



MCB-ARIF HABIB  
Savings and Investments Limited

AM2  
BY AKORA

# ANNUAL REPORT 2018

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

# **ALHAMRA ISLAMIC ACTIVE ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah 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
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	MCB Financial Services Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan. Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.mcbfsl.com.pk	
<b>Bankers</b>	MCB Bank Limited United Bank Limited Bank Al-Habib Limited Bank Islami Pakistan Limited Dubai Islamic Bank Pakistan Limited	
<b>Auditors</b>	<b>A.F Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2018

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Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Alhamra Islamic Active Allocation Plan-I** accounts review for the year ended June 30, 2018 (launched on December 29, 2016).

## ECONOMY AND MONEY MARKET OVERVIEW

FY18 has been a rollercoaster ride of contradicting economic indicators with benign inflation and healthy LSM growth positively contributed to the economy, while mounting fiscal pressure, falling FX reserves, and political turmoil created a negative impact on the economy. Upward trending global commodity prices, especially rising crude oil prices, further added to the woes of the local economy.

GDP growth is expected to set at a record 10 years high of ~5.7% supported by a robust industrial and services sector growth. The marked end of power crises along with easing monetary cycle has led to an expansion in LSM growth which is expected to post a growth of ~7% for FY18. Inflation as measured by CPI has averaged ~4.0% owing to adequate supply of commodities and a stable currency during the most part of the year. However, for FY19, we expect CPI to jack up to average of ~7.5% owing to rising commodity prices along with weakness in currency. Furthermore, the weaker currency is also expected to shoot up the core inflation above 8.0%.

External sector has been the Achilles heel as a record high current account deficit along with financial flows by both bilateral and multilateral institutions have caused a scarcity of dollars. Current account deficit soared to USD 18 billion, nearly 5.8% of the GDP raising alarm bells for the economy. As a result of which, foreign exchange reserves of SBP have depleted by USD 6.5 bn during FY18 to USD 9.7 bn, providing a mere import coverage of ~2.0x. By large, Pakistan could be heading towards another IMF program during the second quarter of next fiscal year unless significant flows are generated via the amnesty scheme.

During FY18 State Bank of Pakistan increased Policy Rate by a cumulative 75bps mainly due to ballooning twin deficits, declining real interest rates and rapid increase in imports. In anticipation of an interest rate hike, bond yield curve showed an upward trajectory particularly during the second half of FY18. Pace of widening trade deficit remained alarmingly high which kept on diluting Forex reserves, keeping investors away from longer tenor securities. To extend maturity profile SBP introduced Floater rate 10 year bond with a base rate of 6-month MTB weighted average yield. Healthy participation of PKR 174 billion was witnessed in the very first auction of 10 year Floater bond out of which a total of PKR 20 billion was accepted at a rate of benchmark + 50 bps. Liquidity remained comfortable throughout FY18 owing to regular OMOs conducted by SBP. Scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara SUKUK despite ample liquidity in the market.

## EQUITIES MARKET OVERVIEW

Equities turned red after a span of nearly 9 years, as the benchmark index lost ~10% during the year. Both economic and political factors continued to haunt the investors; with the dominant theme prevailing around the external account crisis. Foreigners' in view of weak currency, kept offloading local equities, selling USD 288 mn of stocks which was mainly absorbed by Insurance companies (~USD 204 Mn) and Companies (~USD 100 Mn). Trading volumes during the year averaged around 174 mn shares/ USD 8.15 bn depicting a massive decline of ~49%/47% YoY respectively.

Cyclicals had the worst year as emerging concerns on the economic growth kept the investors at bay. Cement and Autos were major laggards as they lost ~42% and 30% respectively. Cements declined due to increasing coal prices and imminent supply additions in the sector. While, Autos lost mainly due to a weak local currency along with negative sentiments emanating post budget due to government's announcement of barring non-filers from purchasing vehicles. Power sector shrank by ~20% due to rising circular debt resulting in non-payment of dividends by some companies and shut-down of some FO plants post government orders. E&Ps and Fertilizers were the only major sectors providing positive return, gaining 20% and 3% respectively. Against the market movement, E&Ps posted a considerable gain of ~20% YoY due to surge in average oil prices by 29%. Fertilizer rallied due to improved sector dynamics in the form of comfortable inventory levels and enhanced pricing power of the manufacturers being reflected in increased fertilizer prices post-budget.

## FUND PERFORMANCE

During the period under review, the fund posted a return of -6.84% against -8.91% for the benchmark. The fund was 42.9% invested in Alhamra Islamic Stock Fund and 51.4% invested in Alhamra Islamic Income Fund as at 30th June, 2018.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 1,404 million as compared to Rs. 1,584 million as at June 30, 2017 registering a decrease of 11.38%.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2018

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 93.1720 as compared to opening NAV of Rs. 100.0163 per unit as at June 30, 2017 a decrease of Rs. 6.8443 per unit.

### FUTURE OUTLOOK

For the next year, the economic growth is expected to slightly slow down as a weak currency and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI (ruling party) some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical. Fiscal side is also expected to weaken as reckless spending by the government will cause fiscal deficit to cross above 6.0% of GDP. Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy, with 100 bps already increased, which shall result in higher debt servicing cost for the government during the next fiscal year. Along with entry to the IMF program, which will aim to curtail the fiscal deficit, developmental expenditures will be sharply cut during the next year.

On the equity side, post elections, we shall closely monitor the environment to incorporate the new policy guidance as it becomes available. In broader terms, we believe, the last two years market performance (down approx. 20% 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 little downside potential which puts in a lot of comfort for long term investors. 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 Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

### Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With seven (7) non-executive directors including three (3) 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 has been no material departure from the best practices of Corporate Governance.
- g. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- h. 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.
- i. All the directors have completed the Directors Training Programme course or are exempt from attending training course due to sufficient working experience.
- j. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- k. 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, 2018:

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2018

### 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	9	9	6	3
2. Mr. Ahmed Jahangir	9	9	9	-
3. Mr. Nasim Beg	9	9	7	2
4. Mr. Mirza Qamar Beg	9	9	7	2

### 2. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) meetings of the Human Resource and Remuneration 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. Dr. Syed Salman Shah	5	5	5	-
2. Mr. Nasim Beg	5	5	5	-
3. Mr. Ahmed Jahangir	5	5	5	-
4. Mr. Haroun Rashid	5	5	3	2
5. Mr. Muhammad Saqib Saleem -CEO	5	5	5	-

### 3. In the meeting held on September 14, 2018, the Risk Committee of the Board was formed consisting of the following members:

- (i) Mr. Mirza Qamar Beg - Chairman
- (ii) Mr. Nasim Beg
- (iii) Mr. Ahmed Jahangir

### EXTERNAL AUDITORS

The fund's external auditors, A.F.Ferguson & Co. Chartered Accountants, have retired during the year & EY Ford Rhodes Chartered Accountants have been appointed as an external auditors of the fund for financial year ending June 30, 2019. EY Ford Rhodes Chartered Accountants have also expressed their willingness to act as the fund auditors.

### 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 14, 2018



**Nasim Beg**  
Director / Vice Chairman



# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2018

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Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Alhamra Islamic Active Allocation Plan-II** accounts review for the year ended June 30, 2018.

## ECONOMY AND MONEY MARKET OVERVIEW

FY18 has been a rollercoaster ride of contradicting economic indicators with benign inflation and healthy LSM growth positively contributed to the economy, while mounting fiscal pressure, falling FX reserves, and political turmoil created a negative impact on the economy. Upward trending global commodity prices, especially rising crude oil prices, further added to the woes of the local economy.

GDP growth is expected to set at a record 10 years high of ~5.7% supported by a robust industrial and services sector growth. The marked end of power crises along with easing monetary cycle has led to an expansion in LSM growth which is expected to post a growth of ~7% for FY18. Inflation as measured by CPI has averaged ~4.0% owing to adequate supply of commodities and a stable currency during the most part of the year. However, for FY19, we expect CPI to jack up to average of ~7.5% owing to rising commodity prices along with weakness in currency. Furthermore, the weaker currency is also expected to shoot up the core inflation above 8.0%.

External sector has been the Achilles heel as a record high current account deficit along with financial flows by both bilateral and multilateral institutions have caused a scarcity of dollars. Current account deficit soared to USD 18 billion, nearly 5.8% of the GDP raising alarm bells for the economy. As a result of which, foreign exchange reserves of SBP have depleted by USD 6.5 bn during FY18 to USD 9.7 bn, providing a mere import coverage of ~2.0x. By large, Pakistan could be heading towards another IMF program during the second quarter of next fiscal year unless significant flows are generated via the amnesty scheme.

During FY18 State Bank of Pakistan increased Policy Rate by a cumulative 75bps mainly due to ballooning twin deficits, declining real interest rates and rapid increase in imports. In anticipation of an interest rate hike, bond yield curve showed an upward trajectory particularly during the second half of FY18. Pace of widening trade deficit remained alarmingly high which kept on diluting Forex reserves, keeping investors away from longer tenor securities. To extend maturity profile SBP introduced Floater rate 10 year bond with a base rate of 6-month MTB weighted average yield. Healthy participation of PKR 174 billion was witnessed in the very first auction of 10 year Floater bond out of which a total of PKR 20 billion was accepted at a rate of benchmark + 50 bps. Liquidity remained comfortable throughout FY18 owing to regular OMOs conducted by SBP. Scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara SUKUK despite ample liquidity in the market.

## EQUITIES MARKET OVERVIEW

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## FUND PERFORMANCE

During the period under review, the fund posted a return of -0.43% against -8.96% for the benchmark. The fund was 43.6% invested in Alhamra Islamic Stock Fund and 52.9% invested in Alhamra Islamic Income Fund as at 30th June, 2018.



## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2018

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 794 million as compared to Rs. 87.97 million as at June 30, 2017 registering an increase of 803%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 99.5728 as compared to opening NAV of Rs. 100.0057 per unit as at June 30, 2017 a decrease of Rs. 0.4329 per unit.

### FUTURE OUTLOOK

For the next year, the economic growth is expected to slightly slow down as a weak currency and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI (ruling party) some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical. Fiscal side is also expected to weaken as reckless spending by the government will cause fiscal deficit to cross above 6.0% of GDP. Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy, with 100 bps already increased, which shall result in higher debt servicing cost for the government during the next fiscal year. Along with entry to the IMF program, which will aim to curtail the fiscal deficit, developmental expenditures will be sharply cut during the next year.

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- j. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2018

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

3. In the meeting held on September 14, 2018, the Risk Committee of the Board was formed consisting of the following members:

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- (iii) Mr. Ahmed Jahangir

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### ACKNOWLEDGMENT

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On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 14, 2018



**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹرز رپورٹ

### 2. ہیومن ریسورس اینڈ ریمونزیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونزیشن کمیٹی کی پانچ (05) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			نام	منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
-	5	5	5	1. ڈاکٹر سید سلمان شاہ			
-	5	5	5	2. جناب نسیم بیگ			
-	5	5	5	3. جناب احمد جہانگیر			
2	3	5	5	4. جناب ہارون رشید			
-	5	5	5	5. جناب محمد ثاقب سلیم (سی ای او)			

3. ستمبر 14، 2018 کے منعقدہ میٹنگ میں بورڈ کی رسک کمیٹی کا قیام کیا گیا ہے، جس کے اراکین مندرجہ ذیل ہیں:

- 1 جناب مرزا قمر بیگ - چیئرمین
- 2 جناب نسیم بیگ
- 3 جناب احمد جہانگیر

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ”اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس“ دوران سال ریٹائر ہو گئے ہیں اور 30 جون 2019ء کو اختتام پذیر ہونے والے سال کے لئے فنڈ کے خارجی آڈیٹرز کے طور پر ”ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس“ کی تقرری کی گئی ہے۔ ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے آڈیٹرز کے طور پر کام کرنے کے لئے رضامندی کا اظہار کیا ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں 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

14 ستمبر 2018ء

## ڈائریکٹرز رپورٹ

b. فنڈ کی درست بگس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی گوشواروں کی تیاری میں موزوں 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، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، نان بینکنگ فنانس کمپنیز (اسٹابلیشمنٹ اینڈ ریگولیشنز) کے ضوابط، 2003ء، نان بینکنگ فنانس اینڈ نوٹیفائیڈ انسٹیٹیوٹس ریگولیشنز، 2008ء، متعلقہ ٹرسٹ Deeds کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر 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 کیا گیا ہے۔

h. واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز (اگر کوئی ہیں تو) ملحقہ آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔

