



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2019

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



ALHAMRA ISLAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited Habib Bank Limited National Bank of Pakistan Standard Chartered Bank Limited Silk Bank Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Limited Askari Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Stock Fund** accounts review for the year ended June 30, 2019.

ECONOMIC OVERVIEW

Pakistan's economy inherited myriad of challenges entering into fiscal year 2019, particularly a weak balance of payment and fiscal situation. The macroeconomic imbalances were coped with vigilant policy actions from central bank which resultantly took its toll on the economic growth. Gross Domestic Product (GDP) growth as per the preliminary estimates slowed down to 3.3% compared to 5.2% witnessed during the preceding year. All the three major sectors namely Agriculture, Industrial, and Services witnessed a slowdown posting growth of 0.9%, 1.4% and 4.7% respectively. Agricultural growth faltered as growth in major crops receded, evident from the decline in production of Sugarcane, Cotton & Rice which fell by 19.4%, 17.5% and 3.3% respectively. Industrial growth also weakened as large scale manufacturing (LSM) could not bear the brunt of contractionary policies pursued by central bank to achieve macroeconomic stabilization. LSM posted a decline of 3.7% as industries dependent on government spending and imports faced reduced demand. Among the major LSM sectors, Automobiles and Iron & Steel witnessed a demand contraction of 11.7% and 11.2% respectively. Nevertheless, Services sector provided some rescue to the economic growth, thanks to Finance and Insurance (up 5.4% YoY) and Government Services (up 8.0% YoY). Dollar denominated size of GDP stood at USD ~280 billion compared to USD ~315 billion in the last year, witnessing a contraction of 11%.

At the onset of year, Pakistan was plagued by one of the biggest balance of Payment crisis in its history. While it was facing a Current Account Deficit (CAD) north of USD 19 billion and external repayments worth USD 9 billion, the crisis was compounded by the fact that foreign exchange reserves of mere USD ~10 billion were at hand. Timely policy action by the central bank particularly adjusting the currency by 32% during the year helped in arresting the CAD. Real Effective Exchange Rate (REER) dropped from the overvalued territory in June 18 to become undervalued by 10%. Resultantly, the CAD contracted by 32.1% to USD 13.5 billion during the year. While exports growth did not materialize, improvement in CAD was driven from declining imports of Non-oil goods and services (down 11.8% YoY) and improved remittances (up 9.7% YoY). Default on loan obligations was also averted after Pakistan was successful in getting material inflows (USD ~10 billion) from its friendly allies. Although, narrowing current account deficit along with bilateral flows did provide some breathing space to the balance of payment, State Bank of Pakistan's (SBP) foreign reserves still declined by USD 2.5 billion to USD 7.5 billion due to the gravity of external crisis. At last, Pakistan also signed up for an IMF program during the month of May'19, putting all uncertainty to an end on the external front. The staff level agreement of USD 6.2 billion was reached for a period of three years.

The headline inflation as represented by Consumer Price Index (CPI) accelerated to an average of 7.3% in FY19 compared to 3.9% in the last year. Higher utility tariffs particularly a hike in gas prices (up ~64% YoY) and increased petroleum prices (up ~23% YoY) contributed to the rise in inflation. The regulator allowed for adjustments in utility tariffs as government eliminated the subsidies, while petroleum prices were adjusted after PKR depreciated by more than 30% against USD during the year. Similarly, the lagged impact of PKR depreciation resulted in more pronounced inflation in the second half which increased to an average of 8.6%, compared to 6.0% witnessed in the first half of the fiscal year. In order to control inflation and bring stability to the macroeconomic imbalances, the central bank continued its monetary tightening and increased the interest rates by 75 bps during the course of the year.

Fiscal books of the government continued to deteriorate, with the fiscal deficit reaching an unprecedented 8.9% of the GDP. Total revenue declined by 6% during the year, marred by a sharp drop in non-tax revenue of 44% during the period. Surplus profitability from SBP collapsed to nearly zero, after central bank recorded massive exchange losses due to currency devaluation. Tax collection also remained dismal as YoY collection remained flat, owing to tax exemptions announced in the last budget and a weak economy. On the other hand, total expenditures increased by 11%, despite a 25% cut in development spending. The increase in expenditures was propelled by a surge in current expenditures, particularly as

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

the debt servicing costs escalated by 40% YoY due to increase in interest rates. Government relied on domestic sources to fund its deficit, as financing from external sources (Multilateral agencies) dried up since IMF program was not available during the most part of the year. Within the domestic channel, the government relied heavily on central bank borrowing as nearly 70% of the borrowing out of PKR 3 trillion was funded through SBP.

On the money market side, the yield curve shifted on upward trajectory after record monetary tightening by the central bank during the fiscal year. SBP cited rising inflation, twin deficits and declining forex reserves as the prime reasons behind the policy decisions. In the first half of fiscal year, concerns over external front along with unadjusted policy decisions kept market participants at bay from longer tenor instruments. However, by the end of the fiscal year as the policy adjustments were fully in place, market participants drew much comfort which resulted in a massive demand for longer tenor bonds. In fact, the yield curve turned inverted as 10 Year PIB's traded at much lower level compare to short term security papers.

During the year, SBP persistently tried to develop the market for floating rate bonds by conducting regular auctions. The central bank accepted a cumulative amount of PKR 714 billion at a credit spread of 70-75 bps over base rate (6M T-bill yield). On the other hand, the government matured PKR 314 billion of Ijara Sukuks causing a dearth of Shariah Compliant avenues. However, to fund the circular debt, SBP introduced Pakistan Energy SUKUK amounting to PKR 200 billion exclusively for Islamic Banks at 80 bps premium over base rate. Nevertheless, liquidity position throughout the period remained comfortable owing to regular OMOs conducted by SBP.

EQUITIES MARKET OVERVIEW

The KSE-100 index continued its descent and lost ~19.1% during the year. Economic slowdown and a delay in policy actions vitiated the investment atmosphere and resulted in crisis of confidence. Foreign participants reduced their equity exposure for most part of the year amidst uncertainty on external front. Alongside, a weak economic environment and a rise in interest rates resulted in outflow from local equity based mutual funds. Foreigners dumped USD 362 million of equities followed by USD 146 million from mutual funds. The selling was primarily absorbed by Individuals (~USD 166 Mn), Insurance Companies (~USD 150 Mn) and Companies (~USD 111 Mn). Trading volumes remained low during the year averaging around 154 Mn shares representing a decline of ~11.5% YoY.

Amongst the major sectors; Refineries, Oil Marketing Companies, Automobiles and Cements were among the laggards losing ~57%, ~42%, ~33%, and ~32% respectively. While these sectors bore the brunt of economic slowdown, exchange losses and margin compression added fuel to the fire causing a huge slump in their earnings. On the flip side, Commercial banks outperformed the index as they lost only ~12% against market fall of ~19%. Midsized quality banks lead the pack as NIMS expansion brought in a massive growth in earnings.

KSE-100 stood at a forward Price/Earnings (P/E) ratio of 6.4 x at the end of FY19. It started with a P/E of 9.5 x at the start of year. While the earnings growth of index remained robust at 10% during the last year as the index heavy weights benefitted from the macroeconomic theme (higher interest rates and PKR depreciation); the fall in the index is explained by the massive de-rating owing to the weak appetite for risk assets during the year.

FUND PERFORMANCE

During the period, ALHISF delivered a return of -20.22% as compared to benchmark return of -23.84%. Overall equity exposure of the fund stood at 84.1% at the end of the period as compared to 85.8% at June 30, 2018. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by decreasing allocation in Cement whereas, having major allocation in Oil and Gas Exploration companies, Fertilizer and Power Generation and Distribution Sector

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 2,779 million as compared to Rs. 3,550 million as at June 30, 2018 registering a decrease of 21.71%.

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The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 8.60 as compared to opening NAV of Rs. 10.78 per unit as at June 30, 2018 registering a decrease of Rs. 2.18 per unit.

FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The beginning for the year has been very promising as CAD for July'19 shrank to USD ~600 million, compared to USD ~2,000 million seen during the same period of last year. Our forecast at very conservative assumptions is that CAD will settle at 2.7% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~13 billion (up 1.8x) by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Jun'19 REER at 91) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

Inflation is expected to pick up to an average of 11.7% in FY20 compared to 7.3% witnessed during the last year. Multiple reasons are attributed for the surge in inflation. Firstly, the government is aiming to recover the full cost of utilities resulting in the price adjustment of utilities. Secondly, tax exemptions provided to multiple industries have been withdrawn causing a hike in prices. Finally, we have assumed PKR to be north of 170 against USD by the end of fiscal year, while crude oil is assumed at USD 70/BBL which will keep the overall CPI high. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We deem that current real interest rate is sufficient to cater for the expected inflation, therefore, in general we do not expect any further increase in interest rates. However, more than expected inflation and any deterioration in fiscal accounts can result in modest tightening in the monetary policy.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~300-400 billion. As a result, the axe can fall on the development spending.

In broader terms, we believe, the last two years market performance (down approx. 45% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

Our overall strategy is still tilted towards defensive sectors (E&P's, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) are

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also overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclicals, we believe there are distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With six (6) non-executive directors including two (2) independent Directors on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2019, the Fund is in compliance with the requirement of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2019:

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1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid (Chairman)	9	9	7	2
2. Mr. Ahmed Jahangir	9	9	9	-
3. Mr. Nasim Beg	9	9	9	-
4. Mr. Mirza Qamar Beg	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, one (1) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Dr. Syed Salman Shah (Chairman)*	1	1	1	-
2. Mr. Nasim Beg	1	1	1	-
3. Mr. Ahmed Jahangir	1	1	1	-
4. Mr. Haroun Rashid	1	1	1	-
5. Mr. Muhammad Saqib Saleem (CEO)	1	1	1	-

*Dr. Syed Salman Ali Shah resigned from the Board effective June 10, 2019 and Mirza Qamar Beg was included as a member and also appointed as Chairman of the Committee.

3. Meeting of Risk Management Committee.

During the year, one (1) meetings of the Risk Management Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Mirza Qamar Beg (Chairman)	1	1	1	-
2. Mr. Nasim Beg	1	1	1	-
3. Mr. Ahmed Jahangir	1	1	1	-

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

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S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	MUHAMMAD ASIF MEHDI RIZVI	Chief Operating Officer & Chief Financial Officer	522,355	188,216	-
2	MUHAMMAD SAQIB SALEEM	Chief Executive Officer	10,914	10,914	-

External Auditors

The fund's external auditors, **Deloitte Yousuf Adil Chartered Accountants**, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2020. The audit committee of the Board has recommended reappointment of **Deloitte Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2020.

