

Alhamra Islamic Pension Fund

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Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholders' value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

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 Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Askari Bank Limited Bank Islami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Silk Bank Limited MCB Islamic Bank Limited Habib Metropolitan Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shahra-e-Faisal, Karachi-75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, 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 PENSION FUND MANAGERS FOR THE YEAR ENDED JUNE 30, 2018

Dear Investor,

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

ECONOMY AND MONEY MARKET OVERVIEW

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

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

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

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

EQUITIES MARKET OVERVIEW

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. Cyclical 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

Debt Fund

The debt sub-fund generated an annualized return of 2.99% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk decreased to 26.3% from 68.3% while exposure in cash increased from 9.0% to 61.5%. The Net Assets of the Fund as at June 30, 2018 stood at Rs. 228.73 million as compared to Rs. 202.96 million as at June 30, 2017 registering an increase of 12.70%.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGERS FOR THE YEAR ENDED JUNE 30, 2018

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 199.41 as compared to opening NAV of Rs. 196.63 per unit as at June 30, 2017 registering an increase of Rs. 2.78 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 3.34% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 2.2%. On the other hand, the fund increased exposure in cash to 97.1% from 51.3% at the beginning of the period.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 89.90 million as compared to Rs. 72.67 million as at June 30, 2017 registering an increase of 23.70%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 179.84 as compared to opening NAV of Rs. 174.03 per unit as at June 30, 2017 registering an increase of Rs. 5.81 per unit.

Equity Fund

The Equity sub-fund generated a return of -12.16% while the KMI-30 posted a return of -9.59%, an underperformance of 2.57%. The sub-fund decreased exposure to equities from 91.0% to 88.0% during the period. The Net Assets of the Fund as at June 30, 2018 stood at Rs. 455.13 million as compared to Rs. 453.27 million as at June 30, 2017 registering an increase of 0.41%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 513.58 as compared to opening NAV of Rs. 584.69 per unit as at June 30, 2017 registering a decrease of Rs. 71.11 per unit.

FUTURE OUTLOOK

For the next year, the economic growth is expected to slightly slow down as a weak currency and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI (ruling party) some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side is also expected to weaken as reckless spending by the government will cause fiscal deficit to cross above 6.0% of GDP. Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy, with 100 bps already increased, which shall result in higher debt servicing cost for the government during the next fiscal year. Along with entry to the IMF program, which will aim to curtail the fiscal deficit, developmental expenditures will be sharply cut during the next year.

On the equity side, post elections, we shall closely monitor the environment to incorporate the new policy guidance as it becomes available. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

EXTERNAL AUDITORS

The fund's external auditors, Deloitte Yousuf Adil Chartered Accountants, have retired during the year & Ernst & Young Ford Rhodes Chartered Accountants have been appointed as an external auditors of the fund for financial year ending June 30, 2019. Ernst & Young Ford Rhodes Chartered Accountants has also expressed their willingness to act as the fund auditors.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGERS FOR THE YEAR ENDED JUNE 30, 2018

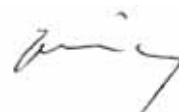
ACKNOWLEDGMENT

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

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

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ”ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس“ نے 30 جون 2019ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2019ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

14 ستمبر 2018ء

ڈائریکٹرز رپورٹ

منی مارکیٹ فنڈ

زیر جائزہ مدت کے دوران منی مارکیٹ سب-فنڈ کا ایک سال پر محیط منافع 3.34% تھا۔ سب-فنڈ کی حکومت پاکستان اجارہ سلگس میں شمولیت کو کم کر کے اختتام مدت پر تقریباً 2.2% کر دیا گیا۔ دوسری جانب نقد میں شمولیت کو 51.3% (آغاز مدت) سے بڑھا کر 97.1% کر دیا گیا۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 89.90 ملین روپے تھے، جو 30 جون 2017ء کو 72.67 ملین روپے کے مقابلے میں 23.70% اضافہ ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 179.84 روپے تھی، جو 30 جون 2017ء کو 174.03 روپے ابتدائی NAV کے مقابلے میں 5.81 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

ایکویٹی سب-فنڈ نے 12.16% منافع حاصل کیا جبکہ KMI-30 کے 9.59% منافع سے 2.57% کم تھا۔ دوران مدت سب-فنڈ کی ایکویٹیز میں شمولیت کو 91.0% سے کم کر کے 88.0% کر دیا گیا۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 455.13 ملین روپے تھے، جو 30 جون 2017ء کو 453.27 ملین روپے کے مقابلے میں 0.41% اضافہ ہے۔ 30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 513.58 روپے تھی، جو 30 جون 2017ء کو 584.69 روپے ابتدائی NAV کے مقابلے میں 71.11 روپے فی یونٹ کمی ہے۔

مستقبل کا منظر

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

ڈائریکٹرز رپورٹ

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% / 47% YoY کی بڑی کمی تھی۔

Cyclicals کے لیے یہ بدترین سال تھا کیونکہ معاشی ترقی کے حوالے سے بڑھتے ہوئے خدشات کے باعث سرمایہ کاروں کی حوصلہ شکنی ہوئی۔ سیمنٹ اور 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 گروتھی 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 انویسٹری 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

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سب-فنڈ کا ایک سال پر محیط منافع 2.99%۔ سب-فنڈ کی حکومت پاکستان اجارہ سلگ میں شمولیت 68.3% سے کم ہو کر 26.3% ہو گئی جبکہ نقد میں شمولیت 9.0% سے بڑھ کر 61.5% ہو گئی۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 228.73 ملین روپے تھے، جو 30 جون 2017ء کو 202.96 ملین روپے کے مقابلے میں 12.70% اضافہ ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 199.41 روپے تھی، جو 30 جون 2017ء کو 196.63 روپے ابتدائی NAV کے مقابلے میں 2.78 روپے فی یونٹ اضافہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان اسلامک پینشن فنڈ کے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

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

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

خارجی شعبہ نازک مقام رہا کیونکہ کرنٹ اکاؤنٹ کے اب تک کے سب سے زیادہ خسارے کے ساتھ ساتھ دو جہتی اور کثیرالجہتی، 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 IMF پروگرام کے رُخ پر گامزن ہو سکتا ہے، سوائے اس کے کہ ایمنسٹی اسکیم کے ذریعے خاطر خواہ آمدورفت پیدا کی جائے۔

مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں مجموعی طور پر 75 bps اضافہ کیا جس کی بنیادی وجہ بڑھتے ہوئے جڑواں خسارے، ریئل انٹریسٹ کی گھٹتی ہوئی شرحیں، اور تیزی سے بڑھتی ہوئی درآمدات ہیں۔ انٹریسٹ کی شرحوں میں تیز رفتار اضافے کے امکانات کے باعث بانڈ کی آمدنی کا ختم 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 سگ کا اجراء نہیں کیا گیا۔

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

Fund Type and Category

Alhamra Islamic Pension Fund (ALHIPF) is an open-end shariah complaint voluntary pension scheme. Investment Objective:

The investment objective of the fund is to seek steady returns with a moderate risk for investors by investing in a portfolio of equity, short medium term debt and money market instruments.

Investment Strategy:

ALHIPF is a flexible savings cum investments plan under the voluntary pension system which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, and allows special tax rebate on the contributions under this system. The investors have a choice between various allocation schemes that PIPF offers, each of which is invested in different proportions in the three sub funds: Equity, debts and Money markets. Equity sub fund invests up to 90% of its assets in equity securities. Sector/stock selection is done on the basis of fundamental outlook and DCF valuations and meeting shariah compliance criteria. Debt sub fund invests in Sukuk and other shariah complaint debt instruments of duration of less than 5 years. Money market sub fund invests in short dated shariah complaint money market instruments.

Manager's Review

Equity Sub- Fund

The Equity sub-fund generated a return of -12.16% while the KMI-30 posted a return of -9.59%. The sub-fund decreased exposure to equities from 91% to 88% during the period.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 455.13 million as compared to Rs. 453.27 million as at June 30, 2017 registering an increase of 0.4%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 513.58 as compared to opening NAV of Rs. 584.69 per unit as at June 30, 2016 registering an increase of Rs. 71.11 per unit.

Money Market Sub-Fund

The money market sub-fund generated an annualized return of 3.34% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 2.2%. Simultaneously, the fund increased exposure in cash to 97.1% from 51.3% at the beginning of the period.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 89.90 million as compared to Rs. 72.67 million as at June 30, 2017 registering an increase of 23.7%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 179.84 as compared to opening NAV of Rs. 174.03 per unit as at June 30, 2017 registering an increase of Rs. 5.81 per unit.

