 2020 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Parent Company				
- Bank AL Habib Limited	16,288,303	1,644,793	1,392,189	139,746
Management Company				
AL Habib Asset Management Limited	5,442,133	549,547	4,806,584	482,478
Other related parties				
Habib Asset Management Limited - Employees Provident Fund	74,404	7,513	72,482	7,276
Directors & their relatives of the Management Company	107,382	10,843	131,466	13,197
Connected Parties holding 10% or more of the units in issue:	53,113,481	5,363,399	4,787,173	480,530

FIRST HABIB CASH FUND

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

		Carrying amount			Fair value				
		Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2020 (Un-Audited)	Note	(Rupees in '000).....							
Financial assets - measured at fair value									
Investments - Market Treasury Bills	5	4,956,501	-	-	4,956,501	-	4,956,501	-	4,956,501
Financial assets - not measured at fair value									
Bank balances	4	-	13,553,176	-	13,553,176				
Income receivable		-	43,537	-	43,537				
Advance, deposits, prepayments and other receivable		-	1,408	-	1,408				
		4,956,501	13,598,121	-	18,554,622				
Financial liabilities - not measured at fair value									
Payable to AL Habib Asset Management Limited	8	-	-	4,266	4,266				
Provision for Federal Excise Duty on remuneration of the Management company	9	-	-	13,417	13,417				
Payable to CDC - Trustee	10	-	-	517	517				
Payable to SECP	11	-	-	446	446				
Provision for Sindh Workers' Welfare Fund	12	-	-	16,518	16,518				
Payable against redemption of units		-	-	368,516	368,516				
Payable against purchase of investment		-	-	4,956,551	4,956,551				
Accrued expenses and other liabilities		-	-	1,121	1,121				
		-	-	5,361,352	5,361,352				
June 30, 2020 (Audited)									
		Carrying amount			Fair value				
		Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000).....									
Financial assets - measured at fair value									
Investments		866,323	-	-	866,323	-	866,323	-	866,323
Financial assets - not measured at fair value									
Bank balances		-	3,656,157	-	3,656,157				
Profit receivable		-	16,695	-	16,695				
Advance, deposits, prepayments and other receivable		-	1,178	-	1,178				
		866,323	3,674,030	-	4,540,353				
Financial liabilities - not measured at fair value									
Payable to AL Habib Asset Management Limited	8	-	-	1,406	1,406				
Provision for Federal Excise Duty on remuneration of the Management company	9	-	-	13,417	13,417				
Payable to CDC - Trustee	10	-	-	183	183				
Payable to SECP	11	-	-	428	428				
Provision for Sindh Workers' Welfare Fund	12	-	-	13,593	13,593				
Payable against redemption of units		-	-	5,694	5,694				
Payable against purchase of investment		-	-	866,238	866,238				
Accrued expenses and other liabilities		-	-	2,460	2,460				
		-	-	903,419	903,419				

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17 TOTAL EXPENSE RATIO (TER)

Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2020 is 0.80% which includes 0.21% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

18 GENERAL

18.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2020 and December 31, 2019 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

18.2 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on January 21, 2021.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND
Half Yearly Report
December 31, 2020

FIRST HABIB INCOME FUND

FUND'S INFORMATION

Management Company

AL 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 AL Habib Limited
Bank Alfalah Limited
Allied Bank Limited
Bank Islami Pakistan Limited
JS bank Limited

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**
Head Office:
C/O. House, 92-B, Block-18
S.M.C.H.G., Jinnah Park Road-Istad
Kamrah, 74400, Pakistan
Tel: (021) 111-111-800
Fax: (021) 54326021-23
URL: www.cdcpakistan.com
Email: info@cdcpakistan.com



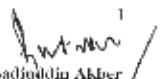
TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Income Fund (the Fund) are of the opinion that Al Habib Asset Management Limited (formerly Habib Asset Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2009, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badrudin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 17, 2021





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report to the unit holders of First Habib Income Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Income Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 February 2021
Karachi

Khams Taseer
KPMG Taseer Hadi & Co.
Chartered Accountants

FIRST HABIB INCOME FUND

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2020

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	539,851	1,015,269
Investments	5	256,250	475,613
Income receivable	6	7,410	11,713
Advances, deposits, prepayments and Other receivable	7	4,807	4,992
Total assets		808,318	1,507,587
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	8	426	1,061
Provision for Federal Excise Duty on remuneration of the Management Company	9	8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee	10	57	80
Payable to Securities and Exchange Commission of Pakistan	11	90	150
Provision for Sindh Workers' Welfare Fund	12	6,307	5,904
Payable against purchase of investments		-	357,666
Payable against redemption of units		-	7
Accrued expenses and other liabilities		2,401	11,251
Total liabilities		18,027	384,865
Net assets		790,291	1,122,722
Unit holders' fund (as per the statement attached)		790,291	1,122,722
		----- (Number of Units) -----	
Number of units in issue (face value of units is Rs. 100 each)		7,636,950	11,120,375
		----- (Rupees) -----	
Net assets value per unit		103.48	100.96
Contingencies and commitments	13		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

		Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
	Note	(Rupees in '000)			
Income					
Profit on bank balances calculated using effective interest method		5,341	20,904	2,817	9,970
Return on government securities		21,529	10,923	11,188	7,364
Profit on commercial paper calculated using effective interest method		-	1,483	-	1,483
Return on TFC / Sukuk certificates		6,817	12,693	2,678	5,418
Income from Margin Trading System		968	1,769	300	73
Income on margin deposit with National Clearing Company of Pakistan Limited		17	-	9	-
Dividend income		-	2,515	-	267
Net gain on investment classified at fair value through profit or loss					
- Net realised (loss) / gain on sale of investments		(3,599)	(810)	(1,508)	429
- Net unrealised (loss) / gain on revaluation of investments		(4,250)	(5,763)	1,664	(5,720)
- Net unrealised gain on derivative financial instruments		-	-	-	169
		(7,849)	(6,573)	156	(5,122)
Total income		26,823	43,714	17,148	19,453
Expenses					
Remuneration of AL Habib Asset Management Limited - Management Company	8.1	4,026	3,684	1,670	1,735
Sindh Sales Tax on management company remuneration	8.2	523	479	217	227
Expenses allocated by the management company		416	-	416	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	336	259	159	130
Sindh Sales Tax on trustee remuneration	10.2	44	34	21	17
Annual fee to the Securities and Exchange Commission of Pakistan	11	90	69	43	35
Brokerage expense		193	368	13	152
Settlement and bank charges		354	523	198	215
Annual listing fee		13	13	7	7
Auditors' remuneration		291	314	146	158
Mutual fund rating fee		231	210	115	105
Printing charges		33	33	17	15
Fee and other charges to National Clearing Company of Pakistan Limited		126	-	60	-
Total expenses		6,676	5,986	3,082	2,796
Net income from operating activities		20,147	37,728	14,066	16,657
Provision for Sindh Workers' Welfare fund	12	(403)	(754)	(281)	(333)
Net income for the period before taxation		19,744	36,974	13,785	16,324
Taxation	14	-	-	-	-
Net income for the period after taxation		19,744	36,974	13,785	16,324
Allocation of net income for the period after taxation					
Net income for the period		19,744	36,974	13,785	16,324
Income already paid on units redeemed		(793)	(2,726)	768	(2,508)
		18,951	34,248	14,553	13,816
Accounting income available for distribution:					
Relating to capital gains		-	-	-	-
Excluding capital gains		18,951	34,248	14,553	13,816
		18,951	34,248	14,553	13,816

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	19,744	36,974	13,785	16,324
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>19,744</u>	<u>36,974</u>	<u>13,785</u>	<u>16,324</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**For AL 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' Fund (Un-Audited)

For the half year ended December 31, 2020

	Half year ended December 31,					
	2020	2019		2020	2019	
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	1,105,868	16,854	1,122,722	719,956	12,859	732,815
Issuance of 8,825,499 units (December 31, 2019: 790,544 units) including additional units nil (December 31, 2019: issued at nil value)						
- Capital value	891,022	-	891,022	79,417	-	79,417
- Element of income	12,656	-	12,656	3,642	-	3,642
Amount received on issuance of units	903,678	-	903,678	83,059	-	83,059
Redemption of 12,308,925 units (December 31, 2019: 1,859,438 units)						
- Capital value	(1,242,709)	-	(1,242,709)	(186,796)	-	(186,796)
- Element of loss	(12,351)	(793)	(13,144)	(3,328)	(2,726)	(6,054)
Amount paid / payable on redemption of units	(1,255,060)	(793)	(1,255,853)	(190,124)	(2,726)	(192,850)
Total comprehensive income for the period	-	19,744	19,744	-	36,974	36,974
Net income for the period less distribution	-	19,744	19,744	-	36,974	36,974
Net assets at end of the period	754,486	35,805	790,291	612,891	47,107	659,998
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 gains		-			-	
- Excluding capital gains		18,951			34,248	
		18,951			34,248	
Undistributed income carried forward		35,805			47,107	
Undistributed income carried forward comprises of:						
- Realised income		40,055			52,870	
- Unrealised loss		(4,250)			(5,763)	
		35,805			47,107	
		(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		103.48			106.01	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

Condensed Interim Cash Flow Statement (Un-Audited)

For the half year ended December 31, 2020

	Half year ended December 31,	
	2020	2019
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	19,744	36,974
Adjustments for non-cash and other items		
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	4,250	5,763
Provision for Sindh Workers' Welfare Fund	403	754
Net cash generated from operations before working capital changes	24,397	43,491
(Increase) / decrease in assets		
Investments	215,113	105,535
Receivable against Margin Trading System	-	55,039
Income receivable	4,303	(467)
Receivable against sale of units	-	731
Receivable against sale of investments	-	48,728
Advances, deposits, prepayments and Other receivable	185	487
	219,601	210,053
Increase / (decrease) in liabilities		
Payable to AL Habib Asset Management Limited - Management Company	(635)	(154)
Payable to Central Depository Company of Pakistan Limited - Trustee	(23)	(80)
Payable to Securities and Exchange Commission of Pakistan	(60)	(527)
Derivative financial liability	-	(14)
Payable against purchase of investment	(357,666)	-
Payable against redemption of units	(7)	40,918
Accrued expenses and other liabilities	(8,850)	(3,498)
	(367,241)	36,645
Net cash (used in) / generated from operating activities	(123,243)	290,189
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	903,678	83,059
Payments against redemption of units	(1,255,853)	(192,850)
Net cash used in financing activities	(352,175)	(109,791)
Net (decrease) / increase in cash and cash equivalents during the period	(475,418)	180,398
Cash and cash equivalents at beginning of the period	1,015,269	386,320
Cash and cash equivalents at end of the period	539,851	566,718
CASH AND CASH EQUIVALENTS		
Bank balances	4 539,851	566,718

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Notes to the Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 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 as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on September 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 03, 2006 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 Limited (PSX). 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 invests in a diversified portfolio of term finance certificates, government securities, corporate debt securities, certificates of investments, term deposit receipts, margin trading system and other money market instruments (including the clean placements). The Fund has been categorized as income scheme.

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

Title to the assets of the Fund is held in the name of CDC as a Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, 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.

2.1.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statement and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of the (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.1.4 The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.

2.1.5 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

FIRST HABIB INCOME FUND

2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.3 Standards effective during the period

Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

FIRST HABIB INCOME FUND

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

4. BANK BALANCES

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	(Rupees in '000)	(Rupees in '000)
Saving accounts	4.1	537,974	1,011,008
Current accounts		1,877	4,261
		<u>539,851</u>	<u>1,015,269</u>

4.1 This represents savings accounts held with various commercial banks carrying profit rates ranging from 4.50% to 7.88% (2020: 6.25% to 14.40%) per annum. It also includes balance of Rs. 2.23 million (June 30 2020: Rs 13.22 million) with Bank AL Habib Limited, parent company, carrying profit rates 6.50% (June 30 2020: 7.75% to 11.75%) per annum.

5. INVESTMENTS

At fair value through profit or loss

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	(Rupees in '000)	(Rupees in '000)
Term finance certificates / Sukuk certificates	5.1	103,257	122,853
Government securities - Market Treasury Bills	5.2	-	142,305
Listed equity securities (spread transactions)	5.3	-	-
Government securities - Pakistan Investment Bonds	5.4	152,993	210,455
		<u>256,250</u>	<u>475,613</u>

5.1 Term finance certificates / sukuks

Name of the Investee	Face Value				As at December 31, 2020			Market Value as percentage of	
	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
<u>Unquoted</u>	(Number of certificates)				(Rupees in '000)			(%)	
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	6,000	-	6,000	-	-	-	-	0.00%	0.00%
JS Bank Limited - 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	59,423	(606)	7.52%	23.19%
Habib Bank Limited - TFC (19-02-2016) (certificates of Rs. 100,000 each)	150	-	-	150	14,691	14,973	282	1.89%	5.84%
Ghani Gases Limited- Sukuk (2-2-2017) (certificates of Rs. 100,000 each)	250	-	-	250	12,499	11,591	(908)	1.47%	4.52%
AGP Limited - Sukuk (9-8-2017) (certificates of Rs. 100,000 each)	250	-	-	250	7,508	7,575	67	0.96%	2.96%
International Brands Limited- Sukuk (15-11-2017) (certificates of Rs. 100,000 each)	150	-	-	150	9,590	9,695	105	1.23%	3.78%
Pakistan Energy Sukuk II (21-05-2020) (certificates of Rs. 100,000 each)	-	20,000	20,000	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk - FRR (29-07-2020) (certificates of Rs. 100,000 each)	-	375	375	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk - VRR (29-07-2020) (certificates of Rs. 100,000 each)	-	375	375	-	-	-	-	0.00%	0.00%
<u>Quoted</u>									
Dawood Hercules Corporation Limited - Sukuk II (certificates of Rs. 100,000 each)	300	-	300	-	-	-	-	0.00%	0.00%
Total as at December 31, 2020					<u>104,317</u>	<u>103,257</u>	<u>(1,060)</u>		
Total as at June 30, 2020					<u>126,888</u>	<u>122,853</u>	<u>(4,035)</u>		

FIRST HABIB INCOME FUND

5.1.1 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	Tenor	Unredeemed face value per TFC / Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Rating	Secured/Unsecured
Term Finance Certificates							
Askari Bank Limited	60	10 years	1,000,483	3 month KIBOR plus 1.20%	17-Mar-20	AA+	Unsecured
Habib Bank Limited	150	10 years	97,940	6 month KIBOR plus 0.5%	19-Feb-16	AA+	Unsecured
Sukuk Certificates							
Ghani Gases Limited	250	6 years	49,996	3 month KIBOR plus 1%	02-Feb-17	A	Secured
AGP Limited	250	5 years	30,032	3 month KIBOR plus 1.3%	09-Jun-17	A	Secured
International Brands Limited	150	4 years	63,933	3 Month KIBOR plus 1.1%	15-Nov-17	AA	Secured