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. تمام ڈائریکٹرز ”ڈائریکٹرز ٹریننگ پروگرام“ مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر تربیتی کورس میں شرکت سے مستثنیٰ ہیں۔

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 پیش کی گئی ہیں۔ 30 جون 2018ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

### 1. آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			نام	منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
1	2	3					
1. جناب ہارون رشید	9	9	6	3			
2. جناب احمد جہانگیر	9	9	9	-			
3. جناب نسیم بیگ	9	9	7	2			
4. مرزا محمد قمر بیگ	9	9	7	2			

## مستقبل کا منظر

اگلے سال معاشی ترقی میں کچھ سست رفتاری متوقع ہے کیونکہ کھپت کے رجحان پر کمزور روپیہ اور تنگ مالیاتی پالیسی کا راج رہے گا۔ تاہم زیادہ بجلی کی فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس اہم موڑ پر معاشی تنظیم کو سہولت میسر ہوگی۔ دیرینہ مسائل کے حل کے لیے نئی حکومت کی مرکز اور مخلصانہ کوششوں کے پیش نظر ہم بہتر طریقہ حکومت اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے اُمید ہیں، تاہم راستہ دشوار اور پالیسی میں متعدد ناپسندیدہ اقدامات سے پُر ہو سکتا ہے۔ پاکستان تحریک انصاف (حکمران جماعت) کے ابتدائی منصوبوں کی روشنی میں بہتر پالیسی اقدامات کی توقع کی جاسکتی ہے، لیکن خطرناک معاشی حالات کے پیش نظر ہم سمجھتے ہیں کہ فوری میعاد والے اقدامات بے حد ضروری ہیں تاکہ جڑواں خساروں پر توجہ دی جاسکے۔ مالیاتی جہت میں بھی ضعف متوقع ہے کیونکہ حکومت کے بے دریغ خرچ کے باعث مالیاتی خسارہ مجموعی ملکی پیداوار (GDP) کے 6.0% سے تجاوز کر جائے گا۔ خارجی رُخ پر متعدد دباؤ کے ساتھ ساتھ افراط زر میں اضافے کے پیش نظر اسٹیٹ بینک کی جانب سے مالیاتی پالیسی میں مزید سختی متوقع ہے، جبکہ 100 bps اضافہ پہلے ہی ہو چکا ہے، جس کے نتیجے میں حکومت کے لیے اگلے مالی سال کے دوران قرضوں کی واپسی کی لاگت میں اضافہ ہو جائے گا۔ آئی ایم ایف پروگرام میں داخلے کے ساتھ ساتھ، جس کا مقصد مالیاتی خسارے میں کمی ہوگا، ترقیاتی اخراجات میں بھی اگلے سال تیزی سے کمی کی جائے گی۔ ایکویٹی کی جہت پر انتخابات کے بعد ہم ماحول کی باریک بینی سے نگرانی کریں گے تاکہ پالیسی کے حوالے سے نئی راہنمائی کے دستیاب ہوتے ہی اس پر عملدرآمد کر سکیں۔ وسیع تر تناظر میں ہم سمجھتے ہیں کہ مارکیٹ کی گزشتہ دو برسوں کی کارکردگی (اوپنچی ترین سطح سے تقریباً 20% کم) سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی ہے، اور دورانی اسٹاکس کی کارکردگی کی بھی عکاسی ہوئی ہے جہاں اسٹاکس کی قیمتوں میں تصحیح مزید تیز ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحوں پر کمی کی محدود استعداد ہے جس کی بدولت طویل المیعاد سرمایہ کاروں کو خاطر خواہ سہولت فراہم ہوتی ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بتدریج ظاہر ہوگی جب اعتماد بحال ہوگا اور معاشی پالیسیاں حالات کو توقعات کے مطابق ڈھالیں گی۔ چنانچہ آگے بڑھتے ہوئے اسٹاکس طویل المیعاد سرمایہ کاری کا موقع فراہم کرتے ہیں جس میں صبر کے ساتھ چلنے والے سرمایہ کاروں کے لیے منافع ہوگا۔ ہم بدستور ملک کی معاشی علامات کے رجحانات پر نظر رکھ کر ان کے مطابق اپنے دائرہ کار میں تبدیلیاں لا رہے ہیں۔ ہمارا Top-Down تجزیہ روپے کی قدر میں کمی اور انٹریسٹ کی بلند شرحوں سے مستفید ہونے والے شعبوں کی حمایت کرتا ہے؛ تاہم، ہم کمپنی کے انفرادی عناصر اور ان کی قیمتوں کو نظر انداز نہیں کر سکتے جن سے سیکورٹی کے انتخاب میں اہم کردار ادا ہو سکتا ہے۔

## کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ سات (7) نان ایگزیکٹو ڈائریکٹرز بشمول تین (3) 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 کارپوریٹ گورننس کے ضابطہ اخلاق کی بہترین طریقوں سے متعلق شقوں کی، خاص طور پر نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے لیے پُر عزم ہے جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔ ذیل میں کارپوریٹ گورننس کے ضابطہ اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

a. مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقدی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

### ایکویٹیز مارکیٹ کا مجموعی جائزہ

ایکویٹیز تقریباً 9 سال کے عرصے کے بعد خطرے کی حدود میں آگئیں کیونکہ انڈیکس کے مقررہ معیار میں دوران سال 10% کمی ہوئی۔ معاشی اور سیاسی، دونوں عوامل نے سرمایہ کاروں کو پریشان کیے رکھا جن میں اہم ترین موضوع خارجی اکاؤنٹ کا بحران تھا۔ کمزور روپے کے پیش نظر غیر ملکی سرمایہ کار مقامی ایکویٹیز سے دستبردار ہوتے رہے، اور 288 ملین ڈالر مالیت کے اسٹاکس فروخت کیے جن کا زیادہ تر اثرائتوں کے کمپنیوں (204 ملین ڈالر) اور کمپنیوں (100 ملین ڈالر) نے قبول کیا۔ دوران سال تجارتی حجم کا اوسط تقریباً 174 ملین حصص / 8.15 بلین ڈالر تھا، جو بالترتیب 49% / 47% YoY کی بڑی کمی تھی۔

Cyclicals کے لیے یہ بدترین سال تھا کیونکہ معاشی ترقی کے حوالے سے بڑھتے ہوئے خدشات کے باعث سرمایہ کاروں کی حوصلہ شکنی ہوئی۔ سیمنٹ اور آٹوز بالترتیب 42% اور 30% کمی کے باعث پسماندہ ترین شعبے تھے۔ سیمنٹ کے شعبے میں پسماندگی کی وجہ کوئلے کی بڑھتی ہوئی قیمتیں اور فراہمیوں میں اضافہ ہے، جبکہ آٹوز میں پسماندگی کے بنیادی عوامل کمزور روپیہ، اور بجٹ کے بعد ٹیکس ریٹرن فائل نہ کرنے والوں کے لیے گاڑیوں کی خریداری پر پابندی کے حکومتی اعلان سے پیدا ہونے والے منفی جذبات ہیں۔

بجلی کے شعبے میں 20% کمی ہوئی جس کا سبب یہ تھا کہ گزشتہ قرضوں میں اضافے کی وجہ سے کچھ کمپنیوں نے ڈیویڈنڈ کی ادائیگی نہیں کی اور حکومتی احکام کے بعد کچھ FO پلانٹس بند کر دیئے گئے۔ صرف E&Ps اور فریٹلائزرز کے شعبوں میں بالترتیب 20% اور 3% ترقی ہوئی۔ E&Ps نے مارکیٹ کی صورتحال کے برخلاف 20% YoY منافع دیا جس کی وجہ تیل کی اوسط قیمتوں میں 29% اضافہ ہے۔ فریٹلائزرز میں ترقی کا سبب اس شعبے کے عوامل میں بہتری ہے، اور اس کے اسباب یہ ہیں کہ انوینٹری باسہولت سطحوں پر رہی، اور مینوفیکچررز کے قیمتیں طے کرنے کے اختیار میں اضافہ ہوا جس کی عکاسی بجٹ کے بعد فریٹلائزرز کی قیمتوں میں اضافے سے ہوئی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 0.43%- منافع حاصل کیا جبکہ مقررہ معیار 8.96%- ہے۔

30 جون 2018ء کو فنڈ کی سرمایہ کاری 43.6% الحمراء اسلامک اسٹاک فنڈ، اور 52.9% الحمراء اسلامک انکم فنڈ میں تھی۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 794 ملین روپے تھے، جو 30 جون 2017ء کو 87.97 ملین روپے کے مقابلے میں 803% اضافہ ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 99.5728 روپے تھی، جو 30 جون 2017ء کو 100.0057 روپے ابتدائی NAV کے مقابلے میں 0.4392 روپے فی یونٹ کم ہے۔



بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلیمک ایکٹو ایلیکشن پلان II- کے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2018ء متضاد معاشی علامات کے مدوجزر سے بھرپور رہا۔ مفید افراط زر اور LSM کی خاطر خواہ ترقی نے معیشت میں مثبت کردار ادا کیا جبکہ بڑھتے ہوئے مالیاتی دباؤ، غیر ملکی زرمبادلہ کے گھٹتے ہوئے ذخائر اور سیاسی ہلچل نے منفی اثرات مرتب کیے۔ عالمی اشیاء، خصوصاً خام تیل، کی بڑھتی ہوئی قیمتوں نے ملکی معیشت کے مسائل میں مزید اضافہ کیا۔

مجموعی ملکی پیداوار (GDP) میں 5.7% ترقی متوقع ہے جو گزشتہ دہائی کی سب سے اونچی سطح ہے، اور اس میں صنعتی اور خدمات کے شعبے کی بھرپور ترقی کی معاونت شامل ہے۔ بجلی کے بحران کے خاتمے اور مالیاتی چکر میں نرمی کے نتیجے میں LSM کی ترقی میں وسعت ہوئی ہے جو مالی سال 2018ء میں 7% متوقع ہے۔ CPI کی صورت میں پیمائش کردہ افراط زر کا اوسط 4.0% ہے جو سال کے اکثر حصے کے دوران اشیاء کی خاطر خواہ فراہمی اور مستحکم روپے کی بدولت ہے۔ تاہم مالی سال 2019ء کے لیے توقع ہے کہ اشیاء کی بڑھتی ہوئی قیمتوں اور روپے میں ضعف کے باعث CPI بڑھ کر 7.5% اوسط تک پہنچ جائے گا۔ مزید برآں، کمزور روپیہ متوقع طور پر افراط زر کو 8.0% سے اونچی سطح پر لے جائے گا۔

خارجی شعبہ نازک مقام رہا کیونکہ کرنٹ اکاؤنٹ کے اب تک کے سب سے زیادہ خسارے کے ساتھ ساتھ دو جہتی اور کثیر الجہتی، دونوں قسم کے اداروں کی جانب سے مالیاتی آمدورفت کے باعث ڈالر میں قلت ہو گئی ہے۔ کرنٹ اکاؤنٹ کا خسارہ 18 بلین ڈالر تک پہنچ گیا، یعنی GDP کا تقریباً 5.8%، جو معیشت کے لیے خطرے کی گھنٹی ہے۔ اس کے نتیجے میں مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 6.5 بلین ڈالر کم ہو کر 9.7 بلین ڈالر رہ گئے، جس سے صرف 2.0x درآمداتی تلافی فراہم ہوئی۔ مجموعی طور پر اگلے مالی سال کی دوسری سہ ماہی کے دوران پاکستان ایک اور IMF پروگرام کے رُخ پر گامزن ہو سکتا ہے، سوائے اس کے کہ ایمنسٹی اسکیم کے ذریعے خاطر خواہ آمدورفت پیدا کی جائے۔

مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں مجموعی طور پر 75 bps اضافہ کیا جس کی بنیادی وجہ بڑھتے ہوئے جڑواں خسارے، ریئل انٹریسٹ کی گھٹتی ہوئی شرحیں، اور تیزی سے بڑھتی ہوئی درآمدات ہیں۔ انٹریسٹ کی شرحوں میں تیز رفتار اضافے کے امکانات کے باعث بانڈ کی آمدنی کا خم اوپر کی طرف گیا، خصوصاً مالی سال 2018ء کی دوسری سہ ماہی کے دوران۔ تجارتی خسارے میں اضافے کی رفتار خوفناک حد تک تیز رہی جس کے باعث غیر ملکی زرمبادلہ کے ذخائر متاثر ہوئے اور سرمایہ کاروں نے طویل المیعاد سیکیورٹیز میں دلچسپی کا اظہار نہیں کیا۔ میچورٹی کے دائرہ کار میں توسیع کے لیے اسٹیٹ بینک نے فلوئز ریٹ 10 سالہ بانڈ متعارف کرایا جس کا base ریٹ 6 ماہ ایم ٹی بی weighted اوسط منافع ہے۔ 10 سالہ فلوئز بانڈ کی سب سے پہلی نیلامی میں 174 بلین روپے کی بھرپور شرکت دیکھی گئی جس میں سے 20 بلین روپے پنچ مارک + 50 bps کی شرح پر قبول کر لیے گئے۔ مالی سال 2018ء کے دوران اسٹیٹ بینک کی جانب سے باقاعدگی کے ساتھ OMOs کے انعقاد کی بدولت نقدیت میں سہولت رہی۔ زیر جائزہ مدت میں شریعت سے ہم آہنگ مواقع کی قلت رہی کیونکہ مارکیٹ میں خاطر خواہ نقدیت کے باوجود تازہ اجارہ سلگ کا اجراء نہیں کیا گیا۔

## ڈائریکٹرز رپورٹ

### 2. ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی پانچ (05) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			نام	منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
-	5	5	5	1. ڈاکٹر سید سلمان شاہ			
-	5	5	5	2. جناب نسیم بیگ			
-	5	5	5	3. جناب احمد جہانگیر			
2	3	5	5	4. جناب ہارون رشید			
-	5	5	5	5. جناب محمد ثاقب سلیم (سی ای او)			

3. ستمبر 14، 2018 کے منعقدہ میٹنگ میں بورڈ کی رسک کمیٹی کا قیام کیا گیا ہے، جس کے اراکین مندرجہ ذیل ہیں:

- 1 جناب مرزا قمر بیگ - چیئرمین
- 2 جناب نسیم بیگ
- 3 جناب احمد جہانگیر

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز "اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس" دوران سال ریٹائر ہو گئے ہیں اور 30 جون 2019ء کو اختتام پذیر ہونے والے سال کے لئے فنڈ کے خارجی آڈیٹرز کے طور پر "ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس" کی تقرری کی گئی ہے۔ ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے آڈیٹرز کے طور پر کام کرنے کے لئے رضامندی کا اظہار کیا ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں 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

14 ستمبر 2018ء

## ڈائریکٹرز رپورٹ

b. فنڈ کی درست بگس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی گوشواروں کی تیاری میں موزوں 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، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، نان بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشنز) کے ضوابط، 2003ء، نان بینکنگ فنانس اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز، 2008ء، متعلقہ ٹرسٹ Deeds کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. انٹرئل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر 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 کیا گیا ہے۔

h. واجب الاداء ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز (اگر کوئی ہیں تو) ملحقہ آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔

i. پراویڈنٹ / گریجویٹ فنڈ اور پنشن 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. تمام ڈائریکٹرز ”ڈائریکٹرز ٹریننگ پروگرام“ مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر تربیتی کورس میں شرکت سے مستثنیٰ ہیں۔

k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔

l. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں پیش کی گئی ہیں۔ 30 جون 2018ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

### 1. آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
3	6	9	9	1. جناب ہارون رشید
-	9	9	9	2. جناب احمد جہانگیر
2	7	9	9	3. جناب نسیم بیگ
2	7	9	9	4. مرزا محمد قمر بیگ

کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس اہم موڑ پر معاشی منتظمین کو سہولت میسر ہوگی۔ دیرینہ مسائل کے حل کے لیے نئی حکومت کی مرکز اور مخلصانہ کوششوں کے پیش نظر ہم بہتر طرز حکومت اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں، تاہم راستہ دشوار اور پالیسی میں متعدد ناپسندیدہ اقدامات سے پُر ہو سکتا ہے۔ پاکستان تحریک انصاف (حکمران جماعت) کے ابتدائی منصوبوں کی روشنی میں بہتر پالیسی اقدامات کی توقع کی جاسکتی ہے، لیکن خطرناک معاشی حالات کے پیش نظر ہم سمجھتے ہیں کہ فوری میعاد والے اقدامات بے حد ضروری ہیں تاکہ جڑواں خساروں پر توجہ دی جاسکے۔

مالیاتی جہت میں بھی ضعف متوقع ہے کیونکہ حکومت کے بے دریغ خرچ کے باعث مالیاتی خسارہ مجموعی ملکی پیداوار (GDP) کے 6.0% سے تجاوز کر جائے گا۔ خارجی رُخ پر متعدد دباؤ کے ساتھ ساتھ افراط زر میں اضافے کے پیش نظر اسٹیٹ بینک کی جانب سے مالیاتی پالیسی میں مزید سختی متوقع ہے، جبکہ 100 bps اضافہ پہلے ہی ہو چکا ہے، جس کے نتیجے میں حکومت کے لیے اگلے مالی سال کے دوران قرضوں کی واپسی کی لاگت میں اضافہ ہو جائے گا۔ آئی ایم ایف پروگرام میں داخلے کے ساتھ ساتھ، جس کا مقصد مالیاتی خسارے میں کمی ہوگا، ترقیاتی اخراجات میں بھی اگلے سال تیزی سے کمی کی جائے گی۔

ایکویٹی کی جہت پر انتخابات کے بعد ہم ماحول کی باریک بینی سے نگرانی کریں گے تاکہ پالیسی کے حوالے سے نئی راہنمائی کے دستیاب ہوتے ہی اس پر عملدرآمد کر سکیں۔ وسیع تر تناظر میں ہم سمجھتے ہیں کہ مارکیٹ کی گزشتہ دو برسوں کی کارکردگی (اوپر ترین سطح سے تقریباً 20% کم) سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی ہے، اور دورانی اسٹاکس کی کارکردگی کی بھی عکاسی ہوئی ہے جہاں اسٹاکس کی قیمتوں میں تصحیح مزید تیز ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحوں پر کمی کی محدود استعداد ہے جس کی بدولت طویل المیعاد سرمایہ کاروں کو خاطر خواہ سہولت فراہم ہوتی ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بتدریج ظاہر ہوگی جب اعتماد بحال ہوگا اور معاشی پالیسیاں حالات کو توقعات کے مطابق ڈھالیں گی۔ چنانچہ آگے بڑھتے ہوئے اسٹاکس طویل المیعاد سرمایہ کاری کا موقع فراہم کرتے ہیں جس میں صبر کے ساتھ چلنے والے سرمایہ کاروں کے لیے منافع ہوگا۔ ہم بدستور ملک کی معاشی علامات کے رجحانات پر نظر رکھ کر ان کے مطابق اپنے دائرہ کار میں تبدیلیاں لا رہے ہیں۔ ہمارا Top-Down تجزیہ روپے کی قدر میں کمی اور انٹریسٹ کی بلند شرحوں سے مستفید ہونے والے شعبوں کی حمایت کرتا ہے؛ تاہم، ہم کمپنی کے انفرادی عناصر اور ان کی قیمتوں کو نظر انداز نہیں کر سکتے جن سے سیکورٹی کے انتخاب میں اہم کردار ادا ہو سکتا ہے۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ سات (7) نان ایگزیکٹو ڈائریکٹرز بشمول تین (3) خود مختار ڈائریکٹرز پر مشتمل بورڈ مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہ اخلاق کی بہترین طریقوں سے متعلق شقوق کی، خاص طور پر نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے لئے پُر عزم ہے جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔ ذیل میں کارپوریٹ گورننس کے ضابطہ اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

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

### ایکویٹیز مارکیٹ کا مجموعی جائزہ

ایکویٹیز تقریباً 9 سال کے عرصے کے بعد خطرے کی حدود میں آگئیں کیونکہ انڈیکس کے مقررہ معیار میں دوران سال 10% کمی ہوئی۔ معاشی اور سیاسی، دونوں عوامل نے سرمایہ کاروں کو پریشان کیے رکھا جن میں اہم ترین موضوع خارجی اکاؤنٹ کا بحران تھا۔ کمزور روپے کے پیش نظر غیر ملکی سرمایہ کار مقامی ایکویٹیز سے دستبردار ہوتے رہے، اور 288 ملین ڈالر مالیت کے اسٹاکس فروخت کیے جن کا زیادہ تر اثرا نشورنس کمپنیوں (204 ملین ڈالر) اور کمپنیوں (100 ملین ڈالر) نے قبول کیا۔ دوران سال تجارتی حجم کا اوسط تقریباً 174 ملین حصص / 8.15 بلین ڈالر تھا، جو بالترتیب 49% / 47% YoY کی بڑی کمی تھی۔

Cyclicals کے لیے یہ بدترین سال تھا کیونکہ معاشی ترقی کے حوالے سے بڑھتے ہوئے خدشات کے باعث سرمایہ کاروں کی حوصلہ شکنی ہوئی۔ سیمنٹ اور آٹوز بالترتیب 42% اور 30% کمی کے باعث پسماندہ ترین شعبے تھے۔ سیمنٹ کے شعبے میں پسماندگی کی وجہ کوئلے کی بڑھتی ہوئی قیمتیں اور فراہمیوں میں اضافہ ہے، جبکہ آٹوز میں پسماندگی کے بنیادی عوامل کمزور روپیہ، اور بجٹ کے بعد ٹیکس ریٹرن فائل نہ کرنے والوں کے لیے گاڑیوں کی خریداری پر پابندی کے حکومتی اعلان سے پیدا ہونے والے منفی جذبات ہیں۔

بجلی کے شعبے میں 20% کمی ہوئی جس کا سبب یہ تھا کہ گزشتہ قرضوں میں اضافے کی وجہ سے کچھ کمپنیوں نے ڈیویڈنڈ کی ادائیگی نہیں کی اور حکومتی احکام کے بعد کچھ FO پلانٹس بند کر دیئے گئے۔ صرف E&Ps اور فریٹلائزرز کے شعبوں میں بالترتیب 20% اور 3% ترقی ہوئی۔ E&Ps نے مارکیٹ کی صورتحال کے برخلاف 20% YoY منافع دیا جس کی وجہ تیل کی اوسط قیمتوں میں 29% اضافہ ہے۔ فریٹلائزرز میں ترقی کا سبب اس شعبے کے عوامل میں بہتری ہے، اور اس کے اسباب یہ ہیں کہ انویسٹری سہولت سطحوں پر رہی، اور مینوفیکچررز کے قیمتیں طے کرنے کے اختیار میں اضافہ ہوا جس کی عکاسی بجٹ کے بعد فریٹلائزرز کی قیمتوں میں اضافے سے ہوئی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 6.84% - منافع حاصل کیا جبکہ مقررہ معیار 8.91% - ہے۔

30 جون 2018ء کو فنڈ کی سرمایہ کاری 42.9% الحمراء اسلامک اسٹاک فنڈ، اور 51.4% الحمراء اسلامک انکم فنڈ میں تھی۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 1,404 ملین روپے تھے، جو 30 جون 2017ء کو 1,584 ملین روپے کے مقابلے میں 11.38% کم ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 93.1720 روپے تھی، جو 30 جون 2017ء کو 100.0613 روپے ابتدائی NAV کے مقابلے میں 6.8443 روپے فی یونٹ کم ہے۔

### مستقبل کا منظر

اگلے سال معاشی ترقی میں کچھ سست رفتاری متوقع ہے کیونکہ کھپت کے رجحان پر کمزور روپیہ اور تنگ مالیاتی پالیسی کا راج رہے گا۔ تاہم زیادہ بجلی کی فراہمی

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک ایکٹو ایلوکیشن پلان I- (آغاز کردہ 29 دسمبر 2016ء) کے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2018ء متضاد معاشی علامات کے مدوجزر سے بھرپور رہا۔ مفید افراط زر اور LSM کی خاطر خواہ ترقی نے معیشت میں مثبت کردار ادا کیا جبکہ بڑھتے ہوئے مالیاتی دباؤ، غیر ملکی زرمبادلہ کے گھٹتے ہوئے ذخائر اور سیاسی ہلچل نے منفی اثرات مرتب کیے۔ عالمی اشیاء، خصوصاً خام تیل، کی بڑھتی ہوئی قیمتوں نے ملکی معیشت کے مسائل میں مزید اضافہ کیا۔