Debt Sub-fund

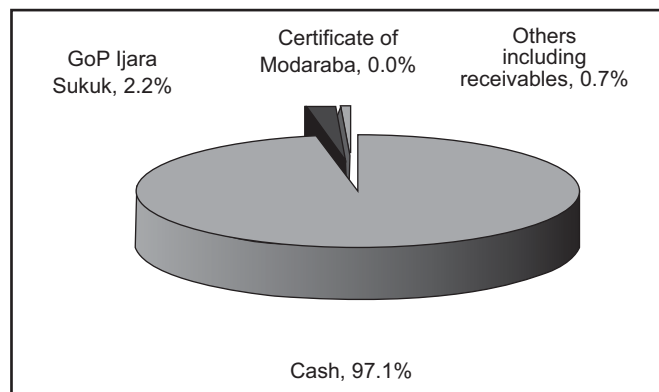
The debt sub-fund generated an annualized return of 2.99% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk decreased to 26.3% from 68.3%.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 228.73 million as compared to Rs. 202.96 million as at June 30, 2017 registering an increase of 12.7%.

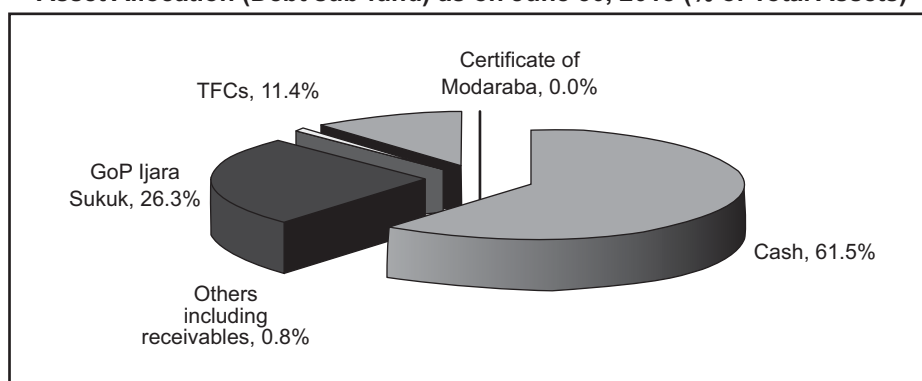
The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 199.41 as compared to opening NAV of Rs. 193.63 per unit as at June 30, 2017 registering an increase of Rs. 5.78 per unit.

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

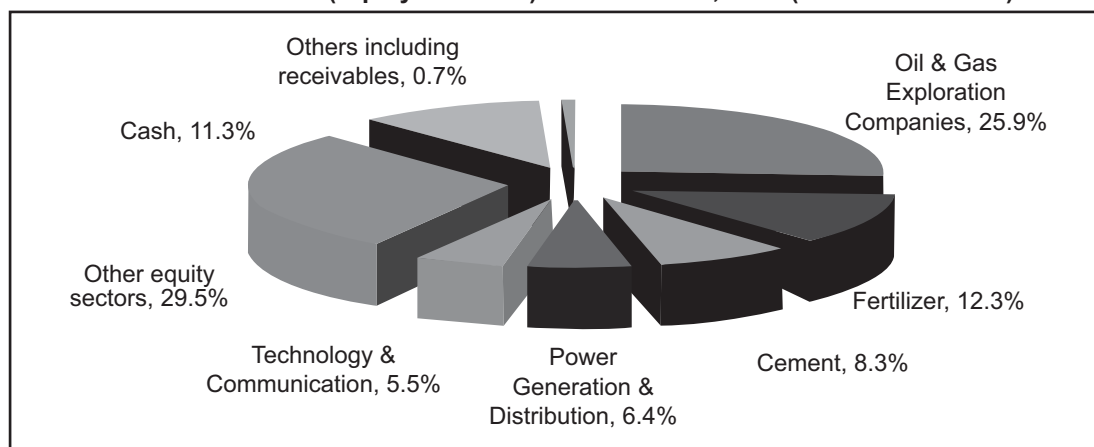
Asset Allocation (MM sub-fund) as on June 30, 2018 (% of Total Assets)



Asset Allocation (Debt sub-fund) as on June 30, 2018 (% of Total Assets)



Asset Allocation (Equity sub-fund) as on June 30, 2018 (% of Total Assets)



Awais Abdul Sattar, CFA
Fund Manager

Karachi: September 14, 2018

TRUSTEE REPORT TO THE PARTICIPANTS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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TRUSTEE REPORT TO THE PARTICIPANTS

ALHAMRA ISLAMIC PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager 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 constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

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

Karachi: October 11, 2018



Report of the Shariah Advisory Board

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Islamic Pension 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.

For Equity Sub Fund, we have advised a criteria for screening equities in the local stock market, on the basis of the following; (1) Nature of business (2) Interest bearing debt in relation to the total assets, (3) Illiquid assets in the relation to the total assets, (4) Investment in non-Shariah compliant activities to total assets, (5) Income from non-complaint investment to Gross revenues and (6) Net liquid assets per share vs. share price.

For Debt & Money Market Sub Funds, we have prescribed a criteria and procedures to be followed in ensuring Shariah compliance in every investment.

As part of our mandate as Shariah Advisor, we have reviewed the following, during the period;

- The modes of investment of the Fund's property and its compliance with the Shariah guidelines.
- Shariah compliance of new investment avenues proposed by MCBAH.

In the light of the above scope, we hereby certify that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the period ended 30th June 2018 are in compliance with the Shariah principles.

The pension fund manager has been directed to set aside as charity, amount earned as interest from conventional banks. In addition, there are investments made by the fund where investee companies have earned a part of their income from non-complaint sources (e.g. interest income). In such cases, the management company has been directed to set aside as charity such proportion of the income from investee companies in order to purify the earnings of the Fund.

During the year an amount of Rupees 265,533 was transferred to the charity account. The total amount of charity payable as at June 30, 2018 amounts to Rs. 265,533.

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


Dr Ejaz Samadani

Dated: September 14, 2018

For and on behalf of Shariah Advisory Board

Shariah Compliance Auditor's Report to the Pension Fund Manager



Deloitte Yousuf Adil
Chartered Accountants
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INDEPENDENT ASSURANCE REPORT TO THE UNITHOLDERS IN RESPECT OF COMPLIANCE WITH THE SHARIAH RULES AND PRINCIPLES

We have performed an independent assurance engagement of **Alhamra Islamic Pension Fund** (the Fund) to express a conclusion that the Fund has complied with the Sharia principles specified in Trust Deed and the guidelines issued by Shariah Advisory Board of the Fund during the year ended June 30, 2018. Our engagement was carried out as required under clause 3.4.8 of the Trust Deed of the Fund.

Management Company's responsibility

It is the responsibility of the Management Company (the management) of the Fund to ensure compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by Shariah Board. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures to ensure that operations of the Fund and its investment and placements have been made in compliance with the Shariah principles.

Responsibility of independent assurance providers

Our responsibility is to express a conclusion on the compliance with Shariah principles based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by Shariah Board.

The procedures selected by us for the engagement were dependent on our judgment, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for the purpose of expressing a conclusion on the effectiveness of the Fund's internal controls. Amongst others, our scope included procedures to:

- Check compliance of specific guidelines relating to maintaining bank accounts and for making investments of the Fund; and
- Check that the Shariah Board has certified that investments made by the Fund during the year ended June 30, 2018 are in compliance with the Shariah principles as specified in Trust Deed and where required investment were made in consultation with the Shariah Advisory Board.

We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our conclusion.

Member of
Deloitte Touche Tohmatsu Limited

Shariah Compliance Auditor's Report to the Pension Fund Manager



Deloitte Yousuf Adil
Chartered Accountants

Conclusion

Based on procedure performed, we conclude that, the Fund was, in all material respects, in compliance with the Shariah principles as specified in the Trust Deed and the guidelines issued by Shariah Advisory Board of the Fund during the year ended June 30, 2018.

