



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 STOCK FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem 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
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	Habib Metropolitan Bank Limited United Bank Limited Habib Bank Limited Askari Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Limited Allied Bank Limited MCB Bank Limited Silk Bank Limited Al Barka Islamic Bank National Bank of Pakistan Bank Al Habib Limited	
Auditors	Ernst & Young Ford Rhodes Chartered Accountant Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Alhamra Islamic Stock Fund** accounts review for the year ended June 30, 2018.

ECONOMIC 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.

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, ALHISF delivered a return of -12.00% as compared to benchmark return of -9.59%. Overall equity exposure of the fund stood at 85.8% at the end of the period as compared to 74.2% at June 30, 2017. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by decreasing allocation in Cement whereas increasing allocation in Oil and Gas Exploration companies, Fertilizer and Power Generation and Distribution Sector. The Net Assets of the Fund as at June 30, 2018 stood at Rs. 3,550 million as compared to Rs. 2,915 million as at June 30, 2017 registering an increase of 21.78%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 10.78 as compared to opening NAV of Rs. 12.25 per unit as at June 30, 2017 registering a decrease of Rs. 1.47 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

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

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 are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. All the directors have completed the Directors Training Programme course or are exempt from attending training course due to sufficient working experience.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 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:

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

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, Ernst & Young Ford Rhodes Chartered Accountants, have retired during the year & Deloitte Yousuf Adil Chartered Accountants have been appointed as an external auditors of the fund for financial year ending June 30, 2019. Deloitte Yousuf Adil Chartered Accountants has 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

ڈائریکٹرز رپورٹ

2. ہیومن ریسورس اینڈ رمیو نیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ رمیو نیشن 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
1.	ڈاکٹر سید سلمان شاہ	5	5	5	5	5	-
2.	جناب نسیم بیگ	5	5	5	5	5	-
3.	جناب احمد جہانگیر	5	5	5	5	5	-
4.	جناب ہارون رشید	5	5	5	5	3	2
5.	جناب محمد ثاقب سلیم (سی ای او)	5	5	5	5	5	-

3۔ ستمبر 2018ء 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 ”ای وائے فور ڈیوڈز“ 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 ”ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس“ چارٹرڈ اکاؤنٹنٹس کی تقرری کی گئی ہے۔ ڈیلائیٹ یوسف عادل 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 ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

14 ستمبر 2018ء

ڈائریکٹرز رپورٹ

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

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

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 (اسٹابلشمنٹ اینڈ ریگولیشنز) کے ضوابط، 2003ء، نان بینکنگ فنانس اینڈ نوٹیفائیڈ انڈسٹریز 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، ڈیویڈنڈ، محصولات اور چارجز (اگر کوئی ہیں تو) لمحہ آؤٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔

i. پراویڈنٹ / گریجویٹ فنڈ اور عینشن 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. آؤٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
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

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 منتظمین کو سہولت میسر ہوگی۔ دیرینہ مسائل کے حل کے لیے نئی حکومت کی مرکوز 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 (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 ڈائریکٹرز پر مشتمل بورڈ مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جواہدہ 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۔

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 اثر انشورنس 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% / YoY 47% 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 آئوز 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 آئوز 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 YoY 20% 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

دوران مدت فنڈ کا منافع 12.00% تھا جبکہ مقررہ معیار 9.59% تھا۔ فنڈ کی ایکویٹیز میں مجموعی شمولیت اختتام مدت پر 85.8% تھی جبکہ 30 جون 2017ء کو 74.2% تھی۔ فنڈ کی سرمایہ کاری کے لائحہ عمل میں دوران سہ ماہی کئی بار تبدیلی کی گئی تاکہ سیکٹر اور کمپنی کی سطح پر ہونے والی متعدد بنیادی ترقیاتی پیش رفت سے ہم آہنگی پیدا ہو۔ دوران مدت سیمنٹ کے شعبے میں فنڈ کے اختصاص میں کمی، جبکہ آئل اینڈ گیس ایکسپلوریشن کمپنیوں، فریٹلائزرز اور پاور جنریشن اینڈ ڈسٹری بیوشن کے شعبے میں اختصاص میں اضافہ کر کے فنڈ کی سیکٹر میں شمولیت کی تشکیل نو کی گئی۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 3,550 ملین روپے تھے، جو 30 جون 2017ء کو 2,915 ملین روپے کے مقابلے میں 21.78% اضافہ ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 10.78 روپے تھی، جو 30 جون 2017ء کو 12.25 روپے ابتدائی NAV کے مقابلے میں 1.47 روپے فی یونٹ کمی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے الحمراء اسلامک اسٹاک فنڈ (سابقہ: ایم سی بی پاکستان اسلامک اسٹاک فنڈ) کے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت کا مجموعی جائزہ

مالی سال 2018ء متضاد معاشی علامات کے مد و جزر 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 پکڑ 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 براں، 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، ریٹیل 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 فلوٹر ریٹ 10 سالہ بانڈ متعارف کرایا جس کا base ریٹ 6 ماہ ایم ٹی بی weighted اوسط منافع ہے۔ 10 سالہ فلوٹر 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 سکل کا اجراء نہیں کیا گیا۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

Fund Type and Category

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

Fund Benchmark

The benchmark for ALHISF is KMI-30 Index.

Investment Objective

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

Investment Strategy

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

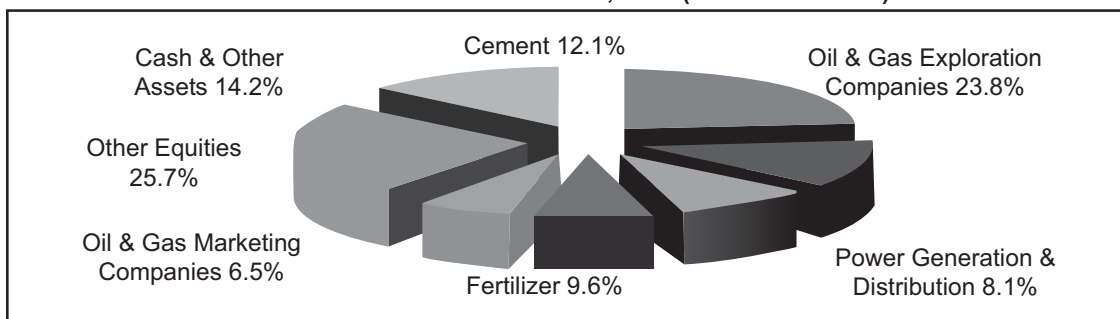
Manager's Review

During the year under review, Alhamra Islamic Stock Fund [Formerly MCB Pakistan Islamic Stock Fund] returned -12.0% as compared to the benchmark return of -9.59%. The fund was 85.8% invested in Equities and 14.0% in Cash.

On sector basis, exposure was increased in E&Ps, Fertilizers and Power while exposure was decreased in Cements.

Since inception, return of the fund was 18.26% as compared to the benchmark's return of 22.18%. The fund's Net Assets increased by 21.78% from PKR 2915 Million at the beginning of the year to PKR 3550 Million as of June 30, 2018.