مجموعی ملکی پیداوار (GDP) میں 5.7% ترقی متوقع ہے جو گزشتہ دہائی کی سب سے اونچی سطح ہے، اور اس میں صنعتی اور خدمات کے شعبے کی بھرپور ترقی کی معاونت شامل ہے۔ بجلی کے بحران کے خاتمے اور مالیاتی چکر میں نرمی کے نتیجے میں LSM کی ترقی میں وسعت ہوئی ہے جو مالی سال 2018ء میں 7% متوقع ہے۔ CPI کی صورت میں پیمائش کردہ افراط زر کا اوسط 4.0% ہے جو سال کے اکثر حصے کے دوران اشیاء کی خاطر خواہ فراہمی اور مستحکم روپے کی بدولت ہے۔ تاہم مالی سال 2019ء کے لیے توقع ہے کہ اشیاء کی بڑھتی ہوئی قیمتوں اور روپے میں ضعف کے باعث CPI بڑھ کر 7.5% اوسط تک پہنچ جائے گا۔ مزید برآں، کمزور روپیہ متوقع طور پر افراط زر کو 8.0% سے اونچی سطح پر لے جائے گا۔

خارجی شعبہ نازک مقام رہا کیونکہ کرنٹ اکاؤنٹ کے اب تک کے سب سے زیادہ خسارے کے ساتھ ساتھ دو جہتی اور کثیر الجہتی، دونوں قسم کے اداروں کی جانب سے مالیاتی آمدورفت کے باعث ڈالر میں قلت ہو گئی ہے۔ کرنٹ اکاؤنٹ کا خسارہ 18 بلین ڈالر تک پہنچ گیا، یعنی GDP کا تقریباً 5.8%، جو معیشت کے لیے خطرے کی گھنٹی ہے۔ اس کے نتیجے میں مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 6.5 بلین ڈالر کم ہو کر 9.7 بلین ڈالر رہ گئے، جس سے صرف 2.0x درآمداتی تلافی فراہم ہوئی۔ مجموعی طور پر اگلے مالی سال کی دوسری سہ ماہی کے دوران پاکستان ایک اور IMF پروگرام کے رُخ پر گامزن ہو سکتا ہے، سوائے اس کے کہ ایمنسٹی اسکیم کے ذریعے خاطر خواہ آمدورفت پیدا کی جائے۔

مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں مجموعی طور پر 75 bps اضافہ کیا جس کی بنیادی وجہ بڑھتے ہوئے جڑواں خسارے، ریئل انٹریسٹ کی گھٹتی ہوئی شرحیں، اور تیزی سے بڑھتی ہوئی درآمدات ہیں۔ انٹریسٹ کی شرحوں میں تیز رفتار اضافے کے امکانات کے باعث بانڈ کی آمدنی کا خم اوپر کی طرف گیا، خصوصاً مالی سال 2018ء کی دوسری سہ ماہی کے دوران۔ تجارتی خسارے میں اضافے کی رفتار خوفناک حد تک تیز رہی جس کے باعث غیر ملکی زرمبادلہ کے ذخائر متاثر ہوئے اور سرمایہ کاروں نے طویل المیعاد سیکیورٹیز میں دلچسپی کا اظہار نہیں کیا۔ میچورٹی کے دائرہ کار میں توسیع کے لیے اسٹیٹ بینک نے فلوٹریٹ 10 سالہ بانڈ متعارف کرایا جس کا base ریٹ 6 ماہ ایم ٹی بی weighted اوسط منافع ہے۔ 10 سالہ فلوٹریٹ بانڈ کی سب سے پہلی نیلامی میں 174 بلین روپے کی بھرپور شرکت دیکھی گئی جس میں سے 20 بلین روپے بیچ مارک + 50 bps کی شرح پر قبول کر لیے گئے۔ مالی سال 2018ء کے دوران اسٹیٹ بینک کی جانب سے باقاعدگی کے ساتھ OMOs کے انعقاد کی بدولت نقدیت میں سہولت رہی۔ زیر جائزہ مدت میں شریعت سے ہم آہنگ مواقع کی قلت رہی کیونکہ مارکیٹ میں خاطر خواہ نقدیت کے باوجود تازہ اجارہ سلگ کا اجراء نہیں کیا گیا۔



# REPORT OF THE FUND MANAGER ALHAMRA ISLAMIC ACTIVE ALLOCATION PLAN-I FOR THE YEAR ENDED JUNE 30, 2018

## Fund Type and Category

Alhamra Islamic Active Allocation Plan-I is a Shariah Compliant Islamic Asset Allocation Plan

## Fund Benchmark

The benchmark for ALHIAAP-I is KMI-30 Index and six (6) months average deposit rates of three (3) "A" rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks on the basis of actual proportion held by the scheme

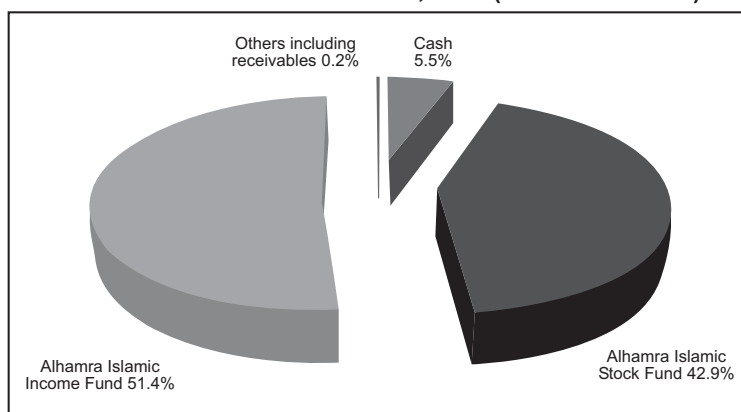
## Investment Objective

Alhamra Islamic Active Allocation Plan-I is a Shari'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shari'ah Compliant Islamic Scheme based on the Fund Manager's outlook of the asset classes.

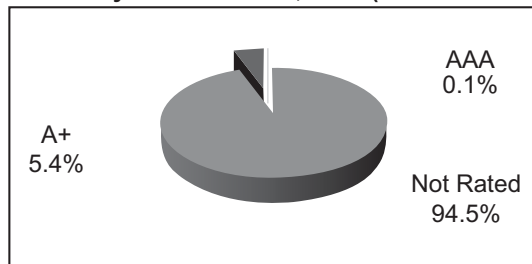
## Manager's Review

During the year, the fund posted a return of -6.84% against its benchmark return of -8.91%. The exposure in Alhamra Islamic Income Fund increased to 51.4% and exposure in Alhamra Islamic Stock Fund decreased to 42.9% as at June 2018.

**Asset Allocation as on June 30, 2018 (% of total assets)**



**Asset Quality as on June 30, 2018 (% of total assets)**



**Syed Abid Ali**  
Fund Manager

Karachi: September 14, 2018

# REPORT OF THE FUND MANAGER ALHAMRA ISLAMIC ACTIVE ALLOCATION PLAN-II FOR THE YEAR ENDED JUNE 30, 2018

## Fund Type and Category

Alhamra Islamic Active Allocation Plan-II is a Shariah Compliant Islamic Asset Allocation Plan.

## Fund Benchmark

The benchmark for ALHIAAP-II is KMI-30 Index and six (6) months average deposit rates of three (3) "A" rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks on the basis of actual proportion held by the scheme

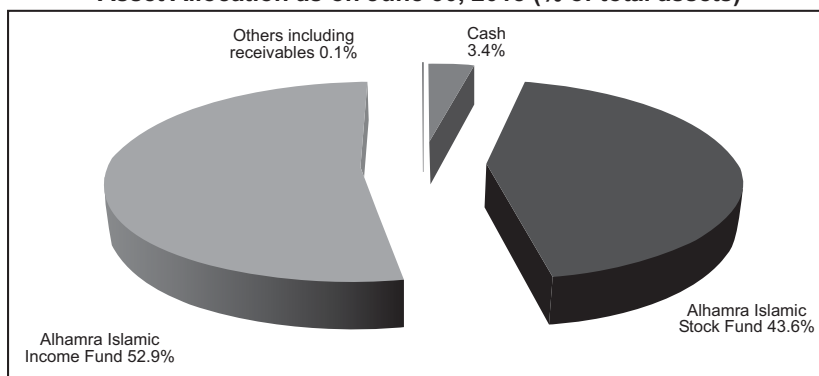
## Investment Objective

Alhamra Islamic Active Allocation Plan-II is a Shari'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shari'ah Compliant Islamic Scheme based on the Fund Manager's outlook of the asset classes.

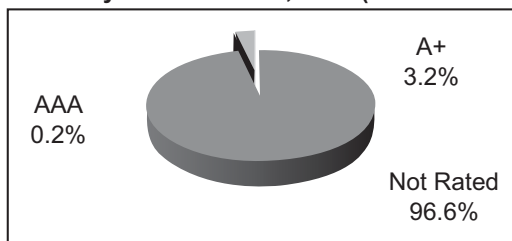
## Manager's Review

During the year, the fund posted a return of -0.43% against its benchmark return of -8.96%. The fund was 3.4% invested in cash, 43.6% in Alhamra Islamic Stock Fund and 52.9% in Alhamra Islamic Income Fund as at June 2018.

**Asset Allocation as on June 30, 2018 (% of total assets)**



**Asset Quality as on June 30, 2018 (% of total assets)**



**Syed Abid Ali**  
Fund Manager

Karachi: September 14, 2018

## TRUSTEE REPORT TO THE UNIT HOLDERS



# MCB FINANCIAL SERVICES LIMITED

### REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

#### ALHAMRA ISLAMIC ACTIVE ALLOCATION FUND

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

Al-Hamra Islamic Active Allocation Fund, an open-end Scheme established under a Trust Deed executed between MCB-Arif Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee on November 25, 2016. The scheme was approved by Securities & Exchange Commission of Pakistan on December 02, 2016.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Al-Hamra Islamic Active Allocation Fund has, in all material respects, managed Al-Hamra Islamic Active Allocation Fund during the year ended June 30, 2018 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: September 13, 2018

## REPORT OF THE SHARIAH ADVISORY BOARD

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### REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Islamic Active Allocation (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 ALHIAAP in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHIAAP 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 ALHIAAP for the period from July 01, 2017 to June 30, 2018 have been in compliance with Shariah principles.

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 14, 2018



Dr Muhammad Zubair Usmani

For and on behalf of Shariah Advisory Board

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Alhamra Islamic Active Allocation Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Alhamra Islamic Active Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' funds 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, 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the 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 in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the 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.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<b>Amendments to NBFC Regulations, 2008</b>  (Refer note 3.9 to the annexed financial statements)  The Securities and Exchange Commission of Pakistan through its notification [SRO 756(1)/2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly include changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Funds'.	We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.  We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F.FERGUSON & CO.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Funds. Element of income is explained in note 3.9.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognized in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p> <p>These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.</p>	<p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations.</p> <p>We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>
2	<b>Net Asset Value</b>	
	<p>(Refer notes 4 and 5 to the financial statements)</p> <p>The investments and bank balances constitute the most significant component of the net assets value. The investments of the Fund as at June 30, 2018 amounted to Rs 2,094.343 million and bank balances aggregated to Rs 105.335 million.</p> <p>The proper valuation of investments and bank balances for the determination of NAV of the Fund as at June 30, 2018 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>Obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2018 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies;</li> <li>Obtained approval of Board of Directors of the management company in relation to opening of bank accounts; and</li> </ul>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F.FERGUSON&CO.

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

## Other Information

Management 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 and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management 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 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 either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F. FERGUSON & CO.

- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 board of directors 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 board of directors 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 board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the 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

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.