5.2 Government securities - Market Treasury Bills

Issue date	Face Value				As at December 31, 2020			Market value as a percentage of	
	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised loss	Net assets	Total investments
	----- (Number of certificates) -----				----- (Rupees in '000) -----			----- (%) -----	
Treasury bills									
T-bill 3 Months (23-04-2020)	-	40,500	40,500	-	-	-	-	0.00%	0.00%
T-bill 3 Months (02-07-2020)	-	7,500	7,500	-	-	-	-	0.00%	0.00%
T-bill 3 Months (10-09-2020)	-	68,000	68,000	-	-	-	-	0.00%	0.00%
T-bill 3 Months (24-09-2020)	-	784,000	784,000	-	-	-	-	0.00%	0.00%
T-bill 3 Months (08-10-2020)	-	945,000	945,000	-	-	-	-	0.00%	0.00%
T-bill 3 Months (04-06-2020)	-	26,900	26,900	-	-	-	-	0.00%	0.00%
T-bill 3 Months (16-07-2020)	-	7,500	7,500	-	-	-	-	0.00%	0.00%
T-bill 3 Months (27-08-2020)	-	410,000	410,000	-	-	-	-	0.00%	0.00%
T-bill 6 Months (09-04-2020)	-	250,000	250,000	-	-	-	-	0.00%	0.00%
T-bill 6 Months (02-07-2020)	-	7,500	7,500	-	-	-	-	0.00%	0.00%
T-bill 6 Months (16-07-2020)	-	7,500	7,500	-	-	-	-	0.00%	0.00%
T-bill 6 Months (13-02-2020)	-	12,400	12,400	-	-	-	-	0.00%	0.00%
T-bill 1 Year (09-04-2020)	15,000	-	15,000	-	-	-	-	0.00%	0.00%
T-bill 1 Year (16-07-2020)	-	15,000	15,000	-	-	-	-	0.00%	0.00%
T-bill 1 Year (18-07-2020)	-	25,100	25,100	-	-	-	-	0.00%	0.00%
T-bill 1 Year (02-07-2020)	-	10,000	10,000	-	-	-	-	0.00%	0.00%
T-bill 1 Year (18-07-2019)	-	251,000	251,000	-	-	-	-	0.00%	0.00%
T-bill 1 Year (12-09-2019)	-	28,900	28,900	-	-	-	-	0.00%	0.00%
T-bill 1 Year (29-08-2019)	-	4,000	4,000	-	-	-	-	0.00%	0.00%
Total as at December 31, 2020					-	-	-		
Total as at June 30, 2020					142,314	142,304	(10)		

5.2.1 Rate of return on above Treasury Bill's ranges from 6.00% to 6.85% (2019: 6.70% to 6.74%) per annum.

5.3 Listed equity securities (spread transactions)

Name of the Investee	As at during July 01, 2020	Purchased during the period	Sold during the period	As at December 31, 2020	As at December 31, 2020			Market value as a percentage of	
					Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
----- (Number of certificates) -----					----- (Rupees in '000) -----			----- (%) -----	
Oil and Gas Marketing Companies									
Sui Northern Gas Pipeline Limited	-	500	500	-	-	-	-	0,00%	0,00%
Total as at December 31, 2020					=====				
Total as at June 30, 2020					=====				

5.4 Government securities - Pakistan Investment Bonds

Issue date	Face Value				As at December 31, 2020			Market value as a percentage of	
	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised loss	Net assets	Total investments
	----- (Number of certificates) -----				----- (Rupees in '000) -----			----- (%) -----	
Pakistan Investment Bonds									
PIB 3 Years (18-06-2020) - Floater	-	175	175	-	-	-	-	0.00%	0.00%
PIB 5 Years (18-06-2020) - Floater	-	100	100	-	-	-	-	0.00%	0.00%
PIB 5 Years (19-09-2019)	200,000	150,000	200,000	150,000	156,184	152,993	(3,191)	19.36%	59.70%
Total as at December 31, 2020					156,184	152,993	(3,191)		
Total as at June 30, 2020					209,919	210,455	537		

FIRST HABIB INCOME FUND

6.	INCOME RECEIVABLE	Note	December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
			----- (Rupees in '000) ----	
	Receivable against TFCs / Sukuks		5,037	6,735
	Receivable Bank deposits		2,373	4,978
			<u>7,410</u>	<u>11,713</u>
7.	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECIEVABLE			
	Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
	Deposits with Central Depository Company of Pakistan Limited		100	100
	Deposits with NCCPL against margin trading system (MTS)		250	250
	Prepayment against MTS account maintenance fee		-	126
	Prepayment against annual listing / rating Fee		12	107
	Advance tax	7.1	1,945	1,909
			<u>4,807</u>	<u>4,992</u>
7.1	The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001 regarding which the management is confident that the same will be refunded in due course.			
8.	PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
8.1	As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund was entitled to a remuneration at the rate of 10% of gross earnings of the Fund with a maximum of 1.5% and a minimum of 1% of average daily net assets per annum. The Management has changed its remuneration at the rate of 10% of the gross earning w.e.f November 20, 2020, which shall be within allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.			
8.2	Sindh Sales Tax has been charged at 13% (June 30, 2020: 13%) on the Management Company's remuneration during the period.			
9.	PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY			
	There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 9 to the annual audited financial statements for the year ended June 30, 2020. However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 8.746 million. Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2020 would have been higher by Rs. 1.11 (June 30, 2020: Rs. 0.79) per unit.			
10.	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
10.1	The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.075% per annum of net assets.			
10.2	Sindh Sales Tax has been charged at 13% (30 June 2019: 13%) on the Trustee's remuneration charged during the year.			
11.	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
	This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.			

FIRST HABIB INCOME FUND

12. 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 December 31, 2020 is Rs. 6.30 million (June 30, 2020: Rs. 5.90 million). Had the provision not been made, Net Asset Value per unit of the Fund as at December 31, 2020 would have been higher by Rs. 0.80 per unit (June 30, 2020: Rs. 0.53 per unit).

13. CONTINGENCIES AND COMMITMENTS

Except as stated in note 13, there are no contingencies and commitments as at December 31, 2020 (June 30, 2020: Nil).

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance(ITO),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. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC regulations , 2008, the Fund is required to distribute 90% of the net accounting income excluding capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the ITO, 2001. The Fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties include AL Habib Asset Management Limited being the Management Company, Bank AL Habib Limited being the ultimate parent and AL Habib Capital Markerts (Private) Limited being a company under common management or directorship, First Habib Cash Fund, First Habib Stock Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund and First Habib Islamic Stock Fund being the Funds managed by the common Management Company, CDC 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 31 December 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 transactions with connected persons are as follows:

	Half-year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	(Rupees in '000)			
AL Habib Asset Management Limited				
- Management Company				
Remuneration	4,026	3,684	1,670	1,735
Sales tax on management fee	523	479	217	227
Expenses allocated by the management company	416	-	416	-
CDC - Trustee				
- Remuneration to the Trustee	336	259	159	130
- Sales tax on Trustee fee	44	34	21	17
Bank AL Habib Limited				
Profit on bank balance	1,105	315	386	198

FIRST HABIB INCOME FUND

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

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	----- (Rupees in '000) -----	
AL Habib Asset Management Limited - Management Company		
Remuneration payable	426	1,061
Federal Excise duty payable on remuneration	8,746	8,746
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	57	80
Other CDC charges payable	3	2
Security deposits - Non interest bearing	100	100
Bank AL Habib Limited		
Bank balance	2,231	13,225

15.1 Sale / redemption of units for the period ended December 31,

	2020 (Un-audited)		2019 (Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
<i>Directors & their relatives of the Management Company</i>	523	53	18	2

	December 31, 2020 (Un-audited)		2019 (Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
<i>Management Company</i>				
AL Habib Asset Management Limited	-	-	7,311	763
<i>Directors & their relatives of the Management Company</i>	3,700	373	112,038	11,711

15.2 Units held as on December 31, 2020

	December 31, 2020 (Unaudited)		June 30, 2020 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units held by:				
<i>Parent Company</i>				
Bank AL Habib Limited	1,363,808	141,127	1,363,808	137,691
Other related parties				
Habib Insurance Company Limited				
Employees Provident Fund	-	-	519	52
<i>Directors & their relatives of the Management Company</i>	137,464	14,224	140,641	14,199
Connected parties holding 10% or more of the units in issue:	3,994,919	413,394	6,938,058	700,472

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

FIRST HABIB INCOME FUND

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount			Fair value				
		Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2020 (Un-Audited)		Note	(Rupees in '000),.....						
Financial assets - measured at fair value									
Government securities - Pakistan Investment Bonds	5	152,993	-	-	152,993	-	152,993	-	152,993
Term finance certificates / Sukuk certificates	5	103,257	-	-	103,257	-	103,257	-	103,257
Financial assets - not measured at fair value 16.1									
Balances with banks	4	-	539,851	-	539,851				
Income receivable		-	7,410	-	7,410				
Advances, deposits, prepayments and Other receivable		-	4,807	-	4,807				
		256,250	552,068	-	808,318				
Financial liabilities - not measured at fair value 16.1									
Payable to AL Habib Asset Management Limited - Management Company	8	-	-	426	426				
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	10	-	-	57	57				
Accrued expenses and other liabilities		-	-	2,401	2,401				
Provision for Federal Excise Duty on remuneration of the Management Company	9	-	-	8,746	8,746				
Payable to Securities Exchange Commission of Pakistan (SECP)	11	-	-	90	90				
Provision for Sindh Workers' Welfare Fund	12	-	-	6,307	6,307				
		-	-	18,027	18,027				
Carrying amount									
Fair value									
		Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020 (Audited)		Note	(Rupees in '000),.....						
Financial assets - measured at fair value									
Government securities	5	352,760	-	-	352,760	-	352,760	-	352,760
Term finance certificates / Sukuk certificates	5	122,853	-	-	122,853	-	122,853	-	122,853
Financial assets - not measured at fair value 16.1									
Balances with banks	4	-	1,015,269	-	1,015,269				
Dividend and profit receivable		-	11,713	-	11,713				
Advance, deposit and prepayments		-	4,992	-	4,992				
		475,613	1,031,974	-	1,507,587				
Financial liabilities - not measured at fair value 16.1									
Payable to AL Habib Asset Management Limited - Management Company	8	-	-	1,061	1,061				
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	10	-	-	80	80				
Accrued expenses and other liabilities		-	-	11,251	11,251				
Provision for Federal Excise Duty on remuneration of the Management Company	9	-	-	8,746	8,746				
Payable to Securities Exchange Commission of Pakistan (SECP)	11	-	-	150	150				
Provision for Sindh Workers' Welfare Fund	12	-	-	5,904	5,904				
Payable against purchase of investments		-	-	357,666	357,666				
Payable against redemption of units		-	-	7	7				
		-	-	384,865	384,865				

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17. TOTAL EXPENSE RATIO (TER)

Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2020 is 1.58% which includes 0.24% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

18. GENERAL

18.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2020 and December 31, 2019 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

18.2 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **January 21, 2021**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND
Half Yearly Report
December 31, 2020

FUND'S INFORMATION

Management Company

AL 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
Habib Bank Limited
MCB Bank Limited
Dubai Islamic Bank
Al Barka Bank Limited

Shariah Advisor

Mufti Ismatullah Hamdullah

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**
Head Office:
Citic House, 94/5, Block-B,
S.M.C.H.S., Min Shern-e-Iqbal
Karachi-74400, Pakistan,
Tel: (92-21) 111 111 500
Fax: (92-21) 34320021-23
URL: www.cdcpakistan.com
Email: info@cdcpk.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ISLAMIC INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Islamic Income Fund (the Fund) and of the registered First Al Habib Asset Management Limited (formerly Habib Asset Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 18, 2021.





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report to the unit holders of First Habib Islamic Income Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Islamic Income Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (hereinafter referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG network ("KPMG network"), a private English company limited by guarantee.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 February 2021
Karachi

Khms Taseer
KPMG Taseer Hadi & Co.
Chartered Accountants

FIRST HABIB ISLAMIC INCOME FUND

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2020

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	------(Rupees in '000)-----	
Assets			
Bank balances	4	4,396,662	4,841,237
Investments	5	6,762,460	4,090,339
Income receivable	6	95,496	112,614
Preliminary expenses and floatation costs	7	357	527
Advances, deposits, prepayments and other receivable	8	6,215	6,203
Total assets		11,261,190	9,050,920
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	9	5,759	3,970
Payable to Central Depository Company of Pakistan Limited - Trustee	10	845	596
Payable to Securities and Exchange Commission of Pakistan	11	1,209	846
Provision for Sindh Workers' Welfare Fund	12	16,543	8,953
Payable against redemption of units		31	-
Accrued expenses and other liabilities		3,342	6,463
Total liabilities		27,729	20,828
Net assets		11,233,461	9,030,092
Unit holders' fund (as per the statement attached)		11,233,461	9,030,092
		------(Number of Units)-----	
Number of units in issue (face value of units is Rs. 100 each)		111,689,916	89,980,132
		------(Rupees)-----	
Net assets value per unit		100.58	100.36
Contingencies and commitments	13		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
Note	(Rupees in '000)			
Income				
Profit on bank balances	214,092	134,009	100,227	87,637
Income from sukuk certificates	163,788	2,978	99,451	1,586
Profit on term deposit receipts and COM	29,588	218	13,809	218
Return on margin deposit with NCCPL	58	-	40	-
Net realised loss on sale of investments	(1,018)	(3)	(762)	-
Net unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'	13,593	(655)	7,421	(576)
Total income	420,101	136,547	220,186	88,865
Expenses				
Remuneration of AL Habib Asset Management Limited - Management Company	9.1 26,202	5,221	11,861	3,312
Sindh Sales Tax on management company remuneration	9.2 3,406	679	1,552	431
Expenses allocated by the management company	2,949	-	2,949	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 4,535	775	2,396	497
Sindh Sales Tax on Trustee remuneration	10.2 590	101	312	65
Annual fee to Securities and Exchange Commission of Pakistan	11 1,209	207	639	132
Brokerage expense	740	31	318	30
Settlement and bank charges	501	65	383	63
Annual listing fee	13	13	7	6
Auditors' remuneration	197	226	98	114
Amortisation of preliminary expenses and floatation costs	7.1 170	170	85	85
Mutual fund rating fee	67	61	33	30
Printing charges	33	30	17	16
Other expense	3	-	-	-
Total expenses	40,615	7,579	20,650	4,781
Net income from operating activities	379,486	128,968	199,536	84,084
Provision for Sindh Worker's Welfare Fund	12 (7,590)	(2,574)	(3,991)	(1,676)
Net income for the period before taxation	371,896	126,394	195,545	82,408
Taxation	14 -	-	-	-
Net income for the period after taxation	371,896	126,394	195,545	82,408
Allocation of net income for the period after taxation				
Net income for the period	371,896	126,394	195,545	82,408
Income already paid on units redeemed	(50,334)	(19,320)	(20,998)	(18,673)
	321,562	107,074	174,547	63,735
Accounting income available for distribution:				
Relating to capital gains	-	-	-	-
Excluding capital gains	321,562	107,074	174,547	63,735
	321,562	107,074	174,547	63,735

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	371,896	126,394	195,545	82,408
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	371,896	126,394	195,545	82,408

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**For AL 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' Fund (Un-Audited)