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



Awais Abdul Sattar, CFA
Fund Manager

Karachi: September 14, 2018

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahr-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Stock Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

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

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 19, 2018



REPORT OF THE SHARIAH ADVISORY BOARD

REPORT OF THE SHARIAH ADVISORY BOARD

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

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

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

- We have reviewed and approved the modes of investment of ALHDDF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHDDF 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 ALHDDF for the period from April 10, 2018 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



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INDEPENDENT AUDITORS' REPORT

To the Unit holders of ALHAMRA ISLAMIC STOCK FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Alhamra Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2018**, and income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows 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 30 June 2018, and of its financial performance and its cash flows 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 year. 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:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of equity investments	
As disclosed in note 6 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the investments held by the Fund comprised of listed shares which represent 86% of the total assets of the Fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedure included the following: <ul style="list-style-type: none">- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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Key audit matter	How our audit addressed the key audit matter
In view of the significance of investment in relation to the total assets and the Net Asset Value (NAV) of the Fund, we have considered the existence and valuation of such investments as a key audit matter.	<ul style="list-style-type: none"> - We performed substantive audit procedures on year-end balance of portfolio including review custodian's statement, and related reconciliations, re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange as at 30 June 2018. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and the adequacy of disclosures as may be applicable in situations of non-compliance. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and whether the Fund's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements.
2. Amendment to the NBFC Regulations, 2008	
As disclosed in note 4.1 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the Securities and Exchange Commission of Pakistan through its SRO no. 756(I)/2017 dated 03 August 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations).	We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the amended provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the revised Regulations and assessed its implementation by the Fund.
These amendments are considered significant to our audit because application of the said amendments resulted in change in accounting policy relating to presentation "element of income / loss" in the financial statements and certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' (the Statements).	We evaluated the adequacy of disclosures regarding the change in accounting policy with respect to element of income / loss in accordance with the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.

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 auditors' report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as 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.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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- 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 14 September 2018

Karachi

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STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

	Note	June 30, 2018 ----- (Rupees in '000) -----	June 30, 2017
ASSETS			
Balances with banks	5	515,013	777,425
Investments	6	3,144,338	2,292,898
Dividend, profit and other receivables	7	4,123	8,368
Advance, deposits and prepayment	8	3,226	3,293
Total assets		3,666,700	3,081,984
LIABILITIES			
Payable to the Management Company	9	10,535	8,652
Payable to the Trustee	10	419	347
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	11	3,060	1,795
Unclaimed dividend		12,400	12,400
Payable against purchase of investments		69,158	69,606
Payable against redemption of units		-	52,000
Accrued and other liabilities	12	20,972	22,227
Total liabilities		116,544	167,027
NET ASSETS		3,550,156	2,914,957
Unit holders' fund (as per statement attached)		3,550,156	2,914,957
Contingencies and commitments	13	----- (Number of units) ----	
NUMBER OF UNITS IN ISSUE		329,449,289	237,916,714
NET ASSETS VALUE PER UNIT		10.78	12.25

The annexed notes from 1 to 23 form an integral part of these financial statements.

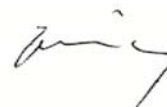
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 ----- (Rupees in '000) -----	June 30, 2017
INCOME			
Profit on bank deposits		29,266	12,851
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss - held-for-trading'	6.1	(249,812)	(41,361)
Dividend income on investments classified as:			
- 'at fair value through profit or loss - held-for-trading'		23,933	23,933
- 'available-for-sale'		103,911	39,794
Net (loss) / gain on sale of investments classified as:			
- 'at fair value through profit or loss - held-for-trading'		(210,837)	88,393
- 'available-for-sale'		21,460	231,874
Impairment loss on investment in equity securities classified as 'available-for-sale'		(9,800)	-
Reversal of Provision for Workers' Welfare Fund (WWF)	12.1	-	15,451
Total (loss) / income		(291,879)	370,935
EXPENSES			
Remuneration of the Management Company	9.1	64,425	37,785
Sales tax on remuneration of the Management Company	9.2	8,375	4,912
Expenses allocated by the Management Company and related taxes	9.3	3,640	2,135
Selling and marketing expenses	9.4	12,885	2,961
Remuneration of the Trustee	10.1	4,221	2,894
Sales tax on remuneration of the Trustee	10.2	549	376
Annual fee to SECP	11	3,060	1,795
Auditors' remuneration	14	477	608
Brokerage, settlement and bank charges		17,680	12,021
Fees and subscription		201	47
Legal and professional charges		137	102
Shariah advisory fee		900	900
Printing and related costs		25	155
Provision for Sindh Workers' Welfare Fund (SWWF)	12.1	-	(9,645)
Donation / charity		2,049	1,018
Total expenses		118,624	77,354
Net (loss) / income for the year from operating activities		(410,503)	293,581
Net element of income and capital gains included in prices of units issued less those in units redeemed		-	179,013
Net (loss) / income for the year before taxation		(410,503)	472,594
Taxation	15	-	-
Net (loss) / income for the year after taxation		(410,503)	472,594
<i>Allocation of net (loss) / income for the year:</i>			
Net loss for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
<i>Accounting loss available for distribution:</i>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-
		-	-

The annexed notes from 1 to 23 form an integral part of these financial statements.

(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2017 ----- (Rupees in '000) -----	June 30, 2017
Net (loss) / income for the year after taxation	(410,503)	472,594
Other comprehensive (loss) / income for the year:		
To be reclassified to income statement in subsequent periods:		
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	(16,999)	32,695
Total comprehensive (loss) / income for the year	<u>(427,502)</u>	<u>505,289</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018			June 30, 2017	
	Capital value	Undistributed income	Unrealised appreciation / (diminution) on available-for-sale investments (Rupees in '000)	Total	Total
Net assets at beginning of the year	2,377,513	441,955	95,489	2,914,957	1,122,951
Issuance of 368,651,984 (2017: 333,204,107) units					
- Capital value (at net assets value per unit at beginning of the year)	4,516,726	-	-	4,516,726	-
- Element of loss	(365,808)	-	-	(365,808)	-
	4,150,918	-	-	4,150,918	4,346,531
Redemption of 277,119,409 (2017: 201,035,204) units					
- Capital value (at net assets value per unit at beginning of the year)	3,395,269	-	-	3,395,269	-
- Element of loss	(307,052)	-	-	(307,052)	-
	3,088,217	-	-	3,088,217	2,687,666
Net element of income and capital gains included in prices of units issued less those in units redeemed	-	-	-	-	(179,013)
Total comprehensive (loss) / income for the year	-	(410,503)	(16,999)	(427,502)	505,289
Distribution during the year	-	-	-	-	(193,135)
Net (loss) / income for the period less distribution	-	(410,503)	(16,999)	(427,502)	312,154
Net assets at end of the year	3,440,214	31,452	78,490	3,550,156	2,914,957
Undistributed income brought forward					
- Realised		483,316			4,088
- Unrealised		(41,361)			245
		441,955			4,333
Accounting income available for distribution:					
- Relating to capital gains	-			-	-
- Excluding capital gains	-			-	-
Net loss for the year after taxation		(410,503)			472,594
Element of income and capital gains included in the prices of unit sold less those in units redeemed amount representing unrealised income		-			158,163
Distribution during the year		-			(193,135)
Undistributed income carried forward		31,452			441,955
Undistributed income carried forward					
- Realised		281,264			483,316
- Unrealised		(249,812)			(41,361)
		31,452			441,995
Net assets value per unit at beginning of the year				12.25	10.62
Net assets value per unit at end of the year				10.78	12.25

The annexed notes from 1 to 23 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

	June 30, 2018	June 30, 2017
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the year before taxation	(410,503)	472,594
Adjustments for :		
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss - held-for-trading'	249,812	41,361
Dividend income on investments classified as:		
- 'at fair value through profit or loss - held-for-trading'	(23,933)	(23,933)
- 'available-for-sale'	(103,911)	(39,794)
Net (gain) / loss on sale of investments classified as:		
- 'at fair value through profit or loss - held-for-trading'	210,837	(88,393)
- 'available-for-sale'	(21,460)	(231,874)
Impairment loss on investment in equity securities classified as 'available-for-sale'	9,800	-
Net element of income and capital gains included in prices of units issued less those in units redeemed	-	(179,013)
Reversal of Provision for Workers' Welfare Fund (WWF)	-	(15,451)
Provision for Sindh Workers' Welfare Fund (SWWF)	-	9,645
	(89,358)	(54,858)
(Increase) / decrease in assets		
Investments	(1,317,428)	(918,533)
Profit and other receivables	(1,647)	(2,149)
Advances, deposits and prepayments	67	-
	(1,319,008)	(920,682)
Increase / (decrease) in liabilities		
Payable to the Management Company	1,883	6,287
Payable to the Trustee	72	149
Annual fee payable to SECP	1,265	1,020
Payable against purchase of investments	(448)	82,944
Payable against redemption of units	(52,000)	52,000
Accrued and other liabilities	(1,255)	2,469
	(50,483)	144,869
	(1,458,849)	(830,671)
Dividend received	133,736	60,203
Net cash used in operating activities	(1,325,113)	(770,468)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issuance of units	4,150,918	4,346,531
Payments on redemption of units	(3,088,217)	(2,687,665)
Dividend paid	-	(193,135)
Net cash generated from financing activities	1,062,701	1,465,731
Net (decrease) / increase in cash and cash equivalents during the year	(262,412)	695,263
Cash and cash equivalent at beginning of the year	777,425	82,162
Cash and cash equivalent at end of the year	515,013	777,425

The annexed notes from 1 to 23 form an integral part of these financial statements.