Chartered Accountants  
Karachi

Date: September 24, 2018

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

		AIAAP - I 2018	AIAAP - II 2018	Total 2018	AIAAP - I 2017	AIAAP - II 2017	Total 2017
Note		----- (Rupees in 000) -----			----- (Rupees in 000) -----		
<b>ASSETS</b>							
Bank balances	4	77,940	27,395	105,335	104,568	12,996	117,564
Investments	5	1,326,599	767,744	2,094,343	1,492,831	74,956	1,567,787
Profit receivable		420	221	641	3,039	269	3,308
Other receivable		209	-	209	139	-	139
Preliminary expenses and floatation costs	6	1,240	-	1,240	3,740	-	3,740
<b>Total assets</b>		1,406,408	795,360	2,201,768	1,604,317	88,221	1,692,538
<b>LIABILITIES</b>							
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	191	105	296	5,757	75	5,832
Payable to MCB Financial Services Limited - Trustee	8	109	68	177	110	11	121
Payable to the Securities and Exchange Commission of Pakistan	9	1,385	687	2,072	723	3	726
Dividend payable	23	-	-	-	12,672	158	12,830
Accrued expenses and other liabilities	10	822	408	1,230	814	5	819
<b>Total liabilities</b>		2,507	1,268	3,775	20,076	252	20,328
<b>NET ASSETS</b>		<u>1,403,901</u>	<u>794,092</u>	<u>2,197,993</u>	<u>1,584,241</u>	<u>87,969</u>	<u>1,672,210</u>
<b>UNIT HOLDERS' FUND (as per statement attached)</b>		<u>1,403,901</u>	<u>794,092</u>	<u>2,197,993</u>	<u>1,584,241</u>	<u>87,969</u>	<u>1,672,210</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	(Number of units)			(Number of units)		
<b>NUMBER OF UNITS IN ISSUE</b>	12	<u>15,067,846</u>	<u>7,974,996</u>		<u>15,839,822</u>	<u>879,643</u>	
		----- (Rupees) -----			----- (Rupees) -----		
<b>NET ASSET VALUE PER UNIT</b>		<u>93.1720</u>	<u>99.5728</u>		<u>100.0163</u>	<u>100.0057</u>	
<b>FACE VALUE PER UNIT</b>		<u>100.0000</u>	<u>100.0000</u>				

The annexed notes 1 to 25 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, 2018

	Note	AIAAP - I	AIAAP - II	Total	AIAAP - I	AIAAP - II	Total
		For the year ended June 30, 2018	For the year ended June 30, 2018	For the year ended June 30, 2018	For the period from December 29, 2016 to June 30, 2017	For the period from June 16, 2017 to June 30, 2017	For the period from December 29, 2016 to June 30, 2017
		------(Rupees in 000)-----			------(Rupees in 000)-----		
<b>INCOME</b>							
(Loss) / gain on sale of investments - net		(61,042)	12,520	(48,522)	(18,961)	-	(18,961)
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	5.2	(45,188)	(5,235)	(50,423)	6,792	(44)	6,748
Profit on bank balances		4,844	2,507	7,351	24,849	259	25,108
Other income		2,510	1,779	4,289	1,157	-	1,157
<b>Total income / (loss)</b>		<b>(98,876)</b>	<b>11,571</b>	<b>(87,305)</b>	<b>13,837</b>	<b>215</b>	<b>14,052</b>
<b>EXPENSES</b>							
Remuneration of the Management Company	7.1	831	421	1,252	4,311	30	4,341
Sindh sales tax on remuneration of the Management Company	7.2	107	55	162	561	4	565
Remuneration of the Trustee	8.1	1,208	665	1,873	619	10	629
Sindh sales tax on remuneration of the Trustee	8.2	157	87	244	80	1	81
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	1,385	687	2,072	723	3	726
Allocated expenses and related taxes	7.3	1,648	817	2,465	860	4	864
Printing charges		-	27	27	141	-	141
Settlement and bank charges		22	23	45	27	1	28
Listing fee		26	1	27	593	-	593
Legal and Professional Charges		112	41	153	66	1	67
Auditors' remuneration	13	283	117	400	473	1	474
Provision against Sindh Workers' Welfare Fund	10.1	-	173	173	264	3	267
Amortisation of preliminary expenses and floatation costs	6	2,500	-	2,500	1,260	-	1,260
<b>Total expenses</b>		<b>8,279</b>	<b>3,114</b>	<b>11,393</b>	<b>9,978</b>	<b>58</b>	<b>10,036</b>
<b>Net income for the year / period before element of income and capital gains included in the prices of units issued less those in units redeemed - net</b>							
		<b>(107,155)</b>	<b>8,457</b>	<b>(98,698)</b>	<b>3,859</b>	<b>157</b>	<b>4,016</b>
Element of income and capital gains included in the prices of units issued less those in units redeemed - net							
- arising from realised / unrealised gains / (losses)					10,605	(2)	10,603
- arising from other income					(1,534)	8	(1,526)
		-	-	-	9,071	6	9,077
<b>Net income for the year / period before taxation</b>							
Taxation	15	<b>(107,155)</b>	<b>8,457</b>	<b>(98,698)</b>	<b>12,930</b>	<b>163</b>	<b>13,093</b>
		-	-	-	-	-	-
<b>Net income for the year / period after taxation</b>							
		<b>(107,155)</b>	<b>8,457</b>	<b>(98,698)</b>	<b>12,930</b>	<b>163</b>	<b>13,093</b>
<b>Earnings / (loss) per unit</b>							
3.13							
<b>Allocation of net income for the year</b>							
Net income for the year after taxation		-	8,457	8,457			
Income already paid on units redeemed		-	-	-			
		<b>-</b>	<b>8,457</b>	<b>8,457</b>			
<b>Accounting income available for distribution</b>							
- Relating to capital gains		-	7,285	7,285			
- Excluding capital gains		-	1,172	1,172			
		<b>-</b>	<b>8,457</b>	<b>8,457</b>			

The annexed notes 1 to 25 form an integral part of these financial statements.

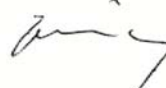
**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	AIAAP - I	AIAAP - II	Total	AIAAP - I	AIAAP - II	Total
	For the year ended June 30, 2018	For the year ended June 30, 2018	For the year ended June 30, 2018	For the period from December 29, 2016 to June 30, 2017	For the period from June 16, 2017 to June 30, 2017	For the period from December 29, 2016 to June 30, 2017
	------(Rupees in 000)-----			------(Rupees in 000)-----		
<b>Net (loss) / income for the year / period after taxation</b>	(107,155)	8,457	(98,698)	12,930	163	13,093
Other comprehensive income for the year / period	-	-	-	-	-	-
<b>Total comprehensive (loss) / income for the year / period</b>	<u>(107,155)</u>	<u>8,457</u>	<u>(98,698)</u>	<u>12,930</u>	<u>163</u>	<u>13,093</u>

The annexed notes 1 to 25 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' FUNDS FOR THE YEAR ENDED JUNE 30, 2018

Particulars	AIAAP - I				AIAAP - II				AIAAP - I	AIAAP - II
	For the year ended June 30, 2018				For the year ended June 30, 2018				For the period from December 29, 2016 to June 30, 2017	For the period from June 16, 2017 to June 30, 2017
	Capital Value	Undistributed income / (loss)	Unrealised appreciation/diminution) on 'available for sale' investments	Total	Capital Value	Undistributed income / (loss)	Unrealised appreciation/diminution) on 'available for sale' investments	Total	Total	Total
Net assets at beginning of the year	1,583,983	258	-	1,584,241	87,964	5	-	87,969	-	-
Issue of 204,603 units of Plan I and 7,692,214 of Plan II (2017: 16,225,459 units of Plan I and 879,643 units of Plan II)										
- Capital value (at net asset value per unit at the beginning of the year)	20,464	-	-	20,464	769,265	-	-	769,265		
- Element of income	(210)	-	-	(210)	(11,310)	-	-	(11,310)		
Total proceeds on issuance of units	20,254	-	-	20,254	757,955	-	-	757,955	1,632,626	87,970
Redemption of 976,579 units of Plan I and 596,861 units of Plan II (2017: 385,637 units of Plan I and nil units of Plan II)										
- Capital value (at net asset value per unit at the beginning of the year)	97,674	-	-	97,674	59,690	-	-	59,690		
- Element of income	(4,235)	-	-	(4,235)	599	-	-	599		
Total payments on redemption of units	93,439	-	-	93,439	60,289	-	-	60,289	39,572	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	-	(9,071)	(6)
Total comprehensive income / (loss) for the year / period	-	(107,155)	-	(107,155)	-	8,457	-	8,457	12,930	163
Distribution during the year / period	-	-	-	-	-	-	-	-	(12,672)	(158)
Net income (loss) for the year / period less distribution	-	(107,155)	-	(107,155)	-	8,457	-	8,457	258	5
<b>Net assets at end of the year</b>	<b>1,510,798</b>	<b>(106,897)</b>	<b>-</b>	<b>1,403,901</b>	<b>785,630</b>	<b>8,462</b>	<b>-</b>	<b>794,092</b>	<b>1,584,241</b>	<b>87,969</b>
Undistributed income / (loss) brought forward										
- Realised	(6,534)				49				-	-
- Unrealised	6,792				(44)				-	-
	258				5				-	-
Accounting income available for distribution										
- Relating to capital gains	-				7,285					
- Excluding capital gains	-				1,172					
	-				8,457					
Net income / (loss) for the year / period after taxation	(107,155)				-				12,930	163
Distribution for the year / period	-				-				(12,672)	(158)
Undistributed income / (loss) carried forward	(106,897)				8,462				258	5
Undistributed income / (loss) carried forward										
- Realised income	(61,709)				13,697				(6,534)	49
- Unrealised income / (loss)	(45,188)				(5,235)				6,792	(44)
	(106,897)				8,462				258	5
Net assets value per unit at beginning of the year	(Rupees) 100.0163				(Rupees) 100.0057				(Rupees) -	(Rupees) -
Net assets value per unit at end of the year	93.1720				99.5728				100.0163	100.0057

The annexed notes 1 to 25 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, 2018

	AIAAP - I	AIAAP - II	Total	AIAAP - I	AIAAP - II	Total
Note	For the year ended June 30, 2018	For the year ended June 30, 2018	For the year ended June 30, 2018	For the period from December 29, 2016 to June 30, 2017	For the period from June 16, 2017 to June 30, 2017	For the period from December 29, 2016 to June 30, 2017
	------(Rupees in 000)-----			------(Rupees in 000)-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the year / period	(107,155)	8,457	(98,698)	12,930	163	13,093
<b>Adjustments for:</b>						
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	45,188	5,235	50,423	(6,792)	44	(6,748)
Element of (income) / loss and capital (gain) / loss included in the prices of units issued less those in units redeemed - net						
- arising from realised / unrealised gains / (losses)	-	-	-	(10,605)	2	(10,603)
- arising from other income	-	-	-	1,534	(8)	1,526
Provision against Sindh Workers' Welfare Fund	-	173	173	264	3	267
Amortisation of preliminary expenses and floatation costs	2,500	-	2,500	1,260	-	1,260
	(59,467)	13,865	(45,602)	(1,409)	204	(1,205)
<b>Decrease / (increase) in assets</b>						
Investments	121,044	(698,023)	(576,979)	(1,486,039)	(75,000)	(1,561,039)
Profit receivable	2,619	48	2,667	(3,039)	(269)	(3,308)
Other receivable	(70)	-	(70)	(139)	-	(139)
	123,593	(697,975)	(574,382)	(1,489,217)	(75,269)	(1,564,486)
<b>(Decrease) / increase in liabilities</b>						
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(5,566)	30	(5,536)	757	75	832
Payable to MCB Financial Services	(1)	57	56	110	11	121
Payable to the Securities and Exchange	662	684	1,346	723	3	726
Accrued expenses and other liabilities	8	230	238	550	2	552
	(4,897)	1,001	(3,896)	2,140	91	2,231
<b>Net cash flows from operating activities</b>	59,229	(683,109)	(623,880)	(1,488,486)	(74,974)	(1,563,460)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Amount received against issuance of units	20,254	756,960	777,214	1,632,626	87,970	1,720,596
Amount paid against redemption of units	(93,439)	(59,294)	(152,733)	(39,572)	-	(39,572)
Dividend paid	(12,672)	(158)	(12,830)			
<b>Net cash flows from financing activities</b>	(85,857)	697,508	611,651	1,593,054	87,970	1,681,024
<b>Net increase in cash and cash equivalents during the year / period</b>	(26,628)	14,399	(12,229)	104,568	12,996	117,564
Cash and cash equivalents at the beginning of the year / period	104,568	12,996	117,564	-	-	-
<b>Cash and cash equivalents at the end of the year / period</b>	4	77,940	27,395	105,335	104,568	12,996
						117,564

The annexed notes 1 to 25 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, 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Al-Hamra Islamic Active Allocation Fund (the Fund) was established under a Trust Deed dated, November 25, 2016, executed between MCB-Arif Habib Savings and Investments Limited as Management Company and MCB Financial Services Limited as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 02, 2016 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and has been categorised as "Shariah Compliant Asset Allocation Fund of Funds". The units of the Fund are redeemable subject to a contingent load.
- 1.4 The duration of the Fund is perpetual. However, Allocation Plans launched may have a set time frame. The Fund commenced its operations from December 29, 2016 and on that date, had offered one type of Allocation Plan (Plan-I). However, the Fund has launched Allocation Plan-II from June 16, 2017. The Fund is allowed to invest in Shariah Compliant Collective Investment Schemes or in cash and / or near cash instruments as allowed under circular no. 07 of 2009 dated March 6, 2009 issued by the SECP. The maturity of Allocation Plan I and II is two years from the close of the initial period i.e. December 29, 2018 and June 16, 2019 respectively.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2++ dated December 28, 2017 to the Management Company. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.6 The title to the assets of the Fund is held in the name of MCB Financial Services 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part 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.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IFRS-9 Financial Instruments	01 July 2018
- IFRS-15 Revenue from contracts with customers	01 July 2018
- IFRS-16 Leases	01 January 2019

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

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 investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 16)

## 2.5 Accounting convention

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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied except for the change as disclosed in note 3.9 to these financial statements.