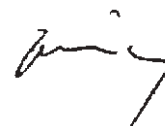
ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
September 13, 2019



Nasim Beg
Director / Vice Chairman

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے الحمراء اسلامک اسٹاک فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

پاکستان کی معیشت کو مالی سال 2019ء میں داخل ہوتے ہوئے بے شمار چیلنجز درپے میں ملے، خاص طور پر ادائیگی کے توازن اور مالیات کی کمزور صورتحال۔ گلاں معاشیات کے غیر متوازن عناصر سے نمٹنے کے لیے مرکزی بینک نے چوتھے پالیسی اقدامات کیے جن کے نتیجے میں معاشی ترقی متاثر ہوئی۔ مجموعی ملکی پیداوار (GDP) کی ترقی ابتدائی تخمینوں کے مطابق سال گزشتہ (5.2 فیصد) کے مقابلے میں کم ہو کر 3.3 فیصد رہ گئی۔ تینوں بڑے شعبہ جات یعنی زراعت، صنعت اور سروسز سٹ روی کا شکار ہوئے اور ان کی ترقی کی شرح بالترتیب 0.9 فیصد، 1.4 فیصد اور 4.7 فیصد رہی۔ اہم فصلوں کی نمو میں گراوٹ کے سبب زرعی ترقی بھی پسماندگی کا شکار ہوئی جس کا اظہار گتے، کپاس اور چاول کی پیداوار میں بالترتیب 19.4 فیصد، 17.5 فیصد اور 3.3 فیصد کمی سے ہوتا ہے۔ صنعتی ترقی بھی کمزوری کا شکار ہوئی کیونکہ بڑے پیمانے کی پیداوار (LSM) مرکزی بینک کی گلاں معاشیاتی استحکام کے حصول کے لیے اختیار کردہ کانٹریکشنری (حکومتی خرچ یا مالیاتی توسیع کی شرح میں کمی پر مبنی) پالیسیوں کا خمیازہ برداشت نہیں کر سکی۔ LSM میں 3.7 فیصد کمی ہوئی کیونکہ حکومتی خرچ اور درآمدات پر انحصار کرنے والی صنعتوں کو مانگ میں کمی کا سامنا ہوا۔ LSM کے اہم شعبہ جات میں گاڑیوں کے شعبے میں 11.7 فیصد اور لوہے اور اسٹیل کے شعبے میں 11.2 فیصد مانگ کا تضاد ہوا۔ تاہم سروسز کے شعبے نے معاشی ترقی کو کچھ حد تک ڈھال فراہم کی جس کا سہرہ فائننس اینڈ انشورنس (5.4 فیصد YoY ترقی) اور حکومتی سروسز (8.0 فیصد YoY ترقی) کے سر جاتا ہے۔ GDP کا ڈالر کے اعتبار سے حجم 280 بلین ڈالر تھا جو سال گزشتہ (315 بلین ڈالر) کے مقابلے میں 11 فیصد تضاد ہے۔

سال کے آغاز پر ہی پاکستان اپنی تاریخ کے سب سے بڑے ادائیگی کے توازن کے بحران کا شکار ہوا۔ اگرچہ اسے 19 بلین ڈالر کرنٹ اکاؤنٹ خسارے (CAD) اور 9 بلین ڈالر خارجی ادائیگی نو کا سامنا تھا لیکن یہ بحران شدت اختیار کر گیا کیونکہ غیر ملکی زرمبادلہ کے ذخائر صرف 10 بلین ڈالر رہ گئے تھے۔ مرکزی بینک کے بروقت پالیسی اقدام، خاص طور پر دوران سال روپے میں 32 فیصد ترمیم سے CAD پر قابو پانے میں مدد ملی۔ حقیقی مؤثر شرح مبادلہ (REER) جون 2018ء کے اصل سے زائد قدر کی سطح سے نیچے آئی اور اصل سے 10 فیصد کم قدر کی حامل ہو گئی۔ نتیجتاً CAD دوران سال 32.1 فیصد سکڑ کر 13.5 بلین ڈالر ہو گیا۔ اگرچہ برآمدات میں ترقی نہیں ہو سکی لیکن CAD میں بہتری کے اسباب تیل کے علاوہ والی اشیاء اور سروسز کی درآمدات میں 11.8 فیصد YoY (یئر اوور یئر) کمی اور ترسیلات زر میں 9.7 فیصد YoY اضافہ ہے۔ پاکستان کے دوستانہ حلیفوں سے ماڈی آمدات زر (10 بلین ڈالر) حاصل کرنے میں کامیابی کے بعد ادائیگی قرض میں کوتاہی بھی ٹل گئی۔ اگرچہ CAD میں کمی کے ساتھ ساتھ رقوم کی دوطرفہ آمد و رفت سے ادائیگی کے توازن کا کچھ سانس بحال ہوا لیکن خارجی بحران کی شدت کے باعث اسٹیٹ بینک آف پاکستان (SBP) کے غیر ملکی زرمبادلہ کے ذخائر 2.5 بلین ڈالر کم ہو کر 7.5 بلین ڈالر رہ گئے۔ علاوہ ازیں، ماہ مئی 2019ء کے دوران پاکستان نے بالآخر آئی ایم ایف پروگرام پر دستخط کر دیئے جس سے خارجی میدان میں تمام غیر یقینیوں کا خاتمہ ہو گیا۔ 6.2 بلین ڈالر کا اسٹاف لیول معاہدہ تین برسوں کی مدت کے لیے عمل میں آیا۔

مالی سال 2019ء میں صارفی قیمت کے انڈیکس (CPI) کے مطابق افراط زر مزید تیز رفتار ہو کر 7.3 فیصد کے اوسط تک پہنچ گئی جبکہ گزشتہ سال یہ اوسط 3.9 فیصد تھا۔ افراط زر میں اضافے میں یوٹیلٹی کے بلند نرخ، خاص طور پر گیس کی قیمتوں میں (64 فیصد YoY) اضافہ اور پٹرول کی قیمتوں میں (23 فیصد YoY) اضافہ سرگرم عمل ہیں۔ سبسڈیز کے خاتمے کے حکومتی اقدام سے یوٹیلٹی کے نرخ میں ترمیم کا موقع ملا، جبکہ پٹرول کی قیمتوں میں ترمیم دوران سال روپے کی قدر ڈالر کے مقابلے میں 30 سے زائد فیصد گر جانے کے بعد کی گئی۔ اسی طرح، روپے کی قدر میں کمی کے سبب رفتار اثر کے نتیجے میں افراط زر مالی سال کے نصف ثانی میں شدید تر ہو کر 8.6 فیصد اوسط تک پہنچ گئی جبکہ نصف اول میں 0.6 فیصد تھی۔ افراط زر پر قابو پانے اور گلاب معاشیاتی غیر متوازن عناصر میں استحکام پیدا کرنے کے لیے مرکزی بینک نے مالیاتی سختی کا عمل جاری رکھتے ہوئے انٹریسٹ کی شرحوں میں دوران سال 575 بیس پوائنٹس (bps) کا اضافہ کیا۔

حکومت کے مالیاتی اعداد میں پسماندگی کا سلسلہ جاری رہا اور مالیاتی خسارہ GDP کے 8.9 فیصد تک پہنچ گیا جس کی نظیر نہیں ملتی۔ کل آمدنی میں دوران سال 6 فیصد کمی ہوئی جس کا سبب غیر ٹیکس آمدنی میں دوران مدت 44 فیصد سنگین گراؤ ہے۔ روپے کی قدر میں کمی کے باعث مرکزی بینک کو زرمبادلہ کے خطیر خسارہ جات کا سامنا ہوا اور SBP سے اضافی منافع کے گنجائش تقریباً صفر ہو گئی۔ ٹیکس وصولی بھی مایوس کن رہی کیونکہ گزشتہ بجٹ میں اعلان کردہ ٹیکس استثنائات اور مجموعی طور پر کمزور معیشت کے باعث YoY وصولی میں کوئی اضافہ نہیں ہوا۔ دوسری جانب ترقیاتی خرچ میں 25 فیصد کمی کرنے کے باوجود کل اخراجات میں 11 فیصد اضافہ ہوا۔ اخراجات کے اضافے کو کرنٹ اخراجات میں اضافے نے مزید بڑا دی جس کا اہم سبب انٹریسٹ کی شرحوں میں اضافے کے سبب ادائیگی قرض میں 40 فیصد YoY اضافہ ہے۔ حکومت نے اپنے خسارے کی تلافی کے لیے مقامی ذرائع پر انحصار کیا کیونکہ سال کے اکثر حصے کے دوران آئی ایم ایف پروگرام کی عدم دستیابی کے باعث خارجی ذرائع (کثیرالجمعی ایجنسیاں) غیر مفید ہو گئے تھے۔ مقامی ذرائع میں حکومت نے سب سے زیادہ انحصار سینٹرل بینک پر کیا کیونکہ 3 ٹریلین روپے قرض میں سے تقریباً 70 فیصد کا انتظام SBP کے ذریعے کیا گیا۔

دوران مالی سال مرکزی بینک کی طرف سے تاحال سب سے زیادہ مالیاتی سختی کے باعث بازار زر کا پیداواری خم بلندی کی طرف مائل ہوا۔ SBP نے بڑھتی ہوئی افراط زر، جڑواں خساروں اور زرمبادلہ کے گھٹتے ہوئے ذخائر کو پالیسی سے متعلق فیصلوں کے عوامل قرار دیا۔ مالی سال کے نصف اول میں خارجی میدان کے ساتھ ساتھ پالیسی کے غیر ترمیم شدہ فیصلوں سے متعلق خدشات نے مارکیٹ کے شرکاء کو طویل ترمیم کے انسٹرومنٹس سے دور رکھا۔ تاہم مالی سال کے اختتام کے قریب جب پالیسی کی ترمیمات پوری طرح نافذ ہو گئیں تب مارکیٹ کے شرکاء نے سکون کا سانس لیا جس کے نتیجے میں طویل ترمیم کے بانڈز کی خطیر مانگ پیدا ہو گئی۔ حتیٰ کہ دس سالہ پاکستان انویسٹمنٹ بانڈز کی تجارت مختصر مدت کے سیکیورٹی سپریمز کے مقابلے میں کافی پست سطح پر ہونے کے سبب پیداواری خم اوندھا ہو گیا۔