For the half year ended December 31, 2020

	For the half-year ended December 31,					
	2020			2019		
	Capital Value	Undistributed income	Net Asset	Capital Value	Undistributed income	Net Asset
	(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 157,224,759 units (December 31, 2019: 73,509,996 units) including additional units 572,230 units issued at nil value						
- Capital value	15,778,528	-	15,778,528	7,298,853	-	7,298,853
- Element of income	62,287	-	62,287	69,342	-	69,342
Amount received on issuance of units	15,840,815	-	15,840,815	7,368,195	-	7,368,195
Redemption of 135,514,975 units (December 31, 2019: 36,239,882 units)						
- Capital value	(13,599,809)	-	(13,599,809)	(3,629,669)	-	(3,629,669)
- Element of income	(59,307)	(50,334)	(109,641)	(21,709)	(19,320)	(41,029)
Amount paid on redemption of units	(13,659,116)	(50,334)	(13,709,450)	(3,651,378)	(19,320)	(3,670,698)
Total comprehensive income for the period	-	371,896	371,896	-	126,394	126,394
Interim cash distribution for the year ended June 30, 2020: Rs. 6.0292 per unit	-	-	-	-	(90,448)	(90,448)
Interim cash distribution for the year ended June 30, 2021: Rs. 2.9231 per unit	-	(299,892)	(299,892)	-	-	-
Net income for the year less distribution	-	72,004	72,004	-	35,946	35,946
Net assets at the end of the period	11,194,233	39,228	11,233,461	3,826,825	16,765	3,843,590
Undistributed income brought forward						
- Realised income		119			331	
- Unrealised income / (loss)		17,439			(192)	
		17,558			139	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		321,562			107,074	
		321,562			107,074	
Interim cash distribution for the year ended June 30, 2020: Rs. 6.0292 per unit		-			(90,448)	
Interim cash distribution for the year ended June 30, 2021: Rs. 2.9231 per unit		(299,892)			-	
Undistributed income carried forward		39,228			16,765	
Undistributed income carried forward comprises of:						
- Realised income		25,635			17,420	
- Unrealised income / (loss)		13,593			(655)	
		39,228			16,765	
		(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		100.58			100.17	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

Condensed Interim Cash Flow Statement (Un-Audited)

For the half year ended December 31, 2020

	Half year ended December 31,		
	2020	2019	
Note	----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation	371,896	126,394	
Adjustments for non-cash and other items			
Net unrealised loss on revaluation of investments classified as at fair value through profit or loss	(13,593)	655	
Amortisation of preliminary expenses and floatation costs	170	170	
Provision for Sindh Worker's Welfare Fund	7,590	2,574	
Net cash generated from operation before working capital changes	366,063	129,793	
(Increase) / decrease in assets			
Investments	(2,658,528)	(374,195)	
Income receivable	17,118	(39,452)	
Advances, deposits, prepayments and other receivable	(12)	(2,812)	
	(2,641,422)	(416,459)	
Increase / (decrease) in liabilities			
Payable to AL Habib Asset Management Limited - Management Company	1,789	1,539	
Payable to Central Depository Company of Pakistan Limited - Trustee	249	234	
Payable to Securities and Exchange Commission of Pakistan	363	112	
Payable against redemption of units	31	124	
Dividend payable	-	24,365	
Accrued expenses and other liabilities	(3,121)	4,788	
	(689)	31,162	
Net cash used in operating activities	(2,276,048)	(255,504)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units	15,840,815	7,368,195	
Payments against redemption of units	(13,709,450)	(3,670,698)	
Dividend paid during the period	(299,892)	(90,448)	
Net cash generated from financing activities	1,831,473	3,607,049	
Net (decrease) / increase in cash and cash equivalents during the period	(444,575)	3,351,545	
Cash and cash equivalents at beginning of the period	4,841,237	58,562	
Cash and cash equivalents at end of the period	4,396,662	3,410,107	
CASH AND CASH EQUIVALENTS			
Bank balances	4	4,396,662	3,410,107

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Notes To The Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 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 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 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 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 Limited (PSX). 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 also seeks 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 is held in the name of 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 PREPARATION

2.1 Statement of compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, 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.

2.1.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statement and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of the (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.1.4 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.

2.1.5 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

FIRST HABIB ISLAMIC INCOME FUND

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.3 Standards effective during the period

Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

FIRST HABIB ISLAMIC INCOME FUND

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

4. BANK BALANCES

	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited) (Rupees in '000)
Savings account	4.1	4,394,429	4,835,351
Current account	4.1	2,233	5,886
		4,396,662	4,841,237

4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 3.72% to 7.00% (June 30 2020: 4.75% to 14.35%) per annum. It also includes balance of Rs. 2.23 million (June 30 2020: Rs 5.88 million) with Bank AL Habib Limited, parent company.

	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited) (Rupees in '000)
5. INVESTMENTS			
At fair value through profit or loss:			
Sukuk certificates	5.1	4,762,460	2,690,339
At amortised cost:			
Term Deposit Receipts (TDR)	5.2	2,000,000	900,000
Certificate of Musharaka (COM)		-	500,000
		6,762,460	4,090,339

5.1 Sukuk certificates

Name of the investee	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised gain / (loss)	Market value as percentage of Net Assets	Total Investments
	(Number of certificates)				(Rupees in '000)				
Unquoted									
Ghani Gases Limited (certificates of Rs. 100,000 each)	105	-	-	105	5,254	4,875	(379)	0.04%	0.07%
AGP Limited (certificates of Rs. 100,000 each)	100	-	-	100	3,003	3,030	27	0.03%	0.04%
International Brands Limited (certificates of Rs. 100,000 each)	100	-	-	100	6,393	6,463	70	0.06%	0.10%
Meezan Bank Limited Sukuk - Secured	310	-	-	310	317,018	316,798	(220)	2.82%	4.68%
Meezan Bank Limited Sukuk - Secured (09-01-2020)	200	100	-	300	306,293	311,250	4,957	2.77%	4.60%
Pakistan Energy Sukuk - Secured	100,000	110,000	55,100	154,900	775,692	779,147	3,455	6.94%	11.52%
Quoted									
Dawood Hercules Corporation Limited - I (certificates of Rs. 100,000 each)	3,475	1,599	-	5,074	306,742	307,775	1,033	2.74%	4.55%
Dawood Hercules Corporation Limited - II (certificates of Rs. 100,000 each)	2,025	-	200	1,825	129,502	129,329	(173)	1.15%	1.91%
Dubai Islamic Bank Sukuk	422	-	-	422	432,172	433,803	1,631	3.86%	6.41%
Engro Polymer & Chemical Limited Sukuk	150	6,230	-	6,380	648,684	651,717	3,033	5.80%	9.64%
Fatima Fertilizer Company Limited	28,251	37,325	-	65,576	65,924	66,023	99	0.59%	0.98%
GOP Ijara Sukuk (29-05-2020)	150,000	-	-	150,000	751,822	751,650	(172)	6.69%	11.12%
GOP Ijara Sukuk - VRR (09-12-2020)	-	10,000	-	10,000	1,000,368	1,000,600	232	8.91%	14.80%
GOP Ijara Sukuk - VRR (29-07-2020)	-	28,375	28,375	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk - FRR (29-07-2020)	-	2,625	2,625	-	-	-	-	0.00%	0.00%
Total as at December 31, 2020					4,748,867	4,762,460	13,593		
Total as at June 30, 2020					2,672,900	2,690,339	17,438		

5.1.1 Significant terms and conditions of Sukuk certificates outstanding at the period end are as follows:

Name of security	Number of Certificates	Tenor	Unredeemed face value per Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Rating
Sukuk Certificates						
Unquoted						
Ghani Gases Limited - Secured (2-2-2017)	105	Quarterly	50,038	3 Month KIBOR plus 1%	02-Feb-17	A-
AGP Limited - Secured (9-6-2017)	100	Quarterly	30,030	3 Month KIBOR plus 1.3%	09-Jun-17	A+
International Brands Limited - (15-11-2017)	100	Annually	63,930	One Year Kibor plus 0.5%	15-Nov-17	AA
Meezan Bank Limited Sukuk	310	Half Year	1,022,639	6 months KIBOR plus 0.50%	22-Sep-16	AA
Meezan Bank Limited Sukuk	300	Half Year	1,020,977	6 months KIBOR plus 0.90%	09-Jan-20	AA
Pakistan Energy Sukuk	154,900	Half Year	5,008	6 months KIBOR	21-May-20	Unrated
Quoted						
Dawood Hercules Corporation Limited - Secured (16-11-2017)	5,074	Quarterly	60,454	3 month KIBOR plus 1%	16-Nov-17	AA
Dawood Hercules Corporation Limited - II - Secured (1-3-18)	1,825	Quarterly	70,960	3 month KIBOR plus 1.15%	01-Mar-18	AA
Dubai Islamic Bank Sukuk	422	Half Year	1,024,104	6 months KIBOR plus 0.50%	14-Jul-17	AA
Engro Polymer & Chemical Limited Sukuk	6,380	Quarterly	101,675	3 Months KIBOR plus 0.9%	11-Jan-19	AA
Fatima Fertilizer Company Limited	65,576	Half Year	1,005	6 months KIBOR plus 1.10%	28-Nov-16	AA-
GOP Ijara Sukuk - (29-05-2020)	150,000	Annually	5,012	7.64%	29-May-20	AAA
GOP Ijara Sukuk - VRR (09-12-2020)	10,000	Half Year	100,037	7.08%	29-Jul-20	AAA

5.2 This represents Term deposit Receipts (TDR) invest with Bank Islami Pakistan Limited and Dubai Islamic Bank Limited carrying interest rate 7.25% and 7.10% per annum respectively, maturing latest by January 29, 2021.

FIRST HABIB ISLAMIC INCOME FUND

6. INCOME RECEIVABLE		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
		(Rupees in '000)	
Profit accrued on TDRs		1,962	12,396
Profit accrued on sukuk certificates and TFCs		66,897	70,164
Profit accrued on Bank deposits		26,637	30,054
		95,496	112,614
7. PRELIMINARY EXPENSES AND FLOATATION COST		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
		(Rupees in '000)	
Preliminary expenses and floatation cost incurred		527	863
Amortization for the period	7.1	(170)	(336)
Balance as at December 31, 2020		357	527
7.1 This represents the amortisation of expenses incurred on the formation of the Fund. These expenses are being amortised over a period of five years effective from January 23, 2017, i.e. after the close of initial period of the Fund.			
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
		(Rupees in '000)	
Deposit with NCCPL		2,500	2,500
Deposit with CDC		100	100
Advance Tax	8.1	3,603	3,603
Annual listing fee		12	-
		6,215	6,203
8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same will be refunded in due course.			
9. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
9.1 As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund was entitled to a remuneration at the rate of 10% of gross earnings of the Fund with a maximum of 1.5% and a minimum of 0.5% of average daily net assets per annum. The Management has changed its remuneration at the rate of 10% of the gross earning w.e.f November 20, 2020, which shall be within allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.			
9.2 Sindh Sales Tax has been charged at 13%(June 30, 2020:13%) on the Management Company's remuneration during the period.			
10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
10.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee has been fixed at 0.075% per annum of net assets.			
10.2 Sindh Sales Tax has been charged at 13%(June 30, 2020:13%) on the trustee's remuneration during the period.			
11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)			
This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.			
12. PROVISION FOR SINDH WORKERS' WELFARE FUND			
There is no change in the status of the legal proceeding on this matter which has been fully disclosed in the in note 11 in the annual audited financial statements for the year ended June 30, 2020.			
The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.			
Had the SWWF not been provided, the net asset value per unit of the Fund would have been higher by Rs. 0.15 (June 30 2020: Rs. 0.10) per unit.			
13. CONTINGENCIES AND COMMITMENTS			
Except as stated in note 12, there are no contingencies and commitments as at 31 December 2020 (June 30, 2020: Nil).			

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance (ITO), 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. Provided that for the purpose of determining distribution of atleast 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC regulations, 2008, the Fund is required to distribute 90% of the net accounting income excluding capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the ITO, 2001. The Fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount			Fair value				
		Designated at FVTPL	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)							
December 31, 2020 (Un-Audited)									
Financial assets - measured at fair value									
Investment in Sukuk certificate	5	4,762,460	-	-	4,762,460	-	4,762,460	-	4,762,460
Financial assets - not measured at fair value									
Bank balances	4	-	4,396,662	-	4,396,662				
Income receivable		-	95,496	-	95,496				
Advances, deposits, prepayments and other receivable		-	6,215	-	6,215				
Term Deposit Receipts	5	2,000,000	-	-	2,000,000				
		6,762,460	4,498,373	-	11,260,833				
Financial liabilities - not measured at fair value									
Payable to Habib Asset Management Limited - Management Company	9	-	-	5,759	5,759				
Payable to CDC - Trustee		-	-	845	845				
Payable to SECP		-	-	1,209	1,209				
Provision for Sindh Workers' Welfare Fund		-	-	16,543	16,543				
Accrued expenses and other liabilities		-	-	3,373	3,373				
		-	-	27,729	27,729				
June 30, 2020 (Audited)									
Financial assets - measured at fair value									
Investment in Sukuk certificate	5	2,690,339	-	-	2,690,339	-	2,690,339	-	2,690,339
Financial assets - not measured at fair value									
Bank balances	4	-	4,841,237	-	4,841,237				
Profit receivable		-	112,614	-	112,614				
Term Deposit Receipts	5	900,000	-	-	900,000				
Certificate of Musharika	5	500,000	-	-	500,000				
		4,090,339	4,953,851	-	9,044,190				
Financial liabilities - not measured at fair value									
Payable to the AL Habib Asset Management Limited - Management Company	9	-	-	3,970	3,970				
Payable to CDC - Trustee		-	-	596	596				
Payable to SECP		-	-	846	846				
Provision for Sindh Workers' Welfare Fund		-	-	8,953	8,953				
Accrued expenses and other liabilities		-	-	6,463	6,463				
		-	-	20,828	20,828				

FIRST HABIB ISLAMIC INCOME FUND

15.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties include AL Habib Asset Management Limited being the Management Company, Bank AL Habib Limited being the ultimate parent, AL Habib Capital Markets (Pvt) Limited, being the company under common management or directorship, First Habib Cash Fund, First Habib Income Fund, First Habib Asset Allocation Fund, First Habib Stock Fund and First Habib Islamic 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 31 December 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 transactions with connected persons are as follows:

	Half year ended December 31, 2020 (Un-Audited) (Rupees in '000)		Quarter ended December 31, 2020 (Un-Audited) (Rupees in '000)	
	2019		2019	
AL Habib Asset Management Limited - Management Company				
Remuneration	26,202	5,221	11,861	3,312
Sindh Sales Tax on Management remuneration	3,406	679	1,552	431
Expenses allocated by the management company	2,949	-	2,949	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration to the Trustee	4,535	775	2,396	497
Sindh Sales Tax on trustee remuneration	590	101	312	65
Bank AL Habib Limited				
Profit on bank balances	31,272	9,222	19,824	303
			December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited) (Rupees in '000)

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

Bank AL Habib Limited		
Bank balance	2,223	5,886
AL Habib Asset Management Limited - Management Company		
Management Company payable	5,759	3,970
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	845	596
Security deposit - non interest bearing	100	100

16.1 Sale / redemption of units

	December 31, 2020 (Un-Audited)		December 31, 2019 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
AL Habib Asset Management Limited	17,700,274	1,783,174	280,133	27,500
Parent Company				
Bank AL Habib Limited	-	-	5,243,032	529,349
Directors & their relatives of the Management Company	115,429	11,607	14,290	1,435
Key Management Executives	5,633	566	-	-
Units sold to Connected Party holding 10% or more of the units in issue:	15,000,800	1,509,766	53,215,539	5,380,845

Units redeemed by:

Management Company				
AL Habib Asset Management Limited	17,842,960	1,797,101	549,641	55,518
Parent Company				
Bank AL Habib Limited	5,243,032	528,610	-	-
Directors & their relatives of the Management Company	-	-	9,924	1,000
Key Management Executives	325	37	-	-
Units redeemed to Connected Party holding 10% or more of the units in issue:	10,443,778	1,049,664	29,507,873	2,970,052

16.2 Units held by:

	December 31, 2020 (Un-Audited)		June 30, 2020 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Parent Company				
Bank AL Habib Limited	250,421	25,187	5,493,453	551,304
Directors & their relatives of the Management Company	189,550	19,064	62,101	6,232
Key Management Executives	6,746	678	-	-
Units held by Connected Party holding 10% or more of the units in issue:	88,017,194	8,852,524	63,914,951	6,414,251

FIRST HABIB ISLAMIC INCOME FUND

16. TOTAL EXPENSE RATIO (TER)

SECP vide its 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 December 31, 2020 is 5.81% which includes 1.09% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

17. GENERAL

17.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2020 and December 31, 2019 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

17.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements for the purpose of better presentation. There is no material reclassification to report.