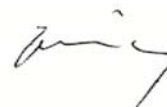
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



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 Alhamra Islamic Stock Fund (formerly: MCB Pakistan Islamic Stock Fund) (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004.
- 1.2 Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3 Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Fund is categorised as "Islamic Equity Scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturity.
- 1.5 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2++' dated December 28, 2017 to the Management Company and 4-Star Short-term and 3-Star Long-Term to the Fund dated August 13, 2015.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

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

2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the 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 approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 – Financial Instruments	July 01, 2018
IFRS 9 – Prepayment Features with Negative Compensation - (Amendments)	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRS 16 – Leases	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application. However, the Fund is currently evaluating the requirements of IFRS-9 and potential impact on the financial statements of the Fund.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments are measured at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.1 and 4.7 respectively.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 2.2 and 4.1 below.

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

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 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 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 unitholders. 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.

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

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 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative year has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs.53.44 million. However, 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' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. 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.

4.2 Financial assets

The fund classifies its financial assets in following categories:

- at fair value through profit or loss;
- available-for-sale investments; and
- loans and receivables.

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets classified as 'at fair value through profit or loss'

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the Income Statement.

b) Financial assets classified as 'at fair value through profit or loss'

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss - held-for-trading. 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.

c) Loans and receivables

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

4.3 Regular way contracts

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

4.4 Initial recognition and measurement

a) Financial assets 'at fair value through profit or loss'

These investments are initially recognized at fair value. Transaction costs are expensed in the Income Statement.

b) Available-for-sale and loans and receivables

These are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of such assets.

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

4.5 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss - held-for-trading and available-for-sale are valued as follows:

a) Debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 06, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government Securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Market Association of Pakistan, except the Government of Pakistan Ijarah Sukuks, which are obtained from MUFAP.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from changes in fair value of available-for-sale financial assets 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'.

c) Loans and receivables

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

4.6 Securities under repurchase / resale agreements

Transactions of purchase under an agreement for resale (reverse-repo) of marketable and government securities, including the securities purchased under margin trading system, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognized in the statement of assets and liabilities. Amount paid under these agreements are included as receivable in respect of reverse repurchase transactions / against margin trading system transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions / margin trading system and accrued over the life of the reverse-repo agreement.

4.7 Impairment

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the income statement. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in other comprehensive income is removed from equity and recognized in the income statement. Impairment losses recognized on equity financial assets recognized in the income statement are not reversed through the income statement. For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

4.8 Derivatives

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as asset when the fair value is positive and liabilities when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the Income Statement.

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

4.9 Derecognition

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

4.10 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 only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.11 Financial liabilities

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

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

4.12 Issuance and redemption of units

Units issued are recorded at the offer price of the day on which funds are received in the Trustee bank accounts during business hours. The offer price represents the net asset value per unit as of the close of the business day.

Units redeemed are recorded at the redemption price announced as of the close of the business day on which a correctly filled-in redemption form is submitted within the business hours. The redemption price represents the net asset value per unit as of the close of the business day.

4.13 Proposed distributions

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such distributions are declared.

4.14 Provisions

Provisions are recognized 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimates.

4.15 Earnings per unit

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

4.16 Taxation

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.17 Revenue recognition

- Realized capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on mark to market of investments classified as 'financial assets at fair value through profit or loss - held-for-trading' are included in the income statement in the period in which they arise.
- Dividend income is recognized when the right to receive the payment is established.
- Return on investments is recognized on an accrual basis.
- Profit on bank deposits is recognized on an accrual basis.

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

4.18 Expenses

All expenses including management fee, trustee fee and SECP fee are recognised in the Income Statement on an accrual basis.

4.19 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

4.20 Other assets

Other assets are stated at cost less impairment losses, if any.

4.21 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary financial assets and liabilities are recognized in the Income Statement.

4.22 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on 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.

		June 30, 2018	June 30, 2017
	Note	----- (Rupees in '000) -----	
5. BALANCES WITH BANKS			
In current accounts		16,608	15,110
In deposit accounts	5.1	498,405	762,315
	5.2	515,013	777,425

5.1 These carry mark-up at rates ranging between 6.20% to 6.50% (2017: 5.25% to 6.10%) per annum

5.2 These include Rs.0.86 (2017: Rs.1.52) million held with MCB Bank Limited and Rs.0.62 (2017: Rs.nil) million held with MCB Islamic Bank Limited (related parties).

6. INVESTMENTS

Investments by Category

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

Listed equity securities	6.1	2,901,124	1,955,738
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Available-for-sale

Listed equity securities	6.2	243,214	337,160
		3,144,338	2,292,898

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

6.1 Listed equity securities - 'at fair value through profit or loss - held-for-trading'

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

Name of the Investee Company	Number of shares				Balance as at June 30, 2018				Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2017	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2018	Carrying value	Market Value	Unrealised (loss) / gain	
							As a percentage of net assets	As a percentage of total investments	%
Oil and gas exploration companies									
Pakistan Oilfields Limited	71,000	544,550	-	304,500	311,050	177,214	208,960	31,746	5.89%
Oil & Gas Development Company Limited***	487,000	2,349,500	-	877,000	1,959,500	310,103	304,937	(5,166)	8.59%
Mari Petroleum Company Limited	780	19,420	-	-	20,200	33,318	30,425	(2,893)	0.86%
Pakistan Petroleum Limited	603,200	1,683,900	-	1,506,000	781,100	150,232	167,858	17,626	4.73%
						670,867	712,180	41,313	20.06%
									22.65%
Oil and gas marketing companies									
Attock Petroleum Limited	300	-	-	-	300	188	177	(11)	0.01%
Hi-Tech Lubricants Limited	-	829,900	-	117,100	712,800	74,229	72,221	(2,008)	2.03%
Sui Northern Gas Pipelines Limited	516,000	3,621,800	-	2,484,100	1,653,700	192,406	165,734	(26,672)	4.67%
Hascol Petroleum Limited	36,700	100,000	20,000	156,700	-	-	-	-	0.00%
						266,823	238,132	(28,691)	6.71%
									7.57%
Refinery									
Attock Refinery Limited	97,300	324,800	-	422,100	-	-	-	-	0.00%
									0.00%
Engineering									
Amreli Steels Limited	260,500	203,000	-	463,500	-	-	-	-	0.00%
Ittefaq Iron Industries Limited	-	739,500	-	722,000	17,500	473	245	(228)	0.01%
International Industries Limited	235,800	416,400	-	263,300	388,900	123,512	90,338	(33,174)	2.55%
Crescent Steel & Allied Products Limited	30,700	280,700	-	311,400	-	-	-	-	0.00%
Mughal Iron & Steel Industries Limited	-	-	-	-	-	-	-	-	0.00%
- a related party	405,000	1,055,500	-	1,460,500	-	-	-	-	0.00%
International Steels Limited	498,000	930,700	-	1,428,700	-	-	-	-	0.00%
						123,985	90,583	(33,402)	2.55%
									2.88%
Pharmaceuticals									
Abbott Laboratories (Pakistan) Limited	16,500	-	-	16,500	-	-	-	-	0.00%
The Searle Company Limited	-	139,250	-	42,100	97,150	30,916	32,982	2,066	0.93%
GlaxoSmithKline (Pakistan) Limited	140,000	30,000	-	170,000	-	-	-	-	0.00%
AGP Limited	-	914,205	-	542,000	372,205	29,776	33,048	3,272	0.93%
						60,692	66,030	5,338	1.86%
									2.10%