دوران سال SBP نے باقاعدہ نیلامیوں کا انعقاد کر کے فلوئنگ ریٹ بانڈز کے لیے مارکیٹ کی ترقی کی مسلسل کوشش کی۔ مرکزی بینک نے base ریٹ (6M ٹریژری بلز پیداوار) کے اوپر 70 سے 75 bps کریڈٹ اسپریڈ پر 714 بلین روپے کی مجموعی رقم قبول کی۔ دوسری جانب حکومت نے 314 بلین روپے کے اجارہ سکک میچور کیے جس کے سبب شریعت کی تعمیل پر مبنی مواقع کی کمی ہو گئی۔ تاہم گردش قرضے کے لیے رقم کی فراہمی کے لیے SBP نے خاص طور پر اسلامک بینکوں کے لیے base ریٹ کے اوپر 80 bps پر 200 بلین روپے کے پاکستان انرجی سکک متعارف کرائے۔ علاوہ ازیں، SBP کی طرف سے باقاعدہ OMOs کے انعقاد کی بدولت پوری مدت کے دوران نقدیت کی صورتحال تسلی بخش رہی۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

کراچی اسٹاک ایکسچینج (KSE) -100 انڈیکس میں تنازلی کا سلسلہ جاری رہا اور یہ 19.1 فیصد کم ہو گیا۔ معاشی سُست روی اور پالیسی اقدامات میں تاخیر سے سرمایہ کاری کا ماحول متاثر ہوا جس کے نتیجے میں اعتماد کا بحران پیدا ہو گیا۔ خارجی میدان میں غیر یقینی صورتحال کے باعث غیر ملکی فریقوں نے سال کے اکثر حصے کے دوران ایکویٹی میں سرمایہ کاری کو کم کر دیا۔ ساتھ ساتھ کمزور معاشی ماحول اور انٹریسٹ کی شرحوں میں اضافے کے نتیجے میں ایکویٹی پر مبنی مقامی فنڈز سے بھی رقم نکالی گئی۔ غیر ملکیوں نے 362 ملین ڈالر کی ایکویٹی فروخت کر دی جس کے بعد 146 ملین ڈالر کے میوچل فنڈز کا بھی یہی حال ہوا۔ اس فروخت کو جذب کرنے والے بنیادی طور پر افراد (166 ملین ڈالر)، انشورنس کمپنیاں (150 ملین ڈالر) اور کمپنیاں (111 ملین ڈالر) تھے۔ تجارتی حجم دوران سال پست رہے جن کا اوسط تقریباً 154 ملین شیئرز تھا جو 11.5 فیصد YoY کمی ہے۔

اہم شعبوں میں ریٹائرمنٹ، آئل مارکیٹنگ کمپنیاں، آٹوموبیل اور سیمنٹ کے شعبے سُست روی کا شکار رہے اور ان میں بالترتیب 57 فیصد، 42 فیصد، 33 فیصد اور 32 فیصد تنازلی ہوئی۔ یہ شعبے پہلے ہی معاشی سُست روی کا خمیازہ بھگت رہے تھے، اور زرمبادلہ کے خساروں اور مارجن کمپریشن نے آگ میں ایندھن شامل کرتے ہوئے ان شعبوں کی آمدنیوں کو بُری طرح گرا دیا۔ دوسری جانب کمرشل بینکوں کی کارکردگی انڈیکس پر سبقت لے گئی اور ان کا خسارہ صرف 12 فیصد تھا جبکہ مارکیٹ کا خسارہ 19 فیصد تھا۔ درمیانے حجم کے بینک صفِ اوّل میں تھے کیونکہ NIMS کی توسیع سے آمدنیوں میں خطیر ترقی ہوئی۔

مالی سال 2019ء کے اختتام پر KSE-100 کا فارورڈ پرائس / ارننگز (P/E) ریشو (یعنی قیمتوں اور آمدنیوں کا تناسب) $6.4 \times$ تھا، جبکہ سال کے آغاز میں یہ $9.5 \times$ تھا۔ اگرچہ آمدنیوں کے اعتبار سے انڈیکس کی ترقی سال گزشتہ کے دوران 10 فیصد کی بھرپور سطح پر رہی کیونکہ انڈیکس کے بڑے ادروں کو گلاں معاشیاتی عوامل (انٹریسٹ کی بلند شرحوں اور روپے کی قدر میں کمی) سے فائدہ ہوا۔ انڈیکس میں گراوٹ کی وضاحت دوران سال خطروں کے حامل اثاثہ جات میں دلچسپی کی کمی کے باعث خطیر ڈی-ریٹنگ سے ہوتی ہے۔

فنڈ کی کارکردگی

دورانِ مدت فنڈ کا منافع - 20.22 فیصد تھا جبکہ مقررہ معیار - 23.84 فیصد تھا۔ فنڈ کی ایکویٹی میں مجموعی شمولیت اختتامِ مدت پر 84.1 فیصد تھی جبکہ 30 جون 2018ء کو 85.8 فیصد تھی۔ دورانِ سہ ماہی فنڈ کی سرمایہ کاری کی حکمتِ عملی میں متعدد بار تبدیلی کی گئی تاکہ شعبہ جاتی اور ادارہ جاتی سطح پر ہونے والی مختلف بنیادی ترقیاتی تبدیلیوں کے ساتھ مطابقت پیدا ہو سکے۔ دورانِ مدت فنڈ کی شعبہ جاتی شمولیت کی ترتیب نو کرتے ہوئے سیمنٹ میں اختصاص کو کم کیا گیا جبکہ زیادہ تر اختصاص تیل اور گیس کی دریافت کی کمپنیوں، کھاد، اور بجلی کی پیداوار اور تقسیم کے شعبے میں رہا۔

30 جون 2019ء کو فنڈ کے net اثاثہ جات 2,779 ملین روپے تھے جو 30 جون 2018ء (3,550 ملین روپے) کے مقابلے میں 21.71 فیصد کمی ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 8.60 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (10.78 روپے) فی یونٹ کے مقابلے میں 2.18 روپے فی یونٹ کمی ہے۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں گلاں معاشیاتی یکجائی عمل میں آئے گی، چنانچہ معاشی ترقی چھوٹے اعداد تک محدود رہے گی۔ حکومت کی اختیار کردہ سختی پر مبنی پالیسیوں کے پیش نظر آئی ایم ایف نے مالی سال 2020ء میں پاکستان کی GDP کی ترقی میں 2.5 فیصد سست روی کی پیش گوئی کی ہے۔ صنعتی ترقی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبہ جات میں ترقی جمود کا شکار رہے گی۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیوں سے کچھ مہلت ملے گی کیونکہ حکومت نے ان میں ترغیبات متعارف کرائی ہیں، اور توانائی کی فراہمی میں اضافے کی بدولت ان کی رکاوٹیں بھی دور ہوتی ہیں۔

ادائیگی کی توازن کی پریشانیوں فی الوقت ختم ہوگئی ہیں کیونکہ مرکزی حکومت کی طرف سے پالیسی اقدامات کے بعد CAD ترمیم سے گزر کر معقول سطح تک آگیا ہے۔ سال کا آغاز بہت حوصلہ افزا رہا کیونکہ جولائی 2019ء کا CAD سال گزشتہ کی مماثل مدت کے CAD (2,000 ملین ڈالر) کے مقابلہ میں سکڑ کر 600 ملین ڈالر رہ گیا تھا۔ ہمارے بہت محتاط مفروضوں پر مبنی پیش گوئی ہے کہ CAD کی سطح GDP کے 2.7 فیصد تک پہنچ کر رک جائے گی۔ ہم نے خام تیل کی قیمتیں 70 ڈالر فی BBL کی سطح پر فرض کی ہیں جو موجودہ طور پر 60 ڈالر فی BBL کے آس پاس ہے۔ ایک آئی ایم ایف پروگرام پر دستخط کرنے کے بعد پاکستان بین الاقوامی مواقع کو استعمال کر کے اپنی مجموعی مالیات کے لیے رقم فراہم کر سکے گا۔ سعودی عرب کی طرف سے تیل کی ملٹوی شدہ سہولت بھی غیر ملکی زرمبادلہ کے ذخائر کو مختصر المیعاد مطلوبہ توقف فراہم کرے گی۔ ہمیں توقع ہے کہ موجودہ مالی سال کے اختتام تک غیر ملکی زرمبادلہ کے ذخائر بڑھ کر 13 بلین ڈالر تک پہنچ جائیں گے (1.8 ضربے زیادہ)۔ روپے کے توازن کی سطحوں (جون 2019ء REER: 91) تک ہم آہنگ ہونے اور CAD کے پائیدار حد میں ہونے کی وجہ سے روپے کی قدر میں اس کے ماضی کے اوسط کی بنیاد پر اب معمولی کمی ہونی چاہیے۔

مالی سال 2020ء میں افراط زر کا اوسط متوقع طور پر 11.7 فیصد بڑھے گا جو سال گزشتہ کے دوران 7.3 فیصد تھا۔ افراط زر میں اس اضافے کے متعدد عوامل ہیں۔ اول، حکومت یوٹیلٹی کی پوری لاگت وصول کرنے کا ارادہ کر رہی ہے جس کے نتیجے میں یوٹیلٹی کی قیمت میں ترمیمات ہوں گی۔ دوم، متعدد صنعتوں کو فراہم کردہ ٹیکس استثنائات واپس لے لی گئی ہیں جس کے نتیجے میں قیمتوں میں اضافہ ہوا ہے۔ آخری یہ کہ ہم نے مالی سال کے اختتام تک 1 ڈالر کو 170 روپے کے برابر فرض کیا ہے جبکہ خام تیل کو 70 ڈالر فی BBL فرض کیا ہے جس سے مجموعی صارفی قیمت کا انڈیکس (CPI) بلند سطح پر رہے گا۔ علاوہ ازیں، ہمیں اُمید ہے کہ اشیائے خورد و نوش اور توانائی کے علاوہ والے شعبوں (NFNE) سے ظاہر ہونے والی بنیادی افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد ہوگا۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح متوقع افراط زر کی ضرورت پوری کرنے کے لیے کافی ہوگی، چنانچہ عمومی طور پر انٹریسٹ کی شرحوں میں مزید اضافہ متوقع نہیں ہے۔ تاہم توقع سے زیادہ افراط زر یا مالیاتی گوشواروں میں کسی تنزلی کے نتیجے میں مانیٹری پالیسی میں معمولی سختی عمل میں آسکتی ہے۔