### 3.1 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, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets 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 initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

##### **a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### **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**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

#### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

#### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

#### 3.2.5 Subsequent measurement

##### **a) Financial assets 'at fair value through profit or loss' and 'available for sale'**

Subsequent to initial recognition, financial instruments classified as '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 and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Net gains and losses arising from changes in the fair value of financial assets classified as available for sale are taken to the 'Statement of Comprehensive Income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'Statement of Comprehensive Income' is transferred to the income statement.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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### **Basis of valuation**

- The fair value of investments in open end mutual funds is determined by reference to the quotations obtained from the NAV report on the MUFAP website at the close of year end.

### **b) Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### **3.2.6 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

### **3.2.7 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### **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.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 Director 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.

### 3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, 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 revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be 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 will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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on the clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income / (loss) been recognised as per the previous accounting policy, the loss of Plan I would be lower by Rs 4.025 million while Income Statement of Plan II would have resulted in a loss of Rs 3.11 million respect of element of income. Consequently, NAV per unit of the Plan I would have nil effect on its net assets and net assets of Plan II would increase by Re. 0.217 per unit. The change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' for Plan-I as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund' and Cash flow Statement' for Plan-II. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

### 3.10 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 circulation at the year end.

### 3.11 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.
- Unrealised gain / loss arising on revaluation of investments classified as available for sale is included in other comprehensive income in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances, term deposit receipts and government securities is recognised on an accrual basis using the effective interest method.

### 3.12 Expenses

All expenses chargeable to the fund including remuneration of management company, trustee fee and annual fee of the SECP are recognized in the income statement on an accrual basis.

### 3.13 Earnings / (loss) per unit

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

### 3.14 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of two years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance companies and Notified Entities Regulation, 2008.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
<b>4 BANK BALANCES</b>		----- (Rupees in 000) -----		
In current account	4.1	1,997	1,384	3,381
In savings account	4.2	75,943	26,011	101,954
		<u>77,940</u>	<u>27,395</u>	<u>105,335</u>
		AIAAP - I 2017	AIAAP - II 2017	Total 2017
		----- (Rupees in 000) -----		
In current account	4.1	1,384	6,187	7,571
In savings account	4.2	103,184	6,809	109,993
		<u>104,568</u>	<u>12,996</u>	<u>117,564</u>

**4.1** Bank balance in current account is maintained with MCB Bank Limited, a related party of the Fund.

**4.2** These carry profit at the rate of 6.5% (2017: ranging from 5.50% to 5.60%) per annum for Plan-I and 6.5% (2017: 5.60%) per annum for Plan-II.

	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
<b>5 INVESTMENTS</b>		----- (Rupees in 000) -----		
<b>At fair value through profit or loss - held for trading</b>				
- Units of open end mutual funds	5.1	<u>1,326,599</u>	<u>767,744</u>	<u>2,094,343</u>
		AIAAP - I 2017	AIAAP - II 2017	Total 2017
		----- (Rupees in 000) -----		
<b>At fair value through profit or loss - held for trading</b>				
- Units of open end mutual funds		<u>1,492,831</u>	<u>74,956</u>	<u>1,567,787</u>

**5.1 At fair value through profit or loss - held for trading**

**5.1.1 Allocation Plan I - Units of open end mutual funds (related party) Note-5.1.1.1**

Name of the fund	Number				Carrying value as at June 30, 2018	Market value as at June 30, 2018	Unrealised appreciation / (diminution) as at June 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2017	Purchased during the year	Sold during the year	As at June 30, 2018					
----- (Rs in "000") -----									
Alhamra Islamic Stock Fund	71,103,335	94,168,173	109,282,855	55,988,653	658,236	603,558	(54,678)	43%	45%
Alhamra Islamic Income Fund	6,151,984	18,695,068	18,030,717	6,816,335	713,551	723,041	9,490	52%	55%
Total as at June 30, 2018					1,371,787	1,326,599	(45,188)		
Total as at June 30, 2017					1,485,039	1,492,831	6,792		

**5.1.1.1** The cost of investments in units of open end mutual funds as at June 30, 2018 amounted to Rs. 1,493.033 million (2017: Rs 1,486.039 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## 5.1.2 Allocation Plan II - Units of open end mutual funds (related party)-note 5.1.2.1

Name of the fund	Number of units				Carrying value as at June 30, 2018	Market value as at June 30, 2018	Unrealised appreciation / (diminution) as at June 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2017	Purchased during the year	Sold during the year	As at June 30, 2018					
------(Rs in "000")-----									
Alhamra Islamic Stock Fund	2,029,221	66,740,665	36,574,208	32,195,678	358,451	347,069	(11,382)	44%	45%
Alhamra Islamic Income Fund	495,648	14,906,564	11,436,373	3,965,839	414,528	420,675	6,147	53%	55%
Total as at June 30, 2018			772,979		772,979	767,744	(5,235)		
Total as at June 30, 2017					75,000	74,956	(44)		

5.1.2.1 The cost of investments in units of open end mutual funds as at June 30, 2018 amounted to Rs. 811.176 million (2017: Rs. 75 million).

	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
------(Rupees in 000)-----				
Market value as at June 30	5.1.1 & 5.1.2	1,326,599	767,744	2,094,343
Less: carrying value as at June 30	5.1.1 & 5.1.2	1,371,787	772,979	2,144,766
		(45,188)	(5,235)	(50,423)
------(Rupees in 000)-----				
		AIAAP - I 2017	AIAAP - II 2017	Total 2017
Market value as at June 30		1,492,831	74,956	1,567,787
Less: carrying value as at June 30		1,486,039	75,000	1,561,039
		6,792	(44)	6,748
------(Rupees in 000)-----				
		AIAAP - I 2018	AIAAP - II 2018	Total 2018
------(Rupees in 000)-----				
Opening Balance		3,740	-	3,740
Less: amortisation for the year		(2,500)	-	(2,500)
Closing balance		1,240	-	1,240
------(Rupees in 000)-----				
		AIAAP - I 2017	AIAAP - II 2017	Total 2017
Preliminary expenses and floatation costs incurred		5,000	-	5,000
Less: amortisation during the period		(1,260)	-	(1,260)
Closing balance		3,740	-	3,740

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of two years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance companies and Notified Entities Regulation, 2008.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

7	PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
			----- (Rupees in 000) -----		
	Management remuneration payable	7.1	66	34	100
	Sindh sales tax payable on management remun	7.2	9	4	13
	Sales load payable		-	-	-
	Preliminary expenses and floatation costs payable		-	-	-
	Payable against allocated expenses	7.3	116	67	183
	Others		-	-	-
			191	105	296

	AIAAP - I 2017	AIAAP - II 2017	Total 2017
	----- (Rupees in 000) -----		
Management remuneration payable	524	30	554
Sindh sales tax payable on management remuneration	69	4	73
Sales load payable	-	7	7
Preliminary expenses and floatation costs payable	5,000	-	5,000
Payable against allocated expenses	134	4	138
Others	30	30	60
	5,757	75	5,832

- 7.1** The Management Company has charged remuneration at a rate of 1% of average annual net assets of the Fund during the year. However, no remuneration is charged on that part of the net assets which has been invested in the mutual funds managed by the Management Company. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 7.2** During the year, Sindh Sales Tax on management fee has been charged at 13% (2017:13%).
- 7.3** 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 of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, with effect from December 29, 2016 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 for the year.

8	PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
			----- (Rupees in 000) -----		
	Trustee remuneration payable	8.1	98	60	158
	Sindh sales tax payable on Trustee remuneration	8.2	11	8	19
			109	68	177
			AIAAP - I 2017	AIAAP - II 2017	Total 2017
			----- (Rupees in 000) -----		
	Trustee remuneration payable		97	10	107
	Sindh sales tax payable on Trustee remuneration		13	1	14
			110	11	121

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 8.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure.

Net Assets Value (NAV)	Tariff per annum
Up to Rs 1 billion	Rs 0.09% per annum of Daily Net Assets or Rs 0.25 million per annum, whichever is higher
Over Rs 1 billion	Rs 0.9 million plus 0.065% per annum of Daily Net Assets exceeding Rs. 1 billion

- 8.2 Sindh Sales Tax at 13% (2017: 13%) is charged on Trustee fee.

- 8.3 The remuneration is paid to the Trustee on monthly basis in arrears.

	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
----- (Rupees in 000) -----				
9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)				
Annual fee payable to the SECP	9.1	1,385	687	2,072
		AIAAP - I 2017	AIAAP - II 2017	Total 2017
----- (Rupees in 000) -----				
Annual fee payable to the SECP		723	3	726

- 9.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
----- (Rupees in 000) -----				
10 ACCRUED EXPENSES AND OTHER LIABILITIES				
Auditors' remuneration		187	93	280
Printing charges		24	16	40
Payable to legal advisor		58	27	85
Others		289	96	385
Provision for Sindh Workers' Welfare Fund	10.1	264	176	440
		822	408	1,230
		AIAAP - I 2017	AIAAP - II 2017	Total 2017
----- (Rupees in 000) -----				
Auditors' remuneration		285	1	286
Printing charges		100	-	100
Payable to legal advisor		66	1	67
Others		99	-	99
Provision for Sindh Workers' Welfare Fund		264	3	267
		814	5	819

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 10.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of Plan I and II as at June 30, 2018 would have been higher by Re. 0.0175 (2017: Re 0.0167) per unit and Re. 0.0221 (2017: Re 0.0034) per unit respectively.

### 11 CONTINGENCIES AND COMMITMENTS

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

	AIAAP - I 2018	AIAAP - II 2018	Total 2018
	----- (Number) -----		
<b>12 NUMBER OF UNITS IN ISSUE</b>			
Total units in issue at the beginning of the year	15,839,822	879,643	16,719,465
Add: units issued during the year	204,603	7,692,214	7,896,817
Less: redemptions during the year	976,579	596,861	1,573,440
Total units in issue as at June 30, 2018	<u>15,067,846</u>	<u>7,974,996</u>	<u>23,042,842</u>
	AIAAP - I 2017	AIAAP - II 2017	Total 2017
	----- (Number) -----		
Total units in issue at the beginning of the period	-	-	-
Add: units issued during the period	16,225,459	879,643	17,105,102
Less: redemptions during the period	(385,637)	-	(385,637)
Total units in issue as at June 30, 2017	<u>15,839,822</u>	<u>879,643</u>	<u>16,719,465</u>
	AIAAP - I 2018	AIAAP - II 2018	Total 2018
	----- (Rupees in 000) -----		
<b>13 AUDITORS' REMUNERATION</b>			
Annual audit fee	108	51	159
Half yearly review fee	53	25	78
Other certifications	68	32	100
Sindh Sales Tax on services @ 8%	18	9	27
Out of pocket expenses	36	-	36
	<u>283</u>	<u>117</u>	<u>400</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	AIAAP - I 2017	AIAAP - II 2017	Total 2017
	----- (Rupees in 000) -----		
Annual audit fee	150	1	151
Half yearly review fee	65	-	65
Other certifications	205	-	205
Sindh Sales Tax on services @ 8%	34	-	34
Out of pocket expenses	19	-	19
	473	1	474

### 14 TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the period ended June 30, 2018 is 0.57% (2017: 0.66%) and 0.43% (2017: 0.07%) for Plan-I and Plan-II respectively which includes 0.13% (2017: 0.13%) in Plan-I and 0.15% (2017: 0.02%) in Plan-II representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as fund of fund where management fee is charged.