17.3 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **January 21, 2021**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND
Half Yearly Report
December 31, 2020

FUND'S INFORMATION

Management Company

AL 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

JS Bank Limited
Dubai Islamic Bank
MCB Bank Limited

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, Plot-3, Block-B,
5 MC.I.I.S., Main Shahr-e Faisal
Karachi-75400, Pakistan.
Tel: (92-21) 333-111-500
Fax: (92-21) 34326021-23
URL: www.cdcpakistan.com
Email: info@cdcpakistan.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Asset Allocation Fund (the Fund) are of the opinion that Al Habib Asset Management Limited (Formerly Habib Asset Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

Badinuddin Akbar
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 17, 2021





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report to the unit holders of First Habib Asset Allocation Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Asset Allocation Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 February 2021
Karachi

KMS Taseer
KPMG Taseer Hadi & Co.
Chartered Accountants

FIRST HABIB ASSET ALLOCATION FUND

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2020

	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
Assets			
Bank balances	4	16,310	56,552
Investments	5	77,969	45,275
Income and dividend receivable	6	113	337
Preliminary expenses and floatation costs	7	441	561
Receivable against sale of Investment		-	600
Receivable against issuance of units		6,997	-
Advance, deposits, prepayments and other receivable	8	4,594	4,363
Total assets		106,424	107,688
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	9	165	165
Payable to Central Depository Company of Pakistan Limited - Trustee	10	17	16
Payable to Securities and Exchange Commission of Pakistan	11	9	19
Provision for Sindh Workers' Welfare Fund	12	326	109
Payable against purchase of Investment		1,473	-
Accrued expenses and other liabilities		1,083	827
Total liabilities		3,073	1,136
Net assets		103,351	106,552
Unit holders' fund (as per statement attached)		103,351	106,552
(Number of Units)			
Number of units in issue (face value of units is Rs. 100 each)		1,013,427	1,174,650
(Rupees)			
Net asset value per unit		101.98	90.71
Contingencies and Commitments	13		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

		Half-year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
	Note	(Rupees in '000)			
Income					
Profit on bank balances		539	2,792	230	1,964
Income from term finance certificates and sukuk		28	1,460	(147)	704
Income from government securities		677	49	368	49
Income from Margin Trading System		-	120	-	120
Dividend income		904	416	788	171
Other income		2	-	-	-
- Net realized gain / (loss) on sale of investments		5,872	(3,100)	1,887	1,131
- Net unrealized gain on revaluation of investments at fair value through profit or loss	5.5	4,936	86	871	1,237
		10,808	(3,014)	2,758	2,368
Total income		12,958	1,823	3,997	5,376
Expenses					
Remuneration of AL Habib Asset Management Limited - Management Company	9.1	867	960	422	506
Sindh sales tax on management company's remuneration	9.2	113	125	55	66
Expenses allocated by the management company		40	-	40	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	87	96	43	51
Sindh sales tax on trustee remuneration	10.2	11	12	5	7
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	11	9	10	5	5
Brokerage expense		215	190	114	60
Settlement and bank charges		173	211	112	101
Annual listing fee		13	12	4	5
Auditors' remuneration		150	149	93	75
Printing charges		33	33	17	17
Amortization of preliminary expenses and floatation costs	7	120	120	60	60
Mutual fund rating fee		76	138	30	57
Fee and charges to national clearing company of pakistan limited		162	-	99	-
Total expenses		2,069	2,056	1,099	1,010
Net income / (loss) from operating activities		10,889	(233)	2,898	4,366
Provision for sindh worker's welfare fund	12	(218)	-	(58)	-
Net income / (loss) for the period before taxation		10,671	(233)	2,840	4,366
Taxation	14	-	-	-	-
Net (loss) / income for the period after taxation		10,671	(233)	2,840	4,366
Allocation of net income / (loss) for the period after taxation:					
Net income / (loss) for the period		10,671	(233)	2,840	4,366
Income already paid on units redeemed		(4,689)	-	(1,862)	-
		5,982	(233)	978	4,366
Accounting income available for distribution:					
Relating to capital gains		5,872	(3,100)	1,887	1,131
Excluding capital gains		110	2,867	(909)	3,235
		5,982	(233)	978	4,366

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half-year ended December 31,		Half-year ended December 31,	
	2020	2019	2020	2019
	(Rupees in '000)			
Net income / (loss) for the period after taxation	10,671	(233)	2,840	4,366
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	10,671	(233)	2,840	4,366

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL 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' Fund (Un-Audited)

For the half year ended December 31, 2020

	For the half-year ended December 31,					
	2020			2019		
	Capital Value	Undistributed income	Net Asset	Capital Value	Undistributed income	Net Asset
	(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 1,056,551 units (31 December 2019: 172,894 units)						
-Capital Value	95,840	-	95,840	15,770	-	15,770
-Element of Income	9,183	-	9,183	(768)	-	(768)
Amount received on issuance of units	105,023	-	105,023	15,002	-	15,002
Redemption of 1,217,773 units (31 December 2019: 158,335 units)						
-Capital Value	(110,464)	-	(110,464)	(14,442)	-	(14,442)
-Element of Income	(3,742)	(4,689)	(8,431)	429	-	429
Amount paid / payable on redemption of units	(114,206)	(4,689)	(118,895)	(14,013)	-	(14,013)
Total comprehensive income / (loss) for the period	-	10,671	10,671	-	(233)	(233)
	-	10,671	10,671	-	(233)	(233)
Net assets at the end of the period	107,624	(4,273)	103,351	111,778	(10,174)	101,604
Undistributed loss brought forward						
- Realised loss		(4,709)			(2,855)	
- Unrealised loss		(5,546)			(7,086)	
		(10,255)			(9,941)	
Accounting income available for distribution						
- Relating to capital gains	5,872			-		
- Excluding capital gains	110			-		
	5,982			-		
Net income / (loss) for the period after taxation		5,982			(233)	
Undistributed loss carried forward		(4,273)			(10,174)	
Undistributed loss carried forward						
- Realised loss		(9,209)			(10,260)	
- Unrealised income		4,936			86	
		(4,273)			(10,174)	
			(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			101.98			90.70

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

Condensed Interim Cash Flow Statement (Un-Audited)

For the half year ended December 31, 2020

	Half-year ended December 31,	
	2020	2019
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	10,671	(233)
Adjustments for non-cash and other items		
Net unrealized gain on revaluation of investments	(4,936)	(86)
Amortization of preliminary expenses and floatation costs	120	120
Provision for Sindh Workers' Welfare Fund	217	-
	6,072	(199)
(Increase) / decrease in assets		
Investments	(27,758)	24,844
Income and dividend receivable	224	(591)
Receivable against issuance of units	(6,997)	-
Receivable against sale of investments	600	-
Advance, deposits, prepayments and other receivable	(231)	5,115
	(34,162)	29,368
Increase / (decrease) in liabilities		
Payable to AL Habib Asset Management Limited - Management Company	-	14
Payable to Central Depository Company of Pakistan Limited - Trustee	1	(46)
Payable to Securities and Exchange Commission of Pakistan	(10)	(103)
Payable against purchase of Investment	1,473	-
Accrued expenses and other liabilities	256	164
	1,720	29
Net cash (used in) / generated from operating activities	(26,370)	29,198
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from sale and redemption of units	105,023	19,002
Payable against redemption of units	(118,895)	(14,013)
Net cash (used in) / generated from financing activities	(13,872)	4,989
Net (decrease) / increase in cash and cash equivalents during the period	(40,242)	34,187
Cash and cash equivalents at beginning of the period	56,552	13,773
Cash and cash equivalents at the end of the period	16,310	47,960
CASH AND CASH EQUIVALENTS		
Bank balances	4	16,310
		47,960
	16,310	47,960

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

Notes to the Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 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 as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 06, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 26, 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 3rd floor, 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 Limited (PSX). 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 is held in the name of Central Depository Company (CDC) of Pakistan Limited 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 PREPARATION

2.1 Statement of compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, 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.

2.1.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statement and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of the (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.1.4 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.

2.1.5 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

FIRST HABIB ASSET ALLOCATION FUND

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.3 Standards effective during the period

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

4. BANK BALANCES

		December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
Note			
Savings account	4.1	16,310	56,552
		16,310	56,552

4.1 This represents saving accounts that carry profit rate ranging from 5.50% to 8.00% per annum (June 2020: 6.00% to 14.30% per annum)

FIRST HABIB ASSET ALLOCATION FUND

5. INVESTMENTS

	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited) (Rupees in '000)
At fair value through profit or loss:		
Term Finance Certificates	5.1	8,408
Government Securities - Pakistan Investment Bond	5.2	-
Government Securities - Treasury Bills	5.3	-
Listed equity securities	5.4	36,867
	77,969	45,275

5.1 Term Finance Certificates

Name of the Investee

	As at July 01, 2020	Purchased during the period	Sold / Matured during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised gain / (loss)	Market value as percentage of Net assets	Total investments
	(Number of certificates)				(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%
<u>Quoted</u>									
Byco Petroleum - Sukuk (18-01-2017) (certificates of Rs. 100,000 each)	60	-	60	-	-	-	-	0.00%	0.00%
Total as at December 31, 2020									
Total as at June 30, 2020					8,490	8,408	(82)		

5.2 Government securities - Pakistan investment Bond

	Face Value			As at December 31, 2020						
Issue date	As at July 01, 2020	Purchased during the period	Sold / Matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised gain / (loss)	Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)	
	(Rupees in '000)									
Pakistan Investment Bond										
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 December 31, 2020										
Total as at June 30, 2020										

5.3 Government Securities - Treasury Bills

	Face Value			As at December 31, 2020						
Issue date	As at July 01, 2020	Purchased during the period	Sold / Matured during the period	As at December 31, 2020	Carrying value	Market value	Unrealised gain / (loss)	Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)	
	(Rupees in '000)									
Treasury Bills										
T-Bill 3 Months (08-10-2020)	-	50,000	50,000	-	-	-	-	0.00%	0.00%	
T-Bill 3 Months (16-07-2020)	-	25,000	25,000	-	-	-	-	0.00%	0.00%	
T-Bill 6 Months (27-02-2020)	-	25,000	25,000	-	-	-	-	0.00%	0.00%	
T-Bill 6 Months (16-07-2020)	-	50,000	50,000	-	-	-	-	0.00%	0.00%	
T-Bill 1 Year (16-07-2020)	-	50,000	50,000	-	-	-	-	0.00%	0.00%	
T-Bill 1 Year (10-10-2019)	-	25,000	25,000	-	-	-	-	0.00%	0.00%	
T-Bill 1 Year (12-09-2019)	-	25,000	25,000	-	-	-	-	0.00%	0.00%	
Total as at December 31, 2020										
Total as at June 30, 2020										

5.4 Listed equity securities

	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealized gain / (loss)	Market Value as a Percentage of Net assets	Total investments	Paid up capital of investee company (with face value of investment)
	(Number of shares)					(Rupees in '000)					
Automobile parts and accessories											
Thail Limited	200	4,000	-	1,000	3,200	1,350	1,513	163	1.46%	1.94%	0.37%
	200	4,000	-	1,000	3,200	1,350	1,513	163			
Automobile Assemblers											
Alfas Honda Limited	-	1,800	-	-	1,800	897	900	3	0.87%	1.15%	0.87%
Millar Tractors Limited	-	1,200	-	250	950	847	1,039	192	1.01%	1.33%	0.21%
Sazgar Engineering Works Limited	-	4,000	1,200	4,000	1,200	172	218	46	0.21%	0.28%	0.05%
	-	7,000	1,200	4,250	3,950	1,916	2,157	241			
Banks											
Askani Bank Limited	-	150,000	-	70,000	80,000	1,595	1,871	276	1.81%	2.40%	0.01%
Bank Alfalah Limited	4,150	92,000	-	96,150	-	-	-	-	0.00%	0.00%	0.00%
Bank Al-Habib Limited	60,000	-	-	23,500	36,500	1,909	2,540	631	2.46%	3.26%	0.02%
The Bank of Punjab	300,000	113,000	-	105,000	308,000	2,645	2,855	210	2.76%	3.66%	0.01%
Habib Bank Limited	21,400	34,500	-	10,500	45,400	5,570	6,006	436	5.81%	7.70%	0.04%
Habib Metropolitan Bank Limited	-	43,000	-	-	43,000	1,688	1,677	(21)	1.62%	2.15%	0.02%
Muham Commercial Bank Limited	8,000	-	-	8,000	-	-	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	-	48,500	-	16,000	32,500	2,850	3,394	544	3.19%	7.50%	0.02%
United Bank Limited	12,200	19,500	-	19,500	12,200	1,342	1,535	193	1.49%	1.97%	0.01%
	405,750	590,500	-	348,650	557,600	17,609	19,878	2,269			
Chemicals											
Engro Polymer & Chemicals Limited	-	108,500	-	30,500	78,000	3,313	3,706	393	3.59%	4.75%	0.04%
Lotte Chemical Pakistan Limited	-	80,000	-	-	80,000	1,189	1,205	16	1.17%	1.55%	0.01%
Nimr Industrial Chemical Limited	-	5,500	-	-	5,500	473	473	-	0.46%	0.61%	0.04%
	-	194,000	-	30,500	163,500	4,975	5,384	409			