مالیاتی جہت میں حکومت مالیاتی خسارے کو GDP کے 7.4 فیصد تک محدود کرنے کا ارادہ کر رہی ہے۔ اگرچہ مالیاتی خسارے کے حتمی ہدف میں ارتقاء ہو سکتا ہے لیکن حکومت کو بنیادی خسارے کو GDP کے 0.6 فیصد پر محدود کرنے کی آئی ایم ایف کی بنیادی شرط کو پورا کرنا ہے۔ اس مقصد کے لیے فیڈرل بورڈ آف ریونیو (FBR) 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس وصولی کا عزم بلند کیے ہوئے ہے۔ پارلیمنٹ میں پیش کردی بجٹ میں 600 سے 700 بلین روپے کے ٹیکس اقدامات کی تجویز دی گئی ہے جبکہ باقی رقم FBR کی کوششوں اور معاشی ترقی پر منحصر رکھی گئی ہے۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات میں سادگی کے اقدامات کا عزم کر رہی ہے تاہم 1.7 ٹریلین روپے (40 فیصد YoY زیادہ) کے ایکسپینڈیچری (یعنی

معاشی توسیع پر مبنی) پبلک سیلفر ڈویلپمنٹ پروگرام (PSDP) کا منصوبہ بن رہی ہے۔ ہم ٹیکس وصولی کی ہدف کو بے حد مثبت خیالی پر مبنی سمجھتے ہوئے 300 سے 400 بلین روپے کی کمی کی توقع کر رہے ہیں جس کے نتیجے میں ترقیاتی خرچ پر ضرب پڑے گی۔

وسیع تر تناظر میں ہم سمجھتے ہیں کہ گزشتہ دو سال مارکیٹ کی کارکردگی سے (بلند ترین سطحوں سے تقریباً 45 فیصد تنزلی) اور سائیکلیکل اسٹاکس کی کارکردگی سے، جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہوتی ہے، سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوتی ہے۔ ہم اپنے موقف میں اعادہ جاری رکھتے ہیں کہ موجودہ سطحیں ایسے طویل المیعاد سرمایہ کاروں کے لیے بہت پُرکشش سطحیں پیش کرتے ہیں جن کے ناکام ہونے کا امکان بہت کم ہوتا ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بتدریج ہی منظر عام پر آئے گی جب اعتماد بحال ہوگا اور معاشی پالیسیاں مستقبل کی متوقع تصویر کشی کریں گی۔ چنانچہ آگے بڑھتے ہوئے ہم دیکھتے ہیں کہ اسٹاکس ایسے سرمایہ کاروں کے لیے جن کو جلدی نہیں ہے، طویل المیعاد سرمایہ کاری کا موقع بمع منافع جات پیش کرتے ہیں۔ ہم نے ملک کے معاشی اشاروں کے رجحانات پتہ کر کے اس حساب سے اپنے پورٹ فولیو میں ترمیم کا سلسلہ جاری رکھا ہوا ہے۔

مجموعی حکمت عملی اب بھی دفاعی شعبوں (ایکسپلوریشن اینڈ پروڈکشن، پاور، فریلائیزر) کی طرف جھکی ہوئی ہے جبکہ گلاں معاشیاتی میدان میں تبدیل ہوتے ہوئے عوامل مثلاً انٹریسٹ کی بڑھتی ہوئی شرحوں سے مستفید ہونے والا سیکٹر (کمرشل بینک) بھی overweight ہے۔ علاوہ ازیں، برآمدات کو بحال کرنے پر حکومت کی بھرپور توجہ کی بدولت برآمدات پر مبنی شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی کے مستقبل کے امکانات روشن تر ہو جائیں گے۔ سائیکلیکل اسٹاکس میں منفی کارکردگی کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کوالٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ چھ (6) غیر ایگزیکٹو ڈائریکٹر بشمول دو (2) خود مختار ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے، عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ انتظامیہ بہترین طریقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹر کی خود مختاری کے حوالے سے کارپوریٹ گورننس کے ضابطہء اخلاق کی شقوں کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹر اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

a. مالیاتی گوشوارے فنڈ کے معاملات کی صورت حال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکوٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. فنڈ کی دُست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی گوشواروں کی تیاری میں دُست اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار (پاکستان میں اطلاق کی حد تک)، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) کی دفعات 2003ء، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز 2008ء، متعلقہ ٹرسٹ ڈیڈز کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

ڈائریکٹرز رپورٹ

- e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔
- f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔
- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔
- h. واجب الاداء ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز (اگر کوئی ہیں تو) کو مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ / گریجویٹ فنڈ اور پینشن فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔
- j. 30 جون 2019 کے اختتام پر، ڈائریکٹرز ٹریڈنگ پروگرام کے حوالے سے جو مطالبات کوڈ کے regulation نمبر بیس میں درج ہیں، فنڈ اُس سے compliant ہے۔
- k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب پونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔
- l. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2019ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:
- ۱۔ آڈٹ کمیٹی کی میٹنگ
- دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
2	7	9	9	۱۔ جناب ہارون رشید (چیئرمین)
-	9	9	9	۲۔ جناب احمد جہانگیر
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ مرزا محمد قمر بیگ

۲۔ ہیومن ریسورس اینڈ ریوژنیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریوژنیشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	1	1	1	۱۔ ڈاکٹر سید سلمان شاہ (چیئرمین)*
-	1	1	1	۲۔ جناب نسیم بیگ
-	1	1	1	۳۔ جناب احمد جہانگیر
-	1	1	1	۴۔ جناب ہارون رشید
-	1	1	1	۵۔ جناب محمد ثاقب سلیم (سی ای او)

ڈائریکٹرز رپورٹ

* ڈاکٹر سید سلمان علی شاہ نے 10 جون 2019ء کو بورڈ سے استعفیٰ دیا اور مرزا قمر بیگ ممبر کے طور پر شامل کیا گیا اور کمیٹی کے چیئرمین کے طور پر بھی ان کی تقرری کی گئی۔

۳۔ رسک مینجمنٹ کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				
نام	منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
۱۔ جناب مرزا قمر بیگ (چیئرمین)	1	1	1	-
۲۔ جناب نسیم بیگ	1	1	1	-
۳۔ جناب احمد جہانگیر	1	1	1	-

m. دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانسئل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کے شریک حیات اور چھوٹے بچوں نے فنڈ کے یونٹس کی خرید و فروخت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	محمد آصف مہدی رضوی	چیف آپریٹنگ آفیسر / چیف فنانسئل آفیسر	522,355	188,216	-
۲	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	10,914	10,914	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس نے 30 جون 2020ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر

13 ستمبر 2019ء

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

Fund Type and Category

Alhamra Islamic Stock Fund is an Open-End Shariah Compliant Equity Scheme.

Fund Benchmark

The benchmark for ALHISF is KMI-30 Index.

Investment Objective

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

Investment Strategy

Alhamra Islamic Stock Fund is an Open-ended Shariah Compliant Equity Scheme which primarily invests in Shariah Compliant Equity Securities. The Fund shall be subject to such exposure limits as specified in the Rules, the Regulations and directives issued by SECP from time to time.

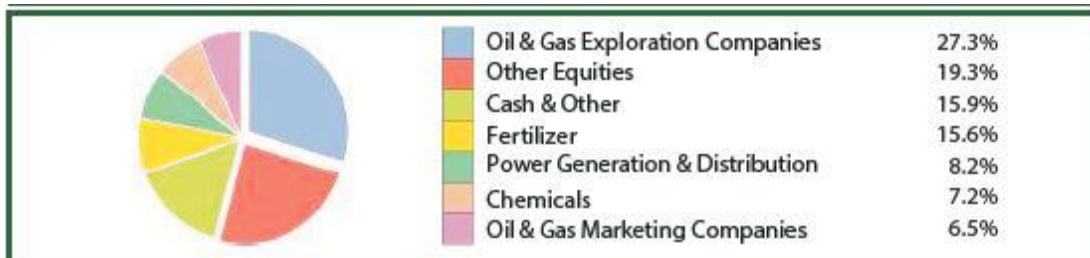
Manager's Review

During the period, ALHISF delivered a return of -20.22% as compared to benchmark return of -23.84%. Overall equity exposure of the fund stood at 84.1% at the end of the period as compared to 85.8% at June 30, 2018. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by decreasing allocation in Cement whereas, having major allocation in Oil and Gas Exploration companies, Fertilizer and Power Generation and Distribution Sector

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 2,779 million as compared to Rs. 3,550 million as at June 30, 2018 registering a decrease of 21.71%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 8.60 as compared to opening NAV of Rs. 10.78 per unit as at June 30, 2018 registering a decrease of Rs. 2.18 per unit.

Asset Allocation as on June 30, 2019 (% of total assets)



Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT OF THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Stock Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 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: September 18, 2019



REPORT OF THE SHARIAH ADVISORY BOARD

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Islamic Stock Fund (the Fund), are issuing this report in accordance with the Offering document of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of M/s MCB Arif Habib Savings and Investments limited (MCBAH), the management company of the fund, to establish and maintain a system of internal controls to ensure compliance with Shariah guidelines. Our responsibility is to express an opinion, based on our review of the representation made by the management, to the extent where such compliance can be objectively verified.

A review is limited primarily to inquire to the Management Company's personnel and review of various documents prepared by the management company to comply with prescribed criteria. In the light of the above, we hereby certify that:

- We have reviewed and approved the modes of investment of ALHISF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHISF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHISF for the period from July 01, 2018 to June 30, 2019 have been in compliance with Shariah principles.

During the year an amount of Rupees 2,517,149.96 was transferred to charity account. The total amount of charity payable as at 30 June 2019 amounts to Rs. 2,517,149.96.

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.