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi

Dated: October 18, 2018

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS



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AUDITORS REPORT TO THE PARTICIPANTS OF THE ALHAMRA ISLAMIC PENSION FUND

We have audited the annexed financial statements comprising:-

- i) Statement of Assets and Liabilities;
- ii) Income Statement;
- iii) Statement of Comprehensive Income;
- iv) Statement of Cash flows;
- v) Statement of movement in participants sub-fund;
- vi) Contribution table;
- vii) Statement of number of units in issue; and
- viii) Financial performance table

of **Alhamra Islamic Pension Fund** (the Fund) for the year ended June 30, 2018 together with the notes forming part thereof for the year then ended.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified under sub-section (1) of Section 225 of the Companies Act, 2017, and technical releases issued by Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005 and the Companies Act, 2017. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion: -

- (a) the financial statements prepared for the period have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- (b) a true and fair view is given of the financial position of the Fund as at June 30, 2018 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;

BYA

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

- (f) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) no zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 14, 2018
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

		2018				
	Note	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	Total	2017
Assets						
Balances with banks	5	52,084,953	142,025,719	88,198,559	282,309,231	92,229,497
Investments	6	405,149,042	87,073,316	2,008,600	494,230,958	637,899,280
Dividends receivable		246,100	-	-	246,100	2,048,694
Profits receivable		207,317	1,462,895	499,220	2,169,432	1,730,598
Advances, deposits and other receivables	7	2,815,688	226,664	121,754	3,164,106	3,157,078
Total assets		460,503,100	230,788,594	90,828,133	782,119,827	737,065,147
Liabilities						
Payable to Pension Fund Manager	8	641,766	307,721	119,463	1,068,950	1,017,983
Payable to Trustee	9	64,128	30,787	11,912	106,827	101,808
Annual fee payable to Securities and Exchange Commission of Pakistan	10	142,152	70,800	26,050	239,002	209,171
Accrued and other liabilities	11	4,520,491	1,650,440	765,807	6,936,738	6,842,282
Total liabilities		5,368,537	2,059,748	923,232	8,351,517	8,171,244
Net assets		455,134,563	228,728,846	89,904,901	773,768,310	728,893,903
Contingencies and commitments	12					
Participants Sub-Funds (as per Statement of Movement in Participants' Sub-Funds)						
		455,134,563	228,728,846	89,904,901		
Number of units in issue (as per statement attached)						
		886,195	1,147,018	499,903		
Net assets value per unit (Rupees)						
		513.58	199.41	179.84		

The annexed notes from 1 to 19 form an integral part of these financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

		2018			
		ALHIFP Equity Sub-Fund	ALHIFP Debt Sub-Fund	ALHIFP Money Market Sub-Fund	
Note		(Rupees)			2017
Income					
Capital (loss) / gain on sale of investments classified as:					
- 'available-for-sale'					
		(924,382)	-	-	62,365,544
		(19,308,631)	(379,291)	(54,801)	7,941,815
- 'at fair value through profit or loss - held-for-trading'					
Dividend income on shares classified as:					
- 'available-for-sale'					
		4,918,210	-	-	11,129,818
		13,174,000	-	-	4,392,292
- 'at fair value through profit or loss - held-for-trading'					
Income from Government Securities					
		-	2,894,455	401,152	7,147,450
- 'at fair value through profit or loss - held-for-trading'					
Income from sukuk certificates					
		-	1,750,862	-	286,523
- 'at fair value through profit or loss - held-for-trading'					
Profit on bank and other deposits					
		1,812,288	6,752,704	3,857,705	6,334,762
Unrealised (diminution) / appreciation on revaluation					
of investments classified 'at fair value through					
profit or loss' - held-for-trading - net					
		(21,146,959)	(348,332)	8,599	(2,797,305)
Total income					
		(21,475,474)	10,670,398	4,212,655	(6,592,421)
96,800,899					
Impairment loss on					
'available-for-sale' investment					
		(4,214,186)	-	-	(4,214,186)
Expenses					
Remuneration of Pension Fund Manager					
		6,408,609	3,189,017	1,174,880	9,420,502
Sales tax and Federal Excise Duty on					
remuneration of Pension Fund Manager					
		832,437	414,572	152,589	1,224,474
Remuneration of Trustee					
		640,365	318,917	117,382	941,940
Sales tax on trustee fee					
		83,259	41,460	15,233	122,431
Annual fee to Securities and Exchange					
Commission of Pakistan					
		142,192	70,825	26,075	209,246
Auditors' remuneration					
13		303,229	151,450	55,613	497,466
Custody and settlement charges					
		415,692	6,780	-	328,139
Securities transaction cost					
		1,068,636	6,498	1,598	1,197,870
Legal and professional charges					
		-	-	-	-
Bank charges					
		28,967	35,038	21,215	62,210
Donation and charity					
		265,532	-	-	222,003
Provision for Workers' Welfare Fund					
11.2		-	138,165	59,592	64,371
Others					
		3,003	-	-	1,574
Total expenses					
		10,191,921	4,372,722	1,624,177	14,292,226
Net income from operating activities					
		(35,881,581)	6,297,676	2,588,478	(26,995,427)
82,508,673					
Element of income and capital gains included in					
prices of units sold less those redeemed - net					
- from capital gain and unrealized gain					
		(1,755,378)	470,024	331,506	16,940,654
- from income other than capital and unrealized gain					
		50,895,330	9,121,488	6,082,864	(1,056,018)
		49,139,952	9,591,512	6,414,370	15,884,636
Net income for the year before taxation					
		13,258,371	15,889,188	9,002,848	98,393,309
38,150,407					
Taxation					
4.8		-	-	-	-
Net income for the year after taxation					
		13,258,371	15,889,188	9,002,848	98,393,309
Earnings per unit					
4.7		-	-	-	-

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Director

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

	2018			2017
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	
Net income for the year after taxation	13,258,371	15,889,188	9,002,848	38,150,407
Other comprehensive income for the year				
<i>Items that may be reclassified subsequently to profit and loss account</i>				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	(22,517,855)	-	-	(22,517,855)
Total comprehensive income for the year	(9,259,484)	15,889,188	9,002,848	15,632,552

98,393,309

20,287,436

118,680,745

The annexed notes from 1 to 19 form an integral part of these financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	2018				
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund	Total	
Note	(Rupees)				2017
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	13,258,371	15,889,188	9,002,848	38,150,407	98,393,309
Adjustments for:					
Capital loss / (gain) on sale of investments classified as:					
- 'available-for-sale'	924,382	-	-	924,382	(62,365,544)
- 'at fair value through profit or loss - held-for-trading'	19,308,631	379,291	54,801	19,742,723	(7,941,815)
Unrealised (appreciation) / diminution on revaluation of investments classified 'at fair value through profit or loss' - held-for-trading - net	21,146,959	348,332	(8,599)	21,486,692	2,797,305
Impairment loss on 'available-for-sale' investment	4,214,186	-	-	4,214,186	-
Element of income and capital gains included in prices of units sold less those redeemed - net					
- from realised / unrealised capital (gain) / loss	1,755,378	(470,024)	(331,506)	953,848	(16,940,654)
- from other income / (loss)	(50,895,330)	(9,121,488)	(6,082,864)	(66,099,682)	1,056,018
	(3,545,794)	(8,863,889)	(6,368,168)	(18,777,851)	(83,394,690)
(Increase) / decrease in assets					
Investments	(55,636,192)	97,233,678	33,184,998	74,782,484	(119,092,594)
Dividend receivable	1,802,594	-	-	1,802,594	(1,193,000)
Profit receivable	(50,860)	(301,202)	(86,772)	(438,834)	(1,202,686)
Receivable against sale of investment	-	-	-	-	4,348,859
Advances, deposits and other receivables	(6,006)	(642)	(380)	(7,028)	(9,594)
	(53,890,464)	96,931,834	33,097,846	76,139,216	(117,149,015)
Increase / (decrease) in liabilities					
Payable to Pension Fund Manager	1,812	30,232	18,923	50,967	313,983
Payable to Trustee	102	3,047	1,870	5,019	31,413
Annual fee payable to Securities and Exchange Commission of Pakistan	14,811	12,519	2,501	29,831	54,794
Accrued and other liabilities	(131,158)	148,750	76,864	94,456	127,996
	(114,433)	194,548	100,158	180,273	528,186
Net cash generated from / (used in) operating activities					
	(44,292,320)	104,151,681	35,832,684	95,692,045	(101,622,210)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	105,824,867	65,211,304	29,377,615	200,413,786	217,488,407
Payment against redemption of units	(45,558,851)	(45,736,942)	(14,730,304)	(106,026,097)	(104,034,807)
Net cash generated from financing activities	60,266,016	19,474,362	14,647,311	94,387,689	113,453,600
Net increase in cash and cash equivalent during the year	15,973,696	123,626,043	50,479,995	190,079,734	11,831,390
Cash and cash equivalents at the beginning of the year	36,111,257	18,399,676	37,718,564	92,229,497	80,398,107
Cash and cash equivalents at end of the year	52,084,953	142,025,719	88,198,559	282,309,231	92,229,497

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	2018				
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund	Total	2017
	(Rupees)				
Net assets at beginning of the year	453,267,983	202,956,808	72,669,112	728,893,903	512,644,195
Amount received on issue of units	105,824,867	65,211,304	29,377,615	200,413,786	217,488,407
Amount paid on redemption of units	(45,558,851)	(45,736,942)	(14,730,304)	(106,026,097)	(104,034,807)
	60,266,016	19,474,362	14,647,311	94,387,689	113,453,600
Element of income and capital gains included in prices of units sold less those in units redeemed:					
- Amount representing income and realised capital gains losses	1,755,378	(470,024)	(331,506)	953,848	(15,884,637)
- Amount representing unrealised appreciation / (diminution) in fair value of investments	(50,895,330)	(9,121,488)	(6,082,864)	(66,099,682)	(67,714,226)
	(49,139,952)	(9,591,512)	(6,414,370)	(65,145,834)	(83,598,863)
Net unrealised (diminution) / appreciation during the year in the market value of investments classified as 'available-for-sale'	(22,517,855)	-	-	(22,517,855)	20,287,436
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised appreciation	-	-	-	-	67,714,226
Net income for the year after taxation	13,258,371	15,889,188	9,002,848	38,150,407	98,393,309
Net assets at end of the year	455,134,563	228,728,846	89,904,901	773,768,310	728,893,903