FIRST HABIB ASSET ALLOCATION FUND

Name of the Investee									Market Value as a Percentage of		Paid up capital of investee company (with face value of investment)
	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealized gain / (loss)	Net assets	Total investments	
	(Number of shares)				(Rupees in '000)						
Fertilizer											
Engro Corporation Limited	7,027	14,500	-	4,700	16,827	5,109	5,172	63	5.00%	6.63%	0.09%
Engro Fertilizer Limited	32,000	63,000	-	40,000	55,000	3,332	3,478	(54)	3.37%	4.46%	0.03%
Fauji Fertilizer Company Limited	5,500	18,000	-	5,500	18,000	1,953	1,953	-	1.89%	2.50%	0.01%
	44,527	95,500	-	50,200	89,827	10,394	10,603	9			
Cement											
Cherat Cement Company Limited	500	7,500	-	500	7,500	1,026	1,096	70	1.06%	1.41%	0.06%
D.G Khan Cement Company Limited	25,000	3,000	-	21,000	7,000	676	802	126	0.78%	1.03%	0.02%
Kohat Cement Company Limited	-	5,000	-	1,400	3,600	739	789	50	0.76%	1.01%	0.04%
Lucky Cement Company Limited	5,000	6,500	-	3,900	7,600	4,333	5,290	757	5.12%	6.78%	0.16%
Maple Leaf Cement Company Limited	78,000	31,500	-	78,000	31,500	1,357	1,418	61	1.37%	1.82%	0.01%
Pioneer Cement Limited	-	7,500	-	-	7,500	757	775	18	0.75%	0.99%	0.03%
	108,500	61,000	-	104,800	64,700	9,888	10,170	1,882			
Engineering											
Amreli Steels Limited	35,000	-	-	35,000	-	-	-	-	0.00%	0.00%	0.00%
Crescent Steel & Allied Products	-	9,000	-	-	9,000	738	757	19	0.73%	0.97%	0.10%
	35,000	9,000	-	35,000	9,000	738	757	19			
Insurance											
Jubilee Life Insurance Company Limited	-	11,500	-	7,000	4,500	1,554	1,791	237	1.73%	2.30%	0.21%
	-	11,500	-	7,000	4,500	1,554	1,791	237			
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	2,000	950	-	580	2,370	3,108	3,175	67	2.98%	7.01%	0.24%
Oil & Gas Development Company Limited	24,400	27,000	-	19,500	31,900	3,368	3,310	(58)	3.11%	7.31%	0.01%
Pakistan Oilfield Limited	5,500	400	-	3,300	2,600	906	1,028	92	0.96%	2.27%	0.04%
Pakistan Petroleum Limited	26,800	41,500	-	29,000	39,300	3,552	3,550	(2)	3.33%	7.84%	0.01%
	58,700	69,850	-	52,380	76,170	10,964	11,063	99			
Oil and Gas Marketing Companies											
Attock Petroleum Limited	-	3,500	-	1,500	2,000	646	669	23	0.65%	0.86%	0.07%
Pakistan State Oil Company Limited	10,000	4,500	-	11,500	3,000	530	646	116	0.63%	0.83%	0.01%
Sui Northern Gas Company Limited	16,000	-	-	3,000	13,000	710	577	(133)	0.56%	0.74%	0.01%
	26,000	8,000	-	16,000	16,000	1,886	1,892	6			
Power Generation and Distribution											
Hubpower Company Limited	14,000	27,000	-	14,000	27,000	2,267	2,142	(125)	2.01%	4.73%	0.02%
	14,000	27,000	-	14,000	27,000	2,267	2,142	(125)			
Pharmaceuticals											
Abbott Laboratories Pakistan Limited	-	3,600	-	2,400	1,200	741	906	165	0.85%	2.00%	0.09%
The Searl Company Limited	-	5,000	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
	-	8,600	-	7,400	1,200	741	906	165			
Paper and Boards											
Packages Limited	1,600	-	-	1,600	-	-	-	-	0.00%	0.00%	0.00%
Security Papers Limited	-	3,500	-	-	3,500	805	620	(185)	0.58%	1.37%	0.10%
	1,600	3,500	-	1,600	3,500	805	620	(185)			
Paper and Boards											
Packages Limited	1,600	-	-	1,600	-	-	-	-	0.00%	0.00%	0.00%
	1,600	-	-	1,600	-	-	-	-			
Technology and Communications											
Pakistan Telecommunication Company Systems Limited	-	180,000	-	-	180,000	2,039	1,638	(401)	1.54%	3.62%	0.00%
	-	3,500	-	3,500	-	-	-	-	0.00%	0.00%	0.00%
	-	183,500	-	3,500	180,000	2,039	1,638	(401)			
Textile Composite											
Gul Ahmed Textile Limited	25,000	-	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
Feroze 1888 Mills Limited	-	12,000	-	-	12,000	1,205	1,193	(12)	1.12%	2.84%	0.03%
Interloop Limited	-	50,000	-	4,000	46,000	2,575	3,131	556	2.94%	6.92%	0.04%
Kohinoor Textile Mills Limited	-	37,000	-	13,500	23,500	1,256	1,603	347	1.50%	3.54%	0.05%
Nishat Mills Limited	-	15,000	-	-	15,000	1,471	1,528	57	1.43%	3.37%	0.04%
	25,000	114,000	-	42,500	96,500	6,507	7,455	948			
Total as at December 31, 2020	720,877	1,296,950	1,200	720,380	1,298,647	73,033	77,969	4,936			
Total as at June 30, 2020	616,650	1,561,927	4,300	1,463,600	719,277	42,332	36,867	(5,465)			

5.4.1 Following shares were pledge with Nation Clearing Company of Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses:

	December 31, 2020 (Un-Audited) (Number of Shares)	June 30, 2020 (Audited) (Number of Shares)
Bank AL Habib Limited	36,500	-
	36,500	-

5.5 Unrealised gain / (loss) on investments 'at fair value through profit or loss'

	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited) (Rupees in '000)
Market value of investments	77,969	45,276
Less: Carrying value of investments	(73,033)	(50,822)
	4,936	(5,546)

6. INCOME AND DIVIDEND RECEIVABLE

Profit accrued on Term Finance Certificates and Sukuk	-	89
Profit receivable on bank deposits	81	229
Dividend receivable	32	19
	113	337

7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	561	800
Amortization for the period	(120)	(239)
Balance as at December 31, 2020	441	561

7.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from November 08, 2017, i.e. after the close of initial period of the Fund.

FIRST HABIB ASSET ALLOCATION FUND

8. ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE	Note	December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
Deposit with NCCPL		2,750	2,750
Cash Margin to NCCPL against equity transactions		600	-
Deposit with Central Depository Company of Pakistan Limited		100	100
Advance tax	8.1	1,132	1,123
Receivable from AL Habib Asset Management Limited		-	250
Prepayments		12	140
		4,594	4,363

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same will be refunded in due course.

9. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

9.1 Under the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such net assets of the Fund. The Management Company has charged its remuneration at the rate of 2% per annum in accordance with the offering document.

9.2 Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period (June 2020: 13%).

10. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

10.1 The Trustee remuneration consist of the reimbursement of actual custodial expenses / charges plus the following tariff:

Net Assets (Rs.)	
- Up to 1 billion	0.20% per annum of net assets
- Over 1 billion	Rs 2.0 million plus 0.10% per annum of net assets, on amount exceeding rupees one billion.

10.2 Sindh Sales Tax has been charged at 13% on the trustee's remuneration charged during the period (June 2020: 13%).

11. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

12. PROVISION FOR SINDH WORKERS' WELFARE FUND

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in the note 11 in the annual audited financial statements for the year ended June 30, 2020.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.

Had the SWWF not been provided, the net asset value per unit of the Fund would have been higher by Rs. 0.32 (June 30 2020: Rs. 0.09) per unit.

13. CONTINGENCIES AND COMMITMENTS

Except as stated in note 12, there are no contingencies and commitments as at 31 December 2020 (30 June 2020: Nil).

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

FIRST HABIB ASSET ALLOCATION FUND

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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 traded.

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).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
December 31, 2020 (Un-Audited)	Note ----- (Rupees in '000) -----						
Financial assets - measured at fair value							
Listed equity securities	77,969	-	-	77,969	77,969	-	-
Financial assets - not measured at fair value	15.1						
Balances with banks	-	16,310	-	16,310			
Income and dividend receivable	-	113	-	113			
Receivable against issuance of units	-	6,997	-	6,997			
Advance, deposits, prepayments and other receivable	-	4,594	-	4,594			
	77,969	28,014	-	105,983			
Financial liabilities - not measured at fair value	15.1						
Payable to Al Habib Asset Management Limited - Management Company	-	-	165	165			
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	17	17			
Payable to SECP	-	-	9	9			
Provision for Sindh Workers' Welfare Fund	-	-	326	326			
Payable against purchase of Investment	-	-	1,473	1,473			
Accrued expenses and other liabilities	-	-	1,083	1,083			
	-	-	3,073	3,073			
June 30, 2020 (Audited)	Note ----- (Rupees in '000) -----						
Financial assets - measured at fair value							
Investment in Term Finance Certificates	8,408	-	-	8,408	-	8,408	-
Listed equity securities	36,867	-	-	36,867	36,867	-	-
Financial assets - not measured at fair value	15.1						
Balances with banks	-	56,552	-	56,552			
Income and dividend receivable	-	337	-	337			
Preliminary expenses and flotation cost	-	561	-	561			
Receivable against sale of Investments	-	600	-	600			
Advance, deposits, prepayments and other receivable	-	4,363	-	4,363			
	45,275	62,413	-	107,688			
Financial liabilities - not measured at fair value	15.1						
Payable to Al Habib Asset Management Limited - Management Company	-	-	165	165			
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	16	16			
Payable to SECP	-	-	19	19			
Provision for Sindh Workers' Welfare Fund	-	-	109	109			
Accrued expenses and other liabilities	-	-	827	827			
	-	-	1,136	1,136			

15.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)

Connected persons / related parties include AL Habib Asset Management Limited being the Management Company, Bank AL Habib Limited being the ultimate parent, AL Habib Capital Markets (Pvt) Limited, being the company under common management or directorship, First Habib Cash Fund, First Habib Income Fund, First Habib Islamic Income Fund, First Habib Stock Fund and First Habib Islamic 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 31 December 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.

FIRST HABIB ASSET ALLOCATION FUND

Details of the transactions with connected persons are as follows:

	December 31, 2020 (Un-Audited) ------(Rupees in '000)-----	December 31, 2019 (Un-Audited) ------(Rupees in '000)-----
AL Habib Asset Management Limited - Management Company		
Remuneration to the Management Company	867	960
Sindh sales tax	113	125
Expenses allocated by the management company	40	-
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration to the Trustee	87	96
- Sindh sales tax	11	12
	December 31, 2020 (Un-Audited) ------(Rupees in '000)-----	June 30, 2020 (Audited) ------(Rupees in '000)-----

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

AL Habib Asset Management Limited - Management Company		
- Management Company payable (Inclusive of Sindh sales tax)	165	165
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable (Inclusive of Sindh sales tax)	17	16
- Security deposit - Non interest bearing	100	100

16.1 Sale / Redemption of units

<u>Units sold to:</u>	December 31, 2020 (Un-Audited)	December 31, 2019 (Un-Audited)
	(Units) (Rupees in '000)	(Units) (Rupees in '000)
Management Company		
AL Habib Asset Management Limited	958,921 94,997	172,872 15,000
<u>Units redeemed by:</u>		
Management Company		
AL Habib Asset Management Limited	1,147,084 111,391	- -

16.2 Units held by:

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	(Units) (Rupees in '000)	(Units) (Rupees in '000)
Management Company		
AL Habib Asset Management Limited	484,687 49,428	672,850 61,034
Parent company		
- Bank AL Habib Limited	200,149 20,411	200,149 18,155

17. 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 December 31, 2020 is 5.28% which include 0.81% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

18. GENERAL

- 18.1** This condensed interim financial information is unaudited and has been reviewed by the auditors.
- 18.2** In compliance with Schedule V of the NBFC Regulations, 2008, the Directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.
- 18.3** This condensed interim financial information was authorised for issue by the board of directors of the Management Company on **January 21, 2021**.

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

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND
Half Yearly Report
December 31, 2020

FUND'S INFORMATION

Management Company

AL 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.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99 B, Block 19,
S.M.C.H.S., Main Station Road,
Karachi - 74100, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34338421-23
URL: www.cdpakistan.com
Email: info@cdpakistan.com




TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Stock Fund (the Fund) are of the opinion that Al Habib Asset Management Limited (Formerly Habib Asset Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2005, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badruddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi February 17, 2021





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report to the unit holders of First Habib Stock Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Stock Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended there-in-after referred to as the "interim financial information". Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co., Chartered Accountants is a member firm registered in Pakistan and a member firm of the KPMG global network of independent member firms affiliated with KPMG Network, a Swiss entity, which is a Swiss entity.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 February 2021
Karachi

Khms Taseer
KPMG Taseer Hadi & Co.
Chartered Accountants

FIRST HABIB STOCK FUND

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2020

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	(Rupees in '000)	
Assets			
Bank balances	4	11,875	18,059
Investments	5	112,333	90,114
Dividend and profit receivable		153	107
Advance, deposits, prepayments and other receivable	6	2,801	2,789
Total assets		127,162	111,069
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	7	223	182
Provision for Federal Excise Duty on remuneration of the Management Company	8	2,043	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee	9	22	18
Payable to Securities and Exchange Commission of Pakistan	10	11	22
Provision for Sindh Workers' Welfare Fund	11	1,355	945
Payable against purchase of Investment		986	2,085
Accrued expenses and other liabilities		1,068	932
Total liabilities		5,708	6,227
Net assets		121,454	104,842
Unit holders' fund (as per the statement attached)		121,454	104,842
(Number of units)			
Number of units in issue (face value of units is Rs. 100 each)		1,411,065	1,459,663
(Rupees)			
Net assets value per unit		86.07	71.83
Contingencies and commitments			

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

		Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
	Note	(Rupees in '000)			
Income					
Dividend income		2,026	3,451	1,575	1,951
Profit on bank balances calculated using effective interest method		445	704	215	484
Net realised gain on sale of investments at fair value through profit or loss		8,742	4,051	2,088	5,939
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'	5.1	11,560	12,249	2,171	16,388
Total income		22,773	20,455	6,049	24,762
Expenses					
Remuneration of AL Habib Asset Management Limited - Management Company	7.1	1,126	1,060	569	589
Sindh Sales Tax on Management Company's remuneration	7.2	146	138	74	77
Expenses allocated by the Management Company		51	-	51	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	113	106	50	47
Sindh Sales Tax on Trustee's remuneration		15	14	15	14
Annual fee to the Securities and Exchange Commission of Pakistan	10	14	11	8	6
Brokerage expense		276	261	113	152
Settlement and bank charges		184	208	94	107
Annual listing fee		13	10	4	1
Auditors' remuneration		215	204	127	120
Mutual fund rating fee		102	101	51	51
Printing charges		33	33	17	17
Total expenses		2,288	2,146	1,173	1,181
Net income from operating activities		20,485	18,309	4,876	23,581
Provision for Sindh Workers' Welfare fund	11	(410)	(366)	(98)	(366)
Income for the period before taxation		20,075	17,943	4,778	23,215
Taxation	13	-	-	-	-
Net income for the period after taxation		20,075	17,943	4,778	23,215
Allocation of net Income for the period after taxation					
Net income for the period after taxation		20,075	17,943	4,778	23,215
Income already paid on units redeemed		(1,646)	-	(403)	-
		18,429	17,943	4,375	23,215
Accounting income available for distribution:					
- Relating to capital gains		8,742	-	2,088	-
- Excluding capital gains		9,687	17,943	2,287	23,215
		18,429	17,943	4,375	23,215

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	20,075	17,943	4,778	23,215
Other comprehensive income for the period	-	-	-	-
Total comprehensive Income for the period	20,075	17,943	4,778	23,215

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL 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' Fund (Un-Audited)

For the half year ended December 31, 2020

	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	165,076	(60,234)	104,842	162,690	(58,670)	104,020
Issuance of 467,448 units (31 December 2019: 517,244 units)						
- Capital value	33,577	-	33,577	37,495	-	37,495
- Element of income	4,376	-	4,376	(156)	-	(156)
Amount received on issuance of units	37,953	-	37,953	37,339	-	37,339
Redemption of 516,046 units (31 December 2019: 451,962 units)						
- Capital value	(37,068)	-	(37,068)	(32,775)	-	(32,775)
- Element of income	(2,702)	(1,646)	(4,348)	470	-	470
Amount paid / payable on redemption of units	(39,770)	(1,646)	(41,416)	(32,305)	-	(32,305)
Total comprehensive income for the period	-	20,075	20,075	-	17,943	17,943
Net assets at end of the period	<u>163,259</u>	<u>(41,805)</u>	<u>121,454</u>	<u>167,724</u>	<u>(40,727)</u>	<u>126,997</u>
Undistributed (loss) brought forward						
- Realised loss		(51,879)			(37,647)	
- Unrealised loss		(8,355)			(21,023)	
		<u>(60,234)</u>			<u>(58,670)</u>	
Net income for the period after taxation		18,429			17,943	
Undistributed loss carried forward		<u>(41,805)</u>			<u>(40,727)</u>	
Undistributed loss carried forward comprises of:						
- Realised loss		(53,365)			(52,976)	
- Unrealised gain		11,560			12,249	
		<u>(41,805)</u>			<u>(40,727)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		<u>71.83</u>			<u>72.52</u>	
Net assets value per unit at end of the period		<u>86.07</u>			<u>84.68</u>	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