Karachi: September 18, 2019

Dr Muhammad Zubair Usmani

For and on behalf of Shariah Advisory Board



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of Alhamra Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Alhamra Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1	Valuation and existence of investments As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 2,374.513 million as at June 30, 2019 which represent significant portion of the net assets of the Fund.	We performed the following procedures during our audit of investments: evaluated design and implementation of controls in place related to purchases and sales of investments;

PwC

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Deloitte Yousuf Adil
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	The Fund's primary activity is, inter alia, to invest in shari'ah compliant equity securities which is the main driver of the Fund's performance. Considering the above factors the existence and valuation are significant areas during our audit due to which we have considered this as a Key Audit Matter.	• independently tested valuations using the prices quoted on Pakistan Stock Exchange (PSX) for equity shares; • independently matched securities held by the Fund with the securities appearing in the Central Deposit Company's account statement; • tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities; and • any differences identified during our testing that were over our acceptable threshold were investigated further.

Other Matter

The financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who through their report dated September 14, 2018 expressed an unmodified opinion thereon.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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Deloitte Yousuf Adil
Chartered Accountants

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Deloitte Yousuf Adil
Chartered Accountants

current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Deloitte Yousuf Adil
Chartered Accountants =

Date: September 23, 2019
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	396,625	515,013
Investments	5	2,374,513	3,144,338
Dividend, profit and other receivables	6	18,209	4,123
Receivable against sale of investments		30,019	-
Advance and deposits	7	3,227	3,226
Total assets		2,822,593	3,666,700
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	8,439	10,535
Payable to Central Depository Company of Pakistan Limited - Trustee	9	354	419
Payable to the Securities and Exchange Commission of Pakistan	10	2,941	3,060
Dividend payable		12,236	12,400
Payable against purchase of investments		-	69,158
Accrued expenses and other liabilities	11	19,914	20,972
Total liabilities		43,884	116,544
NET ASSETS		2,778,709	3,550,156
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,778,709	3,550,156
CONTINGENCIES AND COMMITMENTS			
	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		322,935,483	329,449,289
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		8.60	10.78

The annexed notes from 1 to 24 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
INCOME			
(Loss) / gain on sale of investments		(204,250)	(189,377)
Dividend income		152,843	127,844
Profit on bank deposits		33,147	29,266
Unrealised diminution on re-measurement of investments 'at fair value through profit or loss' - net	5.2	(512,808)	(249,812)
Impairment loss on investment in equity securities classified as 'available-for-sale'		-	(9,800)
Other income		735	-
Total loss		(530,333)	(291,879)
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	61,917	64,425
Sindh Sales Tax on remuneration of Management Company	8.2	8,050	8,375
Allocated expenses and related taxes	8.3	3,096	3,640
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,096	4,221
Sindh Sales Tax on remuneration of Trustee	9.2	532	549
Annual fee of Securities and Exchange Commission of Pakistan	10	2,941	3,060
Selling and marketing expenses	9.4	12,383	12,885
Auditors' remuneration	13	436	477
Brokerage, settlement and bank charges		13,824	17,680
Provision against Sindh Workers' Welfare Fund	11.1	-	-
Fees and subscription		51	201
Legal and professional charges		187	137
Shariah advisory fee		900	900
Printing and related costs		55	25
Donation / charity		2,517	2,049
Total expenses		110,985	118,624
Net loss for the year from operating activities		(641,318)	(410,503)
Taxation	15	-	-
Net loss for the year after taxation		(641,318)	(410,503)
Allocation of net income for the year:			
Income already paid on units redeemed		-	-
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		-	-
Earnings per unit	3.13		

The annexed notes from 1 to 24 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
Net loss for the year after taxation	(641,318)	(410,503)
Other comprehensive loss for the year:		
Item that may be reclassified to income statement in subsequent period:		
Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'	-	(16,999)
Total comprehensive loss for the year	<u>(641,318)</u>	<u>(427,502)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

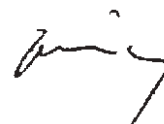
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2019

	For year ended June 30,							
	2019				2018			
	(Rupees in '000)							
	Capital Value	Undistributed income	Unrealised (losses) / gains on available for sale investment	Total	Capital Value	Undistributed income	Unrealised (losses) / gains on available for sale investment	Total
Net assets at beginning of the year	3,440,214	31,452	78,490	3,550,156	2,377,513	441,955	95,489	2,914,957
Impact of adoption of IFRS 9 (see note 3.1)	-	78,490	(78,490)	-				
Issue of 504,958,482 units (2018: 368,651,984 units):								
- Capital value (at net asset value per unit at the beginning of the year)	5,443,452	-	-	5,443,452	4,516,726	-	-	4,516,726
- Element of income	(357,085)	-	-	(357,085)	(365,808)	-	-	(365,808)
	5,086,367	-	-	5,086,367	4,150,918	-	-	4,150,918
Redemption of 511,472,288 units (2018: 277,119,409 units):								
- Capital value (at net asset value per unit at the beginning of the year)	(5,513,672)	-	-	(5,513,672)	(3,395,269)	-	-	(3,395,269)
- Amount paid out of element of income	297,176	-	-	297,176	307,052	-	-	307,052
- Relating to 'Net income for the period after taxation'	(5,216,496)	-	-	(5,216,496)	(3,088,217)	-	-	(3,088,217)
Total comprehensive income for the year	-	(641,318)	-	(641,318)	-	(410,503)	(16,999)	(427,502)
Distribution during the period	-	-	-	-	-	-	-	-
Net income for the year less distribution	-	(641,318)	-	(641,318)	-	(410,503)	(16,999)	(427,502)
Net assets as at the end of the year	3,310,085	(531,376)	-	2,778,709	3,440,214	31,452	78,490	3,550,156
Undistributed income brought forward								
- Realised		281,264				483,316		
- Unrealised		(249,812)				(41,361)		
		31,452				441,955		
Adoption of IFRS 9		78,490						
Accounting income available for distribution								
- Relating to capital gains		-				-		
- Excluding capital gains		-				-		
Net income for the year after taxation		(641,318)				(410,503)		
Distributions during the year		-				-		
Undistributed income carried forward		(531,376)				31,452		
Undistributed income carried forward								
- Realised		(18,568)				281,264		
- Unrealised		(512,808)				(249,812)		
		(531,376)				31,452		
		(Rupees)				(Rupees)		
Net assets value per unit as at beginning of the year		10.78				12.25		
Net assets value per unit as at end of the year		8.60				10.78		

The annexed notes from 1 to 24 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(641,318)	(410,503)
Adjustments for:		
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	512,808	249,812
Dividend income	(152,843)	(127,844)
(Loss) / gain on sale of investments	204,250	189,377
Impairment loss on investment in equity securities 'classified as 'available-for-sale'	-	9,800
	(77,103)	(89,358)
Decrease / (Increase) in assets		
Investments	205,610	(1,317,428)
Dividend, profit and other receivables	(14,086)	(1,647)
Receivable against sale of investments	(30,019)	-
Advances, deposits and prepayments	(1)	67
	161,504	(1,319,008)
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,096)	1,883
Payable to the Trustee	(65)	72
Payable to the Securities and Exchange Commission of Pakistan	(119)	1,265
Payable against purchase of investments	(164)	(448)
Payable against redemption of units	(69,158)	(52,000)
Accrued expenses and other liabilities	(1,058)	(1,255)
	(72,660)	(50,483)
Net cash generated / (used) in operating activities	11,741	(1,458,849)
Dividend received	-	133,736
	11,741	(1,325,113)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issuance of units	5,086,367	4,150,918
Payments on redemption of units	(5,216,496)	(3,088,217)
Net cash (used) / generated from financing activities	(130,129)	1,062,701
Net decrease in cash and cash equivalents during the year	(118,388)	(262,412)
Cash and cash equivalent at beginning of the year	515,013	777,425
Cash and cash equivalent at end of the year	396,625	515,013

The annexed notes from 1 to 24 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Alhamra Islamic Stock Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004. Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.

Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.

The Fund is categorised as "Shariah Compliant Islamic Equity Scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturity.

Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2++' dated April 08, 2018 to the Management Company.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures and impact of IFRS - 9 as disclosed in note 3.1.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Effective from accounting period beginning on or after:
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from Contract with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
Certain annual improvements have also been made to a number of IFRSs.	

2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Effective from accounting
period beginning on or after:

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgement in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of financial assets (notes 3.1 and 5)
- Impairment of financial assets (notes 3.1)
- Taxation (notes 3.6 and 15)

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been round off for the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as explained in note 3.1 to these financial statements.

3.1 Impact of initial application of IFRS 9 Financial Instruments

- 3.1.1 During the current financial year, the Fund has applied IFRS 9 Financial Instruments issued on July 24, 2017 and the related consequential amendments to other IFRS Standards that are effective for an annual period ending on or after June 30, 2019 based on adoption date communicated by Securities and Exchange Commission of Pakistan. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from unit holders' statement to income statement as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to undistributed income directly.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- there is no change in the measurement of the Fund's investments in equity shares that were held for trading under IAS 39; those instruments were and continue to be measured in the same manner under the new classification of IFRS 9 i.e. at FVTPL;
- the Fund's investment in equity shares that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the securities. The change in the fair value on these securities will be recorded in the income statement;
- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost using effective interest rate method under the same classification of IFRS 9 "Amortised Cost" as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund is performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors is in the form of net asset value (NAV). The investment portfolio of financial assets is also managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, income statement, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9 on debt securities.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

(c) Classification and measurement of financial liabilities

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

(d) Disclosures in relation to the initial application of IFRS 9

The table below shows impact of change in accounting policies due to adoption of IFRS 9:

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
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----- Rupees in '000-----

Financial assets

Bank balances	LR	AC	515,013	515,013	-
Listed equity securities	HFT	FVTPL	2,901,124	2,901,124	-
Listed equity securities	AFS	FVTPL	243,214	243,214	78,490
Dividend, profit and other receivables	LR	AC	4,123	4,123	-

Financial liabilities

Payable to the Management Company	OFL	AC	9,783	9,783	-
Payable to the Trustee	OFL	AC	371	371	-
Payable against purchase of investments	OFL	AC	69,158	69,158	-
Accrued expenses and other liabilities	OFL	AC	5,134	5,134	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "HFT" is held for trading
- "FVTPL" is fair value through profit or loss
- "OFL" is other financial liabilities

3.1.2 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation

- Equity securities are initially recognise at cost excluding any transaction costs which are charged to profit or loss and subsequently measured at fair value through profit or loss. The fair value of investments is determined by using closing rate of securities at day end available on the PSX website.
- Appreciation and diminution arising from changes in fair value of financial assets classified as fair value through profit or loss are recognised Income Statement.