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Director

CONTRIBUTION TABLE FOR THE YEAR ENDED JUNE 30, 2018

Contributions net of front end fee	June 30, 2018						Total	Total June 30, 2017
	ALHIPF Equity Sub-Fund		ALHIPF Debt Sub-Fund		ALHIPF Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
----- (Rupees) -----								
Opening balance	775,229	195,417,493	1,048,189	156,147,798	417,574	46,490,028	398,055,319	284,601,719
Issue of units	199,471	105,824,867	334,935	65,211,304	165,636	29,377,615	200,413,786	217,488,407
Redemption of units	(88,505)	(45,558,851)	(236,106)	(45,736,942)	(83,307)	(14,730,304)	(106,026,097)	(104,034,807)
	110,966	60,266,016	98,829	19,474,362	82,329	14,647,311	94,387,689	113,453,600
Closing balance	886,195	255,683,509	1,147,018	175,622,160	499,903	61,137,339	492,443,008	398,055,319

The annexed notes from 1 to 19 form an integral part of these financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

**STATEMENT OF NUMBER OF UNITS IN ISSUE
FOR THE YEAR ENDED JUNE 30, 2018**

	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund
	----- (Number of units) -----		
Total units outstanding at beginning of the year	775,229	1,048,189	417,574
Add: Units issued during the year	199,471	334,935	165,636
Less: Units redeemed during the year	(88,505)	(236,106)	(83,307)
Total units in issue at the end of the year	886,195	1,147,018	499,903

The annexed notes from 1 to 19 form an integral part of these financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

FINANCIAL PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2018

	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			ALHIPF Money Market Sub-Fund		
	June 30, 2018	June 30, 2017	% Change	June 30, 2018	June 30, 2017	% Change	June 30, 2018	June 30, 2017	% Change
	(Rupees)	(Rupees)		(Rupees)	(Rupees)		(Rupees)	(Rupees)	
Net income after taxation	13,258,371	87,074,447	(84.77)	15,889,188	8,670,500	83.26	9,002,848	2,648,362	239.94
Realised capital gains / (losses)	(20,233,013)	69,452,659	(129.13)	(379,291)	702,534	-	(54,801)	152,166	(136.01)
Unrealised gains / (losses)	(43,664,814)	15,912,586	(374.40)	(348,332)	1,387,368	(125.11)	8,599	190,177	(95.48)
Impairment loss on available-for-sale investment	(4,214,186)	-	-	-	-	-	-	-	-
Dividend income and profit income	19,904,498	16,565,629	20.16	6,752,704	2,542,903	165.55	3,857,705	2,748,340	40.36
Net assets value per unit	513.58	584.69	(12.16)	199.41	193.63	2.99	179.84	174.03	3.34
Transactions in securities									
- Purchases	423,652,737	590,715,208	(28.28)	15,000,000	86,903,490	(82.74)	12,015,000	19,975,000	(39.85)
- Sales	368,987,369	517,558,351	(28.71)	78,145,473	82,364,500	(5.12)	32,116,000	24,296,750	32.18
Total contribution received	105,824,867	134,807,798	(21.50)	65,211,304	71,997,017	(9.42)	29,377,615	10,683,592	174.98
Lowest and highest issue price of units during the year									
	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			ALHIPF Money Market Sub-Fund		
	Lowest Issue price	Highest Issue price		Lowest Issue price	Highest Issue price		Lowest Issue price	Highest Issue price	
	464.21	585.31		193.23	199.41		173.87	183.11	

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive 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** The Alhamra Islamic Pension Fund (the Fund) (Formerly: Pakistan Islamic Pension Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2** Alhamra Islamic Pension Fund is an open-ended pension fund consisting of three sub-funds namely ALHIPF Equity Sub-Fund, ALHIPF Debt Sub-Fund and ALHIPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3** MCB-Arif Habib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated December 28, 2017.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Voluntary Pension System rules, 2005 (The VPS Rules), and requirements of the Trust Deed

Where provisions of and directives issued under the Companies Act, 2017,, the VPS Rules and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, , the VPS Rules and requirements of the Trust Deed have been followed.

2.2 IFRS 9 Financial Instruments

In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well.

Key requirements of IFRS 9:

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

Based on an analysis of the Fund's financial assets and financial liabilities as at June 30, 2018 on the basis of the facts and circumstances that exist at that date, the Management of the Asset Management Company has assessed the impact of IFRS 9 to the Fund's financial statements as follows:

Classification and measurement

As at June 30, 2018 the fund has investment in listed equity securities and unlisted debt securities classified as 'at Fair Value Through Profit or Loss' and listed equity securities classified as 'Available-for-sale'. These investment in Fair Value Through Other Comprehensive Income and Fair Value Through Profit or Loss would be measured as follows:

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value as disclosed in note 6.1: these shares will continue to be subsequently measured at FVTPL upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Unlisted debt securities classified as 'at Fair value through Profit or Loss' investments carried at fair value as disclosed in note 6.3: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the notes in the open market, and the notes' contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the unlisted debt securities will continue to be subsequently measured at FVTPL upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Listed shares classified as available-for-sale investments carried at fair value as disclosed in note 6.4 these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Fund's profit or loss and other comprehensive income but will not affect total comprehensive income;
- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment

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

Apart from the above, the Management does not anticipate that the application of the IFRS 9 accounting requirements will have a material impact on the Fund's financial statements.

2.3 Amendments to IFRS that are effective for the year ended June 30, 2018

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendment	Effective date (accounting period beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

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

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

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

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

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

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

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of the VPS Rules and International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

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.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees 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.

4.1 Financial assets

4.1.1 Classification

The Fund classifies its financial assets in the following categories: 'at fair value through profit or loss' - held-for-trading, 'loans and receivables' and 'available-for-sale' in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets 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) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables comprise of balances with banks, deposits and other receivables and dividend and profit receivable.

c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) 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.

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

4.1.2 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.

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

a) Government Ijarah Sukuks

The investment of the Debt Sub-Fund and Money Market Sub-Fund in Government Ijarah Sukuks are categorized as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and are valued on the basis of broker average rates obtained from Mutual Funds Association of Pakistan (MUFAP).

b) Equity Securities

The investment of the Equity Sub-Fund in equity securities is categorised as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and is valued on the basis of quoted market prices available at the stock exchange.

c) 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 6, 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.

d) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortized cost.

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are recognised as unrealised gain or loss in the income statement.

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available-for-sale financial assets are recognised in other comprehensive income until the available-for-sale financial assets are derecognised. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified from other comprehensive income to income statement as a reclassification adjustment.

4.1.5 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 recognised 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 cost is 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 recognised in other comprehensive income is reclassified from other comprehensive income and recognised in the income statement. Impairment losses recognised on equity financial assets recognised 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 profit rate.

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

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and liabilities

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

4.1.8 Reclassification

The Fund may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held-for-trading' category to the 'available-for-sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

4.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to the Pension Fund Manager, payable to the Trustee and other liabilities.

4.3 Issue, allocation, reallocation and redemption of units

Contribution received from a Participant is allocated to the sub-funds on the basis of the allocation scheme selected by the Participant out of the allocation schemes offered by the Pension Fund Manager. Units issued in respect of a sub-fund are recorded at the offer price of that sub-fund, determined by the Pension Fund Manager for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit of the sub-fund as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants.

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

An equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units sold and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Participant's Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the Income Statement.

4.5 Provisions

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

4.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the balance sheet, is calculated by dividing the net assets of the Fund by the number of units of the sub-fund in circulation at the year end.

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

4.7 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.

4.8 Taxation

The income of Alhamra Islamic Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Despite the exemption available under the said clause, minimum tax at the rate of 1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2001. Through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax do not apply.

4.9 Revenue recognition

- Realised 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 marking 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 recognised when the right to receive dividend is established.
- Profit on investment is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

4.11 Basis of allocation of expenses to each sub-fund

Remuneration to the Pension Fund Manager, Trustee and annual fee to the SECP is allocated to each sub-fund on the basis of the net assets of the sub-fund.

Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription and bank charges are charged to that sub-fund.

Auditors' remuneration and legal and professional charges are allocated on the basis of the proportionate net assets of each sub-fund.