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

Name of the Investee Company	Number of shares				Balance as at June 30, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company	
	As at July 01, 2017	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2018	Carrying value	Market Value	Unrealised (loss) / gain	As a percentage of net assets		As a percentage of total investments
----- (Rupees in '000) ----- % -----											
Textile composite											
Nishat Mills Limited - a related party	9,500	1,153,100	-	88,700	1,073,900	167,998	151,334	(16,664)	4.26%	4.81%	0.31%
Kohinoor Textile Mills Limited	-	408,000	24,480	-	432,480	42,319	23,782	(18,537)	0.67%	0.76%	0.14%
						210,317	175,116	(35,201)	4.93%	5.57%	0.45%
Fertilizer											
Engro Corporation Limited	606,600	1,275,700	-	1,406,200	476,100	139,785	149,429	9,644	4.21%	4.75%	0.09%
Engro Fertilizers Limited	-	4,967,500	-	3,034,000	1,933,500	135,396	144,838	9,442	4.08%	4.61%	0.14%
Dawood Hercules Corporation Limited	-	395,700	-	-	395,700	52,497	43,836	(8,661)	1.24%	1.39%	0.08%
Falima Fertilizer Company Limited	-	-	-	-	-	-	-	-	-	-	-
- a related party	-	2,509,000	-	2,100,000	409,000	12,110	13,252	1,142	0.37%	0.42%	0.02%
						339,788	351,355	11,567	9.90%	11.17%	0.34%
Cement											
Kohat Cement Company Limited	106,500	637,300	-	271,500	472,300	64,090	58,126	(5,964)	1.64%	1.85%	0.31%
Lucky Cement Limited	229,800	639,900	-	551,300	318,400	194,901	161,725	(33,176)	4.56%	5.14%	0.10%
Dewan Cement Limited	-	1,100,000	-	750,000	350,000	9,344	6,300	(3,044)	0.18%	0.20%	0.07%
Maple Leaf Cement Factory Limited	614,700	3,898,800	-	2,614,200	1,899,300	135,539	96,370	(39,169)	2.72%	3.07%	0.32%
Cherat Cement Company Limited	104,700	1,111,600	-	801,901	414,399	55,549	40,292	(15,257)	1.14%	1.28%	0.23%
D.G. Khan Cement Company Limited	-	-	-	-	-	-	-	-	-	-	-
- a related party	443,000	3,848,500	-	3,691,500	600,000	68,761	68,694	(67)	1.94%	2.19%	0.14%
Pioneer Cement Limited	18,500	30,000	-	48,500	-	-	-	-	0.00%	0.00%	0.00%
Thatta Cement Company Limited	-	-	-	-	-	-	-	-	-	-	-
- a related party	761,000	-	-	139,500	621,500	24,841	13,499	(11,342)	0.38%	0.43%	0.62%
Fauji Cement Company Limited	498,500	3,805,500	-	4,304,000	-	-	-	-	0.00%	0.00%	0.00%
						553,025	445,006	(108,019)	12.52%	14.17%	1.80%
Chemical											
Archroma Pakistan Limited	19,700	-	-	-	19,700	14,042	9,949	(4,093)	0.28%	0.32%	0.06%
Engro Polymer and Chemicals Limited	2,235,000	6,863,500	-	6,043,500	3,055,000	104,000	95,805	(8,195)	2.70%	3.05%	0.46%
Engro Polymer and Chemicals Limited (R)	-	725,200	-	86	725,114	-	6,395	6,395	0.18%	0.20%	0.30%
ICI Pakistan Limited	8,100	-	-	-	8,100	8,866	6,492	(2,374)	0.18%	0.21%	0.01%
Lotte Chemical Pakistan Limited	-	3,121,000	-	-	3,121,000	38,695	37,327	(1,368)	1.05%	1.19%	0.21%
						165,603	155,968	(9,635)	4.39%	4.96%	1.03%
Paper and board											
Packages Limited	800	-	-	-	800	556	392	(164)	0.01%	0.01%	0.00%
Century Paper & Board Mills Limited	-	237,400	-	50,000	187,400	17,747	11,900	(5,847)	0.34%	0.38%	0.13%
Cherat Packaging Limited	100,000	-	13,500	113,500	-	-	-	-	0.00%	0.00%	0.00%
						18,303	12,292	(6,011)	0.35%	0.39%	0.13%
Food and personal care products											
Al Shaheed Corporation Limited	-	1,286,000	-	-	1,286,000	35,674	35,044	(630)	0.99%	1.12%	0.90%
						35,674	35,044	(630)	0.99%	1.12%	0.90%
Sugar and allied industries											
Faran Sugar Mills Limited	101,500	-	-	-	101,500	8,146	8,435	289	0.24%	0.27%	0.41%
						8,146	8,435	289	0.24%	0.27%	0.41%

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

Name of the Investee Company	Number of shares				Balance as at June 30, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2017	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2018	Carrying value	Market Value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments
										----- % -----
										----- (Rupees in '000) -----
Technology and telecommunication										
Netsol Technologies Limited	150,000	4,500	-	151,000	3,500	203	424	221	0.01%	0.00%
Avanceon Limited	-	364,500	-	-	364,500	15,803	24,144	8,341	0.68%	0.77%
System Limited XD	-	426,000	-	-	426,000	29,558	43,120	13,562	1.22%	1.37%
						45,564	67,688	22,124	1.91%	2.15%
Power generation and distribution										
The Hub Power Company Limited ***	1,380,432	2,187,500	-	1,068,500	2,499,432	274,000	230,348	(43,652)	6.45%	7.33%
Pakgen Power Limited - a related party	1,500	-	-	1,500	-	-	-	-	0.00%	0.00%
K-Electric Limited *	4,679,000	11,600,000	-	5,479,000	10,800,000	76,545	61,344	(15,201)	1.73%	1.95%
						350,545	291,692	(58,853)	8.22%	9.28%
Commercial banks										
Meezan Bank Limited	34,500	1,761,000	7,570	1,457,980	345,090	23,774	28,201	4,427	0.79%	0.90%
						23,774	28,201	4,427	0.79%	0.90%
Automobile assemblers										
Ghandhara Industries Ltd	44,700	22,950	-	44,600	23,050	14,381	16,289	1,908	0.46%	0.52%
Honda Atlas Cars (Pakistan) Limited	72,300	-	-	72,300	-	-	-	-	0.00%	0.00%
Pak Suzuki Motor Company Limited	63,800	44,950	-	108,750	-	-	-	-	0.00%	0.00%
Hinopak Motors Limited	500	-	-	500	-	-	-	-	0.00%	0.00%
Millat tractors Limited	-	56,620	-	-	56,620	76,363	67,268	(9,095)	1.90%	2.14%
						90,744	83,557	(7,187)	2.35%	2.67%
Cable and electrical goods										
Pak Elektron Limited	757,500	2,304,000	-	2,581,500	480,000	17,104	17,021	(83)	0.48%	0.54%
						17,104	17,021	(83)	0.48%	0.54%
Automobile parts and accessories										
Agriauto Industries Limited **	24,300	80,000	-	-	104,300	35,695	30,769	(4,926)	0.87%	0.98%
Ghandhara Nissan Limited	-	18,900	-	18,900	-	-	-	-	-	-
General Tyre and Rubber Company of Pakistan Limited	90,000	79,500	-	200	169,300	43,266	28,138	(15,128)	0.79%	0.90%
						78,961	58,907	(20,054)	1.66%	1.87%
Glass and ceramics										
Shabbir Tiles and Ceramics Limited**	27,500	-	-	27,500	-	-	-	-	0.00%	0.00%
Tariq Glass Industries Limited	450,000	117,500	-	529,000	38,500	4,290	4,123	(167)	0.12%	0.13%
						4,290	4,123	(167)	0.12%	0.13%
Leather and tanneries										
Service Industries Limited	25,150	9,100	-	-	34,250	42,330	26,886	(15,444)	0.76%	0.86%
						42,330	26,886	(15,444)	0.76%	0.86%
Miscellaneous										
Synthetic Products Enterprises Limited	392,000	252,000	-	-	644,000	44,401	32,908	(11,493)	0.93%	1.05%
- a related party						44,401	32,908	(11,493)	0.93%	1.05%
Total as at June 30, 2018						3,150,936	2,901,124	(249,812)		
Total as at June 30, 2017						1,997,099	1,955,738	(41,361)		