3.1.3 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

Classification

The Fund classifies its financial assets in the following categories: 'at fair value through profit or loss', loans and receivables, and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates this classification on a regular basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

(a) Investments as 'at fair value through profit or loss'

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Available for sale

These are non-derivatives financial assets that are either designated in this category or are not classified in any of the other categories mentioned above.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities 'at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as financial assets 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are transferred to Income Statement through other comprehensive income.

Financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective interest rate method.

Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

3.7 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.9 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

3.10 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income on bank balances and dividend income is recognised on an accrual basis.

3.11 Transaction costs

Transaction costs incurred to acquire assets at FVTPL are immediately recognised as expenses in the income statement.

3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.13 Earnings per unit

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

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 -----
4. BANK BALANCES			
In saving accounts	4.1	382,529	498,405
In current accounts	4.2	14,096	16,608
		396,625	515,013

4.1 These carry profit at rates ranging between 10% to 12.25% (2018: 6.20% to 6.50%) per annum.

4.2 These include Rs. 6.786 million (2018: Rs.0.86 million) held with MCB Bank Limited and Rs.0.018 million (2018: Rs.0.62 million) held with MCB Islamic Bank Limited (related parties).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

5. INVESTMENTS

'At fair value through profit or loss'

Listed equity securities

Note	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
5.1	2,374,513	3,144,338

5.1 Listed equity securities - 'At fair value through profit or loss'

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

Name of the Investee Company	Number of shares					Balance as at June 30, 2019			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2019	Carrying value	Market Value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments	
----- (Rupees in '000) ----- % -----											
Oil and gas exploration companies											
Pakistan Oilfields Limited	355,750	400,150	72,220	413,000	415,120	208,730	168,493	(40,237)	6.06	7.10	0.06
Oil & Gas Development Company Limited***	2,119,600	1,671,700	-	1,380,600	2,410,700	361,619	316,983	(44,636)	11.41	13.35	0.01
Mari Petroleum Company Limited	69,250	-	6,925	76,175	-	-	-	-	-	-	-
Pakistan Petroleum Limited	923,200	2,029,400	167,940	1,147,700	1,972,840	356,720	284,937	(71,783)	10.25	12.00	0.01
						927,069	770,413	(156,656)			
Oil and gas marketing companies											
Attock Petroleum Limited	300	76,500	60	360	76,500	33,349	22,071	(11,278)	0.79	0.93	0.02
Hi-Tech Lubricants Limited	712,800	262,000	-	745,500	229,300	21,170	6,342	(14,828)	0.23	0.27	0.01
Sui Northern Gas Pipelines Limited	1,653,700	2,561,500	-	2,525,000	1,690,200	141,322	117,452	(23,870)	4.23	4.95	0.02
Pakistan State Oil Company Limited	-	950,700	69,540	800,400	219,840	58,080	37,291	(20,789)	1.34	1.57	0.01
Hascol Petroleum Limited	1,390	-	520	-	1,910	436	131	(305)	0.01	0.01	0.00
						254,357	183,287	(71,070)			
Engineering											
Ittefaq Iron Industries Limited	17,500	-	1,750	210	19,040	242	124	(118)	0.00	0.01	0.00
International Industries Limited	388,900	4,300	-	393,200	-	-	-	-	-	-	-
						242	124	(118)			
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	-	42,400	-	-	42,400	28,805	20,125	(8,680)	0.72	0.85	0.02
AGP Limited	372,205	88,000	-	459,500	705	64	48	(16)	0.00	0.00	0.00
GlaxoSmithKline (Pakistan) Limited	-	202,700	-	-	202,700	26,826	19,323	(7,503)	0.70	0.81	0.01
The Searle Company Limited	97,933	57,700	8,389	163,500	522	155	77	(78)	0.00	0.00	0.00
						55,850	39,573	(16,277)			
Textile composite											
Interloop Limited	-	817,172	-	44,500	772,672	35,620	34,206	(1,414)	1.23	1.44	0.00
Kohinoor Textile Mills Limited	747,300	-	-	-	747,300	41,094	18,720	(22,374)	0.67	0.79	0.01
Nishat Mills Limited - a related party	1,073,900	385,000	-	1,455,400	3,500	462	327	(135)	0.01	0.01	0.00
						77,176	53,253	(23,923)			
Fertilizer											
Engro Corporation Limited	476,100	1,014,200	73,530	852,500	711,330	209,233	188,929	(20,304)	6.80	7.96	0.03
Engro Fertilizers Limited	1,933,500	4,811,500	-	3,798,000	2,947,000	216,693	188,520	(28,173)	6.78	7.94	0.01
Fatima Fertilizer Company Limited	409,000	2,474,500	-	767,500	2,116,000	70,665	63,163	(7,502)	2.27	2.66	0.00
						496,591	440,612	(55,979)			
Cement											
Kohat Cement Limited	472,300	-	109,050	108,800	472,550	44,736	24,823	(19,913)	0.89	1.05	0.01
Lucky Cement Limited	318,400	759,750	-	1,019,750	58,400	26,833	22,219	(4,614)	0.80	0.94	0.01
Dewan Cement Limited	350,000	-	-	350,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	1,899,300	6,879,500	-	8,026,300	752,500	23,637	17,977	(5,660)	0.65	0.76	0.00
Cherat Cement Company Limited	414,399	-	-	414,399	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	600,000	850,000	-	1,450,000	-	-	-	-	-	-	-
Thatta Cement Company Limited	621,500	-	-	313,000	308,500	6,701	2,884	(3,817)	0.10	0.12	0.00
Pioneer Cement Ltd	-	500,000	-	500,000	-	-	-	-	-	-	-
						101,907	67,903	(34,004)			
Chemical											
Archroma Pakistan Limited	38,650	1,000	-	-	39,650	20,015	18,840	(1,175)	0.68	0.79	0.06
Engro Polymer and Chemicals Limited	3,055,000	7,209,114	-	5,190,000	5,074,114	167,079	136,798	(30,281)	4.92	5.76	0.02
Engro Polymer and Chemicals Limited (R)	725,114	-	-	725,114	-	-	-	-	-	-	-
ICI Pakistan Limited	24,900	-	-	24,900	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	3,121,000	5,470,000	-	5,545,500	3,045,500	49,414	46,444	(2,970)	1.67	1.96	0.00
						236,508	202,082	(34,426)			
Paper and board											
Packages Limited	1,200	-	-	-	1,200	588	361	(227)	0.01	0.02	0.00
Century Paper and Board Mills Limited	187,400	638,500	-	11,500	814,400	50,597	25,369	(25,228)	0.91	1.07	0.02
Cherat Packaging Limited	-	29,500	4,095	-	33,595	4,516	2,709	(1,807)	0.10	0.11	0.01
						55,701	28,439	(27,262)			
Food and personal care products											
National Foods Limited	-	127,000	25,400	-	152,400	36,195	28,066	(8,129)	1.01	1.18	0.05
Al Shaheer Corporation Limited	1,286,000	15,000	-	139,000	1,162,000	31,661	14,641	(17,020)	0.53	0.62	0.01
						67,856	42,707	(25,149)			
Sugar and allied industries											
Faran Sugar Mills Limited	101,500	-	-	-	101,500	8,435	4,121	(4,314)	0.15	0.17	0.02
						8,435	4,121	(4,314)			
Technology and telecommunication											
Netsol Technologies Limited	239,000	-	-	239,000	-	-	-	-	-	-	-
Avanceon Limited	364,500	-	-	364,500	-	-	-	-	-	-	-
Systems Limited	432,000	199,000	63,100	-	694,100	66,920	66,613	(307)	2.40	2.81	0.05
Pakistan Telecommunication Company Limited	-	2,095,000	-	-	2,095,000	21,229	17,326	(3,903)	0.62	0.73	0.00
						88,149	83,939	(4,210)			
Power generation and distribution											
Hub Power Company Limited ***	2,576,432	3,305,241	-	2,953,000	2,928,673	250,119	230,633	(19,486)	8.30	9.71	0.02
K-Electric Limited *	10,800,000	-	-	10,800,000	-	-	-	-	-	-	-
						250,119	230,633	(19,486)			
Commercial banks											
Meezan Bank Limited	345,090	2,084,500	145,768	1,351,500	1,223,858	100,108	106,671	6,563	3.84	4.49	0.01
						100,108	106,671	6,563			
Automobile assemblers											
Ghandhara Industries Limited	23,050	-	-	23,050	-	-	-	-	-	-	-
Millat tractors Limited	56,620	-	-	56,620	-	-	-	-	-	-	-
						-	-	-			
Cable and electrical goods											
Pak Elektron Limited	480,000	1,535,000	-	645,000	1,370,000	30,953	27,427	(3,526)	0.99	1.16	0.01
						30,953	27,427	(3,526)			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Name of the Investee Company	Number of shares					Balance as at June 30, 2019			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2019	Carrying value	Market Value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments	
----- (Rupees in '000) -----											
----- % -----											
Automobile parts and accessories											
Agriauto Industries Limited **	125,500	-	-	-	125,500	37,023	25,095	(11,928)	0.90	1.06	0.17
General Tyre and Rubber Company of Pakistan Limited	169,300	-	-	169,300	-	-	-	-	-	-	-
						37,023	25,095	(11,928)			
Glass and ceramics											
Tariq Glass Industries Limited	38,500	713,800	-	50,000	702,300	66,231	53,817	(12,414)	1.94	2.27	0.07
						66,231	53,817	(12,414)			
Leather and tanneries											
Service Industries Limited	34,250	-	-	34,250	-	-	-	-	-	-	-
						-	-	-			
Investment Bank / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	395,700	-	-	395,000	700	78	78	-	0.00	0.00	0.00
						78	78	-			
Miscellaneous											
Shifa International Hospitals Limited	520	-	-	300	220	60	49	(11)	0.00	0.00	0.00
Synthetic Products Enterprises Limited											
- a related party	644,000	-	-	-	644,000	32,968	14,290	(18,618)	0.51	0.60	0.02
						32,968	14,339	(18,629)			
As at June 30, 2019						2,887,321	2,374,513	(512,808)			
As at June 30, 2018						3,150,936	2,901,124	(249,812)			

* These have a face value of Rs.3.5 per share

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

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

Name of security	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	--- (Number of shares) ---	--- (Number of shares) ---	----- (Rupees in '000) -----	----- (Rupees in '000) -----
The Hub Power Company Limited	650,000	650,000	51,188	59,904
Oil & Gas Development Company Limited	700,000	200,000	92,043	31,124
	1,350,000	850,000	143,231	91,028

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

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

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.1626 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
5.2 Unrealised diminution on re-measurement of investments 'at fair value through profit or loss' - net			
Market value as at June 30	5.1	2,374,513	2,901,124
Carrying value as at June 30	5.1	<u>(2,887,321)</u>	<u>(3,150,936)</u>
		<u>(512,808)</u>	<u>(249,812)</u>

6. DIVIDEND, PROFIT AND OTHER RECEIVABLES

Dividend receivable		14,326	5
Profit receivable on saving accounts	6.1	2,902	2,516
Other receivables		<u>981</u>	<u>1,602</u>
		<u>18,209</u>	<u>4,123</u>

6.1 This includes a balance of Nil (2018: Rs.0.05) million receivable on a balance held with MCB Islamic Bank Limited (a related party).