5. BALANCES WITH BANKS

		June 30, 2018			June 30, 2017
		ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund	
Note		(Rupees)			Total
Current accounts		929,863	-	-	929,863
Savings accounts	5.1	51,155,090	142,025,719	88,198,559	281,379,368
		<u>52,084,953</u>	<u>142,025,719</u>	<u>88,198,559</u>	<u>282,309,231</u>

Interest rate for 2018:

- 5.1 Savings accounts carry a rate of return ranging from 5% to 6.50% (2017: 5% to 6.25%) per annum.

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

6. INVESTMENTS

		June 30, 2018			June 30, 2017
		ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	
Note				Total	
At fair value through profit or loss - held-for-trading					
Listed equity securities	6.1	302,431,552	-	-	257,421,483
Government ijarah sukuks	6.2	-	60,729,900	2,008,600	162,062,000
Sukuk certificates	6.3	-	26,343,416	-	12,212,417
		302,431,552	87,073,316	2,008,600	431,695,900
Available-for-sale					
Listed equity securities	6.4	102,717,490	-	-	160,203,380
Loans and receivables					
Musharika certificates		-	-	-	46,000,000
		405,149,042	87,073,316	2,008,600	637,899,280

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

6.1 Listed equities securities at fair value through profit or loss - Equity sub fund

Name of the investee company	(Number of shares)				As at June 30, 2018				Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2017	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2018	Carrying Value	Market value	Appreciation / (diminution)		
(Rupees)										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile parts and accessories										
General Tyre & Rubber Company of Pakistan Limited	17,500	9,500	-	-	27,000	8,013,900	4,487,400	(3,526,500)	0.99	0.05
Automobile assembler										
Ghandhara Industries Limited	5,000	5,450	-	10,450	-	-	-	-	-	0.02
Honda Atlas Cars (Pakistan) Limited	8,050	-	-	8,050	-	-	-	-	-	-
Millat Tractors Limited	-	7,000	-	-	7,000	9,450,000	8,316,420	(1,133,580)	1.83	0.02
Pak Suzuki Motor Company Limited	6,000	10,500	-	16,500	-	-	-	-	-	-
						9,450,000	8,316,420	(1,133,580)	1.83	
Cable and electrical goods										
Pak Elektron Limited	79,000	55,000	-	134,000	-	-	-	-	-	-
Cement										
Cherat Cement Company Limited	57,400	35,000	-	57,400	35,000	4,568,726	3,403,050	(1,165,676)	0.75	0.02
Fauji Cement Company Limited	204,000	325,000	-	339,500	189,500	4,904,108	4,330,075	(574,033)	0.95	0.01
Kohat Cement Limited	40,000	30,000	-	-	70,000	13,321,245	8,614,900	(4,706,345)	1.89	0.05
Lucky Cement Limited	32,700	47,000	-	60,900	18,800	12,642,415	9,549,084	(3,093,331)	2.10	0.01
Maple Leaf Cement Factory Limited	91,000	225,000	-	191,000	125,000	8,608,100	6,342,500	(2,265,600)	1.39	0.02
Pioneer Cement Limited	72,500	60,000	-	88,500	44,000	3,009,186	2,061,840	(947,346)	0.45	0.02
		-				47,053,780	34,301,449	(12,752,331)	7.53	
Commercial banks										
Meezan Bank Limited	63,000	162,500	5,250	200,000	30,750	2,236,989	2,512,890	275,901	0.55	0.00
Chemicals										
Engro Polymer & Chemicals Limited	-	466,500	-	56,000	410,500	13,411,841	12,873,280	(538,561)	2.83	0.06
Engro Polymer & Chemicals Limited [R]	-	-	53,828	-	53,828	-	474,763	474,763	0.10	0.02
Ghani Gases Limited	-	115,000	-	-	115,000	2,305,125	1,853,800	(451,325)	0.41	0.09
						15,716,966	15,201,843	(515,123)	3.34	
Engineering										
Crescent Steel & Allied Products Limited	-	52,000	-	51,700	300	62,953	27,351	(35,602)	0.01	0.00
International Industries Limited	37,000	44,400	-	33,000	48,400	15,585,159	11,242,836	(4,342,323)	2.47	0.04
International Steels Limited	31,000	72,000	-	103,000	-	-	-	-	-	-
						15,648,113	11,270,187	(4,377,926)	2.48	
Fertilizer										
Dawood Hercules Corporation Limited	-	58,300	-	-	58,300	7,737,396	6,458,474	(1,278,922)	1.42	0.01
Engro Fertilizers Limited	-	311,000	-	116,000	195,000	12,654,045	14,607,450	1,953,405	3.21	0.01
Engro Corporation Limited	87,800	124,500	-	98,400	113,900	32,017,684	35,748,654	3,730,970	7.85	0.02
						52,409,125	56,814,578	4,405,453	12.48	

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

Name of the investee company	(Number of shares)					As at June 30, 2018			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2017	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2018	Carrying Value	Market value	Appreciation / (diminution)		
----- (Rupees) ----- % -----										
Food and personal care product										
Al-Shaheer Corporation Limited	-	340,000	-	-	340,000	9,034,230	9,265,000	230,770	2.04	0.24
Nestle Pakistan Limited	-	260	-	-	260	2,863,600	2,990,000	126,400	0.66	0.00
						11,897,830	12,255,000	357,170	2.70	
Glass and ceramics										
Shabbir Tiles & Ceramics Limited	280,000	-	-	280,000	-	-	-	-	-	-
Tariq Glass Industries Limited	80,000	-	-	80,000	-	-	-	-	-	-
Leather and tanneries										
Service Industries Limited	2,500	-	-	2,500	-	-	-	-	-	-
Oil and Gas exploration companies										
Mari Petroleum Company Limited	400	-	-	-	400	630,256	602,472	(27,784)	0.13	0.00
Oil & Gas Development Company Limited	27,000	170,400	-	40,000	157,400	24,463,178	24,494,588	31,410	5.38	0.00
Pakistan Oilfields Limited	17,000	26,450	-	19,000	24,450	11,940,067	16,425,266	4,485,199	3.61	0.01
Pakistan Petroleum Limited	79,203	192,000	-	131,900	139,303	28,616,837	29,936,215	1,319,378	6.58	0.01
						65,650,338	71,458,540	5,808,202	19.30	
Oil & Gas marketing companies										
Sui Northern Gas Pipeline limited	-	308,500	-	145,000	163,500	19,188,176	16,385,970	(2,802,206)	3.60	0.03
Paper and board										
Century Paper & Board Mills Limited	111,500	-	-	-	111,500	10,932,575	7,080,250	(3,852,325)	1.56	0.08
Cherat Packaging Limited	19,500	-	2,633	22,100	33	7,404	4,742	(2,662)	0.00	-
Packages Limited	50	13,800	-	-	13,850	9,140,779	6,782,622	(2,358,157)	1.49	-
						20,080,758	13,867,614	(6,213,144)	3.05	
Pharmaceuticals										
AGP Limited	-	134,161	-	93,500	40,661	3,252,880	3,610,290	357,410	0.79	0.01
Glaxo SmithKline Consumer Healthcare Pakistan Limited	22,000	-	-	22,000	-	-	-	-	-	-
IBL Healthcare Limited	4,324	-	432	-	4,756	527,528	381,606	(145,922)	0.08	0.01
Searle Company Limited	6,600	15,000	1,320	-	22,920	8,346,058	7,781,340	(564,718)	1.71	0.01
						12,126,466	11,773,236	(353,229)	2.59	
Power generation and distribution										
Hub Power Company Limited	268,985	280,000	-	295,000	253,985	26,272,624	23,407,258	(2,865,366)	5.14	0.02
Refinery										
Attock Refinery Limited	-	48,000	-	48,000	-	-	-	-	-	-
Sugar and allied industries										
Faran Sugar Mills Limited	33,500	-	-	-	33,500	2,688,710	2,783,850	95,140	0.61	0.13
Technology and communications										
Systems Limited	-	165,000	-	-	165,000	14,533,276	16,701,300	2,168,024	3.67	0.15
Avanceon Limited	62,500	-	-	49,000	13,500	611,462	894,017	282,555	0.20	0.01
						15,144,738	17,595,317	2,450,579	3.87	
As at June 30, 2018						323,578,511	302,431,552	(21,146,959)		
As at June 30, 2017						261,796,333	257,421,483	(4,374,850)		

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

6.2 Government Ijarah sukuk at fair value through profit or loss

Name of Investments	Issue	Maturity	Face value			As at June 30, 2018			Market value as a % of net assets of the sub-fund
			As at July 01, 2017	Purchases during the year	Sales / maturities during the year	As at June 30, 2018	Carrying value	Appreciation / (diminution)	