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

6.2 Listed equity securities - 'available-for-sale'

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

Name of the Investee Company	Number of shares				Balance as at June 30, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2017	Purchased during the year	Right issue during the year	Sold during the year	As at June 30, 2018	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments	
----- (Rupees in '000) -----										
Automobile and parts										
Agriauto Industries Limited **	21,200	-	-	-	21,200	5,731	6,254	523	0.18%	0.20%
Thal Limited **	80,100	-	-	80,100	-	-	-	-	-	-
Automobile Assembler										
Pak Suzuki Motor Company Limited	12,200	-	-	12,200	-	-	-	523	0.18%	0.20%
Sazgar Engineering Works Limited	-	196,500	-	196,500	-	-	-	-	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	11,700	-	-	11,700	-	-	-	-	0.00%	0.00%

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

Name of the Investee Company	Number of shares				Balance as at June 30, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2017	Purchased during the year	Right issue during the year	Sold during the year	As at June 30, 2018	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments	
Engineering										
Amreli Steels Limited	520,000	273,000	-	793,000	-	-	-	0.00%	0.00%	0.00%
International Steels Limited	-	77,500	-	77,500	-	-	-	0.00%	0.00%	0.00%
Crescent Steel & Allied Products Limited	-	114,900	-	114,900	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel Industries Limited	-	337,000	-	337,000	-	-	-	0.00%	0.00%	0.00%
- a related party										
Fertilizer										
Dawood Hercules Corporation Limited	88,900	200,000	-	288,900	-	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	363,800	114,000	-	477,800	-	-	-	0.00%	0.00%	0.00%
Engro Fertilizers Limited	586,500	576,000	-	1,162,500	-	-	-	0.00%	0.00%	0.00%
Fatima Fertilizer Company Limited	-	735,500	-	735,500	-	-	-	0.00%	0.00%	0.00%
- a related party	-	277,000	-	277,000	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	-	277,000	-	277,000	-	-	-	0.00%	0.00%	0.00%
Glass and ceramics										
Tariq Glass Industries Limited	460,500	-	-	460,500	-	-	-	0.00%	0.00%	0.00%
Miscellaneous										
Shifa International Hospitals Limited	520	-	-	-	520	146	140	0.00%	0.00%	0.00%
MACPAC Films Limited	-	125,500	-	125,500	-	-	-	-	-	-
Oil and gas exploration companies										
Mari Petroleum Company Limited	49,050	-	-	-	49,050	39,111	73,878	2.08%	2.35%	0.04%
Oil & Gas Development Company Limited ***	160,100	-	-	-	160,100	22,714	24,915	0.70%	0.79%	0.00%
Pakistan Oilfields Limited	44,700	-	-	-	44,700	15,467	30,029	0.85%	0.96%	0.02%
Pakistan Petroleum Limited	142,100	-	-	-	142,100	22,777	30,537	0.86%	0.97%	0.01%
						100,069	159,359	4.49%	5.07%	0.07%
Oil and gas marketing companies										
Hascol Petroleum Limited	1,390	-	-	-	1,390	308	436	0.01%	0.01%	0.00%
Sui Northern Gas Pipelines Limited	-	500,000	-	500,000	-	-	-	0.00%	0.00%	0.00%
Hi Tech Lubricants Limited	426,500	-	-	426,500	-	-	-	0.00%	0.00%	0.00%
Shell Pakistan Limited	19,600	-	-	19,600	-	-	-	0.00%	0.00%	0.00%
Paper and board										
Packages Limited****	400	-	-	-	400	196	196	0.01%	0.01%	0.00%
						196	196	0.01%	0.01%	0.00%

	420	ALHAMRA ISLAMIC STOCK FUND
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**** The carrying value of these securities have been adjusted with impairment aggregating Rs.9.80 million. The cost of these securities was Rs.34.32 million.

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

		June 30, 2018	June 30, 2017
	Note	----- (Rupees in '000) -----	
7. DIVIDEND, PROFIT AND OTHER RECEIVABLES			
Dividend receivable		5	5,897
Profit receivable on deposit accounts with banks	7.1	2,516	2,471
Other receivables		1,602	-
		<u>4,123</u>	<u>8,368</u>

7.1 This includes a balance of Rs.0.05 (2017: Rs.nil) million receivable on a balance held with MCB Islamic Bank Limited (a related party).

8. ADVANCE, DEPOSITS AND PREPAYMENT

Security deposits with:

- National Clearing Company of Pakistan Limited (NCCPL)	8.1	2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)	8.2	300	300
Advance tax		426	426
Prepaid stability rating fee - PACRA		-	67
		<u>3,226</u>	<u>3,293</u>

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

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

9. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	9.1	5,781	4,491
Sales tax on remuneration payable	9.2	752	584
Expenses allocated by the Management Company	9.3	289	225
Selling and marketing expenses	9.4	3,620	2,961
Sales load payable		18	316
Shariah advisory fee		75	75
		<u>10,535</u>	<u>8,652</u>

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

9.2 Sales tax on management remuneration has been charged at the rate of 13% (2017: 13%).

9.3 As per regulation 60(3)(s) of amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost, whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets with effect from November 25, 2015, being lower.

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

- 9.4 In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. Keeping in view the aforementioned provisions, the Management Company charged selling and marketing expenses to the Fund during the year.

10. PAYABLE TO THE TRUSTEE

Remuneration payable	10.1	371	307
Sales tax on remuneration payable	10.2	48	40
		419	347

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

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

- 10.2 Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2017: 13%).

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

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.095% (June 30, 2017: 0.095%) of the average daily net assets of the Fund.

Note	June 30, 2018	June 30, 2017
-----	(Rupees in '000)	-----

12. ACCRUED AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund (SWWF)	12.1	9,948	9,948
Federal Excise Duty payable on management fee	12.2	5,689	5,689
Federal Excise Duty and related taxes payable on sales load		125	125
Sale load Payable to MCB Bank Limited		-	32
Auditors' remuneration		290	424
Brokerage payable		1,775	3,927
Withholding tax payable		76	582
Charity / donation payable		2,049	1,018
Other payables		1,020	482
		20,972	22,227

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

12.1 Provision for Sindh Workers' Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 million, is 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 (including the Management Company of the Fund) 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 has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

The provision for SWWF is now being made on a daily basis. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2018 would have been higher by Re.0.03 (2017: Re.0.04) per unit.