### 15 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. Furthermore, 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. 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. Since the Management Company has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

### 16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year / period end are as follows:

#### 16.1 Details of transactions with related parties / connected persons during the year / period

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>AIAAP - I</b>	<b>AIAAP - II</b>	<b>Total</b>
	<b>For the year ended June 30,</b>	<b>For the year ended June 30,</b>	<b>For the year ended June 30,</b>
	------(Rupees in 000)-----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>			
Remuneration of the Management Company (including indirect taxes)	938	476	1,414
Allocated expenses and related taxes	1,648	817	2,465
<b>MCB Financial Services Limited - Trustee</b>			
Remuneration of the Trustee (including indirect taxes)	1,365	752	2,117
<b>Alhamra Islamic Stock Fund</b>			
Purchase of 94,168,172 and 66,740,666 units by the Fund	1,094,000	740,000	1,834,000
Sale of 109,282,855 and 36,574,208 units by the Fund	1,224,000	403,000	1,627,000
<b>Alhamra Islamic Income Fund</b>			
Purchase of 18,695,068 and 14,906,564 units by the Fund	1,946,895	1,539,090	3,485,985
Sale of 18,030,717 and 11,436,373 units by the Fund	1,876,895	1,190,570	3,067,465
<b>Unitholders holding 10% or more</b>			
Issue of 1,001,305 units	-	100,000	100,000
	<b>AIAAP - I</b>	<b>AIAAP - II</b>	<b>Total</b>
	<b>For the period from December 29, 2016 to June 30, 2017</b>	<b>For the period from June 16, 2017 to June 30, 2017</b>	<b>For the period from December 29, 2016 to June 30, 2017</b>
	------(Rupees in 000)-----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>			
Remuneration of the Management Company (including indirect taxes)	4,872	34	4,906
Allocated expenses and related taxes	860	4	864
<b>MCB Financial Services Limited - Trustee</b>			
Remuneration of the Trustee (including indirect taxes)	699	11	710
<b>Alhamra Islamic Stock Fund</b>			
Purchase of 145,459,842 and 2,029,221 units by the Fund	1,901,039	25,000	1,926,039
Sale of 74,356,507 units by the Fund	1,015,901	-	1,015,901
<b>Alhamra Islamic Income Fund</b>			
Purchase of 13,257,628 and 495,648 units by the Fund	1,335,901	50,000	1,385,901
Sale of 7,105,644 units by the Fund	716,039	-	716,039

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	AIAAP - I	AIAAP - II	Total
	For the period from December 29, 2016 to June 30, 2017	For the period from June 16, 2017 to June 30, 2017	For the period from December 29, 2016 to June 30, 2017
	----- (Rupees in 000) -----		
<b>MCB Employees Pension Fund</b>			
Issue of 586,520 and 751,350 units	58,652	75,135	133,787
Dividend paid	465	135	600
<b>Directors and key management personnel of the Management Company</b>			
Issue of 4,007 units	403	-	403
Dividend paid	3	-	3

## 16.2 Details of balances with related parties / connected persons as at year / period end

	Note	AIAAP - I 2018	AIAAP - II 2018	Total 2018
		----- (Rupees in 000) -----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>				
Management remuneration payable		66	34	100
Sindh sales tax payable on management remuneration		9	4	13
Sales load payable		-	-	-
Preliminary expenses and floatation costs payable		-	-	-
Payable against allocated expenses		116	67	183
Others		-	-	-
<b>MCB Financial Services Limited - Trustee</b>				
Trustee remuneration payable		98	60	158
Sindh sales tax payable on Trustee remuneration		11	8	19
<b>MCB Bank Limited - Parent of the Management Company</b>				
Bank balance		1,997	1,384	3,381
<b>Alhamra Islamic Stock Fund</b>				
Outstanding 55,988,653 and 32,195,678 units (investment made by the Fund)	17.3	603,558	347,069	950,627
<b>Alhamra Islamic Income Fund</b>	17.3			
Outstanding 6,816,335 and 3,965,839 units (investment made by the Fund)		723,041	420,675	1,143,716
<b>MCB Employees Pension Fund</b>	17.3			
Outstanding 586,520 and 751,350 units		54,647	74,814	129,461
<b>Unitholders holding 10% or more</b>				
Outstanding 1,001,305 units		-	99,703	99,703

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note	AIAAP - I 2017	AIAAP - II 2017	Total 2017
	----- (Rupees in 000) -----		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>			
Management remuneration payable	524	30	554
Sindh sales tax payable on management remuneration	69	4	73
Sales load payable	-	7	7
Preliminary expenses and floatation costs payable	5,000	-	5,000
Payable against allocated expenses	134	4	138
Others	30	30	60
<b>MCB Financial Services Limited - Trustee</b>			
Trustee remuneration payable	97	10	107
Sindh sales tax payable on Trustee remuneration	13	1	14
	AIAAP - I 2017	AIAAP - II 2017	Total 2017
	----- (Rupees in 000) -----		
<b>MCB Bank Limited - Parent of the Management Company</b>			
Bank balance	1,384	6,187	7,571
<b>Alhamra Islamic Stock Fund</b>			
Outstanding 71,103,335 and 2,029,221 units (investment made by the Fund)	871,016	24,858	895,874
<b>Alhamra Islamic Income Fund</b>			
Outstanding 6,151,984 and 495,648 units (investment made by the Fund)	621,815	50,098	671,913
<b>MCB Employees Pension Fund</b>			
Outstanding 586,520 and 751,350 units	58,662	75,139	133,801
<b>Directors and key management personnel of the Management Company</b>			
Outstanding 4,007 units	401	-	401

**16.3** This reflects the position of related party / connected persons status as at June 30, 2018.

**16.4** The Fund's investment in related parties are disclosed in note 5.

## **17 FINANCIAL INSTRUMENTS BY CATEGORY**

As at June 30, 2018, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

Particulars	As at June 30, 2018			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total

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

**Alhamra Islamic Active Allocation Fund Plan I**

**Financial assets**

Bank balances	77.940	-	-	77.940
Investments	-	1,326.599	-	1,326.599
Profit receivable	420	-	-	420
Other receivable	149	-	-	149
	<u>78.509</u>	<u>1,326.599</u>	<u>-</u>	<u>1,405.108</u>

Particulars	As at June 30, 2018		
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost	Total

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

**Financial liabilities**

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	182	182
Payable to MCB Financial Services	-	98	98
Accrued expenses and other liabilities	-	558	558
	<u>-</u>	<u>838</u>	<u>838</u>

Particulars	As at June 30, 2018			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total

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

**Alhamra Islamic Active Allocation Fund Plan II**

**Financial assets**

Bank balances	27.395	-	-	27.395
Investments	-	767.744	-	767.744
Profit receivable	221	-	-	221
	<u>27.616</u>	<u>767.744</u>	<u>-</u>	<u>795.360</u>

Particulars	As at June 30, 2018		
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost	Total

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

**Financial liabilities**

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	101	101
Payable to MCB Financial Services	-	60	60
Accrued expenses and other liabilities	-	136	136
	<u>-</u>	<u>297</u>	<u>297</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

Particulars	As at June 30, 2017			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total

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

**Alhamra Islamic Active Allocation Fund Plan I**

**Financial assets**

Bank balances	104,568	-	-	104,568
Investments	-	1,492,831	-	1,492,831
Profit receivable	3,039	-	-	3,039
Other receivable	139	-	-	139
	<u>107,746</u>	<u>1,492,831</u>	<u>-</u>	<u>1,600,577</u>

Particulars	As at June 30, 2017		
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost	Total

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

**Financial liabilities**

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	-	5,589	5,589
Payable to MCB Financial Services Limited - Trustee	-	97	97
Dividend payable	-	12,672	12,672
Accrued expenses and other liabilities	-	550	550
	<u>-</u>	<u>18,908</u>	<u>18,908</u>

Particulars	As at June 30, 2017			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total

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

**Alhamra Islamic Active Allocation Fund Plan II**

**Financial assets**

Bank balances	12,996	-	-	12,996
Investments	-	74,956	-	74,956
Profit receivable	269	-	-	269
	<u>13,265</u>	<u>74,956</u>	<u>-</u>	<u>88,221</u>



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

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## a) Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs. 0.759 million (2017: Rs. 1.032 million) and Rs. 0.260 million (2017: Rs. 0.068 million) for Plan I and II respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

## b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instruments that may expose the Fund to any material profit rate risk.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

Particulars	As at June 30, 2018					Total
	Effective yield / rate	Exposed to yield 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) -----				

### Alhamra Islamic Active Allocation Fund Plan I

#### On-balance sheet financial instruments

##### Financial assets

Bank balances	6.50%	75,943	-	-	1,997	77,940
Investments		-	-	-	1,326,599	1,326,599
Profit receivable		-	-	-	420	420
Other receivable		-	-	-	149	149
<b>Sub total</b>		<b>75,943</b>	<b>-</b>	<b>-</b>	<b>1,329,165</b>	<b>1,405,108</b>

Particulars	As at June 30, 2018					
	Effective yield / rate	Exposed to yield 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) -----						

##### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	182	182
Payable to MCB Financial Services Limited - Trustee		-	-	-	98	98
Accrued expenses and other liabilities		-	-	-	558	558
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>838</b>	<b>838</b>

<b>On-balance sheet gap</b>		<b>75,943</b>	<b>-</b>	<b>-</b>	<b>1,328,327</b>	<b>1,404,270</b>
<b>Total profit rate sensitivity gap</b>		<b>75,943</b>	<b>-</b>	<b>-</b>	<b>1,328,327</b>	<b>1,404,270</b>
<b>Cumulative profit rate sensitivity gap</b>		<b>75,943</b>	<b>75,943</b>	<b>75,943</b>		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Particulars	As at June 30, 2018					
	Effective yield / rate	Exposed to yield 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)

## Alhamra Islamic Active Allocation Fund Plan II

### On-balance sheet financial instruments

#### Financial assets

Bank balances	6.50%	26,011	-	-	1,384	27,395
Investments		-	-	-	767,744	767,744
Profit receivable		-	-	-	221	221
		26,011	-	-	769,349	795,360

#### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	101	101
Payable to MCB Financial Services Limited - Trustee		-	-	-	60	60
Accrued expenses and other liabilities		-	-	-	136	136
<b>Sub Total</b>		-	-	-	297	297

### On-balance sheet gap

26,011	-	-	769,052	795,063
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### Total profit rate sensitivity gap

26,011	-	-	769,052	795,063
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### Cumulative profit rate sensitivity gap

26,011	26,011	26,011
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Particulars	As at June 30, 2017					
	Effective yield / rate	Exposed to yield 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) -----				

(Rupees in '000)

## Alhamra Islamic Active Allocation Fund Plan I

### On-balance sheet financial instruments

#### Financial assets

Bank balances	5.5% - 5.6%	103,184	-	-	1,384	104,568
Investments		-	-	-	1,492,831	1,492,831
Profit receivable		-	-	-	3,039	3,039
Other receivable		-	-	-	139	139
<b>Sub total</b>		103,184	-	-	1,497,393	1,600,577

#### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	5,589	5,589
Payable to MCB Financial Services Limited - Trustee		-	-	-	97	97
Dividend payable		-	-	-	12,672	12,672
Accrued expenses and other liabilities		-	-	-	550	550
<b>Sub total</b>		-	-	-	18,908	18,908

### On-balance sheet gap

103,184	-	-	1,478,485	1,581,669
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### Total profit rate sensitivity gap

103,184	-	-	1,478,485	1,581,669
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### Cumulative profit rate sensitivity gap

103,184	103,184	103,184
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Particulars	As at June 30, 2017					
	Effective yield / rate	Exposed to yield 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) -----						
Alhamra Islamic Active Allocation Fund Plan II						

### On-balance sheet financial instruments

#### Financial assets

Bank balances	5.60%	6,809	-	-	6,187	12,996
Investments		-	-	-	74,956	74,956
Profit receivable		-	-	-	269	269
<b>Sub total</b>		<u>6,809</u>	<u>-</u>	<u>-</u>	<u>81,412</u>	<u>88,221</u>

#### Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	71	71
Payable to MCB Financial Services Limited - Trustee		-	-	-	10	10
Dividend payable		-	-	-	158	158
Accrued expenses and other liabilities		-	-	-	2	2
<b>Sub Total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>241</u>	<u>241</u>

<b>On-balance sheet gap</b>		<u>6,809</u>	<u>-</u>	<u>-</u>	<u>81,171</u>	<u>87,980</u>
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<b>Total profit rate sensitivity gap</b>		<u>6,809</u>	<u>-</u>	<u>-</u>	<u>81,171</u>	<u>87,980</u>
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<b>Cumulative profit rate sensitivity gap</b>		<u>6,809</u>	<u>6,809</u>	<u>6,809</u>		
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### 18.1.3 Price risk