Condensed Interim Cash Flow Statement (Un-Audited)

For the half year ended December 31, 2020

	Half year ended 31 December	
Note	2020	2019
	---- (Rupees in '000) ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	20,075	17,943
Adjustments for non-cash and other items		
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'	5.1 (11,560)	(12,249)
Provision for Sindh Workers' Welfare Fund	410	366
Net cash generated from operations before working capital changes	8,925	6,060
<i>(Increase) / decrease in assets</i>		
Investments	(10,659)	(7,981)
Dividend and profit receivable	(46)	(146)
Advance, deposits, prepayments and other receivable	(12)	3,535
	(10,717)	(4,592)
<i>Increase / (decrease) in liabilities</i>		
Payable to AL Habib Asset Management Limited - Management Company	41	39
Payable to Central Depository Company of Pakistan Limited - Trustee	4	(41)
Payable to Securities and Exchange Commission of Pakistan	(11)	(113)
Payable against purchase of Investment	(1,099)	-
Accrued expenses and other liabilities	136	(85)
	(929)	(200)
Net cash (used in) / generated from operating activities	(2,721)	1,268
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	37,953	37,240
Payments against redemption of units	(41,416)	(32,305)
Net cash generated from financing activities	(3,463)	4,935
Net (decrease) / increase in cash and cash equivalents during the period	(6,184)	6,203
Cash and cash equivalents at beginning of the period	18,059	7,583
Cash and cash equivalents at end of the period	11,875	13,786
CASH AND CASH EQUIVALENTS		
Bank balances	4 11,875	13,786

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Notes to the Condensed Interim Financial Information (Un-Audited)*For the half year ended December 31, 2020***1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Stock Fund (the "Fund") was established under a Trust Deed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the 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.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (PSX). 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 also seeks 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 categorised as equity scheme.

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

Title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, 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.

2.1.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statement and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of the (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.1.4 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.

2.1.5 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

FIRST HABIB STOCK FUND

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.3 Standards effective during the year

Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

		December 31, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
4. BANK BALANCES	Note		
Current Account		39	132
Saving Accounts	4.1	11,836	17,927
		<u>11,875</u>	<u>18,059</u>

FIRST HABIB STOCK FUND

- 4.1 This represents saving 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. 11.7 million (June 30, 2020: Rs. 17.7 million) with Bank AL Habib Limited, a related party, carrying profit rate of 6.5% (June 30, 2020: 7.75% to 11.75%) per annum.

5. INVESTMENTS

At fair value through profit or loss

Listed equity securities

December 31, 2020
(Un-Audited)
Note

June 30, 2020
(Audited)
(Rupees in '000)

5.1 112,333 90,114

5.1 Listed equity securities

Name of the Investee	As at July 01, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised gain / (loss)	Market Value as a percentage of:		Face value of investments as a percentage of the paid up capital of the investee company	
									Net Assets	Total Investment		
Note Number of shares (Rupees in '000) (%)												
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.												
Commercial Banks												
Allied Bank Limited	19,000	-	-	19,000	-	-	-	-	0.00%	0.00%	0.000%	
Askari Bank Limited	36,000	120,000	-	36,000	120,000	2,389	2,807	418	2.31%	2.50%	0.010%	
Bank Alfalah Limited	23,800	187,320	-	211,120	-	hbn	-	-	0.00%	0.00%	0.000%	
Bank AL Habib Limited	68,000	-	-	22,500	45,500	hbn	2,380	3,167	787	2.61%	2.82%	0.004%
Bank of Punjab Limited	435,500	-	-	95,000	340,500	2,860	3,156	296	2.60%	2.81%	0.013%	
Faysal Bank Limited	450	-	-	450	-	-	-	-	0.00%	0.00%	0.000%	
Habib Bank Limited	46,500	35,000	-	13,000	68,500	7,883	9,061	1,178	7.46%	8.07%	0.005%	
Habib metro Bank Limited	-	50,000	-	-	50,000	1,816	1,950	134	1.61%	1.74%	0.005%	
MCB Bank Limited	23,470	7,000	-	12,500	17,970	2,986	3,329	343	2.74%	2.96%	0.002%	
Meezan Bank Limited	-	20,000	1,500	-	21,500	1,684	2,245	561	1.85%	2.00%	0.002%	
United Bank Limited	5.1.1	41,000	10,000	-	24,000	27,000	2,862	3,388	546	2.80%	3.02%	0.002%
		693,720	429,320	1,500	433,570	690,970	24,850	29,113	4,263			
Oil and gas marketing companies												
Sui Northern Gas Pipelines Limited	42,000	-	-	8,000	34,000	1,856	1,510	(346)	1.24%	1.34%	0.005%	
Pakistan State Oil Company Limited	12,840	5,500	-	5,500	12,840	2,237	2,764	527	2.28%	2.46%	0.003%	
Haseco Petroleum Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.000%	
	54,842	5,500	-	13,502	46,840	4,093	4,274	181				
Engineering												
Arnold Steel	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%	0.000%	
Resonant steel and allied products	-	14,000	-	-	14,000	1,157	1,178	21	0.97%	1.05%	0.018%	
International Steels Limited	32,000	-	-	32,000	-	-	-	-	0.00%	0.00%	0.000%	
	52,000	14,000	-	52,000	14,000	1,157	1,178	21				
Chemicals												
Engro Polymer and Chemicals Limited	92,000	70,000	-	92,000	70,000	2,882	3,326	444	2.74%	2.96%	0.008%	
ICI Pakistan	3,000	-	-	1,200	1,800	1,250	1,368	118	1.13%	1.22%	0.002%	
Lotte Chemical Pakistan Ltd	-	80,000	-	-	80,000	1,140	1,205	65	0.99%	1.07%	0.005%	
Nimr Industrial Chemicals Ltd	-	14,000	-	-	14,000	1,204	1,204	-	0.99%	1.07%	0.013%	
	95,000	164,000	-	93,200	165,800	6,476	7,103	627				
Fertilizers												
Fauji Fertilizer Company Limited	36,500	22,000	-	46,500	12,000	1,299	1,302	3	1.07%	1.16%	0.001%	
Engro Fertilizers Limited	48,500	8,000	-	15,000	41,500	2,542	2,624	82	2.16%	2.34%	0.003%	
Engro Corporation Limited	18,650	5,700	-	5,500	18,850	5,610	5,794	184	4.77%	5.16%	0.003%	
	103,650	35,700	-	67,000	72,350	9,451	9,720	269				
Insurance												
Jubilee life insurance	-	12,000	-	5,300	6,700	2,199	2,667	468	2.20%	2.37%	0.008%	
	-	12,000	-	5,300	6,700	2,199	2,667	468				
Oil and gas exploration companies												
Mari Petroleum Company Limited	5,530	-	-	2,150	3,380	4,180	4,529	349	3.73%	4.03%	0.003%	
Oil and Gas Development Company Limited	5.1.1	55,799	23,500	-	33,000	46,299	4,896	4,804	(92)	3.96%	4.28%	0.001%
Pakistan Oil Fields Limited	5,100	6,500	-	4,000	7,600	2,885	3,005	120	2.47%	2.68%	0.003%	
Pakistan Petroleum Limited	5.1.1	52,536	36,000	-	46,500	42,036	3,769	3,797	28	3.13%	3.38%	0.002%
		118,965	66,000	-	85,650	99,315	15,730	16,135	405			
Paper and Boards												
Century Paper & Board Mills Limited	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%	0.000%	
Security papers limited	-	5,000	-	-	5,000	1,175	885	(290)	0.73%	0.79%	0.008%	
	20,000	5,000	-	20,000	5,000	1,175	885	(290)				
Construction and Materials (Cement)												
Attock Cement	-	10,500	-	-	10,500	1,646	1,576	(70)	1.30%	1.40%	0.008%	
Cherat Cement	500	11,500	-	500	11,500	1,640	1,681	41	1.38%	1.50%	0.006%	
D.G. Khan Cement Company Limited	13,000	9,500	-	8,000	14,500	1,454	1,661	207	1.37%	1.48%	0.003%	
Kohat Cement	-	5,000	-	1,400	3,600	739	789	50	0.65%	0.70%	0.002%	
Lucky Cement Limited	13,050	6,000	-	5,400	13,650	1,712	9,502	2,330	7.82%	8.46%	0.004%	
Majid Leaf Cement Factory Limited	102,000	36,000	-	102,000	36,000	1,576	1,600	44	1.33%	1.44%	0.003%	
Pioneer Cement	15,000	46,500	-	33,000	28,500	2,819	2,944	125	2.42%	2.62%	0.013%	
	143,550	125,000	-	150,300	118,250	17,046	19,773	2,727				
Automobiles Assemblers												
Indus Motor Company Limited	1,200	-	-	1,200	-	-	-	-	0.00%	0.00%	0.000%	
Sagar engineering works	-	13,000	3,900	13,000	3,900	553	707	154	0.58%	0.63%	0.008%	
	1,200	13,000	3,900	14,200	3,900	553	707	154				
Software & Computer Services												
Neison	1,500	-	-	1,500	-	-	-	-	0.00%	0.00%	0.000%	
	1,500	-	-	1,500	-	-	-	-				
Automobiles parts and accessories												
Thal Limited	1,650	3,500	-	-	5,150	2,116	2,434	318	2.00%	2.17%	0.013%	
	1,650	3,500	-	-	5,150	2,116	2,434	318				
Textile composition												
Nishat Mills Limited	30,000	-	-	11,000	19,000	1,482	1,934	452	1.59%	1.72%	0.005%	
Gul Ahmed Textile Mills Limited	75,600	-	-	75,600	-	-	-	-	0.00%	0.00%	0.000%	
Feroze1888 mills limited	-	14,000	-	-	14,000	1,380	1,391	11	1.15%	1.24%	0.004%	
Interloop Limited	-	43,500	-	-	43,500	2,528	2,961	433	2.44%	2.64%	0.005%	
	105,600	57,500	-	86,600	76,500	5,390	6,286	896				
Pharmaceutical												
The Searle Company Limited	550	4,500	-	5,050	-	-	-	-	0.00%	0.00%	0.000%	
Abbott Laboratories (Pakistan) Limited	-	3,500	-	2,000	1,500	926	1,133	207	0.93%	1.01%	0.002%	
Glaxosmith	3,500	-	-	3,500	-	-	-	-	0.00%	0.00%	0.000%	
	4,050	8,000	-	10,550	1,500	926	1,133	207				
Power generation and distribution												
Hub Power Company Limited	5.1.1	42,400	55,000	-	33,000	64,400	5,132	5,109	(23)	4.21%	4.55%	0.005%
KcElectric Limited	100,000	-	-	-	100,000	301	391	90	0.32%	0.35%	0.001%	
	142,400	55,000	-	33,000	164,400	5,433	5,500	67				
Technology & Communications												
Pakistan Telecommunication Limited	500	200,000	-	500	200,000	2,330	1,820	(510)	1.50%	1.62%	0.005%	
Systems Technology	10,700	3,500	-	5,600	8,600	1,849	3,605	1,756	2.97%	3.21%	0.007%	
	11,200	203,500	-	6,100	208,600	4,179	5,425	1,246				
Total equity securities as at December 31 2020						1,679,275	100,773	112,333	11,560			
Total equity securities as at June 30 2020						1,549,327	98,469	90,114	(8,355)			

FIRST HABIB STOCK FUND

- 5.1.1 Following shares were pledged with National clearing company of Pakistan limited (NCCPL) as collateral against exposure margin and mark to market losses.

	December 31, 2020 (Un-Audited) (Number of Shares)	June 30, 2020 (Audited)
Engro Fertilizers Limited	15,000	-
Habib Bank Limited	15,000	-
Hub Power Company Limited	13,500	13,500
Oil & Gas Development Company Limited	15,000	-
Pakistan Petroleum Limited	15,000	-
United Bank Limited	15,000	-
	88,500	13,500

	December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
6. ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE	Note	
Deposit with NCCPL	2,500	2,500
Deposit with CDC	100	100
Advance tax	6.1 189	189
Prepayment	12	-
	2,801	2,789

- 6.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

7. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 7.1 As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets in case of equity scheme. During the period ended December 31, 2020, the Management Company has charged remuneration at the rate of 2% of average annual net assets. The remuneration is paid to the Management Company on monthly basis in arrears.

- 7.2 Sindh Sales Tax has been charged at 13% (June 30, 2020: 13%) on the Management Company's remuneration during the period.

8. PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 9 to the annual audited financial statements for the year ended June 30, 2020.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 2.043 million.

Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2020 would have been higher by Rs. 1.45 (June 30, 2020: Rs. 1.40) per unit.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the fund under the provisions of the trust deed based on the daily net asset value of the fund. The remuneration of the Trustee has been calculated as per following applicable tariff;

Average net assets (Rs. In millions)	Tariff
Upto Rs. 1,000	0.2% per annum of net asset value.
Rs. 1,000 and above	Rs. 2 million plus 0.10% per annum of net assets on amount exceeding Rs. 1,000 million.

- 9.1 Sindh Sales Tax has been charged at 13% (30 June 2019: 13%) on the Trustee's remuneration charged during the year.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

11. PROVISION FOR SINDH WORKERS' WELFARE FUND

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 12 to the annual audited financial statements for the year ended June 30, 2020.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.

Had the SWWF not been provided for, the net assets value per unit would have been higher by Re. 0.96 (June 30, 2020: Re. 0.65) per unit.

12. CONTINGENCIES AND COMMITMENTS

Except as stated in note 11, there are no contingencies and commitments as at December 31, 2020 (30 June 2020: Nil).

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of atleast 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90% of the net accounting income excluding capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash atleast 90% of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AL Habib Asset Management Limited being the Management Company, Bank AL Habib Limited being the ultimate parent and AL Habib Capital Markets (Private) Limited being a company 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 Islamic Stock Fund being the Funds managed by the common Management Company, CDC 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 31 December 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 the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.