6.2.1 Government Ijarah sukuk (3 years) 'ALHIPF Debt Sub Fund'

GoP Ijarah sukuk XVIII	18-Dec-15	18-Dec-18	68,000,000	-	7,500,000	60,500,000	60,882,564	60,729,900	(152,664)	26.55
GoP Ijarah sukuk XXX	30-Jun-17	30-Jun-20	70,000,000	-	70,000,000	-	-	-	-	0.00
As at June 30, 2018			138,000,000	-	77,500,000	60,500,000	60,882,564	60,729,900	(152,663)	
As at June 30, 2017							138,469,916	139,822,200	1,352,284	

6.2.2 Government Ijarah sukuk (3 years) 'ALHIPF Money Market Sub Fund'

GoP Ijarah sukuk XVIII	18-Dec-15	18-Dec-18	7,000,000	-	7,000,000	-	-	-	-	0.00
GoP Ijarah sukuk XIX	15-Feb-16	15-Feb-19	-	2,000,000	-	2,000,000	2,000,000	2,008,600	8,600	2.23
GoP Ijarah sukuk XXX	30-Jun-17	30-Jun-20	15,000,000	10,000,000	25,000,000	-	-	-	-	0.00
As at June 30, 2018			22,000,000	12,000,000	32,000,000	2,000,000	2,000,000	2,008,600	8,600	
As at June 30, 2017							22,049,623	22,239,800	190,177	

6.3 Sukuk certificates at fair value through profit or loss

Certificates have a face value of Rs 100,000 each

Name of Investment	Issue Date	As at July 01, 2017	Number of Certificates		As at June 30, 2018	As at June 30, 2018			Market value as a percentage of a percentage of net assets of the sub-fund	Percentage in relation to the total size of the issue
			Purchases during the year	Sales / matured during the year		Carrying Value	Market value	Appreciation / (diminution)		

Sukuk Certificates 'ALHIPF Debt Sub Fund'

Aspin Pharma Limited	30-Nov-17	-	50	-	50	5,000,000	4,966,060	(33,940)	2.17	5.70
Dubai Islamic Bank Pakistan	14-Jul-17	-	5	-	5	5,000,000	5,093,520	93,520	2.23	5.85
Ghani Gases Limited	2-Feb-17	40	-	-	40	3,198,333	3,163,836	(34,497)	1.38	3.63
International Brand Limited	15-Nov-17	-	50	-	50	5,000,000	5,000,000	-	2.19	5.74
Meezan Bank Limited	22-Sep-16	8	-	-	8	8,340,752	8,120,000	(220,752)	3.55	9.33
As at 30 June, 2018		48	105	-	153	26,539,085	26,343,416	(195,669)	11.52	30.25
As at 30 June, 2017						12,177,333	12,212,417	35,084		

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

6.4 Listed equity securities - available for sale - Equity sub fund

Name of the investee company	(Number of shares)					Balance as at June 30, 2018			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2017	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2018	Cost	Market value	Appreciation / (diminution)		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile assembler										
Hinopak Motors Limited	6,200	-	-	2,660	3,540	3,459,636	2,859,293	(600,342)	0.63	0.03
Honda Atlas Cars(Pakistan) Limited	2,800	-	-	2,800	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	8,400	-	-	8,400	-	-	-	-	-	0.01
Automobile parts and accessories										
Agriaautos Industries Limited	18,900	-	-	-	18,900	5,184,858	5,575,500	390,642	1.23	0.13
Atlas Battery Limited	10,400	-	-	-	10,400	4,264,000	4,264,000	-	0.94	0.06
Cable and electrical goods										
Pak Elektron Limited	48,000	-	-	48,000	-	-	-	-	-	-
Construction and materials (cement)										
Cherat Cement Company Limited	39,500	-	-	39,500	-	-	-	-	-	-
Lucky Cement Limited	7,700	-	-	-	7,700	4,397,265	3,911,061	(486,204)	0.86	0.02
Chemicals										
Archroma Pakistan Limited	9,500	-	-	-	9,500	4,326,159	4,797,500	471,341	1.05	0.03
I.C.I Pakistan Limited	4,000	-	-	-	4,000	1,667,313	3,206,000	1,538,687	0.70	0.00
Commercial banks										
Meezan Bank Limited	7,000	-	420	-	7,420	384,022	606,362	222,340	0.13	0.00
Leather and tanneries										
Service Industries Limited	3,700	-	-	3,700	-	-	-	-	-	0.03
Miscellaneous										
Shifa International Hospital Limited	29,951	-	-	-	29,951	8,082,032	8,086,770	4,738	1.78	0.05

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 as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2017	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2018	Cost	Market value	Appreciation / (diminution)	
Oil and gas exploration companies									
Mari Petroleum Company Limited	13,200	-	-	3,720	9,480	7,994,962	14,278,586	6,283,625	3.14
Oil & Gas Development Company Limited	87,500	-	-	-	87,500	12,518,940	13,616,750	1,097,810	2.99
Pakistan Oilfields Limited	16,000	-	-	-	16,000	4,822,872	10,748,640	5,925,768	2.36
Pakistan Petroleum Limited *	42,470	-	-	-	42,470	6,742,363	9,126,803	2,384,440	2.01
						32,079,137	47,770,779	15,691,643	10.50
Pharmaceuticals									
Abbot Laboratories (Pakistan) Limited	9,050	-	-	9,050	-	-	-	-	0.01
Glaxo SmithKline Consumer Healthcare Pakistan Limited	3,750	-	-	-	3,750	232,525	1,518,938	1,286,413	0.33
IBL Healthcare Limited	683	-	68	-	751	67,625	60,253	(7,372)	0.01
Searle Company Limited	858	-	171	-	1,029	272,195	349,346	77,151	0.08
						572,345	1,928,536	1,356,191	0.42
Power generation and distribution									
Hub Power Company Limited *	66,500	-	-	-	66,500	7,205,515	6,128,640	(1,076,875)	1.35
Textile composite									
Kohinoor Textile Mills Limited	99,500	-	5,970	-	105,470	5,799,795	5,799,795	-	1.27
Technology and communications									
Avanceon Limited	117,500	-	-	-	117,500	3,248,781	7,783,253	4,534,472	1.71
As at June 30, 2018						80,670,858	102,717,490	22,046,633	22.57
As at June 30, 2017						115,638,941	160,203,380	44,564,439	

* These investments includes securities with fair value aggregating to Rs.11.41 million (2017: Rs.11.393 million) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

June 30, 2018					
Note	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	Total	June 30, 2017
Security deposits	7.1	2,701,000	200,000	100,000	3,001,000
Advance tax	7.2	91,989	10,161	5,254	105,776
Other receivable		22,699	16,503	16,500	50,302
		<u>2,815,688</u>	<u>226,664</u>	<u>121,754</u>	<u>3,157,078</u>

7.1 This represents deposit with NCCPL in respect of trading of listed securities and initial deposit with CDC for opening of investor account for electronic transfer of book-entry securities.

7.2 This represents advance tax deducted by the bank at the time of receipt of profit on bank deposit. During the year advance tax deducted amounted to Rs. 1,628 (2017: Rs. 8,791)

8. PAYABLE TO PENSION FUND MANAGER

June 30, 2018					
Note	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	Total	June 30, 2017
Remuneration payable	8.1	568,079	272,319	105,721	900,872
Sales tax on Pension Fund Manager Fee		73,687	35,402	13,742	117,111
		<u>641,766</u>	<u>307,721</u>	<u>119,463</u>	<u>1,017,983</u>

8.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5 percent (2017: 1.5 percent) of the average amount of net assets of each sub-fund calculated during the year for determining the prices of units of the sub-funds.

9. PAYABLE TO TRUSTEE

June 30, 2018					
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	Total	June 30, 2017
Trustee fee	56,732	27,260	10,581	94,573	90,095
Sales Tax on Trustee fee	7,396	3,527	1,331	12,254	11,712
	<u>64,128</u>	<u>30,787</u>	<u>11,912</u>	<u>106,827</u>	<u>101,808</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The following tariff structure as amended by the Trustee of the Fund vide Trust deed dated May 18, 2015, is applicable based on net assets of the Fund.

Amount of funds under management (Average NAV)

Up to Rs. 1 billion

Rs. 1 billion to Rs. 5 billion

Over Rs. 5 billion

Tariff per annum

0.17% p.a. of Net Assets

Rs. 1.7 million plus 0.085% p.a. of Net Assets exceeding Rs. 1 billion

Rs. 5.1 million plus 0.07% p.a. of Net Assets exceeding Rs. 5 billion

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

10. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee to the Securities and Exchange Commission of Pakistan at the rate of one thirtieth of one percent of average annual net assets of each sub-fund.