Price 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 prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs. 66.330 million (2017: Rs. 74.642 million) and Rs. 38.387 million (2017: Rs 3.748 million) for Plan I and II respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

### 18.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 18.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2018 was as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Plan I		Plan II	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	77,940	77,940	27,395	27,395
Investments	1,326,599	-	767,744	-
Profit receivable	420	420	221	221
Other receivable	149	149	-	-
	<u>1,405,108</u>	<u>78,509</u>	<u>795,360</u>	<u>27,616</u>

The maximum exposure to credit risk as at June 30, 2017 was as follows:

	Plan I		Plan II	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	104,568	104,568	12,996	12,996
Investments	1,492,831	-	74,956	-
Profit receivable	3,039	3,039	269	269
Other receivable	139	139	-	-
	<u>1,600,577</u>	<u>107,746</u>	<u>88,221</u>	<u>13,265</u>

### 18.2.2 Bank balances

The Fund held bank balances at June 30, 2018 with banks having following credit ratings:

Rating	Plan I		Plan II	
	Rupees	%	Rupees	%
AAA	1,998	2.56%	1,384	5.05%
AA+	10	0.01%	10	0.04%
AA-	14	0.02%	-	0.00%
A+	75,918	97.41%	26,001	94.91%
	<u>77,940</u>	<u>100.00%</u>	<u>27,395</u>	<u>100.00%</u>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2018.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

Rating	Plan I		Plan II	
	Rupees	%	Rupees	%
AAA	1,394	1.33%	6,187	47.61%
AA+	10	0.01%	-	-
AA-	10	0.01%	-	-
A+	103,154	98.65%	6,809	52.39%
	<u>104,568</u>	<u>100.00%</u>	<u>12,996</u>	<u>100.00%</u>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 18.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Details of the Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

<u>As at June 30, 2018</u>	Plan I		Plan II	
	Rupees	%	Rupees	%
Commercial banks (including profit receivable)	78,569	100.00%	27,616	100.00%
	<u>78,569</u>	<u>100.00%</u>	<u>27,616</u>	<u>100.00%</u>

All financial assets of the Fund as at June 30, 2018 are unsecured and are not impaired.

<u>As at June 30, 2017</u>	Plan I		Plan II	
	Rupees	%	Rupees	%
Commercial banks (including profit receivable)	107,746	100.00%	13,265	100.00%
	<u>107,746</u>	<u>100.00%</u>	<u>13,265</u>	<u>100.00%</u>

All financial assets of the Fund as at June 30, 2017 are unsecured and are not impaired.

### 18.3 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 redemptions of its redeemable units on a regular basis. 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. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also 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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting year / period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

Particulars	As at June 30, 2018			
	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
<b>Alhamra Islamic Active Allocation Fund Plan I</b>				
<b>Assets</b>				
Bank balances	77,940	-	-	77,940
Investments	1,326,599	-	-	1,326,599
Profit receivable	420	-	-	420
Other receivable	149	-	-	149
	1,405,108	-	-	1,405,108
<b>Liabilities</b>				
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	182	-	-	182
Payable to MCB Financial Services Limited - Trustee	98	-	-	98
Accrued expenses and other liabilities	558	-	-	558
	838	-	-	838
<b>Net assets</b>	<b>1,404,270</b>	<b>-</b>	<b>-</b>	<b>1,404,270</b>

Particulars	As at June 30, 2018			
	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
<b>Alhamra Islamic Active Allocation Fund Plan II</b>				
<b>Assets</b>				
Bank balances	27,395	-	-	27,395
Investments	767,744	-	-	767,744
Profit receivable	221	-	-	221
	795,360	-	-	795,360
<b>Liabilities</b>				
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	101	-	-	101
Payable to MCB Financial Services Limited - Trustee	60	-	-	60
Accrued expenses and other liabilities	136	-	-	136
	297	-	-	297
<b>Net assets</b>	<b>795,063</b>	<b>-</b>	<b>-</b>	<b>795,063</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Particulars	As at June 30, 2017			
	Upto three months	More than three months and upto one year	More than one year	Total

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

## Alhamra Islamic Active Allocation Fund Plan I

### Assets

Bank balances	104,568	-	-	104,568
Investments	1,492,831	-	-	1,492,831
Profit receivable	3,039	-	-	3,039
Other receivable	139	-	-	139
	1,600,577	-	-	1,600,577

### Liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	5,589	-	-	5,589
Payable to MCB Financial Services Limited - Trustee	97	-	-	97
Dividend payable	12,672	-	-	12,672
Accrued expenses and other liabilities	550	-	-	550
	18,908	-	-	18,908

### Net assets

	<b>1,581,669</b>	<b>-</b>	<b>-</b>	<b>1,581,669</b>
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Particulars	As at June 30, 2017			
	Upto three months	More than three months and upto one year	More than one year	Total

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

## Alhamra Islamic Active Allocation Fund Plan II

### Assets

Bank balances	12,996	-	-	12,996
Investments	74,956	-	-	74,956
Profit receivable	269	-	-	269
	88,221	-	-	88,221

### Liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	71	-	-	71
Payable to MCB Financial Services Limited - Trustee	10	-	-	10
Dividend payable	158	-	-	158
Accrued expenses and other liabilities	2	-	-	2
	241	-	-	241

### Net assets

	<b>87,980</b>	<b>-</b>	<b>-</b>	<b>87,980</b>
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## 18.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

Fair value of investments is determined as per the policy disclosed in note 3.2.5 to these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2018, the Fund held the following assets measured at fair values:

June 30, 2018			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

#### At fair value through profit or loss - held for trading

- Units of open end mutual funds (Plan I)	1,326,599	-	-	1,326,599
- Units of open end mutual funds (Plan II)	767,744	-	-	767,744

As at June 30, 2017, the Fund held the following assets measured at fair values:

June 30, 2017			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

#### At fair value through profit or loss - held for trading

- Units of open end mutual funds (Plan I)	1,492,831	-	-	1,492,831
- Units of open end mutual funds (Plan II)	74,956	-	-	74,956

### 18.5 Unit holders' fund risk management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs.100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

### 19 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

S. No.	Name	Designation	Experience in years	Qualification
1	Muhammad Saqib Saleem	Chief Executive Officer	21	FCA & FCCA
2	Muhammad Asim	Chief Investment Officer	15	MBA & CFA
3	Awais Abdul Sattar	Head of Research	7	MBA & CFA
4	Saad Ahmed	Head of Fixed Income	13	MBA
5	Muhammad Aitazaz Farooqui	Senior Analyst	5	BBA, CFA
6	Syed Abid Ali	Head of Equity	10	MBA

**19.1** Syed Abid Ali is the Manager of the Fund. He is also managing MCB Pakistan Asset Allocation Fund, Pakistan Capital Market Fund, MCB Pakistan Stock Market Fund and Pakistan Pension Fund.

### 20 PATTERN OF UNIT HOLDING

#### PLAN-I

Category	As at June 30, 2018			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	679	12,676,962	1,181,138	84.14%
Associated companies	1	586,520	54,647	3.89%
Insurance companies	2	400,713	37,335	2.66%
Retirement funds	3	335,003	31,213	2.22%
Others	9	1,068,648	99,568	7.09%
	694	15,067,846	1,403,901	100.00%

#### PLAN-II

Category	As at June 30, 2018			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	374	6,412,160	638,477	80.41%
Associated companies	1	751,350	74,814	9.42%
Insurance companies	2	305,824	30,452	3.83%
Retirement funds	3	382,818	38,118	4.80%
Others	3	122,844	12,232	1.54%
	383	7,974,996	794,092	100.00%

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**PLAN-I**

Category	As at June 30, 2017			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	720	13,463,075	1,346,527	84.97%
Associated companies	1	586,520	58,662	3.70%
Insurance companies	2	400,113	40,018	2.53%
Retirement funds	3	333,005	33,306	2.10%
Others	9	1,057,109	105,728	6.70%
	735	15,839,822	1,584,241	100.00%

**PLAN-II**

Category	As at June 30, 2017			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	9	89,643	8,965	10.18%
Associated companies	1	751,350	75,139	85.42%
Retirement funds	1	10,000	1,000	1.14%
Others	1	28,650	2,865	3.26%
	12	879,643	87,969	100.00%

**21 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The 134th, 135th, 136th, 137th, 138th, 139th, 140th, 141st and 142nd meeting of the Board of Directors were held on July 6, 2017, August 04, 2017, September 07, 2017, October 12, 2017, October 20, 2017, February 02, 2018, February 23, 2018, April 19, 2018 and June 11, 2018 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No.	Name	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
Directors					
1	Mian Muhammad Mansha	9	4	5	134th, 135th, 136th, 138th and 142nd
2	Nasim Beg	9	9	-	
3	Ahmed Jahangir	9	9	-	
4	Mirza Qamar Beg	9	7	2	138th and 142nd
5	Syed Salman Shah	9	7	2	134th and 138th
6	Haroun Rashid	9	6	3	135th, 136th and 142nd
7	Samad A Habib	9	5	4	134th, 136th, 138th and 139th
8	Muhammad Saqib Saleem	9	9	-	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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### 22 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements other than those resulting from changes as disclosed in note 3.9.

### 23 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Board of Directors of the Management Company on July 4, 2018, approved nil dividend payout for Plan I and Re. 0.2 per unit for Plan II for the year ended June 30, 2018. The financial statements of the fund for the year ended June 30, 2018 does not include the effect of this distribution which will be accounted for in the financial statements of the fund for the year ended June 30, 2019.

### 24 GENERAL

Figures have been rounded off to the nearest thousand rupees.

### 25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 14, 2018 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, 2018**

**ALHAMRA ISLAMIC ACTIVE ALLOCATION PLAN-I**

<b>No. of Unit Holders</b>	<b>Unit Holdings</b>	<b>Total Units Held</b>
444	0-10000	2,012,274
219	10001 - 100000	6,540,435
31	100001 - 1000000	6,515,137
<u>694</u>		<u>15,067,846</u>

**ALHAMRA ISLAMIC ACTIVE ALLOCATION PLAN-II**

<b>No. of Unit Holders</b>	<b>Unit Holdings</b>	<b>Total Units Held</b>
243	0-10000	1,230,599
134	10001 - 100000	4,285,753
5	100001 - 1000000	1,457,338
1	1000001 - Onwards	1,001,305
<u>383</u>		<u>7,974,996</u>



## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2018

### Alhamra Islamic Active Allocation plan I

Performance Information	2018	2017
Total Net Assets Value – Rs. in million	794	87.97
Net Assets value per unit – Rupees	99.5728	100.0057
Closing Offer Price	102.9483	103.3959
Closing Repurchase Price	99.5728	100.0057
Highest offer price per unit	108.2673	103.6315
Lowest offer price per unit	100.4237	100
Highest Redemption price per unit	104.7174	100.2336
Lowest Redemption price per unit	97.1310	97.0282
Distribution per unit – Rs. *	-	0.18
<b>Average Annual Return - %</b>		
One year (Inception Date 16-Jun-17)	(0.43)	0.19
Two year	(0.12)	N/A
Three year	N/A	N/A
Net Income for the period – Rs. in million	8.46	0.16
Distribution made during the year – Rs. in million	-	0.15
Accumulated Capital Growth – Rs. in million	8.46	0.01

\* Date of Distribution

2017	
Date	Rate
June 30, 2017	0.18

### Alhamra Islamic Active Allocation plan II

Performance Information	2018	2017
Total Net Assets Value – Rs. in million	1,404	1,584
Net Assets value per unit – Rupees	93.172	100.0163
Closing Offer Price	96.3305	103.4069
Closing Repurchase Price	93.1720	100.0163
Highest offer price per unit	N/A	106.2503
Lowest offer price per unit	N/A	100
Highest Redemption price per unit	100.8834	103.0089
Lowest Redemption price per unit	89.4505	97.0831
Distribution per unit – Rs. *	-	0.80
<b>Average Annual Return - %</b>		
One year (Inception Date 29-Dec-16)	(6.84)	0.81
Two year	(3.02)	N/A
Three year	N/A	N/A
Net Income for the period – Rs. in million	(107.16)	12.93
Distribution made during the year – Rs. in million	-	12.67
Accumulated Capital Growth – Rs. in million	(107.16)	0.26

\* Date of Distribution

2017	
Date	Rate
June 30, 2017	0.800

#### 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.

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

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