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

	Half Year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	(Rupees in '000)		(Rupees in '000)	
AL Habib Asset Management Limited - Management company				
Management Company's Remuneration	1,126	1,060	569	589
Sindh Sales Tax on Management Company's remuneration	146	138	74	77
Expenses allocated by the Management Company	51	-	51	-
AL Habib Capital Markets (private) Limited - Brokerage house				
Brokerage	49	22	28	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration to the Trustee	113	106	50	47
Sindh Sales Tax	15	14	15	14
Bank AL Habib Limited (Ultimate parent)				
Profit on bank balances	445	456	215	236

FIRST HABIB STOCK FUND

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

	December 31 2020 (Un-Audited) (Rupees in '000)	June 30 2020 (Audited) (Rupees in '000)
Bank AL Habib Limited (Ultimate parent)		
Bank balance	11,696	17,797
AL Habib Asset Management Limited		
Remuneration payable (inclusive of Sindh Sales tax)	223	182
Federal excise duty on Management Fee payable	2,043	2,043
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (inclusive of Sindh Sales Tax)	22	18
Security deposit - non interest bearing	100	100
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	49	5

14.1 Sale / redemption of units during the period

	Half Year ended December 31, 2020 (Un-Audited)		Half Year ended December 31, 2019 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- AL Habib Asset Management Limited	148,716	12,000	275,272	19,000
Directors & their relatives of the Management Company				
- Directors of the Management Company	-	-	1,468	100
Key Management Executives	7,484	601	-	-

	Half Year ended December 31, 2020 (Un-Audited)		Half Year ended December 31, 2019 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
Management Company				
- AL Habib Asset Management Limited	249,318	19,586	71,956	5,000
- Habib Asset Management Limited - Employees Provident Fund	-	-	20,910	1,530
Directors & their relatives of the Management Company	2,359	202	28,770	2,100
Key Management Executives	6	1	-	-

14.2 Units held by:

	December 31, 2020 (Un-Audited)		June 30, 2020 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
- AL Habib Asset Management Limited	-	-	100,602	7,226
Parent Company				
- Bank AL Habib Limited	100,000	8,607	100,000	7,183
Directors & their relatives of the Management Company	11,812	1,016	20,114	3,329
Key Management Executives	69,095	5,948	61,617	4,426
Connected party holding 10% or more of the units in issue:	604,091	51,994	604,091	43,392

15. TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated 20 July 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 December 31, 2020 is 4.79% which includes 1.03% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.1.

FIRST HABIB STOCK FUND

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount			Total	Fair value			
		Fair value through profit or loss	Amortised Cost	Financial liabilities at amortised cost		Level 1	Level 2	Level 3	Total
December 31, 2020 (Un-Audited)	Note	(Rupees in '000)							
Financial assets - measured at fair value									
Listed equity securities	5	112,333	-	-	112,333	112,333	-	-	112,333
Financial assets - not measured at fair value									
Bank Balances	16.1 4	-	11,875	-	11,875				
Dividend and profit receivable		-	153	-	153				
Advance, deposits, prepayments and other receivable		-	2,801	-	2,801				
		<u>112,333</u>	<u>14,829</u>	<u>-</u>	<u>127,162</u>				
Financial liabilities - not measured at fair value									
Payable to Habib Asset Management Limited - Management Company	16.1 7	-	-	223	223				
Provision for FED on Remuneration	8	-	-	2,043	2,043				
Payable to CDC - Trustee	9	-	-	22	22				
Payable to SECP	10	-	-	11	11				
Provision for Sindh Workers' Welfare Fund	11	-	-	1,355	1,355				
Payable against purchase of Investment		-	-	986	986				
Accrued expenses and other liabilities		-	-	1,068	1,068				
		<u>-</u>	<u>-</u>	<u>5,708</u>	<u>5,708</u>				
Carrying amount					Fair value				
		Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020 (Audited)	Note	(Rupees in '000)							
Financial assets - measured at fair value									
Listed equity securities	16.1	90,114	-	-	90,114	90,114	-	-	90,114
Financial assets - not measured at fair value									
Bank balances	16.1	-	18,059	-	18,059				
Dividend and profit receivable		-	107	-	107				
Advance, deposits, prepayments and other receivable		-	2,789	-	2,789				
		<u>90,114</u>	<u>20,955</u>	<u>-</u>	<u>111,069</u>				
Financial liabilities - not measured at fair value									
Payable to Habib Asset Management Limited - Management Company	16.1 7	-	-	182	182				
Provision for FED on Remuneration of Mananagement Company	8	-	-	2,043	2,043				
Payable to CDC - Trustee	9	-	-	18	18				
Payable to SECP	10	-	-	22	22				
Provision for SWWF	11	-	-	945	945				
Payable against purchase of Investment		-	-	2,085	2,085				
Accrued expenses and other liabilities		-	-	932	932				
		<u>-</u>	<u>-</u>	<u>6,227</u>	<u>6,227</u>				

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17. GENERAL

17.1 This condensed interim financial information is un-audited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31 2020 and December 31, 2019 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

17.2 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **January 21, 2021**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND
Half Yearly Report
December 31, 2020

FUND'S INFORMATION

Management Company

AL 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

Shariah Advisor

Mufti Ismatullah Hamdullah

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

FIRST HABIB ISLAMIC STOCK FUND

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDL House, 95-B, Block-B,
S.M.C. - 6, Main Highway-Faisal
Road - 74400, Pakistan,
Tel: (92 21) 111-111-5000
Fax: (92 21) 34326021 - 33
URL: www.cdcpakistan.com
Email: info@cdcpk.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ISLAMIC STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Islamic Stock Fund (the Fund) are of the opinion that Al Habib Asset Management Limited (Formerly Habib Asset Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

Badriddin Akbar
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 17, 2021





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report to the unit holders of First Habib Islamic Stock Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Islamic Stock Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 February 2021
Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

FIRST HABIB ISLAMIC STOCK FUND

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2020

		December 31, 2020	June 30, 2020
	Note	(Un-Audited)	(Audited)
		----- (Rupees in '000) -----	
Assets			
Bank balances	4	4,235	40,432
Investments	5	89,331	75,804
Income and Dividend receivable		174	117
Receivable against sale of investment		4,303	-
Receivable against issuance of units		6,997	-
Advances, deposits, prepayments and other receivable	6	2,906	3,136
Total assets		107,946	119,489
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	7	179	447
Provision for Federal Excise Duty on remuneration of the Management Company	8	1,478	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee	9	17	21
Payable to Securities and Exchange Commission of Pakistan	10	9	20
Provision for Sindh Workers' Welfare Fund	11	842	504
Payable against purchase of investment		-	12,705
Accrued expenses and other liabilities		1,199	909
Total liabilities		3,724	16,084
Net assets		104,222	103,405
Unit holders' fund (as per the statement attached)		104,222	103,405
		----- (Number of units) -----	
Number of units in issue (face value of units is Rs.100 each)		1,226,184	1,477,879
		----- (Rupees) -----	
Net assets value per unit		85.00	69.97
Contingencies and commitments	12		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

Condensed Interim Income Statement (Un-Audited)

For the half year and quarter ended December 31, 2020

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
(Rupees in '000)					
Income					
Dividend income		2,114	3,374	1,710	2,030
Profit on bank balances		326	728	144	380
Return On Margin Deposit On Equity		9	-	9	-
Net realised gain on sale of investments at fair value through profit or loss		10,395	990	4,936	2,457
Net unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'		6,185	14,460	(449)	19,959
Total income		19,029	19,552	6,350	24,826
Expenses					
Remuneration of AL Habib Asset Management Limited - Management Company	7.1	861	1,000	439	534
Sindh Sales Tax on Management Company's remuneration	7.2	112	130	57	69
Expenses allocated by management company		92	-	66	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	86	100	44	53
Sindh Sales Tax on Trustee Remuneration		11	13	6	7
Annual fee to the Securities and Exchange Commission of Pakistan	10	11	10	7	5
Brokerage expense		339	87	185	62
Settlement and bank charges		179	184	92	89
Annual listing fee		13	10	4	5
Auditors' remuneration		263	262	149	138
Mutual fund rating fee		93	42	47	12
Charity expense		70	122	59	61
Printing charges		33	35	17	19
Total expenses		2,163	1,995	1,172	1,054
Net income from operating activities		16,866	17,557	5,178	23,772
Provision for sindh worker's welfare fund	11	(337)	(351)	(103)	(351)
Net income for the period before taxation		16,529	17,206	5,075	23,421
Taxation	13	-	-	-	-
Net income for the period after taxation		16,529	17,206	5,075	23,421
Allocation of net income for the period after taxation					
Net income for the period		16,529	17,206	5,075	23,421
Income already paid on units redeemed		(6,317)	-	(1,537)	-
		10,212	17,206	3,538	23,421
Accounting income available for distribution:					
- Relating to capital gains		10,395	-	4,936	-
- Excluding capital gains		(183)	17,206	(1,398)	23,421
		10,212	17,206	3,538	23,421

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year and quarter ended December 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	(Rupees in '000)			
Net Income for the period after taxation	16,529	17,206	5,075	23,421
Other comprehensive income for the period	-	-	-	-
Total comprehensive Income for the period	16,529	17,206	5,075	23,421

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL 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' Fund (Un-Audited)

For the half year ended December 31, 2020

	2020			2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000.....)					
Net assets at beginning of the period	141,398	(37,993)	103,405	138,494	(37,638)	100,856
Issuance of 1,629,975 units (December 31, 2019: 181,002 units)						
- Capital value	114,049	-	114,049	9,927	-	9,927
- Element of loss	17,909	-	17,909	2,180	-	2,180
Amount received / receivable on issuance of units	131,958	-	131,958	12,107	-	12,107
Redemption of 1,881,670 units (December 31 2019: 211,381 units)						
- Capital value	(131,661)	-	(131,661)	(11,918)	-	(11,918)
- Element of income	(9,692)	(6,317)	(16,009)	(2,546)	-	(2,546)
Amount paid / payable on redemption of units	(141,353)	(6,317)	(147,670)	(14,464)	-	(14,464)
Total comprehensive income for the period	-	16,529	16,529	-	17,206	17,206
Net assets at end of the period	132,003	(27,781)	104,222	136,137	(20,432)	115,705
Undistributed (loss) brought forward						
- Realised loss		(36,280)			(16,035)	
- Unrealised loss		(1,713)			(21,603)	
		(37,993)			(37,638)	
Net income for the period after taxation		10,212			17,206	
Undistributed loss carried forward		(27,781)			(20,432)	
Undistributed loss carried forward comprises of:						
- Realised loss		(33,966)			(34,892)	
- Unrealised gain		6,185			14,460	
		(27,781)			(20,432)	
		(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		85.00			82.08	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

Condensed Interim Cash Flow Statement (Un-Audited)

For the half year ended December 31, 2020

		Half year ended December 31,	
	Note	2020	2019
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		16,529	17,206
Adjustments for non-cash and other items			
Net unrealised gain on revaluation of investments classified as 'at fair valuethrough profit or loss'	5.1	(6,185)	(14,460)
Provision for Sindh worker's welfare Fund		337	351
Net cash generated from operations before working capital changes		10,681	3,097
<i>(Increase) / decrease in assets</i>			
Investments		(7,341)	(6,348)
Income and Dividend receivable		(57)	299
Receivable against sale of investment		(4,303)	-
Receivable against issuance of units		(6,997)	5,475
Advances, deposits, prepayments and other receivable		230	31
		(18,468)	(543)
<i>Increase / (decrease) in liabilities</i>			
Payable to AL Habib Asset Management Limited - Management Company		(268)	37
Payable to Central Depository Company of Pakistan Limited - Trustee		(4)	(43)
Payable to Securities and Exchange Commission of Pakistan		(11)	(90)
Payable against purchase of investment		(12,705)	-
Accrued expenses and other liabilities		290	(165)
		(12,698)	(261)
Net cash (used in) / generated from operating activities		(20,485)	2,293
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		131,958	12,107
Payments against redemption of units		(147,670)	(14,464)
Net cash used in financing activities		(15,712)	(2,357)
Net decrease in cash and cash equivalents during the period		(36,197)	(64)
Cash and cash equivalents at beginning of the period		40,432	12,338
Cash and cash equivalents at end of the period		4,235	12,274
CASH AND CASH EQUIVALENTS			
Bank balances	4	4,235	12,274

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

Notes to the Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** First Habib Islamic Stock Fund (the "Fund") was established under a Trust Deed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 24, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 03, 2011 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC Rules). 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, 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 Limited (PSX). 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 investment objective of the fund is 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. 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.

Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, 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.

- 2.1.2** This condensed interim financial information does not include all the information and the disclosures required in the annual financial statement and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.
- 2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of the (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.
- 2.1.4** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.
- 2.1.5** In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2020.
- 2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.3 Standards effective during the year

Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

FIRST HABIB ISLAMIC STOCK FUND

4. BANK BALANCES

	December 31, 2020 (Un-Audited) Note	June 30, 2020 (Audited) (Rupees in '000).....
Current accounts	98	169
Saving accounts	4,137	40,263
	4,235	40,432

- 4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 5.5% to 6.95% (June 30, 2020: 6.00% to 13%) per annum. It also includes a balance of Rs.2.15 million (June 30, 2020: Rs. 0.38 million) with Bank AL Habib Limited, a related party, carrying profit rate of 6% (June 30, 2020: 4% to 6.1%) per annum.

5. INVESTMENTS

	December 31, 2020 (Un-Audited) Note	June 30, 2020 (Audited) (Rupees in '000).....
At fair value through profit or loss		
Listed equity securities	89,331	75,804