11. ACCRUED AND OTHER LIABILITIES

		June 30, 2018			Total	June 30, 2017
		ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)		
Note						
Federal Excise Duty on remuneration of Pension Fund Manager	11.1	1,450,564	1,031,540	548,228	3,030,332	3,030,332
Provision for Sindh Workers' Welfare Fund	11.2	2,350,689	459,444	153,287	2,963,420	2,765,664
Donation / charity		265,533	-	-	265,533	221,999
Auditors' remuneration		300,496	159,281	63,556	523,333	389,041
Withholding tax		45,119	175	277	45,571	161,381
Brokerage		108,090	-	459	108,549	273,865
		4,520,491	1,650,440	765,807	6,936,738	6,842,282

11.1 FEDERAL EXCISE DUTY ON REMUNERATION OF PENSION FUND MANAGER

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 Pension Fund Manager 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 Pension Fund Manager is of the view that further levy of FED was not justified.

On September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' to the Constitution. The management is however of the view that since the Federal government still has a right to appeal against the order, the previous balance of FED cannot be reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non banking finance companies from charge of FED on their services.

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013 to June 30, 2015. However, the Management Company of the Fund has not made any further provision for FED after the year ended June 30, 2015. The aggregate balance of FED provision as on June 30, 2018 was Rs.1.45 million for Equity sub fund, Rs.1.03 million for Debt sub fund and Rs.0.55 million for Money Market sub fund. The impact of decrease in NAV per unit is Rs.1.64 for Equity sub fund, Rs.0.90 for Debt sub fund and Rs.1.10 for Money Market fund as at June 30, 2018.

11.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

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

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

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

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on June 30, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue.. The aggregated provision as at June 30, 2018 is Rs.2.35 million for Equity sub fund, Rs.0.46 million for Debt sub fund and Rs.0.15 million for Money market sub fund. The impact on decrease on NAV per unit as at June 30, 2018 is Rs.2.65 per unit for Equity sub fund, Rs.0.40 per unit for Debt sub fund and Rs.0.31 for Money Market sub fund.

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

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018 (June 30, 2017: Nil) except as disclosed in note 11.1 and 11.2.

13. AUDITORS' REMUNERATION

As at June 30, 2018				
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund	Total
	(Rupees)			
				June 30, 2017
Audit fee	148,557	74,198	27,246	250,000
Half yearly review fee	74,278	37,099	13,623	125,000
Other certifications and services	44,567	22,259	8,174	75,000
	267,402	133,556	49,042	450,000
Out of pocket expenses	35,827	17,894	6,571	60,292
	303,229	151,450	55,613	510,292

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager and MCB Bank Limited being the Holding Company of MCB-Arif Habib Savings and Investments Limited, Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager as Management Company and directors and executives of the Pension Fund Manager.

The transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules 2005 and the Trust Deed respectively.

June 30, 2018				
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund	Total
	(Rupees)			
				June 30, 2017
14.1 Transactions during the year				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration including indirect taxes	7,241,046	3,603,589	1,327,469	12,172,104
				10,644,976

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

	June 30, 2018			Total	June 30, 2017
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund		
	(Rupees)				
Central Depository Company Limited - Trustee					
Remuneration including sales taxes	723,624	360,377	132,615	1,216,616	1,064,371
Settlement charges	39,578	6,215	-	45,793	67,890
Brokerage					
Arif Habib Limited	58,264	-	-	58,264	66,934
Next Capital Limited	48,154	-	-	48,154	92,988

14.2 Amounts outstanding as at year end

	June 30, 2018			Total	June 30, 2017
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund		
	(Rupees)				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	568,079	272,319	105,721	946,119	900,872
Sindh sales tax payable	73,687	35,402	13,742	122,831	117,111
Investment in seed capital 305,160 units (2017: 305,160 units)	156,726,073	-	-	156,726,073	178,423,976
Investment in seed capital 289,051 units (2017: 289,051 units)	-	57,639,660	-	57,639,660	55,969,002
Investment in seed capital 281,918 units (2017: 281,918 units)	-	-	50,700,133	50,700,133	49,062,173
Central Depository Company Limited - Trustee					
Remuneration payable	56,732	27,260	10,581	94,573	90,119
Sindh sales tax payable	7,396	3,527	1,331	12,254	11,689
Security deposit	2,701,000	200,000	100,000	3,001,000	3,001,000
Brokerage					
Arif Habib Limited	-	-	-	-	15,392
Next Capital Limited	-	-	-	-	32,121

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

14.3 Participant Fund

June 30, 2018					
As at July 01, 2017	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at June 30, 2018	As at July 01, 2017	Issued for cash / conversion in / transferred in
----- (Units) -----			----- (Rupees) -----		

Directors and executives of the Management Company

- Ahamra Islamic Pension Fund - Equity	14,009	16,142	(6,273)	23,878	8,179,228	8,427,338	(3,350,655)	12,253,049
- Ahamra Islamic Pension Fund - Debt	30,367	7,363	(10,890)	26,840	5,130,614	1,449,747	(2,120,866)	4,580,489
- Ahamra Islamic Pension Fund - Money Market	4,792	920	(942)	4,770	740,324	164,114	(166,484)	761,103

June 30, 2017					
As at July 01, 2016	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at June 30, 2017	As at July 01, 2016	Issued for cash / conversion in / transferred in
----- (Units) -----			----- (Rupees) -----		

Directors and executives of the Management Company

- Ahamra Islamic Pension Fund - Equity	12,004	15,451	(13,446)	14,009	8,152,056	1,530,685	(1,527,705)	8,179,228
- Ahamra Islamic Pension Fund - Debt	22,464	18,215	(10,312)	30,367	4,164,168	1,334,912	(757,344)	5,130,614
- Ahamra Islamic Pension Fund - Money Market	4,022	2,481	(1,711)	4,792	674,474	183,855	(122,144)	740,324

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

15. 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, interest rate and 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 mentioned 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's primary financial assets comprise of balances with banks, available-for-sale and at fair value through profit and loss - held-for-trading investments, comprising of, equity securities of listed companies and Government of Pakistan Ijarah Sukuks and other sukuk certificates of other listed companies. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and SECP and accrued and other liabilities.

15.1 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 Pension Fund Manager 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 and the VPS Rules.

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

15.1.1 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.

15.1.2 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 return rates.

As at June 30, 2018, the investments in debt securities exposed to profit rate are detailed in note 6.2 and 6.3 to these financial statements.

Sensitivity analysis of variable rate instruments

- a) Presently, the Fund holds KIBOR based interest bearing sukuk exposing it to cash flow interest rate risk. In case of 100 basis points increase / decrease in rates announced by the MUFAP (Mutual Funds Association of Pakistan) on June 30, 2018, with all other variables held constant, the net income for the year and net assets would be higher / lower by Rs.1,791,342 (2017: Rs.1,601,000).

b) Balances with bank in savings accounts exposing the Fund to cash flow risk of return. In case of 100 basis points increase / decrease in KIBOR 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.2,399,322 (2017: Rs. 910,398).

The composition of the Fund's investment portfolio, KIBOR rates, rates announced by Reuters and MUFAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

Sensitivity analysis for fixed rate instruments

As at June 30, 2018, the Fund holds Government Ijarah Sukuk which are classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. In case of 100 basis points increase/decrease in rates announced by Financial Market Association of Pakistan (FMAP) on June 30, 2018, with all other variables held constant, total comprehensive income for the year and net assets would be higher or lower by Rs. 0.625 million (2017: Rs. 1.6 million).

48 ALHAMRA ISLAMIC PENSION FUND

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2017.

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

15.1.3 Other price risk

Other price risk is a risk that the value of financial instrument may fluctuate as a result of changes in market prices. The Equity Sub-Fund is exposed to equity price risk because of equity securities held by the Equity Sub-Fund and classified as held for trading and available-for-sale. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy, as restricted by the VPS Rules, limits investments in listed shares of one company to not more than 10% of Sub-Fund net assets and investment in listed securities of a particular company have also been restricted to 10% of paid-up capital of investee company. Moreover, the sector limits have been restricted to 35% of the net assets of the Sub-Fund.

In case of 5% increase / decrease in KSE 100 index on June 30, 2018, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.21.12 million (2017: Rs.21.830 million) as a result of gains / losses on equity securities classified as available-for-sale and at fair value through profit or loss - held-for-trading.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

15.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risks on balances with banks and profit receivable. The credit risk on these funds is limited because the counterparties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Board) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The Fund has adopted a policy of only dealing with creditworthy counterparties. This credit rating information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major investors. The Fund's exposure and the credit ratings of its counterparties are continuously monitored.

Credit risk from balances with banks and financial institutions is managed by financial department 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 minimise 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.