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
7. ADVANCE AND DEPOSITS			
Security deposit with National Clearing Company of Pakistan Limited	7.1	2,500	2,500
Security deposit with the Central Depository Company of Pakistan Limited	7.2	300	300
Advance tax		<u>427</u>	<u>426</u>
		<u>3,227</u>	<u>3,226</u>

7.1 This represents deposit with NCCPL in respect of trading of listed securities.

7.2 This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	4,610	5,781
Sindh Sales Tax payable on management remuneration	8.2	599	752
Expenses allocated by the Management Company	8.3	231	289
Selling and marketing expenses	8.4	2,873	3,620
Sales load payable		51	18
Shariah advisory fee		<u>75</u>	<u>75</u>
		<u>8,439</u>	<u>10,535</u>

8.1 The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

8.2 Sales tax on management remuneration has been charged at the rate of 13% (2018: 13%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

8.3 Up till June 19, 2019, in accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP, vide SRO no. 639 (I)/2019 dated June 20, 2019, has removed the maximum cap of 0.1%. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund, from July 01, 2018 to June 19, 2019 and actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

8.4 The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of the net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged to the Fund at the rate of 0.4% of its net assets, being lower than the actual expenses incurred during the year.

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	313	371
Sales tax on remuneration payable	9.2	41	48
		<u>354</u>	<u>419</u>

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

Average net assets value	Tariff per annum
Up to Rs.1 billion	Rs.0.7 million or 0.20% per annum of net assets, whichever is higher
Amount exceeding Rs.1 billion	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

9.2 Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2018: 13%).

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to the SECP	10.1	<u>2,941</u>	<u>3,060</u>

10.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as Shariah Compliant Equity Scheme is required to pay as annual fee to the SECP, an amount equal to 0.095% of the average daily net assets of the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
11. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	9,948	9,948
Provision for Federal Excise Duty and related tax on:			
- Management fee	11.2	5,689	5,689
- Sales load		125	125
Auditors' remuneration		298	290
Brokerage payable		1,102	1,775
Withholding tax payable		63	76
Charity / donation payable		2,517	2,049
Others		172	1,020
		19,914	20,972

11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

The Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The aggregate balance of SWWF provision in the book of accounts of the Fund as on June 30, 2019 is Rs. 9.948 million. Had this provision not been made, the NAV of the Fund would have been higher by Re.0.03 per unit (June 30, 2018: Re. 0.03 per unit).

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

11.2 Federal Excise Duty on remuneration to the Management Company

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2019 aggregates to Rs. 5.689 (2018: Rs. 5.689) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2019 would have been higher by Re. 0.02 per unit (June 30, 2018: Re 0.02 per unit).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 and June 30, 2018.

13. AUDITORS' REMUNERATION

Annual audit fee
Half yearly review fee
Other certification and services

Sales tax
Out of pocket expenses

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
	225	225
	105	105
	50	77
	<u>380</u>	<u>407</u>
	30	33
	26	37
	<u>436</u>	<u>477</u>

14. TOTAL EXPENSE RATIO

The total expense ratio of the Fund is 3.56% (2018: 3.68%) and this includes 0.35 % (2018: 0.38%) representing government levy, Sindh Worker's Welfare Fund and SECP fee. This ratio is within the maximum limit of 4.5% (2018: 4%) prescribed under the NBFC Regulations for a collective investment scheme categorized as a " Shariah Compliant Equity Scheme".

15. 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 available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss for the year, no distribution has been made by the Fund accordingly, no provision for taxation has been recognized in these financial state ments.

16. **TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES**

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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

409

	410	ALHAMRA ISLAMIC STOCK FUND
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The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 -----
16.2 Details of transactions with related parties / connected persons during the year:		
MCB Arif Habib Savings and Investment Limited - Management Company		
Remuneration (including indirect taxes)	69,967	72,800
Expenses allocated by the Management Company and related taxes	3,096	3,640
Shariah advisory fee	900	900
Selling and marketing expenses	12,383	12,885
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	4,628	4,770
Central Depository Service (CDS) settlement charges	396	496
Arif Habib Limited - Subsidiary of Associated Company		
Brokerage expense *	886	1,376
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage expense *	130	615
MCB Bank Limited - Parent of the Management Company		
Bank charges	30	37
Profit Recieved	30	
MCB Islamic Bank Limited - Subsidiary of Parent of Management Company		
Profit on bank deposits	-	966
Silk Bank - Emaan Islamic Limited - Common Directorship		
Bank charges	13	-
Profit Recieved	6,303	-
Synthetic Products Enterprises Limited		
Purchase of Nil (2018: 252,000 shares)	-	14,825
Dividend income	644	270
Thatta Cement Company Limited		
Sale of Nil (2018: 139,500 shares)	-	3,415
Dividend income	-	1,788
Mughal Iron & Steel Limited		
Purchase of 1,392,500 shares (2018: 1,392,500 shares)	-	69,738
Sale of 1,797,500 shares (2018: 1,797,500 shares)	-	100,548
Dividend income	-	462
Pakgen Power Limited - Mansha's Directorship		
Sale of Nil (2018: 603,500 shares)	-	32
Dividend income	-	2
Nishat Mills Limited - Group Company of Parent Company		
Purchase of 385,000 shares (2018: 1,539,100 shares)	52,518	180,292
Sales of 1,455,400 shares (2018: 892,700 shares)	197,435	14,432
Dividend income	1,515	3,914
Fatima Fertilizer Company Limited - Group Company of Associated Company		
Purchase of 2,474,500 shares (2018: 3,244,500 shares) shares	83,044	79,250
Sales of 750,000 shares (2018: 2,835,500 shares)	25,232	64,054
Dividend Income	-	1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
DG Khan Cement Company Limited - Group Company of Parent Company		
Purchase of 850,000 shares (2018: 4,113,500 shares)	78,037	529,345
Sales of 1,450,000 shares (2018: 3,956,500 shares)	160,524	531,780
Dividend income	-	10
16.3 Balances outstanding at year end:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	4,610	5,781
Sales tax payable on Management remuneration	599	752
Expense allocated by the Management Company	231	289
Sales load payable	51	18
Shariah advisory fee payable	75	75
Selling and marketing expenses payable	2,873	3,620
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	313	419
Security deposit	300	300
Arif Habib Limited - Subsidiary of Associated Company		
Brokerage payable *	47	-
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage payable *	30	13
MCB Bank Limited - Parent of the Management Company		
Balances with bank	6,786	857
Sales load payable	-	18
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Balances with bank**	18	616
Profit receivable	-	45
DG Khan Cement Company Limited - Group Company of Parent Company		
Nil shares (2018: 600,000) held	-	68,694
Nishat Mills Limited - Group Company of Parent Company		
3500 shares (2018: 1,073,900 shares) held	327	151,334
Synthetic Products Enterprises Limited		
644,000 shares (June 30, 2018: 644,000 shares) held	14,290	32,908
Thatta Cement Company Limited		
Nil shares (2018: 621,500 shares) held	-	13,499
Fatima Fertilizer Company Limited - Group Company of Associated Company		
2,116,000 shares (June 30, 2018: 409,000 shares) held	63,163	13,252
Silk Bank Limited - Common Directorship		
Balances with bank	130,283	-
Profit receivable	178	-

* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

** This represents balance held in deposit accounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2019							
Carrying amount			Fair value				
Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
2,374,513	-	-	2,374,513	2,374,513	-	-	2,374,513
2,374,513	-	-	2,374,513	2,374,513	-	-	2,374,513

Financial assets measured at fair value

Listed equity securities

Financial assets not measured at fair value

Bank balances

Dividend, profit and other receivables

Receivable against sale of investments

Financial liabilities not measured at fair value

Payable to the Management Company

Payable to the Trustee

Accrued expenses and other liabilities

-	-	7,840	7,840
-	-	313	313
-	-	4,089	4,089
-	-	12,242	12,242

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

June 30, 2018

	Carrying amount		Fair value			
	Fair value through profit or loss - held for trading	Available-for-sale	Loans and receivables / Other financial liabilities	Total	Level 1	Level 2
				(Rupees in '000) —		
Financial assets measured at fair value						
Listed equity securities	2,901,124	243,214	-	3,144,338	3,144,338	-
	2,901,124	243,214	-	3,144,338	3,144,338	-
Financial assets not measured at fair value						
Balances with banks	-	-	515,013	515,013		
Dividend, profit and other receivables	-	-	4,123	4,123		
Receivable against sale of investments	-	-	-	-		
	-	-	519,136	519,136		
Financial liabilities not measured at fair value						
Payable to the Management Company	-	-	9,783	9,783		
Payable to the Trustee	-	-	371	371		
Payable against purchase of investments	-	-	69,158	69,158		
Accrued expenses and other liabilities	-	-	5,134	5,134		
	-	-	84,446	84,446		

During the year ended June 30, 2019, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

18. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mention risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund financial assets primarily comprise of balances with banks, investment in equity securities of listed companies classified at 'fair value through profit or loss'. The Fund also has dividend, profit, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee and accrued and other liabilities.

18.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

18.1.2 Yield / Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2019, the Fund is exposed to such risks on bank balances and investments in government securities that expose the Fund to fair value interest rate risk.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2019, the Fund does not hold any variable profit based investment except balances with banks in deposit account amounting to Rs. 382.529 million exposing the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease as on June 30, 2019, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 3.966 (2018: Rs.4.98) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2019 the Fund does not hold any fixed rate instruments, therefore, the Fund is not exposed to fair value profit rate risk.

Profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Particulars	As at June 30, 2019					
	Effective yield / rate	Exposed to yield / interest risk			Not exposed to yield rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
	%			(Rupees in '000)		

On-balance sheet financial instruments

Financial assets

Balances with banks	10.00 - 12.50	382,529	-	-	14,096	396,625
Investments classified as:						
'at fair value through profit or loss		-	-	-	2,374,513	2,374,513
Dividend, profit and other receivables		-	-	-	18,209	18,209
Receivable against sale of investments					30,019	30,019
		382,529	-	-	2,436,837	2,819,366

Financial liabilities

Payable to the Management Company		-	-	-	7,840	7,840
Payable to the Trustee		-	-	-	313	313
Accrued expenses and other liabilities		-	-	-	4,089	4,089
		-	-	-	12,242	12,242

On-balance sheet gap

	382,529	-	-	2,424,595	2,807,124
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Particulars	As at June 30, 2018					Total
	Effective yield / rate	Exposed to yield / interest risk			Not exposed to yield rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%					
		(Rupees in '000)				

On-balance sheet financial instruments

Financial assets

Balances with banks	6.20 - 6.50	498,405	-	-	16,608	515,013
Investments classified as:						
'At fair value through profit or loss - 'held for trading'		-	-	-	2,901,124	2,901,124
'available-for-sale'		-	-	-	243,214	243,214
Dividend, profit and other receivables		-	-	-	4,123	4,123
		498,405	-	-	3,165,069	3,663,474

Financial liabilities

Payable to the Management Company		-	-	-	9,783	9,783
Payable to the Trustee		-	-	-	371	371
Unclaimed dividend		-	-	-	-	-
Payable against purchase of investments		-	-	-	69,158	69,158
Accrued and other liabilities		-	-	-	5,134	5,134
		-	-	-	84,446	84,446

On-balance sheet gap

	498,405	-	-	3,080,623	3,579,028
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18.1.3 Price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk), whether caused by factor specific to an individual investment, its issuer or factors affecting all instrument traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments are concentrated in the sectors given in note 5.1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the fair value of equity securities exposed to price risk is disclosed in note 5.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date, with all other variables held constant.

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
Effect due to increase / decrease in PSX 100 index		
Investment and net assets	<u>118,726</u>	<u>145,056</u>
Income statement	<u>118,726</u>	<u>145,056</u>

18.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on profit receivables, other receivables and balances with banks. The credit risk for the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimize the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	----- (Rupees in '000) -----			
Balances with banks	396,625	396,625	515,013	515,013
Dividend, profit and other receivables	18,209	18,209	4,123	4,123
	<u>414,834</u>	<u>414,834</u>	<u>519,136</u>	<u>519,136</u>

All deposits with NCCPL and CDC are highly rated and risk of default is considered minimal.

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2019.

Bank Balances by rating category

Rating	2019		2018	
	Rupees in '000	%	Rupees in '000	%
AAA	16,516	4.16	12,249	2.38
AA+	4,974	1.25	286,811	55.69
AA-	244,122	61.55	209,247	40.63
A+	730	0.18	546	0.11
A-	130,283	32.86	5,538	1.08
A	-	-	622	0.12
	<u>396,625</u>	<u>100</u>	<u>515,013</u>	<u>100</u>

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formerly JCR-VIS Credit Rating Company Limited) as of June 30, 2019.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Advances and deposits

Deposits are placed with NCCPL and CDC for the purpose of affecting transactions and settlement of listed securities. It is expected that all advances and deposits with NCCPL and CDC will be clearly identified as being assets of the Fund, hence, management believes that the Fund is not materially exposed to a credit risk with respect to such advances and deposits.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. During the current year, the Fund did not avail any borrowing. As per NBFC Regulations the maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund and bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial instruments into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	Total
(Rupees in '000')					
2019					
Financial assets					
Bank balances	396,625	-	-	-	396,625
Investments	2,374,513	-	-	-	2,374,513
Dividend, profit and other receivables	18,209	-	-	-	18,209
Receivable against sale of investments	30,019	-	-	-	30,019
	2,819,366	-	-	-	2,819,366
Financial liabilities					
Payable to the Management Company	7,840	-	-	-	7,840
Payable to the Trustee	313	-	-	-	313
Accrued expenses and other liabilities	4,089	-	-	-	4,089
	12,242	-	-	-	12,242
	2,807,124	-	-	-	2,807,124
2018					
Financial assets					
Bank balances	515,013	-	-	-	515,013
Investments	3,144,338	-	-	-	3,144,338
Dividend, profit and other receivables	4,123	-	-	-	4,123
	3,663,474	-	-	-	3,663,474
Financial liabilities					
Payable to the Management Company	9,783	-	-	-	9,783
Payable to the Trustee	371	-	-	-	371
Payable against purchase of investments	69,158	-	-	-	69,158
Accrued expenses and other liabilities	5,134	-	-	-	5,134
	84,446	-	-	-	84,446
	3,579,028	-	-	-	3,579,028

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

19. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22
Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	16
Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	8
Mr. Saad Ahmed	Head of Fixed Income	MBA	14
Mr. Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	6
Mr. Syed Abid Ali	Head of Equities	MBA	11

19.1 Mr. Awais Abdul Sattar is the fund manager. Details of the other funds being managed by him are as follows:

- Alhamra Islamic Asset Allocation Fund;
- Alhamra Islamic Pension Fund; and
- MCB Pakistan Frequent Payout Fund.

20. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2019 (Percentage)
1 Al Falah Securities Private Limited	9.00%
2 Arif Habib Limited	8.18%
3 Foundation Securities Limited	7.82%
4 JS Global Capital Limited	6.98%
5 AKD Securities Limited	5.59%
6 BMA Capital Management Limited	5.47%
7 Insight Securities Limited	5.33%
8 EFG Hermes Pakistan Limited	5.29%
9 Taurus Securities Limited	5.14%
10 Top Line Securities Private Limited	4.54%
	June 30, 2018 (Percentage)
1 Arif Habib Limited	9.85%
2 JS Global Capital Limited	8.30%
3 Foundation Securities Limited	6.36%
4 Taurus Securities Limited	6.17%
5 DJM Securities (Private) Limited	5.28%
6 BMA Capital Management Limited	5.12%
7 Elixir Securities Pakistan (Private) Limited	4.83%
8 Al Falah Securities (Private) Limited	4.70%
9 EFG Hermes Pakistan Limited	4.62%
10 Next Capital Limited	4.40%

21. PATTERN OF UNIT HOLDINGS

	June 30, 2019			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	2,623	62,131,816	534,615	19.24
Associated companies	8	195,701,600	1,683,921	60.60
Insurance companies	6	28,570,162	245,833	8.85
Bank / DFIs	3	1,332,469	11,465	0.41
NBFC	2	332,616	2,862	0.10
Retirement funds	27	11,940,513	102,743	3.70
Others	156	22,926,307	197,270	7.10
	2,825	322,935,483	2,778,709	100.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2018			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	2,576	60,134,183	648,008	18.25
Associated companies	10	189,391,654	2,040,890	57.49
Insurance companies	9	30,055,105	323,875	9.12
Bank / DFIs	3	1,332,469	14,359	0.40
NBFC	2	332,616	3,584	0.10
Retirement funds	2	4,690,740	50,548	1.42
Others	66	43,512,522	468,892	13.22
	<u>2,668</u>	<u>329,449,289</u>	<u>3,550,156</u>	<u>100.00</u>

22. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 143th, 144th, 145th, 146th, 147th, 148th, 149th and 150th meetings of the Board of Directors were held on August 17, 2018, September 14, 2018, October 22, 2018, October 26, 2018, April 15, 2019, April 19, 2019, June 17, 2019 and June 27, 2019 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mian Muhammad Mansha	Chairman	8	8	2	6	143 rd , 145 th , 146 th , 147 th , 149 th & 150 th
Nasim Beg	Director	8	8	8	-	-
Ahmed Jahangir	Director	8	8	8	-	-
Samad A. Habib	Director	8	8	6	2	145 th , 150 th
Dr. Syed Salman Ali Shah *	Director	8	8	6	-	-
Haroun Rashid	Director	8	8	5	3	143 rd , 145 th , 149 th
Mirza Qamar Beg	Director	8	8	8	-	-
Muhammad Saqib Saleem	Chief Executive Officer	8	8	8	-	-

* Resigned on June 10, 2019

23. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies. The Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 13, 2019 by the Board of Directors of the Management Company.

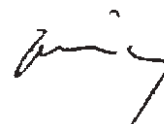
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2019**

No. of Unit Holders	Unit Holdings	Total Units Held
2020	0-10000	3,818,172
627	10001 – 100000	20,617,418
153	100001 – 1000000	40,401,487
25	1000001-onwards	258,098,406
<u>2825</u>		<u>322,935,483</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2019

Performance Information	2019	2018	2017	2016	2015
Total Net Assets Value – Rs. in million	2779	2,599	2,915	1,123	666
Net Assets value per unit – Rupees	8.6	10.78	12.25	10.62	10.27
Closing Offer Price	8.89	11.15	12.67	11.06	10.55
Closing Repurchase Price	8.6	10.78	12.25	10.62	10.27
Highest offer price per unit	11.35	12.71	15.62	11.31	12.20
Lowest offer price per unit	8.59	10.27	11.20	9.50	9.64
Highest Redemption price per unit	11.1	12.29	15.11	10.86	11.82
Lowest Redemption price per unit	8.31	9.93	10.82	9.12	9.38
Distribution per unit – Rs. *	Nil	0	1.50	0.05	1.25
Average Annual Return - %					
One year	-20.22	-12.00	29.97	3.90	19.20
Two year	-16.11	8.99	16.94	11.55	25.29
Three year	-0.75	7.29	17.69	18.16	27.63
Net Income for the year – Rs. in million	(641.318)	(410.50)	472.59	(14.00)	63.89
Distribution made during the year – Rs. in million	Nil	-	193.14	5.16	41.41
Accumulated Capital Growth – Rs. in million	(641.318)	(410.50)	279.46	(19.16)	22.48

* Date of Distribution

2017	
Date	Rate

June 21, 2017 1.5

2016	
Date	Rate

June 30, 2016 0.05

2015	
Date	Rate

June 22, 2015 1.25

Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

**PROXY ISSUED BY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website (www.mcbah.com). Moreover, details of summarized proxies voted are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	18	18	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf on the Funds will be provided without any charges on request of unit holders.

MCB-Arif Habib Savings and Investments Limited

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