12.2 Federal Excise Duty on remuneration to the Management Company

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

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

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

With effect from July 1, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2018 aggregates to Rs.5.69 (2017: Rs.5.69) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2018 would have been higher by Re.0.02 (2017: Re.0.02) per unit.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2018 and June 30, 2017.

14. AUDITORS' REMUNERATION

	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
Annual audit fee	225	225
Half yearly review fee	105	100
Other certification and services	77	175
	<u>407</u>	<u>500</u>
Sales tax	33	40
Out of pocket expenses	37	68
	<u>477</u>	<u>608</u>

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

15. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss for the year, no distribution has been made by the Fund. Accordingly, no provision for taxation has been recognized in these financial statements.

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

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

16.1 Unit Holders' Fund

	June 30, 2018					
	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018	As at July 01, 2017	Issued for cash
		Units				(Rupees in '000)
Group / associated companies						
Nishat Mills Limited	1,108,715	-	-	1,108,715	13,582	-
D.G. Khan Cement Company Limited - Employees Provident Fund	456,190	-	-	456,190	5,588	-
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund	6,355,054	-	-	6,355,054	77,849	-
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	42,703,158	23,433,790	-	66,136,948	523,114	248,331
Adamjee Life Assurance Company Limited - Investment Secure Fund	3,449,675	415,282	-	3,864,957	42,259	5,000
Adamjee Life Assurance Company Limited - Investment Secure Fund II	3,043,831	415,283	3,459,114	-	37,287	5,000
Adamjee Life Assurance Company Limited - Amanat Fund	9,828,670	4,934,284	-	14,762,954	120,401	52,500
Adamjee Life Assurance Company Limited - MAZAAF	829,753	7,692,751	-	8,522,504	10,164	85,000
Alhamra Islamic Active Allocation Plan I	71,103,336	94,168,173	109,282,855	55,988,654	871,016	1,094,000
Alhamra Islamic Active Allocation Plan II	2,029,221	66,740,666	36,574,208	32,195,679	24,858	740,000
Key management personnel	247,893	1,911,417	920,203	1,239,107	2,523	21,317
Mandate under discretionary portfolio services	12,092,047	20,183,864	8,206,493	24,069,418	123,097	221,865
						90,507
						13,358
						259,468

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

	June 30, 2017					
	As at July 01, 2016	Issued for cash	Redeemed	As at June 30, 2017	As at July 01, 2016	Issued for cash Redeemed As at June 30, 2017
		Units				(Rupees in '000)
Group / associated companies						
D.G. Khan Cement Company Limited - Employees Provident Fund Trust	404,856 997,991	51,334 110,724	- -	456,190 1,108,715	4,300 10,599	607 1,310
Nishat Mills Limited						
Adamjee Life Assurance Company Limited - Nuil Fund	-	6,355,054	-	6,355,054	-	82,508
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	38,438,529	4,264,630	-	42,703,159	408,217	50,451
Adamjee Life Assurance Company Limited - Investment Amanat Fund	7,223,000	4,009,859	1,404,190	9,828,669	76,708	50,431
Adamjee Life Assurance Company Limited - ISF	-	3,449,676	-	3,449,676	-	42,500
Adamjee Life Assurance Company Limited - ISF -II	-	3,043,831	-	3,043,831	-	37,500
Adamjee Life Assurance Company Limited - MAZAAF	-	829,753	-	829,753	-	9,980
Alhamra Islamic Active Allocation Plan I	-	145,459,842	74,356,506	71,103,336	-	1,901,039
Alhamra Islamic Active Allocation Plan II	-	2,029,220	-	2,029,220	-	25,000
Key management personnel	83,877	3,019,097	2,427,136	675,838	3,861	40,638
Mandate under discretionary portfolio services	15,863,580	16,588,517	20,030,878	12,421,219	168,458	201,553
						244,426
						152,185

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

	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
16.2 Transactions during the year:		
Management Company		
MCB Arif Habib Savings and Investment Limited		
Remuneration (including indirect taxes)	72,800	42,697
Expenses allocated by the Management Company and related taxes	3,640	2,135
Shariah advisory fee	900	900
Selling and marketing expenses	12,885	2,961
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	4,770	3,270
Central Depository Service (CDS) settlement charges	496	530
Group / Associated Companies		
Arif Habib Limited - Brokerage house		
Brokerage expense *	1,376	955
Next Capital Limited - Brokerage house		
Brokerage expense *	615	783
MCB Bank Limited		
Bank charges	37	42
MCB Islamic Bank Limited		
Profit on bank deposits	966	-
Aisha Steels Mills Limited		
Purchase of Nil (2017: 1,850,000) shares	-	41,942
Sale of Nil (2017: 1,850,000) shares	-	48,792
Synthetic Products Enterprises Limited		
Purchase of 252,000 (2017: 392,000) shares	14,825	30,543
Dividend income	270	90
Lalpir Power Limited		
Sales of Nil (2017: 759,000) shares	-	17,022
Dividend income	-	479
Thatta Cement Company Limited		
Purchase of Nil (2017: 767,500) shares	-	38,641
Sale of 139,500 (2017: 6,500) shares	3,415	312
Dividend income	1,788	-

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

	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
Mughal Iron & Steel Limited		
Purchase of 1,392,500 (2017: 742,000) shares	69,738	61,265
Sale of 1,797,500 (2017: 337,000) shares	100,548	30,628
Dividend income	462	107
Pakgen Power Limited		
Sale of 603,500 (2017: 606,500) shares	32	14,082
Dividend income	2	719
Nishat Mills Limited		
Purchase of 1,539,100 (2017: 496,700) shares	180,292	70,887
Sales of 892,700 (2017: 905,200) shares	14,432	134,291
Dividend income	3,914	2,648
Dividend paid	-	1,310
Fatima Fertilizer Company Limited		
Purchase of 3,244,500 (2017: 1,060,500) shares	79,250	35,631
Sale of 2,835,500 (2017: 1,060,500) shares	64,054	40,078
Dividend income	1	107
D.G. Khan Cement Company Limited		
Purchase of 4,113,500 (2017: 965,000) shares	529,345	199,010
Sale of 3,956,500 (2017: 522,000) shares	531,780	88,369
Dividend income	10	678
	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
16.3 Balances outstanding at year end:		
Management Company		
MCB-Arif Habib Savings and Investments Limited		
Remuneration payable	5,781	4,491
Sales tax payable on Management remuneration	752	584
Expense allocated by the Management Company	289	225
Sales load payable	16	280
Sales tax payable on sales load	2	36
Shariah advisory fee payable	75	75
Selling and marketing expenses payable	3,620	2,961
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	419	347
Security deposit	300	300

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

	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
Group / Associated Companies:		
Arif Habib Limited - Brokerage house		
Brokerage payable *	-	458
Next Capital Limited - Brokerage house		
Brokerage payable *	13	283
MCB Bank Limited		
Balances with bank	857	1,517
Sales load payable	18	32
MCB Islamic Bank Limited		
Balances with bank**	616	-
Profit receivable	45	-
D.G. Khan Cement Company Limited		
600,000 (2017: 443,000) shares held	68,694	94,430
Nishat Mills Limited		
1,073,900 (2017: 9,500) shares held	151,334	1,508
Synthetic Products Enterprises Limited		
644,000 (2017: 392,000) shares held	32,908	29,576
Thatta Cement Company Limited		
621,500 (2017: 761,000) shares held	13,499	30,417
Fatima Fertilizer Limited		
409,000 (2017: Nil) shares held	13,252	-
Pakgen Power Limited		
Nil (2017: 1,500) shares held	-	30

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

** This represents balance held in deposit accounts carrying profit at the rate of 5.75% (2017: nil%) per annum.

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

17. FINANCIAL RISK MANAGEMENT

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

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

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

17.1 Market risk

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

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

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

17.1.1 Currency risk

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

17.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease as on June 30, 2018, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.4.98 (2017: Rs.7.62) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2018 the Fund does not hold any fixed rate instruments, therefore, the Fund is not exposed to fair value profit rate risk.

Profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

June 30, 2018						
Exposed to profit rate risk						
Profit rate (%)	Up to three months	More than three months and up to one year		More than one year	Not exposed to profit rate risk	Total
		Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	6.20 - 6.50	498,405	-	-	16,608	515,013
Investments classified as:						
'at fair value through profit or loss - held-for-trading'		-	-	-	2,901,124	2,901,124
'available-for-sale'		-	-	-	243,214	243,214
Dividend, profit and other receivables		-	-	-	4,123	4,123
Security deposits		-	-	-	2,800	2,800
		498,405	-	-	3,167,869	3,666,274
Financial liabilities						
Payable to the Management Company		-	-	-	9,783	9,783
Payable to the Trustee		-	-	-	371	371
Unclaimed dividend		-	-	-	12,400	12,400
Payable against purchase of investments		-	-	-	69,158	69,158
Accrued and other liabilities		-	-	-	5,101	5,101
		-	-	-	96,813	96,813
On-balance sheet gap		498,405	-	-	3,071,057	3,569,462

June 30, 2017						
Exposed to profit rate risk						
Profit rate (%)	Up to three months	More than three months and up to one year		More than one year	Not exposed to profit rate risk	Total
		Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	5.25 - 5.10	762,315	-	-	15,110	777,425
Investments classified as:						-
'at fair value through profit or loss - held-for-trading'		-	-	-	1,955,738	1,955,738
'available-for-sale'		-	-	-	337,160	337,160
Dividend, profit and other receivables		-	-	-	8,368	8,368
Security deposits		-	-	-	2,800	2,800
		762,315	-	-	2,319,176	3,081,491
Financial liabilities						
Payable to the Management Company		-	-	-	8,068	8,068
Payable to the Trustee		-	-	-	307	307
Unclaimed dividend		-	-	-	12,400	12,400
Payable against purchase of investments		-	-	-	69,606	69,606
Payable against redemption of units		-	-	-	52,000	52,000
Accrued and other liabilities		-	-	-	5,811	5,811
		-	-	-	148,192	148,192
On-balance sheet gap		762,315	-	-	2,170,984	2,933,299

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

17.1.3 Other price risk

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

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments are concentrated in the sectors given in notes 6.1 and 6.2.

At June 30, 2018, the fair value of equity securities exposed to price risk is disclosed in note 6.1 and 6.2.

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

	June 30, 2018	June 30, 2017
	----- (Rupees) -----	
<i>Effect due to increase / decrease in PSX 100 index</i>		
Investment and net assets	<u>157,217</u>	<u>114,645</u>
Income statement	<u>145,056</u>	<u>97,787</u>

17.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The credit risk of the Fund principally arises from deposits and other receivable balances.

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2018 and June 30, 2017 is the carrying amounts of following financial assets.

	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
Balances with banks	515,013	777,425
Dividend, profit and other receivables	4,123	8,368
	<u>519,136</u>	<u>785,793</u>

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

None of the financial assets were considered to be past due or impaired as on June 30, 2018.

Details of credit rating of balances with banks as at June 30, are as follows:

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

Bank balances by rating category	Rating Long-term / short-term	June 30, 2018 ----- (Rupees in '000) -----	June 30, 2017	June 30, 2018 ----- (Percentage) -----	June 30, 2017
Deposit accounts					
United Bank Limited	AAA / A-1+	729	55,529	0.14%	7.14%
BankIslami Pakistan Limited	A+ / A1	546	2,046	0.11%	0.26%
Habib Bank Limited	AAA / A-1+	9	12	0.00%	0.00%
Askari Bank Limited	AA+ / A1+	3	467	0.00%	0.06%
Allied Bank Limited	AAA / A1+	12	6	0.00%	0.00%
Habib Metropolitan Bank Limited	AA+ / A1+	10	-	0.00%	0.00%
MCB Islamic Bank Limited	A / A1	616	-	0.12%	0.00%
Bank AL Habib Limited	AA+ / A1+	286,798	-	55.69%	0.00%
AlBaraka Bank (Pakistan) Limited	A / A-1	6	-	-	-
Silk Bank Limited	A- / A-2	429	-	-	-
Dubai Islamic Bank Pakistan Limited	AA- / A-1	209,247	704,255	40.63%	90.59%
		498,405	762,315	96.69%	98.06%
Current accounts					
Standard Chartered Bank (Pakistan) Limited	AAA / A1+	7,305	7,305	1.42%	0.94%
Habib Metropolitan Bank Limited	AA+ / A1+	-	27	0.00%	0.00%
Summit Bank Limited	A- / A-1	5,109	5,109	0.99%	0.66%
United Bank Limited	AAA / A1+	6	1,146	0.00%	0.15%
MCB Bank Limited	AAA / A1+	857	1,512	0.17%	0.19%
AlBaraka Bank (Pakistan) Limited	A / A-1	-	6	0.00%	0.00%
National Bank of Pakistan	AAA / A1+	3,337	-	0.65%	0.00%
Bank AL Habib Limited	AA+ / A1+	-	5	0.00%	0.00%
		16,614	15,110	3.23%	1.94%
		515,019	777,425	100%	100%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

Receivables against sale of units

These represent amount held under distribution accounts maintained by the management company for receipt of subscription money from unit holders. The amount has been cleared subsequently by the Management Company.

Advances and deposits

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

Concentration of credit risk

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

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high credit worthiness and the transactions are settled or paid for only upon delivery using central clearing system.

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

17.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

The Fund's policy to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units as and when due, without incurring undue losses or risking damage to the Fund's reputation.

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

The liquidity position of the Fund is monitored by Fund Manager and Risk and Compliance Department on daily basis.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. The maturity profile of the Fund's liabilities based on contractual maturities is given below:

June 30, 2018				
	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year
	----- (Rupees in '000) -----			
Liabilities				
Payable to the Management Company	9,783	9,783	-	-
Payable to the Trustee	371	371	-	-
Unclaimed dividend	12,400	12,400	-	-
Payable against purchase of investments	69,158	69,158	-	-
Accrued and other liabilities	5,101	1,775	3,326	-
	96,813	93,487	3,326	-

June 30, 2017				
	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year
	----- (Rupees in '000) -----			
Liabilities				
Payable to the Management Company	8,068	2,365	-	-
Payable to the trustee	307	198	-	-
Unclaimed dividend	12,400	12,400	-	-
Payable against purchase of investments	69,606	69,606	-	-
Payable against redemption of units	52,000	52,000	-	-
Accrued and other liabilities	5,811	3,927	1,884	-
	148,192	140,496	1,884	-

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

17.4 Financial instruments by category

As at June 30, 2018, all the financial assets are carried on the Statement of Assets and Liabilities are categorised either as 'loans and receivables' or financial assets classified as 'at fair value through profit or loss - held-for-trading' and 'available-for-sale'. All the financial liabilities carried on the Statement of Assets and Liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss - held-for-trading'.