	As at June 30, 2018				As at June 30, 2017
	ALHIPF Equity Sub-Fund	ALHIPF Debt Sub-Fund	ALHIPF Money Market Sub-Fund (Rupees)	Total	
Balances with banks	52,084,953	142,025,719	88,198,559	282,309,231	92,229,497
Investments	-	26,343,416	-	26,343,416	58,212,417
Dividend receivable	246,100	-	-	246,100	2,048,694
Profit receivable	207,317	1,462,895	499,220	2,169,432	1,730,598
Deposits and other receivables	2,723,699	216,503	116,500	3,056,702	50,302
	55,262,069	170,048,533	88,814,279	314,124,881	154,271,508

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

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2018 and June 30, 2017:

Bank balances by rating category	Rating agency	Rating long-term / short-term	2018 ----- (Rupees) -----	2017 -----
Habib Metropolitan Bank Limited	PACRA	AA+/A1+	23,439,705	16,378,054
Allied Bank Limited	PACRA	AA+/A1+	20,030	39,192,436
Askari Bank Limited	PACRA	AA+/A1+	69,996	187,578
Bank Islami Pakistan Limited	PACRA	A+/A1	15,889,238	25,985,735
Dubai Islamic Bank Limited	JCR Vis	A+/A-1	77,441,917	3,010,569
Habib Bank Limited	JCR Vis	AAA/A-1+	58,232,476	-
Mcb Bank Limited	PACRA	AAA/A1+	20,086	-
Meezan Bank Limited	JCR Vis	AA/A-1+	13,623	13,452
National Bank Of Pakistan	JCR Vis	AAA/A-1+	614,547	-
Silk Bank Limited	JCR Vis	A-/A-2	41,341,991	-
United Bank Limited	JCR Vis	AAA/A-1+	28,374,694	7,443,673
Bank Al Habib Limited	PACRA	AA+/A1+	36,850,928	18,000
Sukuk Certificates by rating category			2018	2017
AA-	PACRA		0.00%	31.70%
A+	PACRA		19.34%	0.00%
AA	PACRA		49.80%	0.00%
A	PACRA		30.86%	68.30%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets.

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 creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

15.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analyzing the maturities of financial assets and financial liabilities. Since the Unit Holders invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited.

The table below analyses the Sub-funds' 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.

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

	As at June 30, 2018						
	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	ALHIPF Money Market Sub-Fund
Total							
Payable to Pension Fund Manager	946,119	568,079	-	272,319	-	-	105,721
Payable to trustee	106,827	64,128	-	30,787	-	-	11,912
Accrued and other liabilities	897,415	674,119	-	159,281	-	-	64,015
	1,950,361	1,306,326	-	462,387	-	-	181,648

	As at June 30, 2017						
	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	ALHIPF Money Market Sub-Fund
Total							
Payable to Pension Fund Manager	900,872	566,331	-	245,566	-	-	88,975
Payable to trustee	101,808	64,026	-	27,740	-	-	10,042
Accrued and other liabilities	884,905	722,028	-	116,091	-	-	46,786
	1,887,585	1,352,385	-	389,397	-	-	145,803

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

15.4 Financial Instruments by category

	As at June 30, 2018						
	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			ALHIPF Money Market Sub-Fund
	Loans and receivables	'At fair value through profit or loss' - held-for-trading	Available-for-sale	Sub total	Loans and receivables	'At fair value through profit or loss' - held-for-trading	Available-for-sale
Total							
Assets							
Balances with banks	282,309,231	52,084,953	-	52,084,953	142,025,719	-	-
Investments	494,230,958	-	302,431,552	102,717,490	-	87,073,316	-
Dividend receivable	246,100	246,100	-	405,149,042	-	-	2,008,600
Profit receivable	2,169,432	207,317	-	246,100	1,462,895	-	-
Deposits and other receivables	3,056,702	2,723,699	-	207,317	-	-	-
				2,723,699	216,503	-	-
	782,012,423	55,262,069	302,431,552	102,717,490	143,705,117	87,073,316	2,008,600
				460,411,111	88,814,279	-	-
					230,778,433	-	-
						2,008,600	-
							90,822,879

	As at June 30, 2018						
	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			ALHIPF Money Market Sub-Fund
	At fair value through profit or loss' - held-for-trading	Other financial liabilities	Sub total	At fair value through profit or loss' - held-for-trading	Other financial liabilities	Sub total	At fair value through profit or loss' - held-for-trading
Total							
Liabilities							
Payable to Pension Fund Manager	946,119	-	568,079	-	272,319	272,319	-
Payable to trustee	106,827	-	64,128	-	30,787	30,787	-
Accrued and other liabilities	897,415	-	674,119	-	159,281	159,281	-
	1,950,361	-	1,306,326	-	462,387	462,387	-
							181,648
							105,721
							11,912
							64,015
							181,648

	As at June 30, 2017									
	ALHIFE Equity Sub-Fund			ALHIFE Debt Sub-Fund			ALHIFE Money Market Sub-Fund			
	Loans and receivables	Available-for-sale	Sub total	Loans and receivables	Available-for-sale	Sub total	Loans and receivables	Available-for-sale	Sub total	Sub total
Total										
92,229,497	36,111,257	-	36,111,257	18,399,676	-	18,399,676	37,718,564	-	-	37,718,564
637,899,280	-	257,421,483	417,624,863	33,000,000	152,034,617	185,034,617	13,000,000	22,239,800	-	35,239,800
2,048,694	2,048,694	-	2,048,694	-	-	-	-	-	-	-
1,730,598	156,457	-	156,457	1,161,693	-	1,161,693	412,448	-	-	412,448
3,051,302	2,718,302	-	2,718,302	216,500	-	216,500	116,500	-	-	116,500
736,959,371	41,034,710	257,421,483	458,659,573	52,777,869	152,034,617	204,812,486	51,247,512	22,239,800	-	73,487,312

Balances with banks
Investments
Dividend receivable
Profit receivable
Deposits and other
receivables

	As at June 30, 2017							
	ALHIPF Equity Sub-Fund				ALHIPF Debt Sub-Fund			
	At fair value through profit or loss' - held-for-trading	Other financial liabilities	Sub total	At fair value through profit or loss' - held-for-trading	Other financial liabilities	Sub total	At fair value through profit or loss' - held-for-trading	Other financial liabilities
Total								
900,872	-	566,331	566,331	-	245,566	245,566	-	88,975
101,808	-	64,026	64,026	-	27,740	27,740	-	10,042
884,905	-	722,028	722,028	-	116,091	116,091	-	46,786
1,887,585	-	1,352,385	1,352,385	-	389,397	389,397	-	145,803

Payable to Pension Fund
Manager
Payable to trustee
Accrued and other
liabilities

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

15.5 Fair value of financial instruments

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.

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 liabilities is considered not significantly different from book value.

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	June 30, 2018						
	ALHIPF Equity Sub-Fund			ALHIPF Debt Sub-Fund			ALHIPF Money Market Sub-Fund
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
Total							
							(Rupees)
302,431,552	302,431,552	-	-	-	-	-	-
62,738,500	-	-	-	-	60,729,900	-	2,008,600
26,343,416	-	-	-	-	26,343,416	-	-
391,513,468	302,431,552	-	-	-	87,073,316	-	2,008,600
102,717,490	102,717,490	-	-	-	-	-	-
494,230,958	405,149,042	-	-	-	87,073,316	-	2,008,600

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

16. PARTICIPANT'S FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units of the sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participants' sub-funds. 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. Since the Participant invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited, such liquidity being augmented (by short-term borrowings or disposal of investments where necessary). During the year no such borrowing was exercised.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank pari passu as to their rights in the net assets and earnings of such sub-fund and are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

17. SEGMENT INFORMATION

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. Investment Committee has been identified as the chief decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and is responsible for the Fund's entire portfolio and considers the business to have three operating segments i.e. ALHIPF Equity Sub-Fund, ALHIPF Debt Sub-Fund and ALHIPF Money Market Sub-Fund. The Fund's asset allocation decisions are based on the allocation scheme selected by the participant out of the allocation schemes offered by the Pension Fund Manager. The Fund's performance is also evaluated on the sub-funds basis.

The internal reporting provided to the Board of Directors of the Pension Fund Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Fund is domiciled in Pakistan. All of the Fund's income is from investments in entities incorporated in Pakistan.

18. GENERAL

Figures have been rounded off to the nearest Rupee.

19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 14, 2018 by the Board of Directors of the Pension Fund Manager.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Director

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

ALHIPF - EQUITY SUB FUND

No. of Unit Holders	Unit Holdings	Total Units Held
734	0-10000	353,538
16	10001 - 100000	227,489
1	100001 - 1000000	305,168
<u>751</u>		<u>886,195</u>

ALHIPF - DEBT SUB FUND

No. of Unit Holders	Unit Holdings	Total Units Held
745	0-10000	414,489
12	10001 - 100000	443,470
1	100001 - 1000000	289,059
<u>758</u>		<u>1,147,018</u>

ALHIPF - MONEY MARKET SUB FUND

No. of Unit Holders	Unit Holdings	Total Units Held
314	0-10000	112,325
8	10001 - 100000	105,655
1	100001 - 1000000	281,923
<u>323</u>		<u>499,903</u>

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	33	33	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.