5.1 Listed equity securities

Name of the Investee	As at July 31, 2020	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2020	Cost / carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised gain / (loss)	Market Value as a percentage of:		Face value of investments as a percentage of paid up capital of the investee company				
									Net Assets	Total Investment					
Note									(Number of shares)			(Rupees in '000)		(%)	
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.															
Commercial Banks															
Meezan Bank Limited	5.1.1	70,135	125,500	5,814	103,500	97,948	8,257	10,230	1,973	9.82%	11.45%	0.007%			
		70,135	125,500	5,814	103,500	97,948	8,257	10,230	1,973						
Chemicals															
Engro Polymer & Chemicals Limited		92,000	142,000	-	143,000	91,000	3,971	4,323	352	4.15%	4.84%	0.010%			
ICI Pakistan	5.1.1	3,000	600	-	2,600	1,000	706	760	54	0.00%	0.00%	0.000%			
LOTICHEM		-	125,000	-	125,000	-	-	-	-	0.00%	0.00%	0.000%			
		95,000	267,600	-	270,600	92,000	4,677	5,083	406						
Fertilizers															
Engro Fertilizers Limited		56,500	80,000	-	71,000	65,500	4,131	4,142	11	3.97%	4.64%	0.005%			
Engro Corporation Limited		32,340	18,000	-	25,300	25,040	7,572	7,696	124	7.38%	8.62%	0.004%			
		88,840	98,000	-	96,300	90,540	11,703	11,838	135						
Cement															
Attock Cement		-	11,000	-	-	11,000	1,715	1,651	(64)	1.58%	1.85%	0.008%			
Cherat Cement		13,000	19,500	-	14,250	18,250	2,535	2,668	133	2.56%	2.99%	0.009%			
D.S. Khan Cement Company Limited		3,000	25,500	-	8,500	20,000	2,200	2,292	92						
Kohat Cement		15,000	5,000	-	16,200	3,800	666	833	167						
Lucky Cement Limited		11,400	14,200	-	11,617	13,983	8,084	9,733	1,649	9.34%	10.90%	0.004%			
Maple Leaf Cement Factory		142,000	109,000	-	172,000	79,000	3,383	3,556	173	3.41%	3.98%	0.007%			
		184,400	184,200	-	222,567	146,033	18,583	20,733	2,150						
Power generation and distribution															
Hub Power Company Limited	5.1.1	64,300	-	-	64,300	-	-	-	-	0.00%	0.00%	0.000%			
K-Electric Limited		100,000	-	-	100,000	-	-	-	-	0.00%	0.00%	0.000%			
		164,300	-	-	164,300	-	-	-	-						
Engineering															
Crescent Steel and Allied Products		-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.000%			
International Steels Limited		15,000	-	-	15,000	-	-	-	-	0.00%	0.00%	0.000%			
		15,000	10,000	-	25,000	-	-	-	-						
Automobile Assemblers															
Milfat Tractor		-	2,200	-	1,000	1,200	1,083	1,313	230	1.26%	1.47%	0.002%			
Saggar Engineering Works		-	4,500	1,350	4,500	1,350	193	245	52	0.24%	0.27%	0.003%			
		-	6,700	1,350	5,500	2,550	1,276	1,558	282						
Technology and Communications															
Systems Limited		5,000	3,500	-	8,500	-	-	-	-	0.00%	0.00%	0.000%			
Pakistan Telecommunication Limited		3,500	190,000	-	23,500	170,000	1,943	1,547	(396)	1.48%	1.73%	0.005%			
		8,500	193,500	-	32,000	170,000	1,943	1,547	(396)						
Paper and Board															
Packagees Limited	5.1.1	4,100	-	-	2,600	1,500	521	895	374	0.00%	0.00%	0.000%			
Security Papers Limited		-	4,000	-	4,000	-	940	708	(232)	0.00%	0.00%	0.000%			
		4,100	4,000	-	2,600	5,500	1,461	1,603	142						
Oil and gas exploration companies															
Mari Petroleum Company Limited		4,460	1,200	-	2,200	3,460	4,500	4,636	136	4.45%	5.19%	0.003%			
Oil & Gas Development Company Limited		80,500	47,000	-	55,000	72,500	7,708	7,523	(185)	7.22%	8.42%	0.002%			
Pakistan Oilfields Limited		12,050	12,300	-	13,800	10,550	4,031	4,172	141	4.00%	4.67%	0.004%			
Pakistan Petroleum Limited	5.1.1	56,010	89,300	-	62,000	83,310	7,636	7,525	(111)	7.22%	8.42%	0.003%			
		153,020	149,800	-	133,000	169,820	23,875	23,856	(19)						
Oil and gas marketing companies															
Hasecol Petroleum Limited		187	-	-	187	-	-	-	-	0.00%	0.00%	0.000%			
Attock Petroleum Limited		2,500	-	-	2,500	-	-	-	-	0.00%	0.00%	0.000%			
Hi-Tech Lubricants Limited		7,000	-	-	7,000	-	-	-	-	0.00%	0.00%	0.000%			
Pakistan State Oil Company Limited		14,160	9,000	-	15,400	7,760	1,366	1,671	305	1.60%	1.87%	0.002%			
Sui Northern Gas Pipeline Limited		45,500	15,000	-	36,500	24,000	1,318	1,066	(252)	1.02%	1.19%	0.004%			
		69,347	24,000	-	61,587	31,760	2,684	2,737	53						
Textile composition															
Feroze 1888 Mills		-	10,500	-	-	10,500	1,049	1,043	(6)	1.00%	1.17%	0.003%			
Interloop Limited		-	69,000	-	7,500	61,500	3,584	4,186	602	4.02%	4.69%	0.007%			
Kohinoor Textile Mills Limited		-	57,000	-	29,500	27,500	1,505	1,876	371	1.80%	2.10%	0.009%			
Nishat Mills Limited		36,000	12,200	-	25,000	23,200	1,993	2,361	368	2.27%	2.64%	0.007%			
		36,000	148,700	-	62,000	122,700	8,131	9,466	1,335						
Pharmaceutical															
Abbott Laboratories		-	3,300	-	2,400	900	556	680	124	0.65%	0.76%	0.001%			
The Searle Company Limited		6,600	4,000	-	10,600	-	-	-	-	0.00%	0.00%	0.000%			
		6,600	7,300	-	13,000	900	556	680	124						
Total equity securities as at December 31, 2020															
		895,242	1,219,300	7,164	1,191,954	929,751	83,146	89,331	6,185						
Total equity securities as at June 30, 2020															
							77,517	75,804	(1,713)						

- 5.1.1 Following shares were pledged with National clearing company of Pakistan limited (NCCPL) as collateral against exposure margin and mark to market losses.

FIRST HABIB ISLAMIC STOCK FUND

		December 31, 2020 (Un-audited) (Number of Shares)	June 30, 2020 (Audited)
Hub Power company limited		-	20,000
ICI Pakistan Limited		1,000	-
Meezan Bank Limited		10,000	-
Packages Limited		1,500	-
Pakistan Petroleum limited		5,000	5,000
		<u>17,500</u>	<u>25,000</u>

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

		December 31 2020 (Un-audited) (Rupees in '000)	June 30 2020 (Audited)
	Note		
Advance tax	6.1	254	254
Mutual Fund Rating Fee		40	132
Receivable from AL Habib Asset management Limited		-	150
Deposit with NCCPL		2,500	2,500
Deposit with CDC		100	100
Listing fee		12	-
		<u>2,906</u>	<u>3,136</u>

6.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

7. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

7.1 As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets in case of equity scheme. During the period ended December 31, 2020, the Management Company has charged remuneration at the rate of 2% of average annual net assets. The remuneration is paid to the Management Company on monthly basis in arrears.

7.2 Sindh Sales Tax has been charged at 13% (June 30, 2020:13%) on the Management Company's remuneration during the period.

8. PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 8 to the annual audited financial statements for the year ended June 30, 2020.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 1.478 million.

Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2020 would have been higher by Rs. 1.21 (June 30, 2020: Rs. 1.00) per unit.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee has been calculated as per following applicable tariff;

Average net assets (Rs. in million)	Tariff
Upto Rs. 1,000	0.2% per annum of net asset value.
Rs. 1,000 and above	Rs. 2 million plus 0.10% per annum of net assets on amount exceeding Rs. 1,000 million.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2019: 13%) on the Trustee's remuneration charged during the year.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

11. PROVISION FOR SINDH WORKERS' WELFARE FUND

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 13 to the annual audited financial statements for the year ended June 30, 2020.

FIRST HABIB ISLAMIC STOCK FUND

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record provision for SWWF on prudence basis.

Had the SWWF not been provided for, the net assets value per unit would have been higher by Re 0.69 (June 30, 2020: Re. 0.34) per unit.

12. CONTINGENCIES AND COMMITMENTS

Except as stated in note 11, there are no contingencies and commitments as at December 31, 2020 (30 June 2020: Nil).

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of atleast 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90% of the net accounting income excluding capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash atleast 90% of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AL Habib Asset Management Limited being the Management Company, Bank AL Habib Limited being the ultimate parent, AL Habib Capital Markets (Pvt) Limited company being under common management or directorship, First Habib Income Fund, First Habib Stock Fund, First Habib Cash Fund, First Habib Islamic Income Fund and First Habib Asset Allocation 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 30 June 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 the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.

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

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	(Un-audited)			
	(Rupees in '000)			
AL Habib Asset Management Limited - Management Company				
Management Company's Remuneration	861	1,000	439	534
Sindh Sales Tax on remuneration	112	130	57	69
Expenses Allocated by the Management Company	92	-	66	-
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	54	5	33	3
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	86	100	44	53
Sindh Sales Tax on Trustee's remuneration	11	13	6	7
Bank AL Habib Limited				
Profit on bank balance	12	20	9	6

Details of the balances with connected persons are as follows:

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	(Rupees in '000)	
Bank AL Habib Limited		
Bank balance	2,155	384
Profit receivable on savings account	3	4
AL Habib Asset Management Limited - Management Company		
Remuneration payable (inclusive of Sindh Sales tax)	179	447
Federal Excise Duty on remuneration payable	1,478	1,478
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (inclusive of Sindh Sales Tax)	17	21
Security deposit - non interest bearing	100	100

FIRST HABIB ISLAMIC STOCK FUND

14.1	Sale / redemption of units during the period	Half year ended December 31, 2020 (Un-audited)		Half year ended December 31, 2019 (Un-audited)	
		(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
	Units sold to:				
	Management Company				
	AL Habib Asset Management Limited	1,189,462	95,997	160,232	10,500
	Directors & their relatives of the Management Company	29,319	2,385	-	-
	Units redeemed by:				
	Management Company				
	AL Habib Asset Management Limited	1,526,777	118,776	-	-
	Directors & their relatives of the Management Company	29,319	2,407	14,456	1,050
14.2	Units held as on 31 December	Half year ended December 31, 2020 (Un-audited)		Half year ended December 31, 2019 (Un-audited)	
		(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
	Units held by:				
	Management Company				
	AL Habib Asset Management Limited	474,507	40,333	811,822	56,802
	Associated Company				
	- Bank AL Habib Limited	100,929	8,579	100,929	7,062
	Directors & their relatives of the Management Company	8,604	731	8,604	602
	Other related parties				
	- Habib Insurance Company Limited - Employee Provident Fund	16,952	1,441	16,952	1,186
	Key Management Executives	6,581	560	6,581	460

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 7. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Note	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised Cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2020 (Un-audited) (Rupees in '000)								
Financial assets - measured at fair value								
Listed equity securities	5	89,331	-	89,331	89,331	-	-	89,331
Financial assets - not measured at fair value								
Bank balances	4	-	4,235	4,235				
Income and Dividend receivable		-	174	174				
Receivable against sale of investment		-	4,303	4,303				
Receivable against issuance of units		-	6,997	6,997				
Advances, deposits, prepayments and other receivable		-	2,906	2,906				
		89,331	18,615	107,946				
Financial liabilities - not measured at fair value								
Payable to Habib Asset Management Limited - Management Company	7	-	-	179	179			
Provision for Federal Excise Duty on Remuneration of the Management Company		-	-	1,478	1,478			
Payable to CDC - Trustee	9	-	-	17	17			
Payable to SECP	10	-	-	9	9			
Provision for Sindh Workers' Welfare Fund	11	-	-	842	842			
Accrued expenses and other liabilities		-	-	1,199	1,199			
		-	-	3,724	3,724			

FIRST HABIB ISLAMIC STOCK FUND

		Carrying amount				Fair value			
		Fair value through profit or loss	Loans and receivable	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020 (Audited)	(Rupees in '000).....							
Financial assets - measured at fair value									
Listed equity securities	5	75,804	-	-	75,804	75,804	-	-	75,804
Financial assets - not measured at fair value	15.1								
Balances with banks	4	-	40,432	-	40,432				
Dividend and profit receivable		-	117	-	117				
Advances, deposits, prepayments and other receivable					2,882				
		75,804	43,430	-	119,235				
Financial liabilities - not measured at fair value	15.1								
Payable to AL Habib Asset Management Limited - Management Company	7	-	-	447	447				
Payable to CDC - Trustee	9	-	-	21	21				
Payable to SECP	10	-	-	20	20				
Accrued expenses and other liabilities		-	-	909	909				
		-	-	1,397	1,397				

15.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16. TOTAL EXPENSE RATIO (TER)

SECP vide its 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 December 31, 2020 is 5.81% which includes 1.09% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

17. GENERAL

17.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2020 and December 31, 2019 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

17.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements for the purpose of better presentation. There is no material reclassification to report.

17.3 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on January 21, 2021.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

الحبيب ایسٹ مینجمنٹ لمیٹڈ

ڈائریکٹرز کی رپورٹ - فنڈ زریعہ انتظام

الحبيب ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے اپنی مینجمنٹ کے تحت فنڈز کے مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

زیر جائزہ مدت کے دوران اقتصادی اشاریے بشمول زرتربلیات، برآمدات اور کرنٹ اکاؤنٹ بیلنس نے نمایاں بہتری ظاہر کی۔ اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو کسی تبدیلی کے بغیر 7 فیصد پر برقرار رکھا تاکہ COVID-19 (کورونا وائرس) کی وبا کی صورتحال کے تناظر میں بہتر ہوتی ہوئی معیشت کو سہارا دیا جاسکے۔ 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے شیئ مارک KSE-100 انڈیکس نے 27.11 فیصد کا منافع ظاہر کیا۔

فرسٹ حبیب کیش فنڈ نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے 6.47 فیصد کا خالص سالانہ منافع 6.72 فیصد کے شیئ مارک منافع کے برخلاف حاصل کیا ہے۔ فنڈ کی مجموعی آمدنی 161.20 ملین روپے رہی تھی جس میں سرکاری سکیمز ریٹز سے 99.68 ملین روپے کی آمدنی اور بینک ڈپازٹس سے 63.68 ملین روپے کی آمدنی حاصل رہی۔ اس مدت کے دوران فنڈ نے 2.63 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔

فرسٹ حبیب انکم فنڈ نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے 4.95 فیصد کا خالص سالانہ منافع 7.28 فیصد کے شیئ مارک منافع کے برخلاف حاصل کیا ہے۔ فنڈ کی مجموعی آمدنی 26.82 ملین روپے رہی تھی جس میں ٹی ایف سی / سکوکس سے 15.56 ملین روپے کی آمدنی اور سرکاری سکیمز ریٹز سے 12.78 ملین روپے کی آمدنی حاصل رہی۔

فرسٹ حبیب اسلامک انکم فنڈ نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے 6.30 فیصد کا خالص سالانہ منافع 3.93 فیصد کے شیئ مارک منافع کے برخلاف حاصل کیا ہے۔ فنڈ کی مجموعی آمدنی 420.10 ملین روپے رہی تھی جس میں بینک ڈپازٹس سے 214.09 ملین روپے کی آمدنی اور سکوکس میں سرمایہ کاری سے 163.78 ملین روپے کی آمدنی حاصل رہی۔ اس مدت کے دوران فنڈ نے 2.92 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔

فرسٹ حبیب ایسٹ ایلیکیشن فنڈ نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے 12.43 فیصد کا خالص منافع 15.60 فیصد کے شیئ مارک منافع کے برخلاف حاصل کیا ہے۔ فنڈ کی مجموعی آمدنی 12.96 ملین روپے رہی تھی جس میں سرمایہ کاریوں پر حقیقی اور غیر حقیقی سرمائے کے فوائد سے 10.81 ملین روپے کی آمدنی کو بنیادی حیثیت حاصل رہی۔

فرسٹ حبیب اسٹاک فنڈ نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے 19.83 فیصد کا خالص منافع 25.51 فیصد کے شیئ مارک منافع کے برخلاف حاصل کیا ہے۔ فنڈ کی مجموعی آمدنی 22.77 ملین روپے رہی تھی جس میں بنیادی طور پر سرمایہ کاریوں پر حقیقی اور غیر حقیقی سرمائے کے فوائد سے حاصل آمدنی شامل تھی۔

فرسٹ حبیب اسلامک اسٹاک فنڈ نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کیلئے 21.48 فیصد کا خالص منافع 29.41 فیصد کے شیئ مارک منافع کے برخلاف حاصل کیا ہے۔ فنڈ کی مجموعی آمدنی 19.03 ملین روپے رہی جس میں بنیادی طور پر سرمایہ کاریوں پر حقیقی اور غیر حقیقی سرمائے کے فوائد سے حاصل آمدنی شامل تھی۔

ہم خود پر مسلسل اعتماد اور تعاون کرنے کیلئے اپنے یونٹ ہولڈرز کے مشکور ہیں اور سکیمز ریٹز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کی رہنمائی کرنے پر شکریہ ادا کرنے کے ساتھ سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے تعاون پر ان کے ممنون ہیں۔ ہم اپنے تمام اسٹاک ممبران کے خلوص، لگن اور انتھک محنت پر بھی انہیں خراج تحسین پیش کرتے ہیں۔

عباس ڈی۔ حبیب

چیئرمین

بورڈ آف ڈائریکٹرز

کاشف رفیع

چیف ایگزیکٹو

کراچی:

۲۱ جنوری ۲۰۲۱ء

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk) [jamapunjiLok](https://twitter.com/jamapunjiLok)

*Mobile app is also available for download for android and ios devices