	June 30, 2018		
	Available-for-sale investments	At fair value through profit or loss - held-for-trading	Loans and receivables
	(Rupees in '000)		
			Total
Assets			
Balances with banks	-	-	515,013
Investments	243,214	2,901,124	3,144,338
Dividend, profit and other receivables	-	-	4,123
Security deposits	-	-	2,800
	<u>243,214</u>	<u>2,901,124</u>	<u>3,666,274</u>
Liabilities			
Payable to the Management Company		-	9,783
Payable to the Trustee		-	371
Unclaimed dividend		-	12,400
Payable against purchase of investments		-	69,158
Accrued and other liabilities		-	5,101
		<u>-</u>	<u>96,813</u>
Assets			
Balances with banks	-	-	777,425
Investments	337,160	1,955,738	2,292,898
Dividend, profit and other receivables	-	-	8,368
Security deposits	-	-	2,800
	<u>337,160</u>	<u>1,955,738</u>	<u>788,593</u>
Liabilities			
Payable to the Management Company		-	8,068
Payable to the Trustee		-	307
Unclaimed dividend		-	12,400
Payable against purchase of investments		-	69,606
Payable against redemption of units		-	52,000
Accrued and other liabilities		-	5,811
		<u>-</u>	<u>148,192</u>

18. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected these financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

		June 30, 2018							
		Carrying amount		Fair value					
		At fair value through profit or loss - held-for-trading	Available-for-sale	Loans and receivables / other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees)							
	Financial assets measured at fair value	2,901,124	243,214	-	3,144,338	3,144,338	-	-	3,144,338
	Listed equity securities	2,901,124	243,214	-	2,710,306	2,710,306	-	-	2,710,306
19.1	Financial assets not measured at fair value	-	-	515,013	515,013				
	Balances with banks	-	-	4,123	4,123				
	Dividend, profit and other receivables	-	-	2,800	2,800				
	Security deposits	-	-	521,936	521,936				
19.1	Financial liabilities not measured at fair value	-	-	9,783	9,783				
	Payable to the Management Company	-	-	371	371				
	Payable to the Trustee	-	-	12,400	12,400				
	Unclaimed dividend	-	-	69,158	69,158				
	Payable against purchase of investments	-	-	5,101	5,101				
	Accrued and other liabilities	-	-	96,813	96,813				

June 30, 2017

During the year ended June 30, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

20. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers, meetings of the Board of Directors of the management company and members of the Investment Committee are as follows:

20.1 Pattern of unit holding

Details of pattern of unit holding

June 30, 2018			
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)
			Percentage of total investments %
Individuals	2,576	60,134,183	648,008
Insurance companies	9	30,055,105	323,875
Bank / DFIs	3	1,332,469	14,359
Retirement funds	2	4,690,740	50,548
Associated companies	10	189,391,654	2,040,890
NBFC	2	332,616	3,584
Others	66	43,512,522	468,892
	2,668	329,449,289	3,550,156
			100%

June 30, 2017			
	Number of unit holders	Number of units held	Net asset value of the amount invested Rupees in '000
			Percentage of total investments %
Individuals	2,092	46,300,444	567,273
Insurance companies	9	9,380,565	114,931
Bank / DFIs	3	1,332,469	16,325
Retirement funds	2	4,690,740	57,471
Associated companies	8	66,945,293	820,214
NBFC	2	332,617	4,075
Others	62	108,934,586	1,334,667
	2,178	237,916,714	2,914,957
			100%

20.2 Top ten brokers / dealers by percentage of commission paid

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

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

	June 30, 2018 (Percentage)
1 Arif Habib Limited	9.85%
2 JS Global Capital Limited	8.30%
3 Foundation Securities Limited	6.36%
4 Taurus Securities Limited	6.17%
5 DJM Securities (Private) Limited	5.28%
6 BMA Capital Management Limited	5.12%
7 Elixir Securities Pakistan (Private) Limited	4.83%
8 Al Falah Securities (Private) Limited	4.70%
9 EFG Hermes Pakistan Limited	4.62%
10 Next Capital Limited	4.40%
	June 30, 2017 (Percentage)
1 Arif Habib Limited	8.98%
2 Next Capital Limited	7.37%
3 JS Global Capital Limited	7.33%
4 BMA Capital Management Limited	6.32%
5 BIPL Securities Limited	6.11%
6 Elixir Securities Pakistan (Private) Limited	5.39%
7 Top Line Securities (Private) Limited	4.67%
8 Taurus Securities Limited	4.66%
9 Optimas Capital Management (Private) Limited	4.30%
10 Intermarket Securities Limited	4.27%

20.3 Attendance at meetings of the Board of Directors

During the year, 134th, 135th, 136th, 137th, 138th, 139th, 140th, 141st and 142nd Board meetings were held on July 06, 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 Directors in the meetings is given below:

below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mian Muhammad Mansha	9	4	5	134th, 135th, 136th, 138th, 142nd
Nasim Beg	9	9	-	-
Muhammad Saqib Saleem	8	8	-	-
Salman Shah	9	7	2	134th, 138th
Haroon Rashid	9	3	6	135th, 136th, 142nd
Ahmed Jahangir	9	9	-	-
Samad A. Habib	9	5	4	134th, 136th, 138th, 139th
Mirza Qamar Beg	9	7	2	138th, 142nd

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

20.4 Particulars of investment committee and fund manager

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

Names	Designation	Qualification	Experience in years
Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	21
Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	15
Mr. Saad Ahmed	Asset Class Specialist – Fixed Income	MBA	13
Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	7
Mr. Aitazaz Farooqi	Research Analyst	BBA & CFA	5
Mr. Syed Abid Ali	Asset Class Specialist – Equities	MBA	10

20.5 Other funds managed by the fund manager

Mr. Awais Abdul Sattar

Mr. Awais Abdul Sattar is the Senior Research Analyst of the Fund as at year end. He has obtained a Masters degree in Business Administration and Chartered Financial Analyst qualification. Other funds being managed by him are as follows:

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

21. GENERAL

22.1 Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

22.2 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current year. However, there are no material re-arrangements / re-classifications to report.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 14, 2018 by the Board of Directors of the Management Company.

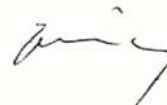
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2018**

No. of Unit Holders	Unit Holdings	Total Units Held
1878	0-10000	3,852,561
611	10001 - 100000	20,707,274
146	100001 - 1000000	39,799,866
33	1000001 - onwards	265,089,588
<u>2668</u>		<u>329,449,289</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2018

Performance Information	2018	2017	2016	2015	2014
Total Net Assets Value – Rs. in million	2,599	2,915	1,123	666	358
Net Assets value per unit – Rupees	10.78	12.25	10.62	10.27	9.65
Closing Offer Price	11.15	12.67	11.06	10.55	9.92
Closing Repurchase Price	10.78	12.25	10.62	10.27	9.65
Highest offer price per unit	12.71	15.62	11.31	12.20	12.55
Lowest offer price per unit	10.27	11.20	9.50	9.64	9.86
Highest Redemption price per unit	12.29	15.11	10.86	11.82	12.21
Lowest Redemption price per unit	9.93	10.82	9.12	9.38	9.59
Distribution per unit – Rs. *	0	1.50	0.05	1.25	2.57
Average Annual Return - %					
One year	(12.00)	29.97	3.90	19.20	31.38
Two year	8.99	16.94	11.55	25.29	31.84
Three year	7.29	17.69	18.16	27.63	26.19
Net Income for the year – Rs. in million	(410.50)	472.59	(14.00)	63.89	87.45
Distribution made during the year – Rs. in million	-	193.14	5.16	41.41	75.23
Accumulated Capital Growth – Rs. in million	(410.50)	279.46	(19.16)	22.48	12.21

* Date of Distribution

2017	
Date	Rate

June 21, 2017 1.5

2016	
Date	Rate

June 30, 2016 0.05

2015	
Date	Rate

June 22, 2015 1.25

2014	
Date	Rate

June 27, 2014 2.57

Disclaimer

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

PROXY ISSUED BY FUND FOR THE YEAR ENDED JUNE 30, 2018

The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website (www.mcbah.com). During the financial year, the Management Company on behalf of the fund did not participate in 4 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

	Resolutions	For	Against	Abstain	Abstain Reason for Abstaining
Number	38	38	0	0	-
(%ages)	100	100	0	0	-

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

MCB-Arif Habib Savings and Investments Limited

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URL: www.mcbah.com, Email: info@mcbah.com